

STEPHEN F. AUSTIN STATE UNIVERSITY



Unaudited Financial Report
For the Year Ended
August 31, 2014

BAKER PATTILLO, PRESIDENT
DANNY GALLANT, VICE PRESIDENT FOR FINANCE AND ADMINISTRATION

NACOGDOCHES, TEXAS

Stephen F. Austin State University

Unaudited Financial Report
For the Year Ended
August 31, 2014

STEPHEN F. AUSTIN STATE UNIVERSITY

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STEPHEN F. AUSTIN STATE UNIVERSITY

Office of the Controller

P.O. Box 13035, SFA Station • Nacogdoches, Texas 75962-3035
Phone (936) 468-2303 • Fax (936) 468-2207

November 20, 2014

Honorable Rick Perry, Governor
Honorable Susan Combs, Texas Comptroller of Public Accounts
Ursula Parks, Director, Legislative Budget Board
John Keel, CPA, State Auditor

Dear Ladies and Gentlemen:

We are pleased to submit the annual financial report of Stephen F. Austin State University for the year ended August 31, 2014, 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 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* (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 Ms. Dora Fuselier at (936) 468-2112. Ms. Letitia Hamilton may be contacted at (936) 468-2250 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Baker Pattillo
President



STEPHEN F. AUSTIN STATE UNIVERSITY

Office of the Controller

P.O. Box 13035, SFA Station • Nacogdoches, Texas 75962-3035
Phone (936) 468-2303 • Fax (936) 468-2207

November 20, 2014

Dr. Baker Pattillo
President
Stephen F. Austin State University
P. O. Box 6078, SFA Station
Nacogdoches, Texas 75962

Dear Dr. Pattillo:

Submitted herein is the Annual Financial Report of Stephen F. Austin State University for the fiscal year ended August 31, 2014.

The financial statements in this report have been prepared in conformity with the General Provisions of the Appropriations Act, Article IX, and in accordance with the requirements established by the Comptroller of Public Accounts.

The accompanying Annual Financial Report will be considered for audit by the state auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report (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 me.

Sincerely,

Dora Fuselier, C.P.A.
Controller

Approved:

Danny Gallant
Vice President for Finance and Administration

**STEPHEN F. AUSTIN STATE UNIVERSITY
ORGANIZATIONAL DATA
August 31, 2014**

Board of Regents

Officers

Steve D. McCarty, Chairman
Scott H. Coleman, Vice Chairman
Brigettee C. Henderson, Secretary

Members

| Name | Town | Term Expires |
|---------------------------|---------------------|---------------------|
| Scott H. Coleman | Houston, Texas | January 31, 2015 |
| Steve D. McCarty | Alto, Texas | January 31, 2015 |
| Constance M. Ware | Marshall, Texas | January 31, 2015 |
| Brigettee C. Henderson | Lufkin, Texas | January 31, 2017 |
| Kenton E. Schaefer | Brownsville, Texas | January 31, 2017 |
| Ralph C. Todd | Carthage, Texas | January 31, 2017 |
| David R. Alders | Nacogdoches, Texas | January 31, 2019 |
| Barry E. Nelson | Dallas, Texas | January 31, 2019 |
| John R. Garrett | Tyler, Texas | January 31, 2019 |
| Kelsey M. Brown (student) | Flower Mound, Texas | May 31, 2015 |

President

Baker Pattillo, Ph.D.

Finance and Administration

Vice President - Danny Gallant
Controller - Dora Fuselier, C.P.A.
Assistant Controller - Dannette Sales, C.P.A.

STEPHEN F. AUSTIN STATE UNIVERSITY

Management's Discussion and Analysis

Unaudited

For the Year Ended August 31, 2014

INTRODUCTION

Stephen F. Austin State University (the University) is a comprehensive regional public institution of higher education and an agency of the State of Texas (State). The University was founded in 1923 and is named for the "Father of Texas," Stephen Fuller Austin. It is located in Nacogdoches in the Piney Woods area of East Texas. The main campus includes more than 400 acres, including part of the original homestead of Thomas J. Rusk, early Texas patriot and United States Senator. In fall 2013, the University enrolled nearly 13,000 students in 34 academic units and 6 colleges. Bachelors, masters, and doctoral level degrees are offered by the University.

The University is accredited by the Southern Association of Colleges and Schools Commission on Colleges. Specific academic programs hold numerous other accreditations.

The University does not include any blended components in the Financial Statements.

OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

The objective of the Management's Discussion and Analysis is to help readers of the Financial Statements of Stephen F. Austin State University better understand the financial position and operating activities for the fiscal year ended August 31, 2014, with selected comparative information for the year ended August 31, 2013. This discussion should be read in conjunction with the Transmittal Letter, Financial Statements and Notes to the Financial Statements. Management has prepared the Financial Statements and Notes to the Financial Statements along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the university administration.

Three primary statements are presented: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows. The Financial Statements are prepared in accordance with requirements established by the Texas Comptroller of Public Accounts.

FINANCIAL HIGHLIGHTS

- Enrollment for the 2013 fall semester was 12,772. This figure represents a slight decrease from the all-time high SFA enrollment of 12,999 recorded in fall 2012. University officials attributed the 1.7 percent decrease to various factors, including higher SFA admission standards and graduation of the largest class in school history in May 2013.
- The University's financial position at August 31, 2014, reflected total assets of \$408 million and total liabilities of \$262 million for a total net position of \$146 million.
- The Board of Regents approved the hiring of a marketing firm to handle a re-branding campaign for the university. The campaign is a multi-phase project that includes extensive media buys focusing on the most critical times of the year for the college-decision process and increased focus on the positive perception of the university.
- Construction of the Ina Brundrett Conservation Education Building was completed. The building use is to present environmental education programs to schoolchildren and visitors throughout East Texas.
- In September 2013 the University refunded bonds and extinguished an outstanding bond, reducing outstanding debt by approximately \$5.2 million.

Stephen F. Austin State University-755
Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2014

CONDENSED FINANCIAL INFORMATION AND FINANCIAL HIGHLIGHTS

Statement of Net Position

The Statement of Net Position provides a snapshot view of assets available for use in the University's continuing operations and enables readers to determine the amounts owed to others. Over time, increases or decreases in net position are indicators of the improvement or decline of the financial health of the University. The Statement of Net Position presents the assets, liabilities, deferred outflow and inflow of resources, and net position of the University at a specific point in time, in this case August 31, 2014. Net position represents the residual interest in the University's assets after deducting liabilities.

"Net Position" displays three major categories: Invested in Capital Assets, Net of Related Debt; Restricted Net Position; and Unrestricted Net Position. The Invested in Capital Assets, Net of Related Debt category identifies the equity in property, plant, and equipment owned by the University. Restricted Net Position is either expendable or non-expendable. Expendable restricted net position may be expended only for the purposes designated by the external donor or provider of the assets. Non-expendable net position is comprised entirely of funds held as permanent endowments. Unrestricted Net Position is available for any lawful purpose of the University. Although Unrestricted Net Position assets are not subject to externally imposed stipulations, these assets may have other commitments for various future uses in support of the University's mission. These include commitments for encumbrances outstanding at year-end. Also, recognized in Unrestricted Net Position are unspent Higher Education Funds (HEF) appropriations, which have restrictions imposed by the State. Assets and liabilities are generally measured using current values, except capital assets, which are stated at historical cost less an allowance for depreciation.

A summarized comparison of the University's Statement of Net Position at August 31, 2014, and 2013 follows:

Statement of Net Position

| | August 31, 2014 | August 31, 2013 Restated |
|--|----------------------------|---|
| Assets | | |
| Current Assets | \$ 132,181,174.63 | \$ 154,187,643.86 |
| Noncurrent Assets | | |
| Other Noncurrent Assets | 66,533,996.69 | 33,822,881.41 |
| Capital Assets, Net of Depreciation | 209,659,653.19 | 222,145,053.33 |
| Total Assets | 408,374,824.51 | 410,155,578.60 |
| Liabilities | | |
| Current Liabilities | 113,627,454.04 | 110,280,696.35 |
| Noncurrent Liabilities | 148,540,932.75 | 163,111,702.84 |
| Total Liabilities | 262,168,386.79 | 273,392,399.19 |
| Net Position | | |
| Invested in Capital Assets, Net of Related Debt | 53,970,846.52 | 52,306,842.44 |
| Restricted Net Position | | |
| Expendable | 19,582,579.51 | 17,392,957.25 |
| Non-expendable | 7,083,648.45 | 7,035,923.52 |
| Unrestricted Net Position | 65,569,363.24 | 60,027,456.20 |
| Total Net Position | \$ 146,206,437.72 | \$ 136,763,179.41 |

Stephen F. Austin State University-755
Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2014

In fiscal year 2014, total assets of the University decreased approximately \$1.8 million from the previous fiscal year. Capital assets, net of depreciation, decreased approximately \$12.5 million. Capital expenditures of \$4.5 million offset by depreciation and amortization expenditures of \$16.8 million accounted for this change. Overall, cash and investments increased \$8.5 million from 2013. Receivables recognized in current assets increased approximately \$9.9 million mainly due to the recognition of Federal Direct Loan receivable of \$2.8 million from 2013 to \$10 million in 2014. Prepaid expenses decreased \$8.4 million because of a change in the accounting for federal financial aid including Pell grants received by students for the fall term.

Total liabilities decreased by approximately \$11.2 million primarily as a result of the University paying current obligations of long-term debt associated with capital leases, interagency loans and bonds payable, and due to the refunding of the 2002 tuition revenue bond and the 2004 revenue bond and the early extinguishment of the 2004(A) revenue bond.

Unrestricted Net Position increased by \$5.5 million primarily due to an increase in designated tuition revenues from increased rates and stable enrollment.

Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net position are based on the activity shown on the Statement of Revenues, Expenses, and Changes in Net Position. This statement presents operating revenues and expenses, non-operating revenues and expenses, and other gains and losses.

Operating revenues are receipts for providing goods and services to the various constituencies of the University. Operating expenses include salaries, wages, goods and services needed to carry out the mission of the University. Non-operating revenues are those for which no goods or services were provided. This category includes State appropriations, Pell grants, gifts, investment income and interest payments on long-term debt.

A summarized comparison of the University's Statement of Revenues, Expenses, and Changes in Net Position for the years ended August 31, 2014, and 2013 follows:

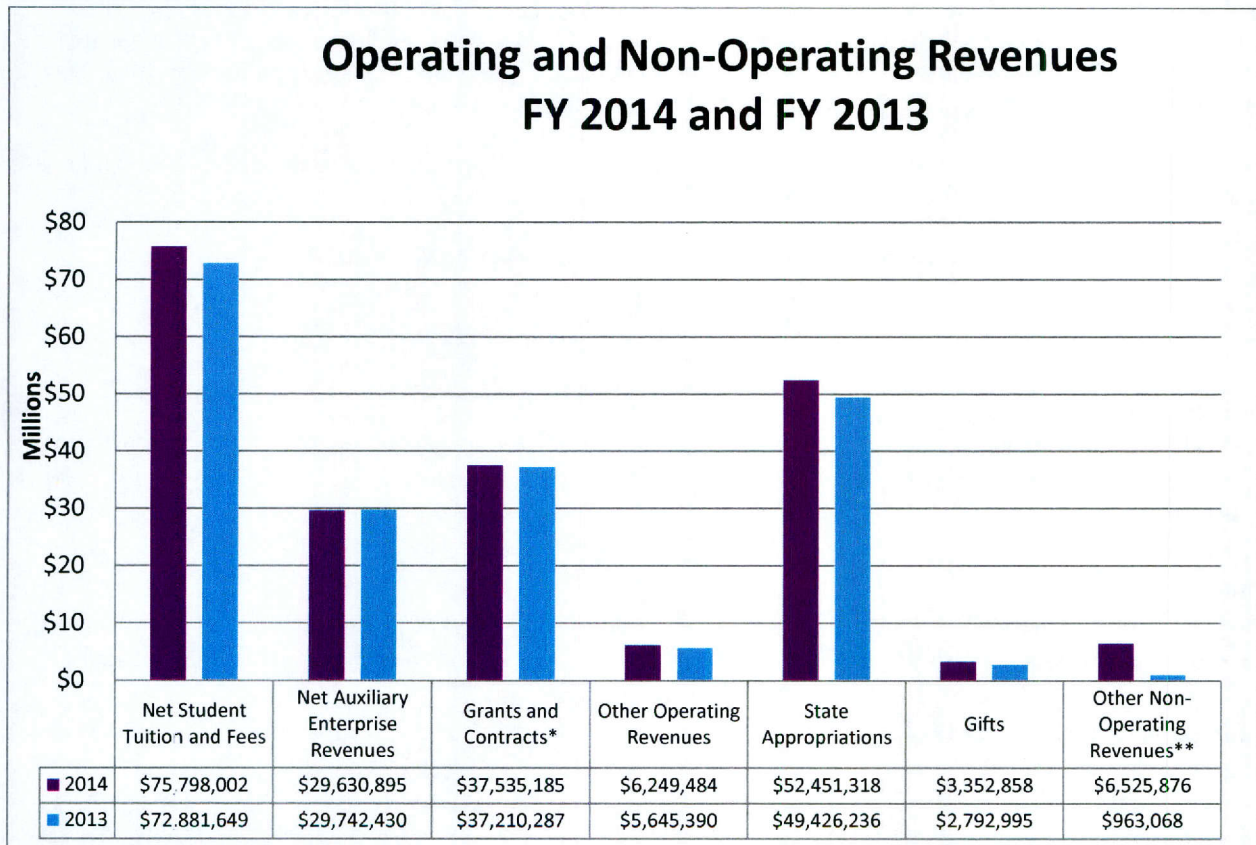
Statement of Revenues, Expenses, and Changes in Net Position

| | 2014 | 2013 |
|---|------------------------|------------------------|
| Operating Revenues: | | |
| Net Student Tuition and Fees | \$ 75,798,002.19 | \$ 72,881,648.92 |
| Net Auxiliary Enterprise Revenues | 29,630,895.29 | 29,742,430.02 |
| Grants and Contracts | 15,711,347.88 | 16,353,339.30 |
| Other Operating Revenues | 6,249,483.70 | 5,645,389.57 |
| Total Operating Revenues | 127,389,729.06 | 124,622,807.81 |
| Total Operating Expenses | 203,377,110.27 | 196,799,367.18 |
| Operating Income (Loss) | (75,987,381.21) | (72,176,559.37) |
| Non-Operating Revenues (Expenses): | | |
| Legislative Revenue (State) | 39,110,677.00 | 37,843,134.00 |
| Additional Appropriations | 13,340,640.92 | 11,583,102.48 |
| Federal Revenues - Non-Operating | 21,110,029.24 | 20,856,948.00 |
| State Pass-Through Revenues – Non-Operating | 713,808.00 | 0.00 |
| Gifts | 3,352,858.24 | 2,792,994.63 |
| Net Investment Income (Loss) | 2,242,577.08 | 1,669,328.23 |

Stephen F. Austin State University-755
Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2014

| | | |
|---|--------------------------|--------------------------|
| Net Increase in Fair Value of Investments | 3,155,976.57 | (656,822.76) |
| Interest Expenses and Fiscal Charges | (6,706,251.60) | (7,201,824.85) |
| Net Other Non-Operating Revenues (Expenses) | 1,127,322.52 | (49,437.00) |
| Total Non-Operating Revenues (Expenses) | <u>77,447,637.97</u> | <u>66,837,422.73</u> |
| Income (Loss) Before Other Revenues, Expenses, Gains or Losses | 1,460,256.76 | (5,339,136.64) |
| Other Revenues, Expenses, Gains (Losses) and Transfers | <u>7,983,001.55</u> | <u>7,525,650.03</u> |
| Change in Net Position | <u>9,443,258.31</u> | <u>2,186,513.39</u> |
| Net Position, Beginning of Year | 136,763,179.41 | 134,576,666.02 |
| Restatements | 0.00 | 0.00 |
| Restated Net Position, Beginning of Year | <u>136,763,179.41</u> | <u>134,576,666.02</u> |
| Net Position, End of Year | <u>\$ 146,206,437.72</u> | <u>\$ 136,763,179.41</u> |

The following graph exhibits operating and non-operating revenues by major source:



* Grants and Contracts includes both Operating and Non-Operating Grants and Contracts.

**Other Non-Operating Revenues includes Net Investment Income, Net Increase (Decrease) in Fair Value of Investments, and Other Non-Operating Revenues.

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Management's Discussion and Analysis
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For the Year Ended August 31, 2014

Some of the fiscal year 2014 highlights presented in the Statement of Revenues, Expenses, and Changes in Net Position are as follows:

- In April, 2013 the Board of Regents approved an increase in designated tuition rates. Gross tuition increased by \$4.4 million, which was connected to both a stable enrollment and a higher designated tuition rate. The University uses a formula provided by the National Association of College and University Business Officers (NACUBO) to calculate tuition discounts, which takes into account student charges, payments both to and from students, loan proceeds, contractual payments made on a student's behalf, and scholarships.
- Gross auxiliary enterprise revenues – pledged remained relatively stable. Although the Board of Regents approved an increase in room and board rates of 1.5 and 1.0 percent respectively for the 2014 fiscal period, there was a decrease in occupancy of 4 percent.
- Exemptions mandated by the State continued to increase largely due to the Hazelwood Legacy program.

| Gross Student Revenues, Exemptions, Discounts and Allowances | | | |
|---|-----------------|-----------------|-------------------|
| | 2014 | 2013 | Net Change |
| Tuition and Fees - Pledged | \$97,240,467.35 | \$92,876,869.09 | \$4,363,598.26 |
| Tuition and Fees - Non-Pledged | 3,943,819.50 | 4,019,787.80 | (75,968.30) |
| Exemptions | (6,121,993.50) | (4,683,404.58) | (1,438,588.92) |
| Tuition Discounts | (18,868,182.10) | (18,995,437.84) | 127,255.74 |
| Allowances for Doubtful Accounts | (396,109.06) | (336,165.55) | (59,943.51) |
| Net Student Tuition and Fees | \$75,798,002.19 | \$72,881,648.92 | \$2,916,353.27 |
| Auxiliary Enterprises - Pledged | \$37,258,876.71 | \$37,556,376.48 | \$(297,499.77) |
| Discounts | (9,013,980.87) | (9,123,204.01) | 109,223.14 |
| Allowances for Doubtful Accounts | (394,092.13) | (352,654.83) | (41,437.30) |
| Auxiliary Enterprises - Non-Pledged | 1,780,091.58 | 1,661,912.38 | 118,179.20 |
| Net Auxiliary Enterprise Revenues | \$29,630,895.29 | \$29,742,430.02 | \$(111,534.73) |

The following data summarizes the operating expenses in the natural classification expense categories for the fiscal years ended August 31, 2014, and 2013:

| | 2014 | 2013 |
|---|-----------------|-----------------|
| Cost of Goods Sold | \$ 9,220,601.86 | \$ 8,544,135.85 |
| Salaries and Wages | 90,580,195.95 | 86,998,147.55 |
| Payroll Related Costs | 27,194,549.71 | 24,864,657.61 |
| Professional Fees and Services | 2,117,194.75 | 2,345,770.03 |
| Travel | 2,675,479.89 | 2,525,173.22 |
| Materials and Supplies | 12,088,691.99 | 12,012,331.96 |
| Communication and Utilities | 8,820,253.19 | 10,104,181.95 |
| Repairs and Maintenance | 4,863,247.79 | 5,490,106.10 |
| Rentals and Leases | 2,383,620.21 | 1,797,314.00 |
| Printing and Reproduction | 308,154.74 | 536,754.36 |
| Federal and State Pass-Through Expenditures | 634,523.96 | 1,043,682.49 |
| Amortization | 637,625.72 | 663,099.68 |
| Depreciation | 16,234,248.21 | 16,271,168.55 |
| Bad Debt Expense | 4,861.18 | 275,816.28 |
| Scholarships | 18,599,108.18 | 18,262,693.17 |

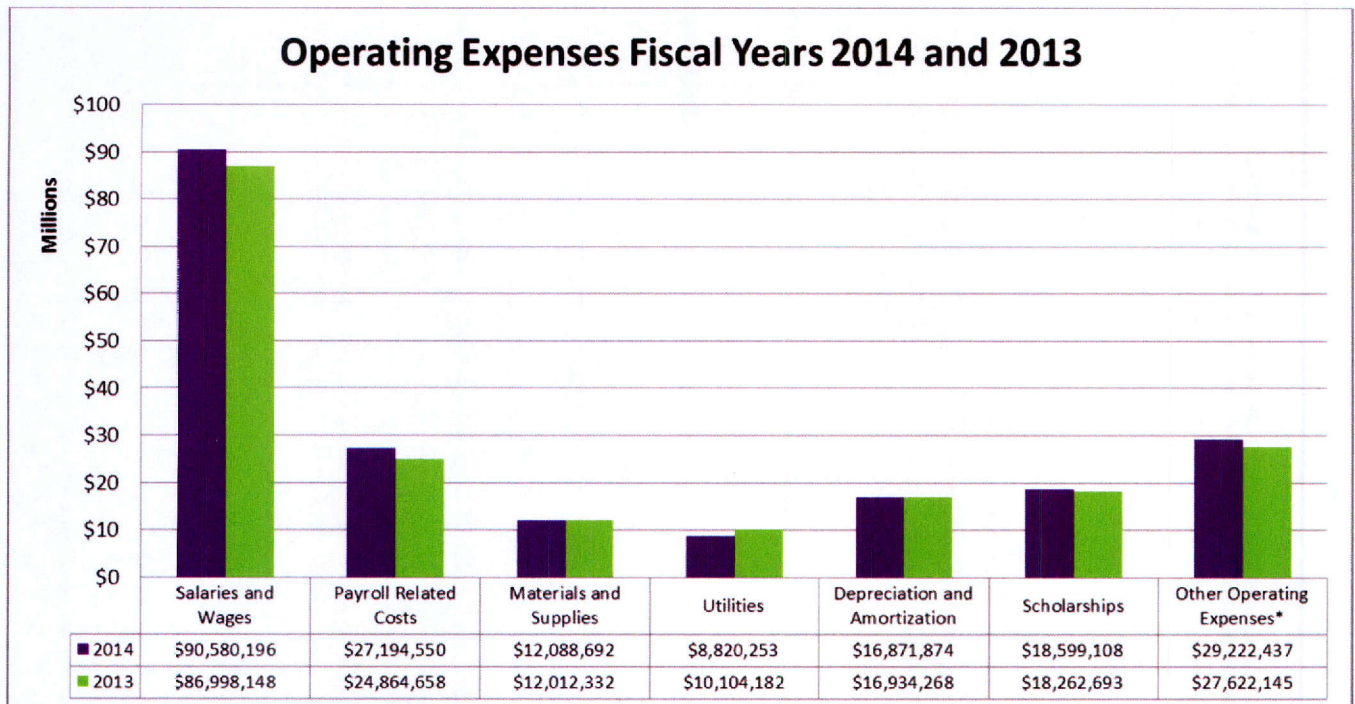
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Management's Discussion and Analysis
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For the Year Ended August 31, 2014

| | | |
|--------------------------|-------------------|-------------------|
| Other Operating Expenses | 7,014,752.94 | 5,064,334.38 |
| | \$ 203,377,110.27 | \$ 196,799,367.18 |

Reported net scholarships increased by \$.3 million. However, the gross amount of scholarships actually awarded to students increased \$.1 million. A portion of scholarships have been reclassified as either tuition discounts or auxiliary discounts using the NACUBO discount formula. The discount calculation takes into account all aid to the student (see chart).

| Gross Scholarships and Related Discounts Applied to Revenues | | | |
|--|------------------|------------------|-----------------|
| | 2014 | 2013 | Net Change |
| Student Loans (includes Perkins, Direct Loans, PLUS loans distributed to student accounts) | \$ 88,901,001.25 | \$ 87,045,207.86 | \$ 1,855,793.39 |
| Gross Scholarships | 46,481,271.15 | 46,381,335.02 | 99,936.13 |
| Scholarships- Reclassified to Tuition Discounts | (18,868,182.10) | (18,995,437.84) | 127,255.74 |
| Scholarships- Reclassified to Auxiliary Enterprises | (9,013,980.87) | (9,123,204.01) | 109,223.14 |
| Scholarships (as reported) | \$ 18,599,108.18 | \$ 18,262,693.17 | \$ 336,415.01 |

The following is a graphic presentation of the major operating expense categories for the fiscal years ended August 31, 2014, and 2013:



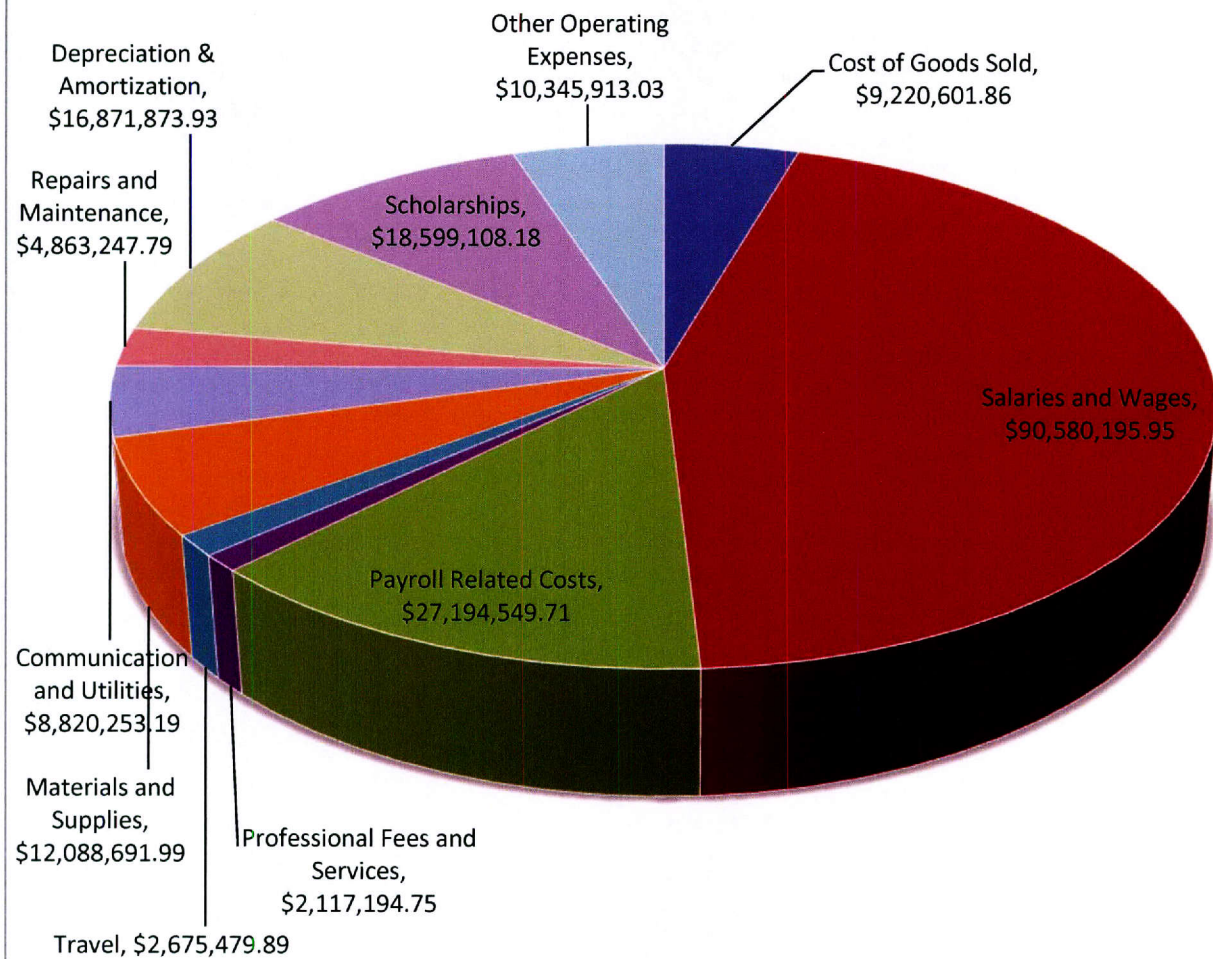
*Other Operating Expenses includes Cost of Goods Sold, Professional Fees and Services, Travel, Repairs and Maintenance, Rentals and Leases, Printing and Reproduction, Federal and State Pass-Through Expenses, Bad Debt Expense, and Other Operating Expenses.

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Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2014

Some of the fiscal year 2014 significant changes from the prior year for operating expenses are:

- Salaries, wages and payroll related costs increased by approximately \$5.9 million. A three percent merit pool approved by the Board of Regents in July 2013 for the 2014 fiscal year attributed to this increase. As indicated in the chart below, salaries, wages and payroll related costs account for more than half of the University's operating budget.
- Communications and utilities decreased by \$1.28 million. This is primarily due to the comprehensive energy management program that utilized capital from a revolving loan fund from the State Energy Conservation Office to upgrade the University's utility systems.
- Other Operating Expenses increased \$1.95 million due in large part to contracted services for the re-branding campaign, athletic activity and costs associated with the flood repair of the Lumberjack Lodge.

Fiscal Year 2014 Operating Expenses by Category



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Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2014

Statement of Cash Flows

The purpose of a statement of cash flows is to provide relevant information about the University's cash receipts and payments during the fiscal year. The statement of cash flows, when used with related disclosures and information in the other financial statements, provides relevant information about the University, such as:

- Its ability to generate future net cash flows.
- Its ability to meet obligations when due.
- Its needs for external financing.
- The reason for differences between operating income and associated cash receipts and payments.
- The effects on the University's financial position of its cash and its noncash investing, capital and financing transactions.

The statement of cash flows provides details about the University's major sources and uses of cash during the year. It presents detailed information about the cash activity and an indication of the University's liquidity and ability to meet cash obligations. There are four categories of cash flow activity:

1. Cash Flows from Operating Activities – cash flows from operating activities result from providing services and producing and delivering goods. They include all other transactions not defined as noncapital financing, capital and related financing or investing activities.
2. Cash Flows from Non-Capital Financing Activities – cash flows from noncapital financing activities include borrowing money and repaying the principal and interest on amounts borrowed for purposes other than to acquire, construct or improve capital assets.
3. Cash Flows from Capital and Related Financing Activities – cash flows from capital and related financing activities include acquiring and disposing of capital assets, borrowing money to acquire, construct or improve capital assets and repaying the principal and interest amounts.
4. Cash Flows from Investing Activities – cash flows from investing activities include making and collecting loans (except program loans) and the acquisition and disposition of debt or equity instruments.

A statement of cash flows reports net cash provided or used in each of the four categories of classifying cash transactions. It also reports the net effect of these flows on cash and cash equivalents during the fiscal year in a manner that reconciles beginning and ending cash and cash equivalents for the year.

The final section of the Statement of Cash Flows reconciles the Net Cash Provided (Used) by Operating Activities to the Operating Income (Loss) reflected on the Statement of Revenues, Expenses, and Changes in Net Position. When transactions are part cash and part non-cash, only the cash portion is reported within the statement of cash flows. Non-cash items include information about investing, capital and financing activities that affect assets and liabilities but do not result in cash receipts or cash payments in the fiscal period. The non-cash portion is reported in the non-cash transaction section supplemental to the statement of cash flows.

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Management's Discussion and Analysis
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A summarized comparison of the Statement of Cash Flows at August 31, 2014, and 2013 follows:

| | 2014 | 2013 |
|--|--------------------|--------------------|
| Net Cash Provided (Used) by: | | |
| Operating Activities | \$ (57,024,941.51) | \$ (43,630,553.98) |
| Non-Capital Financing Activities | 76,342,928.85 | 69,138,506.56 |
| Capital and Related Financing Activities | (16,861,007.76) | (14,446,125.62) |
| Investing Activities | (7,310,018.72) | 17,028,074.12 |
| Increase (Decrease) in Cash and Cash Equivalents | (4,853,039.14) | 28,089,901.08 |
| | | |
| Cash and Cash Equivalents, Beginning of Year | 89,268,389.92 | 61,178,488.84 |
| | | |
| Cash and Cash Equivalents, End of Year | \$ 84,415,350.78 | \$ 89,268,389.92 |

Net cash provided (used) by operating activities should be viewed together with net cash provided (used) by non-capital financing activities because state appropriations are significant sources of recurring revenue in support of operating expenses, but under GASB Statement No. 35 they must be classified as non-capital financing activities instead of operating activities. Additionally, Pell grants and other federal financial aid revenue are classified as a non-operating activity since this is considered a non-exchange activity.

Cash provided for or used by operating activities decreased \$13.4 million. This change was due to a \$10 million increase in federal grant receivables related to the timing of drawdowns of federal financial aid.

Cash flows from non-capital financing activities in fiscal year 2014 increased ten percent, or \$7.2 million, from the prior year. State appropriations of \$5.9 million accounted for most of this variance due to both an increase in state appropriations and the timing of the drawdowns from the state.

Net cash used for capital and related financing activities decreased by \$2.4 million. This variance was due to the payments of debt, which was a \$3.8 million increase over the previous year and primarily due to the early extinguishment of the 2004(A) bond series. An increase of \$1.2 million in sale of capital assets, rental income and capital contributions accounted for the net variance.

The change in net cash provided for investing activities decreased approximately \$23 million. This decrease reflects a change in investment strategy that included shifting funds from short-term certificates of deposit to long-term pooled investments held by Texas A & M University.

CAPITAL ASSET AND DEBT ADMINISTRATION

The University continues to improve its campus through development and renewal of its facilities and other capital assets. Capital additions totaled approximately \$4.5 million in fiscal year 2014, \$4.4 million in fiscal year 2013, \$11.8 million in fiscal year 2012, and \$34.7 million in fiscal year 2011.

As part of the University's capital plan for 2014, new projects include the renovations of the School of Music practice rooms, the boilers in the Forestry and Fine Arts buildings, and upgrades to the power plant. Additionally,

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Management's Discussion and Analysis
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For the Year Ended August 31, 2014

the University is repairing the flood damage at one of its residence halls. These repairs are in excess of \$500 thousand, however the University is being reimbursed from insurance proceeds.

In September 2013, the Board of Regents issued \$22,255,000 in bonds to refund \$23,910,000 in bond liability. This resulted in a net economic gain of \$1,589,977, which is the difference in net present value of the old debt and new debt service payments.

For the 2014-15, the Board of Regents adopted a capital plan of approximately \$4.39 million. Projects include renovation projects across campus, maintenance projects and upgrades to Johnson Coliseum and numerous academic and auxiliary facilities.

ECONOMIC OUTLOOK

Management is not aware of any facts, decisions, or conditions that would have a material effect on the financial position or results of operations during the fiscal year 2015.

Enrollment for fall 2014 increased slightly by .2 percent after increasing admission standards in the fall of 2012. Increasing the admission standards has attracted students that should increase the retention rates of undergraduate students.

In April 2014, the Texas Higher Education Coordinating Board approved a new four-year engineering degree program to begin in the fall term.

The Board of Regents approved an increase in designated tuition and various fees for the 2014-15 academic year. The university also adopted a fixed-rate tuition plan as required by House Bill 29, passed in the last legislative session by the Texas Legislature. Room and board rates were also increased for 2015 3.5 and 1.9 percent, respectively.

In fiscal year 2013, the 83rd Legislature of Texas met and approved an increase in State funding for the university of \$1.3 million per year for 2014-15 over the last biennium.

SIGNIFICANT EVENTS

Management is not aware of any significant events that impacted the financial statements this year.

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STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Net Position
For the Fiscal Year Ended August 31, 2014

| | <u>2014</u> | <u>2013</u> <u>Restated</u> |
|---|-----------------------|--------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents: | | |
| Cash on Hand | \$ 121,549.00 | \$ 137,817.37 |
| Cash in Bank | 69,773,442.70 | 61,122,772.14 |
| Cash in Transit/Reimburse from Treasury | 1,143,251.21 | 1,160,615.37 |
| Cash in State Treasury | 1,478,487.25 | 2,342,946.93 |
| Cash Equivalents | 0.00 | 1,184,157.14 |
| Short Term Investments | 1,139,948.41 | 19,756,074.39 |
| Restricted: | | |
| Cash and Cash Equivalents | | |
| Cash in Bank | 11,898,620.62 | 22,647,904.98 |
| Cash Equivalents | 0.00 | 672,175.99 |
| Short Term Investments | | |
| Endowment | 0.00 | 182,829.45 |
| Legislative Appropriations | 4,815,338.76 | 4,993,934.78 |
| Receivables: | | |
| Intergovernmental Receivables | | |
| Federal | 13,447,451.79 | 12,730,930.60 * |
| Other Intergovernmental | 36,534.54 | 69,198.61 |
| Interest and Dividends | 45,578.21 | 157,828.64 |
| Student Receivable | 8,072,246.12 | 6,896,855.69 |
| Accounts Receivable | 2,467,949.99 | 2,844,442.21 |
| Due From Other Agencies: | | |
| Federal | 2,903,730.63 | 3,222,417.27 |
| State | 6,962.71 | 152,748.66 |
| Consumable Inventories | 523,044.84 | 500,404.59 |
| Merchandise Inventories | 313,858.07 | 0.00 |
| Prepaid Items | 11,763,237.62 | 11,102,313.09 * |
| Student Loans Receivables | 2,229,942.16 | 2,309,275.96 |
| Total Current Assets | <u>132,181,174.63</u> | <u>154,187,643.86</u> |

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Net Position
For the Fiscal Year Ended August 31, 2014

| | <u>2014</u> | <u>2013</u> <u>Restated</u> |
|-------------------------------------|-----------------------|--------------------------------|
| Noncurrent Assets | | |
| Restricted: | | |
| Investments | | |
| Endowments | 11,925,613.15 | 10,211,126.49 |
| Student Loans Receivables | 6,514,334.84 | 6,631,493.26 |
| Allowance for Doubtful Accounts | (1,637,316.88) | (1,773,351.79) |
| Unrestricted: | | |
| Investments | | |
| Operating | 42,661,424.48 | 13,193,314.15 |
| Quasi-Endowments | 5,345,296.06 | 4,210,368.65 |
| Student Accounts Receivables | 9,905,148.77 | 8,740,233.19 |
| Allowance for Doubtful Accounts | (8,180,503.73) | (7,390,302.54) |
| Capital Assets, Non-depreciable: | | |
| Land and Land Improvements | 8,116,750.19 | 7,571,261.54 |
| Construction in Progress | 2,267,596.03 | 490,003.82 |
| Other Capital Assets | 700,269.27 | 697,419.27 |
| Capital Assets, Depreciable: | | |
| Buildings and Building Improvements | 362,391,539.60 | 361,389,837.27 |
| Less Accumulated Depreciation | (199,955,625.00) | (188,297,109.99) |
| Infrastructure | 12,157,051.20 | 12,169,407.80 |
| Less Accumulated Depreciation | (8,381,698.74) | (7,773,003.77) |
| Facilities and Other Improvements | 33,794,878.41 | 33,794,878.41 |
| Less Accumulated Depreciation | (10,214,250.47) | (8,307,240.35) |
| Furniture and Equipment | 19,429,524.00 | 19,260,476.97 |
| Less Accumulated Depreciation | (14,132,474.88) | (13,277,485.50) |
| Vehicles, Boats, and Aircraft | 5,387,715.72 | 5,369,427.26 |
| Less Accumulated Depreciation | (4,145,403.46) | (3,997,613.81) |
| Other Capital Assets | 15,428,186.35 | 15,758,564.81 |
| Less Accumulated Depreciation | (13,917,050.33) | (14,074,296.24) |
| Intangible Assets | 4,774,672.81 | 6,498,207.89 |
| Less Accumulated Depreciation | (4,042,027.51) | (5,127,682.05) |
| Total Noncurrent Assets | <u>276,193,649.88</u> | <u>255,967,934.74</u> |
| Total Assets | <u>408,374,824.51</u> | <u>410,155,578.60</u> |

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Net Position
For the Fiscal Year Ended August 31, 2014

| | <u>2014</u> | <u>2013</u> <u>Restated</u> |
|---|--------------------------|--------------------------------|
| LIABILITIES | | |
| Current Liabilities: | | |
| Payables: | | |
| Accounts Payable | 3,407,370.19 | 3,263,190.50 |
| Payroll Payable | 7,032,892.15 | 6,833,699.34 |
| Deposits | 3,343,256.02 | 3,045,405.56 |
| Benefits Payable | 2,237,566.35 | 2,086,599.07 |
| Interfund Payable | 1,506,436.00 | 1,506,436.00 |
| Due to Other Agencies | 1,293,763.14 | 1,510,393.55 |
| Unearned Revenues: | | |
| Tuition and Fees | 44,011,778.84 | 43,880,646.46 |
| Sales and Services | 22,090,765.58 | 18,850,328.13 |
| Grants and Contracts | 434,777.54 | 480,096.93 |
| Employees' Compensable Leave | 435,845.85 | 434,362.21 |
| Capital Lease Obligations | 83,279.64 | 83,587.60 |
| Notes and Loans Payable | 0.00 | 806,986.39 |
| Revenue Bonds Payable | 6,092,203.34 | 6,045,000.00 |
| Tuition Revenue Bonds Payable | 2,978,117.30 | 2,745,000.00 |
| General Obligation Bonds Payable | 1,030,000.00 | 995,000.00 |
| Accrued Bond Interest Payable | 2,330,812.51 | 2,577,510.01 |
| Funds Held for Others | 15,318,589.59 | 15,136,454.60 |
| Total Current Liabilities | <u>113,627,454.04</u> | <u>110,280,696.35</u> |
| Noncurrent Liabilities: | | |
| Interfund Payable | 8,595,624.01 | 9,902,927.51 |
| Capital Lease Obligations | 20,539.06 | 102,799.38 |
| Employees' Compensable Leave | 3,881,075.49 | 3,545,975.95 |
| Revenue Bonds Payable | 94,823,431.74 | 104,335,000.00 |
| Tuition Revenue Bonds Payable | 36,705,262.45 | 39,680,000.00 |
| General Obligation Bonds Payable | 4,515,000.00 | 5,545,000.00 |
| Total Noncurrent Liabilities | <u>148,540,932.75</u> | <u>163,111,702.84</u> |
| Total Liabilities | <u>262,168,386.79</u> | <u>273,392,399.19</u> |
| NET POSITION | | |
| Invested in Capital Assets, Net of Related Debt | 53,970,846.52 | 52,306,842.44 |
| Restricted for: | | |
| Capital Projects | 130,807.82 | 0.00 |
| Endowment Funds | | |
| Nonexpendable | 7,083,648.45 | 7,035,923.52 |
| Expendable | 4,460,303.54 | 3,283,848.38 |
| Other | 14,991,468.15 | 14,109,108.87 |
| Unrestricted | <u>65,569,363.24</u> | <u>60,027,456.20</u> |
| Total Net Position | <u>\$ 146,206,437.72</u> | <u>\$ 136,763,179.41</u> |

* 2013 amounts reported for Intergovernmental Receivables and Prepaid Expenses are restated to show the recognition of federal financial aid when applied to students accounts rather than in the semester the aid is to be used. \$3,065,844.00 was reclassified to a federal receivable from prepaid expenses.

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UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended August 31, 2014

| | <u>2014</u> | <u>2013</u> |
|--|------------------------|------------------------|
| Operating Revenues: | | |
| Sales of Goods and Services | | |
| Tuition & Fees - Pledged | \$ 97,240,467.35 | \$ 92,876,869.09 |
| Tuition & Fees - Non-Pledged | 3,943,819.50 | 4,019,787.80 |
| Discounts and Allowances | (25,386,284.66) | (24,015,007.97) |
| Auxiliary Enterprise - Pledged | 37,258,876.71 | 37,556,376.48 |
| Auxiliary Enterprise - Non-Pledged | 1,780,091.58 | 1,661,912.38 |
| Discounts and Allowances | (9,408,073.00) | (9,475,858.84) |
| Other Sales of Goods and Svcs - Pledged | 5,381,605.24 | 4,643,438.55 |
| Other Sales of Goods and Svcs - Non-Pledged | 837,684.09 | 975,800.57 |
| Federal Revenue | 4,022,355.43 | 4,874,347.69 |
| Federal Pass-Through Rev from Non-State Entities | 120,111.69 | 241,274.85 |
| Federal Pass-Through Revenue | 1,504,715.31 | 1,361,193.90 |
| State Pass-Through Revenue | 9,241,296.48 | 8,935,120.44 |
| Local Contracts and Grants | 334,810.81 | 530,419.52 |
| Other Contracts and Grants | 488,058.16 | 410,982.90 |
| Other Operating Revenues - Pledged | 30,194.37 | 26,150.45 |
| Total Operating Revenues | <u>127,389,729.06</u> | <u>124,622,807.81</u> |
| Operating Expenses: | | |
| Cost of Goods Sold | 9,220,601.86 | 8,544,135.85 |
| Salaries and Wages | 90,580,195.95 | 86,998,147.55 |
| Payroll Related Costs | 27,194,549.71 | 24,864,657.61 |
| Professional Fees and Services | 2,117,194.75 | 2,345,770.03 |
| Travel | 2,675,479.89 | 2,525,173.22 |
| Materials and Supplies | 12,088,691.99 | 12,012,331.96 |
| Communication and Utilities | 8,820,253.19 | 10,104,181.95 |
| Repairs and Maintenance | 4,863,247.79 | 5,490,106.10 |
| Rentals and Leases | 2,383,620.21 | 1,797,314.00 |
| Printing and Reproduction | 308,154.74 | 536,754.36 |
| Federal Pass-Through Expenditure | (18,314.76) | 0.00 |
| Federal Pass-Through Expenditure to Non-State Entities | 652,838.72 | 918,322.75 |
| State Pass-Through Expenditure | 0.00 | 125,359.74 |
| Amortization | 637,625.72 | 663,099.68 |
| Depreciation | 16,234,248.21 | 16,271,168.55 |
| Bad Debt Expense | 4,861.18 | 275,816.28 |
| Interest Expense | 312.05 | 401.03 |
| Scholarships | 18,599,108.18 | 18,262,693.17 |
| Claims and Judgments | 0.00 | 941.54 |
| Other Operating Expenses | 7,014,440.89 | 5,062,991.81 |
| Total Operating Expenses | <u>203,377,110.27</u> | <u>196,799,367.18</u> |
| Operating Income (Loss) | <u>(75,987,381.21)</u> | <u>(72,176,559.37)</u> |

See accompanying Notes to the Financial Statements

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Matrix of Operating Expenses by Function
 For the Fiscal Year Ended August 31, 2014

UNAUDITED

| <u>Operating Expenses</u> | <u>Instruction</u> | <u>Research</u> | <u>Public Service</u> | <u>Academic Support</u> | <u>Student Services</u> | <u>Institutional Support</u> |
|-----------------------------------|-------------------------|------------------------|------------------------|-------------------------|-------------------------|------------------------------|
| Cost of Goods Sold | \$ 2,834.79 | | 88,812.52 | 119,731.69 | 42,139.71 | (451.59) |
| Salaries and Wages | 45,984,477.74 | 2,140,946.39 | 1,166,955.30 | 7,563,137.38 | 10,520,140.30 | 9,385,736.38 |
| Payroll Related Costs | 11,086,720.08 | 440,004.95 | 230,669.01 | 1,852,833.07 | 2,587,252.72 | 6,103,069.65 |
| Professional Fees and Services | 220,380.79 | 200,874.07 | 360,240.88 | 740,596.36 | 19,736.92 | 215,046.29 |
| Travel | 418,053.58 | 187,712.45 | 53,278.06 | 506,126.01 | 1,399,888.90 | 170,549.53 |
| Materials and Supplies | 2,561,940.10 | 531,525.12 | 327,337.00 | 1,448,797.06 | 2,583,949.03 | 1,338,012.22 |
| Communication and Utilities | 287,340.74 | 11,556.02 | 12,454.49 | 1,261,306.30 | 219,698.21 | (169,670.63) |
| Repairs and Maintenance | 389,401.34 | 28,976.64 | 14,506.17 | 205,176.64 | 555,198.28 | 1,429,397.21 |
| Rentals and Leases | 438,139.48 | 42,346.79 | 166,732.73 | 104,830.66 | 918,858.41 | 292,565.01 |
| Printing and Reproduction | 158,491.19 | 18,909.10 | (200,679.57) | 67,385.14 | 513,820.31 | (389,641.16) |
| Federal Pass-Through Expenditures | | (14,809.82) | 649,333.78 | | | |
| Depreciation and Amortization | | | | | | |
| Bad Debt Expense | | | | | | |
| Interest Expense | 42.05 | | | 71.77 | | 198.23 |
| Scholarships | | | | | | |
| Other Operating Expenses | 492,385.54 | 65,946.73 | 117,826.38 | 396,095.36 | 1,968,632.75 | 2,196,783.74 |
| Total Operating Expenses | \$ 62,040,207.42 | \$ 3,653,988.44 | \$ 2,987,466.75 | \$ 14,266,087.44 | \$ 21,329,315.54 | \$ 20,571,594.88 |

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Matrix of Operating Expenses by Function
 For the Fiscal Year Ended August 31, 2014

UNAUDITED

| <u>Operating Expenses</u> | <u>Operation and Maintenance of Plant</u> | <u>Scholarships and Fellowships</u> | <u>Auxiliary Enterprises</u> | <u>Depreciation and Amortization</u> | <u>Total Expenses</u> |
|----------------------------------|---|---|----------------------------------|--|---------------------------|
| Cost of Goods Sold | | | 8,967,534.74 | | \$ 9,220,601.86 |
| Salaries and Wages | 4,823,122.29 | | 8,995,680.17 | | 90,580,195.95 |
| Payroll Related Costs | 1,578,422.56 | | 3,315,577.67 | | 27,194,549.71 |
| Professional Fees and Services | 95,395.75 | | 264,923.69 | | 2,117,194.75 |
| Travel | (289,946.61) | | 229,817.97 | | 2,675,479.89 |
| Materials and Supplies | 1,091,868.56 | | 2,205,262.90 | | 12,088,691.99 |
| Communication and Utilities | 3,331,491.07 | | 3,866,076.99 | | 8,820,253.19 |
| Repairs and Maintenance | 871,553.40 | | 1,369,038.11 | | 4,863,247.79 |
| Rentals and Leases | 55,092.68 | | 365,054.45 | | 2,383,620.21 |
| Printing and Reproduction | 1,548.09 | | 138,321.64 | | 308,154.74 |
| Federal Pass-Through Expenditure | | | | | 634,523.96 |
| Depreciation and Amortization | | | | 16,871,873.93 | 16,871,873.93 |
| Bad Debt Expense | | | 4,861.18 | | 4,861.18 |
| Interest Expense | | | | | 312.05 |
| Scholarships | | 18,599,108.18 | | | 18,599,108.18 |
| Other Operating Expenses | 1,328,867.54 | | 447,902.85 | | 7,014,440.89 |
| Total Operating Expenses | \$ 12,887,415.33 | \$ 18,599,108.18 | \$ 30,170,052.36 | \$ 16,871,873.93 | \$ 203,377,110.27 |

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2014

| | 2014 | 2013 |
|--|--------------------------|-------------------------|
| Cash Flows from Operating Activities | | |
| Proceeds Received from Tuition and Fees | \$ 74,676,880.21 | \$ 75,271,722.56 |
| Proceeds Received from Auxiliary Services | 32,871,332.74 | 29,514,444.46 |
| Proceeds Received from Other Sales and Services | 5,882,791.01 | 5,783,793.35 |
| Proceeds from Grants and Contracts | 14,595,489.59 | 24,587,962.59 |
| Proceeds from Other Revenues | 30,194.37 | 26,150.45 |
| Payments to Suppliers for Goods and Services | (48,971,013.40) | (49,568,521.62) |
| Payments to Employees for Salaries | (90,044,419.96) | (86,704,221.78) |
| Payments to Employees for Benefits | (27,043,582.43) | (24,641,044.05) |
| Proceeds (Payments) of Loans Issued to Students and Employees | 55,596.13 | (257,594.64) |
| Proceeds (Payments) from Other Activities | - | (941.54) |
| Payments to Students for Scholarships | (19,077,897.72) | (17,641,902.73) |
| Payments for Interest Expense | (312.05) | (401.03) |
| Net Cash Provided (Used) by Operating Activities | <u>(57,024,941.51)</u> | <u>(43,630,553.98)</u> |
| Cash Flows from Noncapital Financing Activities | | |
| Proceeds from State Appropriations | 52,629,913.94 | 46,648,733.20 |
| Proceeds from Non-Operating Grants and Contracts | 21,823,837.24 | 20,856,948.00 |
| Proceeds from Gifts | 3,352,858.24 | 2,792,994.63 |
| Proceeds from Student Loan Interest | 159,664.92 | 137,000.96 |
| Payments of Transfers to Other Agencies | (1,383,995.41) | (1,302,873.97) |
| Proceeds from Claims and Settlements | 506,987.80 | 1,377.85 |
| Proceeds (Payments) from Other Revenue (Expense) | 64,128.17 | 73,481.79 |
| Proceeds (Payments) from Endowment Investments | (810,466.05) | (69,155.90) |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>76,342,928.85</u> | <u>69,138,506.56</u> |
| Cash Flows from Capital and Related Financing Activities | | |
| Proceeds from Sale of Capital Assets | 534,022.60 | 55,134.70 |
| Proceeds from Debt Issuance | 24,034,014.83 | - |
| Proceeds from State Appropriations-Higher Education Funds (HEF) | 8,425,937.00 | 8,425,937.00 |
| Proceeds from Capital Contributions | 893,335.03 | 262,667.77 |
| Proceeds from Other Financing Activities | - | 18,000.00 |
| Proceeds from Other Rental Income | 197,228.49 | 83,992.01 |
| Proceeds from Interest on Capital Investments | 779.89 | 2,821.74 |
| Payments for Additions to Capital Assets | (4,561,518.33) | (4,368,830.09) |
| Payments for Interfund Payables | (1,506,436.00) | (1,281,312.98) |
| Payments of Principal on Capital Debt | (38,041,986.39) | (10,226,540.22) |
| Payments on Capital Leases | (82,568.28) | (84,733.19) |
| Payments of Interest on Capital Debt | (6,494,950.84) | (7,333,262.36) |
| Payments on Other Costs on Debt Issuance | (258,865.76) | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(16,861,007.76)</u> | <u>(14,446,125.62)</u> |
| Cash Flows from Investing Activities | | |
| Proceeds (Payments) from Investments | (9,687,230.87) | 16,350,165.27 |
| Proceeds from Interest Income from Investments | 2,194,382.70 | 860,738.30 |
| Proceeds (Payments) from Redemption of Bond Investments | 182,829.45 | (182,829.45) |
| Net Cash Provided (Used) by Investing Activities | <u>(7,310,018.72)</u> | <u>17,028,074.12</u> |
| Increase (Decrease) in Cash and Cash Equivalents | <u>\$ (4,853,039.14)</u> | <u>\$ 28,089,901.08</u> |
| Cash and Cash Equivalents, August 31, 2013 | \$ 89,268,389.92 | \$ 61,178,488.84 |
| Increase (Decrease) in Cash and Cash Equivalents | <u>(4,853,039.14)</u> | <u>28,089,901.08</u> |
| Cash and Cash Equivalents, August 31, 2014 | <u>\$ 84,415,350.78</u> | <u>\$ 89,268,389.92</u> |

See accompanying Notes to the Financial Statements

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2014

| | <u>2014</u> | <u>2013</u> |
|--|---------------------------|---------------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | |
| Operating Income (Loss) | \$ (75,987,381.21) | \$ (72,176,559.37) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities | | |
| Amortization and Depreciation | 16,871,873.93 | 16,934,268.23 |
| Bad Debt Expense | 4,861.18 | 275,816.28 |
| Operating Income (Loss) and Cash Flow Categories | | |
| Changes in Current Assets and Liabilities | | |
| (Increase) Decrease in Receivables | (1,370,504.90) | 8,843,927.96 |
| (Increase) Decrease in Inventories | (336,498.32) | 164,554.23 |
| (Increase) Decrease in Loans to Students | 79,333.80 | 10,722.51 |
| (Increase) Decrease in Prepaid Expenses | (660,924.53) | 728,613.28 |
| (Increase) Decrease in Due from Other Agencies | 464,472.59 | 335,477.88 |
| Increase (Decrease) in Payables | 343,372.50 | (367,211.11) |
| Increase (Decrease) in Deposits Payable | 297,850.46 | 435,122.94 |
| Increase (Decrease) in Due to Other Agencies | (216,630.41) | 218,544.55 |
| Increase (Decrease) in Unearned Revenue | 3,326,250.44 | 741,172.95 |
| Increase (Decrease) in Compensable Leave | 1,483.64 | 7,305.60 |
| Increase (Decrease) in Benefits Payable | 150,967.28 | 297,735.69 |
| Increase (Decrease) in Funds Held for Others | 182,134.99 | (107,822.84) |
| Changes in Non-Current Assets and Liabilities | | |
| Increase (Decrease) in Compensable Leave | 335,099.54 | 105,879.57 |
| (Increase) Decrease in Student Receivables | (374,714.39) | 178,270.35 |
| (Increase) Decrease in Loans to Students | (23,737.67) | (268,317.15) |
| Cash Reported in Other Categories | | |
| Increase (Decrease) in Investment Activity | (112,250.43) | 11,944.47 |
| Total Adjustments | <u>18,962,439.70</u> | <u>28,546,005.39</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (57,024,941.51)</u> | <u>\$ (43,630,553.98)</u> |
| Displayed as: | | |
| Cash on Hand | \$ 121,549.00 | \$ 137,817.37 |
| Cash in Bank | 69,773,442.70 | 61,122,772.14 |
| Cash in Transit/Reimb. Due from Treasury | 1,143,251.21 | 1,160,615.37 |
| Cash in State Treasury | 1,478,487.25 | 2,342,946.93 |
| Cash Equivalents | - | 1,184,157.14 |
| Cash in Bank, Restricted | 11,898,620.62 | 22,647,904.98 |
| Cash Equivalents, Restricted | - | 672,175.99 |
| | <u>\$ 84,415,350.78</u> | <u>\$ 89,268,389.92</u> |

NOTE 1: Summary of Significant Accounting Policies

Entity

Stephen F. Austin State University (the University) is an agency of the State of Texas (the State). The University's financial records comply with State statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*.

The University serves the State as a public institution of higher education.

The University has six related entities. The University has determined no related entity is a reportable component unit of Stephen F. Austin State University.

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* and GASB Statement No. 35, *Basic Financial Statements — and Management's Discussion and Analysis — for Public Colleges and Universities*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in these Statements. 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.

The University follows the "business-type activities" reporting requirement of GASB Statement No. 34 that provides all the financial statements required for enterprise funds.

Blended Component Units

No component unit has been identified which should be reported as a blended unit.

Discretely Presented Component Units

No component unit has been identified which should be discretely presented.

Fund Structure

Basis of Accounting – Proprietary Fund Accounting

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial positions, and cash flows. The financial statements of the University have been prepared on the accrual basis. Accrual accounting attempts to record a transaction's financial effects in the period in which the transaction occurred, rather than when funds are received or paid. Revenues are recorded when they are earned or when the University has a right to receive the revenues. Expenses are recognized when incurred. The date related cash was received or paid is of no consequence.

Four essential elements of accrual accounting:

- Deferral of expenditures and the subsequent amortization of the deferred costs.
- Deferral of revenues until they are earned.
- Capitalization of certain expenses and the subsequent depreciation of the capitalized costs.
- The accruals of revenues that have been earned and expenses that have been incurred.

Proprietary funds use the flow of economic resources measurement focus, which is similar to the focus used by commercial entities. Proprietary funds focus on whether the enterprise is economically better off as a result of the events and transactions that occurred during the fiscal period reported. Transactions and events that improved an enterprise's financial position are reported as revenues or gains. Transactions and events that diminished the economic position of the enterprise are reported as expenses or losses. Both current and long-term assets and liabilities are presented on the Statement of Net Position.

The Statement of Revenues, Expenses, and Changes in Net Position is segregated into operating and non-operating sections.

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Generally, operating activities are those that directly result from the provision of goods and services to customers or are directly related to the principal and usual activity of a fund. GASB Statement No. 34 indicates that a consideration for defining a proprietary fund's operating revenues and expenditures is how individual transactions would be classified for purposes of preparing a Statement of Cash Flows according to GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Since certain grants are actually contracts for services, they are classified as operating activities. State appropriations and certain grants, such as the Pell grants, are reported as non-operating activities even though they are directly related to the principal and usual activity of the University. These are considered non-exchange transactions and are therefore considered non-operating revenues.

Budget and Budgetary Accounting

The University prepares an annual budget which represents anticipated sources of revenue and authorized uses. This budget is approved by the University's Board of Regents. Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated. Budget information is not included in the Annual Financial Report.

Assets, Liabilities, and Net Position

Assets

Assets are reported separately as either current or noncurrent in the Statement of Net Position.

Cash and Cash Equivalents

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

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of proprietary fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements.

Inventories

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued using the average cost method. The consumption method of accounting is used to account for inventories and prepaid items. The cost of these items is expensed when the items are sold or consumed.

Prepaid Items

Prepaid items include prepaid expenses attributable to a subsequent fiscal year, including scholarships attributed to the 2014 fall semester. The cost of these items is expensed when the items are used or consumed.

Capital Assets

Equipment with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year are capitalized. Other categories of capital assets have capitalization thresholds that are set by the state. These assets are capitalized and reported at cost or, if not purchased, at appraised fair value on the date of acquisition. Donated assets are reported at fair value on the acquisition date. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets, such as works of art and historical treasures, are not depreciated. Assets are depreciated over the estimated useful life of the asset using the straight-line method of depreciation.

Other Receivables - Current and Noncurrent

Current receivables are specified in the Statement of Net Position. They include amounts that are reasonably expected to be received in fiscal year 2015. Noncurrent receivables are those receivables that are not expected to be collected within one year. Included in this category are student accounts receivable and loan receivables that are not expected to be received during fiscal year 2015. The disaggregation of

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other receivables as reported in the financial statements is shown in Note 24, "Disaggregation of Receivable and Payable Balances."

Liabilities

Liabilities are reported separately as either current or noncurrent in the Statement of Net Position.

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.

Other Payables – Current and Noncurrent

The disaggregation of other payables as reported in the financial statements is shown in Note 24, "Disaggregation of Receivable and Payable Balances."

Employees' Compensable Leave

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

Capital Lease Obligations

Capital Lease Obligations represent the liability for future lease payments under capital lease contracts. Liabilities are reported separately in the Statement of Net Position as either current, for the amounts due within one year, or noncurrent, for the amounts due thereafter.

Bonds Payable - Revenue Bonds

The principal of revenue bonds is reported separately in the Statement of Net Position as either current, for the amounts due within one year, or noncurrent, for the amounts due thereafter. Bonds payable are recorded at par value, net of unamortized premiums, discounts, issuance costs and gains/(losses) on bond refunding activities. Interest expense is reported on the accrual basis.

Bonds Payable - Tuition Revenue Bonds

The principal of tuition revenue bonds is reported separately in the Statement of Net Position as either current, for the amounts due within one year, or noncurrent, for the amounts due thereafter. Bonds payable are recorded at par value, net of unamortized premiums, discounts, issuance costs and gains/(losses) on bond refunding activities. Interest expense is reported on the accrual basis.

Bonds Payable - General Obligation Bonds

The principal of general obligation bonds is reported separately in the Statement of Net Position as either current, for the amounts due within one year, or noncurrent, for the amounts due thereafter. Bonds payable are recorded at par, net of unamortized premiums, discounts, issuance costs and gains/(losses) on bond refunding activities. Interest expense is reported on the accrual basis.

Net Position

The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is "Net Position" on the Statement of Net Position.

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

This component of net position is the difference between assets, deferred outflows, deferred inflows and liabilities of proprietary funds that consists of capital assets less:

- Accumulated depreciation
- Accumulated amortization
- Outstanding balances of debt directly attributable to the acquisition, construction, or improvement of those assets

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- Deferred outflows and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt.

The portion of debt or deferred inflows of resources attributable to the unspent amount of related debt proceeds or deferred inflows of resources at the end of the fiscal year is included in the same net position component (restricted or unrestricted) as the unspent amount.

Restricted Net Position

This component of net position is the difference between assets, deferred outflows, deferred inflows and liabilities of proprietary funds that consists of assets with constraints placed on their use by either:

- Externally imposed by creditors, grantors, contributors or laws/regulations of other governments, or
- Imposed by law through enabling legislation or constitutional provisions.

Unrestricted Net Position

This component of net position is the difference between the assets, deferred outflows, deferred inflows and liabilities of proprietary funds not reported as net position, invested in capital assets, net of related debt or restricted net position.

The amortized balance of accretion on capital appreciation bonds is included as part of unrestricted net position unless a sinking fund was established, in which case the balance is reported as part of the restricted net position balance.

Interfund Activities and Transactions

The University has the following types of transactions among State appropriated funds and other State agencies:

- **Transfers** – Legally required transfers that are reported when incurred as “Transfers In” by the recipient fund or State agency and as “Transfers Out” by the disbursing fund or State agency.
- **Reimbursements** – Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one State agency for another are recorded as expenditures by the reimbursing State agency and as a reduction of expenditures by the reimbursed State agency. Reimbursements are not displayed in the financial statements.
- **Interfund Receivables and Payables** – Most receivables and payables from or to other state agencies are recorded as “Due from Other Agencies” or “Due to Other Agencies” on the Statement of Net Position. The amounts associated with the State Energy Conservation Office revolving loan program are recorded as “Interfund Payable” on the Statement of Net Position. Repayments associated with the loan program due during the current year are classified as "Current"; repayments due thereafter are classified as "Noncurrent."
- **Interfund Sales and Purchases** – Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund (interfund services provided) and expenditures or expenses of the disbursing fund (interfund services used).

The composition of the University's interfund activities and balances are presented in Note 12.

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NOTE 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2014, is presented below:

| | Balance | Reclassifications | | | Balance | |
|---|-------------------------|-------------------|---------------|--------------------------|-----------------------|-------------------------|
| | 09/01/2013 | Adjustments | Completed CIP | Additions | Deletions | 08/31/2014 |
| BUSINESS-TYPE ACTIVITIES | | | | | | |
| Non-depreciable or Non-amortizable Assets | | | | | | |
| Land and Land Improvements | \$7,571,261.54 | - | \$7,756.72 | \$677,952.02 | \$(140,220.09) | \$8,116,750.19 |
| Infrastructure | - | - | - | - | - | - |
| Construction in Progress | 490,003.82 | - | (490,003.82) | 2,267,596.03 | - | 2,267,596.03 |
| Other Tangible Capital Assets | 697,419.27 | - | - | 2,850.00 | - | 700,269.27 |
| Total Non-depreciable or Non-amortizable Assets | 8,758,684.63 | - | (482,247.10) | 2,948,398.05 | (140,220.09) | 11,084,615.49 |
| Depreciable Assets | | | | | | |
| Buildings and Building Improvements | 361,389,837.27 | - | 459,567.70 | 542,134.63 | - | 362,391,539.60 |
| Infrastructure | 12,169,407.80 | - | - | - | (12,356.60) | 12,157,051.20 |
| Facilities and Other Improvements | 33,794,878.41 | - | - | - | - | 33,794,878.41 |
| Furniture and Equipment | 19,260,476.97 | - | - | 841,715.32 | (672,668.29) | 19,429,524.00 |
| Vehicle, Boats and Aircraft | 5,369,427.26 | - | 22,679.40 | 135,635.05 | (140,025.99) | 5,387,715.72 |
| Other Capital Assets | 15,758,564.81 | - | - | 93,635.28 | (424,013.74) | 15,428,186.35 |
| Total Depreciable Assets | 447,742,592.52 | - | 482,247.10 | 1,613,120.28 | (1,249,064.62) | 448,588,895.28 |
| Less Accumulated Depreciation for: | | | | | | |
| Buildings and Building Improvements | (188,297,109.99) | - | - | (11,658,515.01) | - | (199,955,625.00) |
| Infrastructure | (7,773,003.77) | - | - | (608,694.97) | - | (8,381,698.74) |
| Facilities and Other Improvements | (8,307,240.35) | - | - | (1,907,010.12) | - | (10,214,250.47) |
| Furniture and Equipment | (13,277,485.50) | - | - | (1,505,444.64) | 650,455.26 | (14,132,474.88) |
| Vehicles, Boats and Aircraft | (3,997,613.81) | - | - | (287,815.64) | 140,025.99 | (4,145,403.46) |
| Other Capital Assets | (14,074,296.24) | - | - | (266,767.83) | 424,013.74 | (13,917,050.33) |
| Total Accumulated Depreciation | (235,726,749.66) | - | - | (16,234,248.21) | 1,214,494.99 | (250,746,502.88) |
| Depreciable Assets, Net | 212,015,842.86 | - | 482,247.10 | (14,621,127.93) | (34,569.63) | 197,842,392.40 |
| Amortizable Assets - Intangible | | | | | | |
| Computer Software | 6,498,207.89 | - | - | - | (1,723,535.08) | 4,774,672.81 |
| Total Amortizable Assets - Intangible | 6,498,207.89 | - | - | - | (1,723,535.08) | 4,774,672.81 |
| Less Accumulated Amortization for: | | | | | | |
| Computer Software | (5,127,682.05) | - | - | (637,625.72) | 1,723,280.26 | (4,042,027.51) |
| Total Accumulated Amortization | (5,127,682.05) | - | - | (637,625.72) | 1,723,280.26 | (4,042,027.51) |
| Amortizable Assets - Intangible, Net | 1,370,525.84 | - | - | (637,625.72) | (254.82) | 732,645.30 |
| Business-Type Activities Capital Assets, Net | \$222,145,053.33 | - | - | \$(12,310,355.60) | \$(175,044.54) | \$209,659,653.19 |

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NOTE 3: Deposits, Investments and Repurchase Agreements

The University is authorized by statute to make investments following the "prudent person rule." There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2014, the carrying amount of deposits was \$83,238,721.67 as presented below:

| | |
|---|------------------------|
| CASH IN BANK – CARRYING AMOUNT | \$83,238,721.67 |
| Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalents | (1,566,658.35) |
| Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral | 0.00 |
| Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral | 0.00 |
| Total Cash in Bank per AFR | \$81,672,063.32 |

| | |
|--|-----------------|
| Proprietary Funds Current Assets Cash in Bank | \$69,773,442.70 |
| Proprietary Funds Current Assets Restricted Cash in Bank | 11,898,620.62 |
| Proprietary Funds Noncurrent Restricted Cash in Bank | 0.00 |
| Cash in Bank per AFR | \$81,672,063.32 |

These amounts consist of all cash in local banks and a portion of short-term investments. These amounts are included on the Statement of Net Position as part of the "Cash and Cash Equivalents" accounts, except for the certificates of deposit, which are recorded as Investments.

As of August 31, 2014, the total bank balance was as follows:

| | | | |
|--------------------------|------------------|-----------------|--------|
| Business-Type Activities | \$ 84,832,758.56 | Fiduciary Funds | \$0.00 |
|--------------------------|------------------|-----------------|--------|

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the university will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Stephen F. Austin State University Board Policy 3.21, *Investments*, states that all deposits shall be secured by a pledge of collateral with a market value equal to no less than 100 percent of the deposits plus accrued interest less any amount insured by the FDIC and pursuant to Chapter 2257, the Public Funds Collateral Act.

At August 31, 2014, amounts insured by the FDIC were \$1,499,919.14. There were no violations of legal provisions during the fiscal year. The bank balances at August 31, 2014 that were exposed to custodial credit risks were as follows:

| Fund Type | GAAP Fund | Uninsured and uncollateralized | Uninsured and collateralized with securities held by the pledging financial institution | Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the University's name |
|-----------|-----------|--------------------------------|---|--|
| 05 | 9999 | \$0.00 | \$83,332,839.42 | \$0.00 |

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Investments

As of August 31, 2014, the fair value of investments was:

| Business-Type Activities | Fair Value |
|--|------------------------|
| U.S. Government | |
| U.S. Treasury Securities | \$2,355,677.92 |
| U.S. Treasury Strips | 85,285.49 |
| U.S. Government Agency Obligations (GNMA, FNMA, FHLMC) | 2,713,461.67 |
| Corporate Obligations | 5,987,035.17 |
| Corporate Asset and Mortgage Backed Securities | 2,178,010.84 |
| Equity | 14,760,321.94 |
| International Obligations (Government and Corporate) | 3,149,271.80 |
| International Equity | 5,893,414.39 |
| Fixed Income Money Market and Bond Mutual Fund | 1,057,413.64 |
| International Derivatives | 1,680.32 |
| Equity Mutual Funds – International | 5,758,300.46 |
| Municipal and County Bonds | 1,331,792.05 |
| Alternative Investments | 11,821,850.09 |
| Miscellaneous | 2,412,107.97 |
| Total Investments | \$59,505,623.75 |

| Displayed on Statement of Net Position as: | |
|---|-----------------|
| Current Assets: | |
| Cash Equivalents | \$0.00 |
| Short-Term Investments | 1,139,948.41 |
| Restricted Cash Equivalents | 0.00 |
| Restricted Short-Term Investments | 0.00 |
| Noncurrent Assets: | |
| Restricted: | |
| Investments: Endowments | 11,925,613.15 |
| Unrestricted: | |
| Investments: Quasi-Endowments | 5,345,296.06 |
| Investments: Operating | 42,661,424.48 |
| Subtotal | 61,072,282.10 |
| Less: Certificates of Deposit | (1,566,658.35) |
| Total | \$59,505,623.75 |

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Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. In order to mitigate this risk, Stephen F. Austin State University Board Policy 3.20, *Investments-Endowment Funds*, limits foreign equity investments to a maximum of 30% of the equity portfolio. The exposure to foreign currency risk as of Aug. 31, 2014 was:

| Fund Type | Foreign Currency | International Obligation (Govt and Corp) | International Equity | International Other Commingled Funds (Equity) |
|-----------|--|--|-----------------------|---|
| 05 | U.S. Dollar Denominated Foreign Securities | \$2,678,214.99 | \$3,354,122.19 | \$5,758,300.46 |
| 05 | Australian Dollar | 131,724.96 | | |
| 05 | British Pound | 9,271.11 | 340,099.87 | |
| 05 | Canadian Dollar | | 115,456.93 | |
| 05 | Euro Currency Unit | 82,244.96 | 703,710.52 | |
| 05 | Hong Kong Dollar | | 66,400.80 | |
| 05 | Japanese Yen | | 816,179.15 | |
| 05 | New Zealand | 205,026.67 | | |
| 05 | Norwegian Krone | 42,789.11 | | |
| 05 | Singapore Dollar | | 44,447.74 | |
| 05 | South African Rand | | 34,507.27 | |
| 05 | South Korean Won | | 26,291.54 | |
| 05 | Swedish Krona | | 42,718.45 | |
| 05 | Swiss Franc | | 326,489.85 | |
| 05 | Thailand Baht | | 22,990.08 | |
| | Total | \$3,149,271.80 | \$5,893,414.39 | \$5,758,300.46 |

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Stephen F. Austin State University Board Policy 3.21, *Investments*, addresses credit risks by authorizing investments only in certain types of securities.

As of August 31, 2014, the Standard & Poor's credit quality ratings of the University's investments by type of securities with credit risk exposure were as follows:

| Investment Type | AAA | AA | A | All Other Ratings |
|--|--------------|--------------|--------------|-------------------|
| U.S. Government Agency Obligations (Excludes obligations explicitly guaranteed by the U.S. Government) | \$472,247.50 | 2,241,214.17 | \$0.00 | \$0.00 |
| U.S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co) | 0.00 | 0.00 | 0.00 | 0.00 |
| Corporate Obligations | 0.00 | 231,867.23 | 1,497,612.54 | 4,177,045.87 |
| Corporate Asset and Mortgage Backed Securities | 305,456.41 | 424,226.31 | 279,607.68 | 172,368.52 |
| International Obligations | 492,408.06 | 581,803.33 | 853,138.13 | 999,124.27 |
| Municipal and County Bonds | 73,302.00 | 963,603.05 | 294,887.00 | 0.00 |
| Fixed Income Money Market and Bond Mutual Fund | 0.00 | 0.00 | 0.00 | |
| Misc (Political Subdivisions) | | 12,096.11 | | |
| Unrated | | | | |
| Corporate Obligations | | | | \$80,509.53 |
| Corporate Asset and Mortgage Backed Securities | | | | 996,351.92 |
| International Obligations | | | | 222,798.01 |
| Fixed Income Money Market and Bond Mutual Fund | | | | 1,057,413.64 |
| Misc (Bankers Acceptances) | | | | 2,400,011.86 |

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Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2014, the University's concentration of credit risk is immaterial to any single issuer.

Reverse Repurchase Agreements

The University, by statute, is authorized to enter into reverse repurchase agreements. A reverse repurchase agreement is a transaction in which a broker-dealer or financial institution transfers cash to the University and the University transfers securities to the broker-dealer and promises to repay the cash plus interest in exchange for the same or similar securities. Credit risk exposure for the University arises when a broker-dealer does not return the securities or their value at the conclusion of the reverse repurchase agreement. As of August 31, 2014, the University was not participating in reverse repurchase agreements.

Securities Lending

In securities lending transactions, the University would transfer its securities to broker-dealers and other entities for collateral – which may be cash or securities – and simultaneously agrees to return the collateral for cash or the same securities in the future. The University invests the cash received as collateral and, if the returns on those investments exceed the “rebate” paid to the borrowers of the securities, the securities lending transactions generate income for the University. The University did not participate in securities lending transactions during fiscal year 2014.

NOTE 4: Short-Term Debt

The University had no short-term debt as of August 31, 2014.

NOTE 5: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2014, the following changes occurred in long-term liabilities:

| Business-Type Activities | Balance 09/01/13 | Additions | Reductions | Balance 08/31/14 | Amounts Due Within One Year | Amounts Due Thereafter |
|----------------------------------|------------------|-----------------|-----------------|------------------|-----------------------------|------------------------|
| Revenue Bonds Payable | \$110,380,000.00 | \$16,899,236.75 | \$26,363,601.67 | \$100,915,635.08 | \$6,092,203.34 | \$94,823,431.74 |
| Tuition Revenue Bonds Payable | 42,425,000.00 | 7,229,938.40 | 9,971,558.65 | 39,683,379.75 | 2,978,117.30 | 36,705,262.45 |
| General Obligation Bonds Payable | 6,540,000.00 | 0.00 | 995,000.00 | 5,545,000.00 | 1,030,000.00 | 4,515,000.00 |
| Capital Lease Obligations | 186,386.98 | 0.00 | 82,568.28 | 103,818.70 | 83,279.64 | 20,539.06 |
| Employees' Compensable Leave | 3,980,338.16 | 754,080.32 | 417,497.14 | 4,316,921.34 | 435,845.85 | 3,881,075.49 |
| Notes & Loans Payable | 806,986.39 | 0.00 | 806,986.39 | 0.00 | 0.00 | 0.00 |
| Total Business-Type Activities | \$164,318,711.53 | \$24,883,255.47 | \$38,637,212.13 | \$150,564,754.87 | \$10,619,446.13 | \$139,945,308.74 |

Notes and Loans Payable

The University had no unpaid notes or loans payable as of August 31, 2014.

Claims and Judgments

The University had no unpaid settlements or judgments as of August 31, 2014.

Employees' Compensable Leave

A State employee is entitled to be paid for all unused vacation time (annual leave) accrued in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for at least six months. Employees subject to the Fair Labor Standards Act (FLSA) are entitled to be paid for all unused compensatory time in the event of the employee's resignation, dismissal, or separation from State employment. The University reports both an expense and a liability for the unpaid annual leave in the Statement of Net Position as the benefits accrue. No liability is recorded for sick pay benefits.

NOTE 6: Bonded Indebtedness

Bonds Payable

Detailed supplemental bond information is disclosed in:

- Schedule 2A – Miscellaneous Bond Information
- Schedule 2B – Changes in Bonded Indebtedness
- Schedule 2C – Debt Service Requirements
- Schedule 2D – Analysis of Funds Available for Debt Service
- Schedule 2E – Defeased Bonds Outstanding
- Schedule 2F – Early Extinguishment and Refunding

General information related to bonds is summarized below:

Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2002

- To provide funds for construction of a facility to replace the Birdwell Building, construction of a new Telecommunications and Networking building, renovations to Power Plant, and renovations to existing structures at the University.
- Issued 7-9-02.
- \$14,070,000.00; All authorized bonds have been issued.
- Source of revenue for debt service:
 - Pledged Student Tuition
 - Other Pledged Revenues
- Changes in Debt: Principal paid during fiscal year \$725,000.00; Outstanding subsequent to principal payment \$7,190,000.00; Refunded by Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Refunding Bonds – Series 2013; Outstanding at year end \$0.00.

Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2004

- To provide funds for renovation and expansion, and equipment for the Student Center.
- Issued 2-18-04.
- \$26,030,000.00; All authorized bonds have been issued.
- Source of revenue for debt service:
 - Pledged Student Tuition
 - Pledged Student Center Fees
 - Other Pledged Revenues

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- Changes in Debt: Principal paid during fiscal year \$1,185,000.00; Outstanding subsequent to principal payment \$16,720,000.00; Refunded by Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Refunding Bonds – Series 2013; Outstanding at year end \$0.00.

Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2004(A)

- To provide funds to construct a 400-space parking garage adjacent to the Student Center.
- Issued 8-17-04.
- \$5,460,000.00; All authorized bonds have been issued.
- Source of revenue for debt service:
 - Pledged Student Tuition
 - Pledged Student Center Fees
 - Other Pledged Revenues
- Changes in Debt: Principal paid during fiscal year \$3,790,000.00 (Includes early extinguishment of \$3,540,000.00); Outstanding at year end \$0.00.

Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2005

- To provide funds to construct a new student residence hall and associated parking garage; and to pay the costs related to the issuance of the bonds.
- Issued 6-23-05.
- \$17,215,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged Revenues consisting of Unrestricted Current Funds Revenues excluding: remissions, governmental appropriations and gifts, grants and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$755,000.00; Outstanding at year end \$11,880,000.00.

Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2005(A)

- To provide funds to construct a new student residence hall and associated parking garage; to construct a new student recreational center and to pay the costs related to the issuance of the bonds.
- Issued 11-02-05.
- \$55,365,000.00; All authorized bonds have been issued.
- Source of revenue for debt service:
 - Pledged Recreational Sports Fee
 - Other Pledged Revenues consisting of Unrestricted Current Funds Revenues excluding: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$2,510,000.00; Outstanding at year end \$42,425,000.00.

Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2008

- To provide funds to construct a new Early Childhood Research Center which will provide an early childhood laboratory for the College of Education and a charter school campus.
- Issued 03-04-08.
- \$20,175,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged revenues consisting of Unrestricted Current Fund Revenues excluding: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$730,000.00; Outstanding at year end \$13,550,000.00.

State of Texas Constitutional Appropriation Bonds Stephen F. Austin State University - Series 2008

- To provide a portion of the funds to complete construction and equip the Early Childhood Research Center and pay certain costs related to the issuance of the bonds.

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- Issued 12-18-08.
- \$10,200,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged revenues consisting of Higher Education Funds.
- Changes in Debt: Principal paid during fiscal year \$995,000.00; Outstanding at year end \$5,545,000.00.

Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2009

- To provide funds to construct a new nursing facility expansion and provide campus-wide deferred maintenance to multiple buildings.
- Issued 02-04-09.
- \$23,615,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged revenues consisting of Unrestricted Current Fund Revenues excluding: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$885,000.00; Outstanding at year end \$17,660,000.00.
- Revenue Financing System Bonds issued include a Serial Bond of \$1,715,000.00, a Capital Appreciation Bond (CAB) of \$209,575.00, and Current Interest Serial Bonds of \$21,070,000.00.

Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2010

- To provide funds to construct a new freshman residence hall and adjacent parking garage.
- Issued 04-01-10.
- \$35,035,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged unappropriated fund balances available at the beginning of the year. Pledged revenues consist of Unrestricted Current Fund Revenues excluding: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$1,345,000.00; Outstanding at year end \$29,770,000.00.

Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2010A

- To refund outstanding Board of Regents of Stephen F. Austin State University Revenue Financing System, Texas Public Finance Authority Revenue Bonds - Series 1998.
- Issued 04-01-10.
- \$3,415,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged unappropriated fund balances available at the beginning of the year. Pledged revenues consist of Unrestricted Current Fund Revenues excluding: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$405,000.00; Outstanding at year end \$1,280,000.00.

Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Refunding Bonds - Series 2013

- To refund outstanding Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2002 and Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2004.
- Issued 9-11-13.
- \$22,255,000.00; All authorized bonds have been issued.
- Source of revenue for debt service:
 - Pledged Student Tuition
 - Pledged Student Center Fees
 - Other Pledged Revenues
- Changes in Debt: Principal paid during fiscal year \$0.00; Outstanding at year end \$22,255,000.00.

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Refunding Bonds

- Current refunding of \$7,190,000.00 of Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2002 and \$16,720,000.00 of Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2004 to allow the Board of Regents of Stephen F. Austin State University to restructure its debt service requirements and realize a present value debt service savings.
- Refunded by Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Refunding Bonds – Series 2013 issued 9-11-13.
- After distribution to the escrow agent of \$24,421,778.13, bond proceeds (par value and premium on sale) of \$161,405.02 remained to cover issuance costs related to the refunding.
- Current refunding of the bonds reduced Stephen F. Austin State University’s debt service payments over ten years by approximately \$1,867,139.00.
- Economic gain was \$1,589,977.00, the difference between the net present value of the old and new debt service payments.
- Current refunding resulted in the removal of \$23,910,000.00 of bond liability from the balance sheet and the addition of \$22,255,000.00 of bond liability, the net of which is an accounting gain of \$1,655,000.00.
- Premium of \$1,874,175.15 is amortized using the straight –line method over the outstanding term of the bonds.

NOTE 7: Derivative Instruments

The University invests funds in the Texas A & M University System’s investment pool, which includes investment derivatives in the form of forward currency exchange contracts used for the purchase or sale of a specific foreign currency at a fixed quantity and price on a future date as a hedge against either specific transactions or portfolio positions. Additional information on these contracts can be found in the Texas A & M System’s financial statement note disclosures.

The table below summarizes the University’s share of the pending foreign exchange contracts as of August 31, 2014.

| Foreign Exchange Contracts Currency | Sell | Buy | Unrealized Gain on Foreign Exchange Contract | Unrealized Loss on Foreign Exchange Contract |
|--|---------------|--------------|--|--|
| Australian Dollar | \$ 204,014.12 | \$ 77,549.36 | \$ 175.08 | \$ 1,152.42 |
| British Pound | 9,584.73 | | 105.12 | |
| Euro | 85,773.52 | | 2,515.89 | |
| Hong Kong Dollar | 2,737.96 | | | .05 |
| Japanese Yen | 14,211.51 | 9,962.56 | 17.78 | 35.20 |
| New Zealand Dollar | 199,218.61 | | 55.40 | |
| South Korean Won | | 3,018.21 | | 1.28 |
| | \$ 515,540.45 | \$ 90,530.13 | \$ 2,869.27 | \$ 1,188.95 |

The University’s share of the fair value of open foreign currency exchange contracts as of August 31, 2014 was \$1,680.32, which is included in the net increase (decrease) in fair value of investments on the Statement of Revenues, Expenses and Changes in Net Position.

The gross counterparty exposure related to the University’s share of these contracts as of August 31, 2014, is presented below.

| Foreign Exchange Contract Exposure to Counterparty Risk | | | | |
|---|----------------------|-------------------|------------------------|---------------------|
| Assets Notional | Liabilities Notional | Assets Fair Value | Liabilities Fair Value | Counterparty Rating |
| \$ 16,949.47 | \$ 12,980.77 | \$ 17.78 | \$ 36.53 | A+ |
| 85,773.52 | | 2,515.89 | | A+ |
| 412,817.46 | 77,549.36 | 335.60 | 1,152.42 | AA- |
| \$ 515,540.45 | \$ 90,530.13 | \$ 2,869.27 | \$ 1,188.95 | |

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NOTE 8: Leases

Operating Leases

Included in the expenditures reported in the financial statements are the following amounts of rent paid or due under operating lease obligations:

| <u>Fund Type</u> | <u>Amount</u> |
|------------------|---------------|
| Proprietary Fund | \$308,782.75 |

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

| Future Minimum Operating Lease Payments Year Ending August 31 | |
|--|---------------------|
| 2015 | \$255,605.21 |
| 2016 | 181,652.30 |
| 2017 | 122,292.43 |
| 2018 | 73,352.00 |
| 2019 | 18,834.60 |
| 2020-2023 | 0.00 |
| Total Future Minimum Lease Rental Payments | \$651,736.54 |

Capital Leases

The University has entered into long-term leases for financing the purchase of certain capital assets. Such leases are classified as capital leases for accounting purposes and, therefore, are recorded at the present value of the future minimum lease payments at the inception of the lease. Following is a summary of original capitalized costs of all such property under lease as well as the accumulated depreciation as of August 31, 2014:

| Assets Under Capital Leases Year Ended Aug. 31, 2014 | Business-Type Activities |
|---|---------------------------------|
| Furniture and Equipment | \$414,308.26 |
| Less: Accumulated Depreciation | 222,429.88 |
| Vehicles | 0.00 |
| Less: Accumulated Depreciation | 0.00 |
| Total | \$191,878.38 |

Future minimum lease payments under these capital leases, together with the present value of the net minimum lease payments at fiscal year-end, are as follows:

| Future Minimum Capital Lease Payments Year Ending August 31 | Business-Type Activities | | |
|--|---------------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2015 | \$83,279.64 | \$2,828.58 | \$86,108.22 |
| 2016 | 12,365.48 | 1,536.64 | 13,902.12 |
| 2017 | 3,879.04 | 656.96 | 4,536.00 |
| 2018 | 4,294.54 | 241.46 | 4,536.00 |
| 2019 | 0.00 | 0.00 | 0.00 |
| 2020-2023 | 0.00 | 0.00 | 0.00 |
| Total Future Minimum Lease Payments | \$103,818.70 | \$5,263.64 | \$109,082.34 |
| Less: Amount Representing Interest at Various Rates | | | 5,263.64 |
| Present Value of Net Minimum Lease Payments | | | \$103,818.70 |

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NOTE 9: Pension Plans

The State of Texas has joint contributory retirement plans for all of its benefits-eligible employees. One of the primary plans in which the University participates is administered by the Teacher Retirement System of Texas (TRS). The contributory percentages of participant salaries currently provided by the State and by each participant are 6.4% and 6.8%, respectively, of annual compensation. TRS does not separately account for each of its component government agencies since 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' annual financial report.

The State has also established an Optional Retirement Program (ORP) for institutions of higher education for certain administrative personnel and faculty. Participation in ORP is in lieu of participation in TRS, and the selection to participate in ORP must be made in the first 90 days of eligibility. The ORP allows participants to select from a variety of companies for the purchase of annuity contracts or to invest in mutual funds. The contributory percentages on salaries for participants entering the program prior to September 1, 1995, are 8.5% and 6.65% by the State and each participant, respectively. The State's contribution is comprised of 6.6% from the ORP appropriation and 2.5% from other funding sources. The 6.6% contribution is mandatory with the other 2.5% being at the discretion of the University's Board of Regents. The Board has approved the additional contributions for these employees. The contributory percentages on salaries for participants entering the program after August 31, 1995, are 6.6% and 6.65% by the State and each participant, respectively. Since these are individual annuity contracts or mutual fund investments, the University has no additional or unfunded liability for this program.

GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, paragraph 27(d) requires universities that administer the ORP to disclose the amounts contributed by members and by the employer for that plan. Following are the ORP contributions made for the 2014 fiscal year:

| | Year Ended Aug. 31, 2014 |
|------------------------|-------------------------------------|
| Member Contributions | \$ 1,984,322.60 |
| Employer Contributions | 2,135,164.02 |
| Total | \$ 4,119,486.62 |

NOTE 10: Deferred Compensation

University employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the TEX. GOV'T. CODE ANN., Chapter 609. Two plans are available for employees: the 403(b) Tax Sheltered Annuity (TSA) plan and the TexaSaver 457(b) plan. The TSA is administered by Stephen F. Austin State University. The 457(b) plan is administered by the Employees Retirement System of Texas. The assets of these plans do not belong to the University or to the State, and thus they have no liability related to the plans.

NOTE 11: Post-employment Health Care and Life Insurance Benefits - (Not Applicable)

NOTE 12: Interfund Activity and Transactions

The University experienced routine transfers with other State agencies that were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statement.

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Following are individual balances and activity as of August 31, 2014:

| | Due From Other Agencies | Due To Other Agencies | Source |
|----------------------------------|-------------------------|-----------------------|----------------------|
| ENTERPRISE FUND (05) | | | |
| Appd Fund 0802, D23 Fund 0802 | | | |
| Agency 608, D23 Fund 0802 | \$6,962.71 | | State Pass Through |
| Appd Fund 9999, D23 Fund 7999 | | | |
| Agency 724, D23 Fund 7999 | | \$298,568.38 | Federal Pass Through |
| Agency 733, D23 Fund 7999 | | 398,221.96 | Federal Pass Through |
| Agency 781, D23 Fund 0001 | | 248,542.73 | State Pass Through |
| Agency 701, D23 Fund 0003 | | 751.02 | State Pass Through |
| Agency 734, D23 Fund 7999 | | 347,679.05 | Federal Pass Through |
| Agency 401, D23 Fund 0449 | 2,230,143.17 | | Federal Pass Through |
| Agency 530, D23 Fund 0001 | 46,857.33 | | Federal Pass Through |
| Agency 701, D23 Fund 0148 | 44,350.12 | | Federal Pass Through |
| Agency 723, D23 Fund 7999 | 8,932.99 | | Federal Pass Through |
| Agency 771, D23 Fund 0001 | 198,845.69 | | Federal Pass Through |
| Agency 802, D23 Fund 0931 | 374,601.33 | | Federal Pass Through |
| Total Due From/To Other Agencies | \$2,910,693.34 | \$1,293,763.14 | |

The detailed State Grant Pass-Through information is listed on Schedule 1-B - Schedule of State Grant Pass-Through From/To State Agencies.

| Current Portion | Interfund Receivable | Interfund Payable | Purpose |
|--|----------------------|------------------------|----------------|
| Agency 907, D23 Fund 2370 | | \$ 663,481.00 | Interfund Loan |
| Agency 907, D23 Fund 2370 | | 842,955.00 | Interfund Loan |
| Total Current Interfund Rec/Payable | \$ 0.00 | \$ 1,506,436.00 | |
| Non-Current Portion | Interfund Receivable | Interfund Payable | Purpose |
| Agency 907, D23 Fund 2370 | | \$ 3,827,862.08 | Interfund Loan |
| Agency 907, D23 Fund 2370 | | 4,767,761.93 | Interfund Loan |
| Total Non-Current Interfund Rec/Payable | \$ 0.00 | \$ 8,595,624.01 | |

In 2012, the University completed a comprehensive energy management program that utilized capital from a revolving loan fund from the State Energy Conservation Office (SECO) funded with American Recovery and Reinvestment Act (ARRA) funds and institutional Higher Education Fund (HEF). The total amount borrowed from SECO was \$13,327,627.82, with capitalized interest of \$197,015.33. The remaining balances are reflected in the table above.

NOTE 13: Continuance Subject to Review - Not Applicable

NOTE 14: Adjustments to Fund Balances and Net Position – Not Applicable

NOTE 15: Contingencies and Commitments

Unpaid Claims and Lawsuits

As of August 31, 2014, certain lawsuits were pending against the University and/or its officers. The lawsuits, which may present contingent liabilities, are displayed below:

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| Claimant/ Plaintiff | Defendant Name | Type of Litigation | Damages Sought | Probability of Liability | Possible Loss |
|------------------------|--|-----------------------|---|-----------------------------|------------------|
| Christian Cutler | Baker Pattillo, Richard Berry, A.C. Himes, Scott Robinson | Retaliation | Compensatory, Punitive, and Costs | Reasonably Possible* | Unknown |

Description of the Case

The plaintiff alleges violation of his rights to free speech and association protected by the First Amendment, made actionable by 42 U.S.C. § 1983.

| | | | | | |
|---------------------------------|------------------------|--|--|-------------------------|---------|
| JoAnn Fields and Rose Trotty | SFASU, Robert Coker | Title VII, 42 U.S.C. § 1983, Equal Pay Act | Compensatory, Liquidated, Punitive, and Costs | Reasonably Possible* | Unknown |
|---------------------------------|------------------------|--|--|-------------------------|---------|

Description of the Case

The plaintiffs allege race and gender discrimination with regard to their pay and treatment.

| | | | | | |
|---|-------|------|---|-----------|---------|
| Maria Martinez, individually, and next friend of Aileen Martinez | SFASU | Tort | Compensatory, Loss of Earnings/Capacity | Probable* | Unknown |
|---|-------|------|---|-----------|---------|

Description of the Case

The plaintiffs are suing for personal injuries causing bodily impairment, loss of earnings, and a loss of earning capacity in the future, arising from an automobile accident involving an SFA employee.

| | | | | | |
|------------------------|-------|--------|-----------------------------------|-------------------------|---------|
| USOR Site PRP Group | SFASU | CERCLA | Past and future response costs | Reasonably Possible* | Unknown |
|------------------------|-------|--------|-----------------------------------|-------------------------|---------|

Description of the Case

The plaintiff is suing under CERCLA for recovery of past and future response costs incurred for environmental clean-up efforts at a site in Pasadena, TX where the university is alleged to have deposited hazardous waste.

* Reasonably Possible indicates the event is more than remote, but less than likely.

* Probable indicates the event is likely to occur.

Federal Assistance

The University receives federal financial assistance for specific purposes that are subject to review or audit by the federal grantor agencies. Entitlement to this assistance is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of assistance for allowable purposes. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowance, if any, will be immaterial.

Arbitrage

Rebatable arbitrage is defined by Internal Revenue Code, Section 148, as earnings on investments purchased with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investment were invested at a yield equal to the yield on the bond issue. The rebatable arbitrage must be paid to the federal government.

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The University monitors its investments to restrict earnings to a yield less than the bond issue and, therefore, limits any arbitrage liability. The University estimates that rebatable arbitrage liability, if any, will be immaterial to its overall financial condition.

NOTE 16: Subsequent Events

The University's Board of Regents approved the third phase of the energy savings performance contract with Siemens Industry, Inc. to be financed by a municipal tax exempt lease with a budget of \$11,311,450.00. Under the terms of the contract, the energy savings from the project will be sufficient to pay the annual debt service on the contract. The financing is expected to be finalized in December 2014 and the project is expected to start in January 2015.

NOTE 17: Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; losses resulting from providing health and other medical benefits to employees; and natural disasters. It is the University's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The methods the University uses to handle each of these risks are summarized below.

Injuries to Employees: Employees of the University are covered by a workers' compensation insurance policy provided by the State Office of Risk Management (SORM). SORM assesses the University an amount for the insurance coverage in accordance with 28 T.A.C. 251.507. An Interagency Contract in the amount of \$88,025.45 was executed on behalf of the University for Worker's Compensation Insurance during the year ended August 31, 2014. A mid-year assessment adjustment in the amount of \$37,091.90 for 2014 was paid in May 2014 and recorded as an increase in current year expenditures.

Provision for Health and Other Medical Benefits: Employees of the University are eligible for health insurance and optional coverage(s) if they are employed at least 50% time. The coverage is provided through the State, under the Texas Employees Group Benefits Program (GBP), which was administered by administered by Health Select. Eligible employees may select health, dental, life, accidental death and dismemberment, dependent life, and long and short-term disability coverage. All risks associated with these benefits are passed to the GBP. The costs of health insurance coverage are jointly paid by the State and the University as follows: 100% for full-time employees and 50% for their dependents; 50% for part-time employees and 25% for their dependents. Employees hired on or after September 1, 2003, have a 90-day waiting period to participate in health insurance coverage. Contributions made by the State on behalf of the University for health and other medical benefits were \$7,670,757.00 for the year ended August 31, 2014.

Damage to Property: The University is required by certain bond covenants to carry fire and extended coverage and boiler insurance on buildings financed through the issuance of bonds. The insurance protects the bondholders from a disruption to the revenue stream that is being utilized to make the bond interest and principal payments. In fiscal year 2014, there were no damage claims.

The Texas Motor Vehicle Safety Responsibility Act requires that every non-governmental vehicle operated on a State highway be insured for minimum limits of liability in the amount of \$30,000 per injured person, up to a total of \$60,000 for everyone injured in an accident (bodily injury) and \$25,000 for property damage. However, through the SORM Auto Insurance Program the University has chosen to carry liability insurance on its licensed vehicles in the amount of \$250,000/\$500,000/ \$100,000. The University also carries physical damage for vehicles eight years and newer. The annual premium was \$64,530.00 with a deductible paid of \$4,651.38.

Torts and Other Risks: The University is exposed to a variety of civil claims resulting from the performance of its duties. The University has purchased commercial insurance to address this risk.

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

See *Management’s Discussion and Analysis* at the beginning of this financial report.

NOTE 19: The Financial Reporting Entity

The University is an agency of the State of Texas. The ten members of its Board of Regents are appointed by the Governor, and include one non-voting student Regent. The University has no component units or joint ventures.

NOTE 20: Stewardship, Compliance and Accountability

The University changed its method of recognizing revenue for federal financial aid in 2014. Previously, all revenues and expenses associated with the subsequent fall semester were recognized as deferred revenues and prepaid expenses, since the revenue and expenses are associated with the fall semester, which falls predominantly in the subsequent fiscal year. However, GASB guidelines instruct universities to treat all federal financial aid as a “non-exchange” activity, and as such, stipulate that these revenues and expenses be recognized as non-operating revenues and recorded when the aid is applied to the students’ accounts. Since this aid was applied to the students accounts in August 2014, it is being recognized as income and expense this year. Additionally, since in 2013, the financial aid applied in August 2013, that aid is not recognized in this fiscal year. This change impacts the Statement of Net Position by reducing prepaid expenses and increasing federal receivables, but it does not have an impact on the Statement of Revenues, Expenses and Changes in Net Position, since the revenues recognized are offset by the scholarship expenses.

Additionally, the University is undergoing an internal review of benefit proportionality as requested by the Governor’s Office. The results of the review are undetermined at this time.

NOTE 21: Not Applicable

NOTE 22: Donor Restricted Endowments

The net appreciation (cumulative and unexpended) on donor-restricted endowments presented below is available for authorization and expenditure by the University. The University’s spending policy provides for a target distribution rate between 4% and 5% annually. If returns permit, an amount equal to the rate of inflation will be added back to each endowment principal balance. Additionally, if there are any returns beyond the inflation rate, then this amount may be added to a contingency reserve for distribution during years of poor investment performance. In 2014, account managers were given the option to replenish principal balances in order to offset prior year losses rather than make distributions, subject to the endowment agreements. Accordingly, 3.18% of total earnings was distributed to spending accounts and 7.66% was added back to the balance of endowment accounts. The total income for True Endowments was \$1,116,279.85, of which \$328,248.56 was distributed to the spending accounts. The total income for Term Endowments was \$2,720.31 of which \$399.74 was distributed to the spending accounts. In fiscal year 2014, \$386,103.30 was added to the contingency reserve account.

| Donor Restricted Endowments | Amounts of Cumulative Net Appreciation * | Reported in Net Position |
|-----------------------------|--|---------------------------|
| True Endowments | \$ 4,455,512.84 | Restricted for Expendable |
| Term Endowments | 4,790.70 | Restricted for Expendable |
| Total | \$ 4,460,303.54 | Restricted for Expendable |

*The current year amount of net appreciation was \$1,174,134.59 for true endowments, and \$2,320.57 for term endowments.

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NOTE 23: Extraordinary and Special Items - Not Applicable

NOTE 24: Disaggregation of Receivable and Payable Balances

Accounts Receivables

The components of Current Accounts Receivable, as reported in the Statement of Net Position, are as follows:

| Accounts Receivable Category | Current Amount |
|--|----------------|
| 3 rd Party Contracts for Student Payments | \$2,193,889.20 |
| Miscellaneous Receivables | 274,060.79 |
| Total | \$2,467,949.99 |

Of these amounts, there are no significant receivable balances that the University does not expect to collect within the next fiscal year.

Accounts Payables

The components of Current Accounts Payable, as reported in the Statement of Net Position, are as follows:

| Accounts Payable Category | Current Amount |
|-----------------------------------|----------------|
| Payables on Construction Activity | \$704,937.88 |
| Utility Payables | 385,637.84 |
| Procurement Card Payables | 510,737.03 |
| Food Service Payables | 74,871.78 |
| Miscellaneous Payables | 1,731,185.66 |
| Total | \$3,407,370.19 |

NOTE 25: Termination Benefits – Not Applicable

NOTE 26: Segment Information - Not Applicable

NOTE 27: Service Concession Arrangements – Not Applicable

NOTE 28: Troubled Debt Restructuring – Not Applicable

NOTE 29: Deferred Outflows and Deferred Inflows of Resources – Not Applicable

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 Schedule 1-A-Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2014

| Federal Grantor/ Pass-Through Grantor Program Title | CFDA Number | NSE Name/ Identifying Number | Pass-through From | | |
|--|----------------|--|---------------------|---------------------------------------|---------------------------------|
| | | | Agy/ Univ No. | Agencies or Universities Amount | Non-State Entities Amount |
| U.S. Department of Agriculture | | | | | |
| <u>Direct Programs:</u> | | | | | |
| Forestry Research | 10.652 | | | | |
| Urban and Community Forestry Program | 10.675 | | | | |
| Totals - U. S. Department of Agriculture | | | | <u>0.00</u> | <u>0.00</u> |
| U.S. Department of Defense | | | | | |
| State Memorandum of Agreement Program for the Reimbursement of Technical Services | 12.113 | | | | |
| Totals - U.S. Department of Defense | | | | <u>0.00</u> | <u>0.00</u> |
| U.S. Department of the Interior | | | | | |
| National Historic Landmark | 15.912 | | | | |
| Cooperative Research and Training Programs-Resources of the National Park System | 15.945 | | | | |
| Totals - U.S. Department of the Interior | | | | <u>0.00</u> | <u>0.00</u> |
| U.S. Department of State | | | | | |
| Academic Exchange Programs - Undergraduate Programs | 19.009 | International Research & Exchanges Board/204541 | | | 1,000.00 |
| | 19.009 | International Research & Exchanges Board/204542 | | | 650.00 |
| | 19.009 | International Research & Exchanges Board/204543 | | | 650.00 |
| | 19.009 | International Research & Exchanges Board/204544 | | | 400.00 |
| Totals - U.S. Department of State | | | | <u>0.00</u> | <u>2,700.00</u> |
| National Endowment For The Humanities | | | | | |
| Promotion of the Humanities Federal/State Partnership | 45.129 | Humanities Texas/2013-4482 | | | 1,500.00 |
| | | Humanities Texas/2014-4586 | | | 500.00 |
| <u>Direct Programs:</u> | | | | | |
| 21st Century Museum Professionals | 45.307 | | | | |
| Totals - National Endowment For The Humanities | | | | <u>0.00</u> | <u>2,000.00</u> |
| National Science Foundation | | | | | |
| Education and Human Resources | 47.076 | | | | |
| Totals - National Science Foundation | | | | <u>0.00</u> | <u>0.00</u> |
| U.S. Department of Education | | | | | |
| Rehabilitation Long-Term Training | 84.129 | | | | |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Career and Technical Education -- Basic Grants to States | 84.048 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Texas Education Agency | | | 701 | 285,168.56 | |
| College Access Challenge Grant Program | 84.378 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Texas Higher Education Coordinating Board | | | 781 | 8,376.67 | |
| Totals - U.S. Department of Education | | | | <u>293,545.23</u> | <u>0.00</u> |

UNAUDITED

| Direct Program Amount | Total PT From & Direct Program Amount | Pass-through To | | Expenditures Amount | Total PT To & Expenditures Amount |
|-----------------------------|---|---------------------|---------------------------------------|------------------------|---|
| | | Agy/ Univ No. | Agencies or Universities Amount | | |
| 7,577.77 | 7,577.77 | | | 7,577.77 | 7,577.77 |
| 4,830.60 | 4,830.60 | | | 4,830.60 | 4,830.60 |
| <u>12,408.37</u> | <u>12,408.37</u> | <u>0.00</u> | <u>0.00</u> | <u>12,408.37</u> | <u>12,408.37</u> |
| 278,352.56 | 278,352.56 | | | 278,352.56 | 278,352.56 |
| <u>278,352.56</u> | <u>278,352.56</u> | <u>0.00</u> | <u>0.00</u> | <u>278,352.56</u> | <u>278,352.56</u> |
| 1,265.49 | 1,265.49 | | | 1,265.49 | 1,265.49 |
| 41,238.43 | 41,238.43 | | | 41,238.43 | 41,238.43 |
| <u>42,503.92</u> | <u>42,503.92</u> | <u>0.00</u> | <u>0.00</u> | <u>42,503.92</u> | <u>42,503.92</u> |
| | 1,000.00 | | | 1,000.00 | 1,000.00 |
| | 650.00 | | | 650.00 | 650.00 |
| | 650.00 | | | 650.00 | 650.00 |
| | 400.00 | | | 400.00 | 400.00 |
| <u>0.00</u> | <u>2,700.00</u> | <u>0.00</u> | <u>0.00</u> | <u>2,700.00</u> | <u>2,700.00</u> |
| | 1,500.00 | | | 1,500.00 | 1,500.00 |
| | 500.00 | | | 500.00 | 500.00 |
| 91,660.06 | 91,660.06 | | | 91,660.06 | 91,660.06 |
| <u>91,660.06</u> | <u>93,660.06</u> | <u>0.00</u> | <u>0.00</u> | <u>93,660.06</u> | <u>93,660.06</u> |
| 12,999.18 | 12,999.18 | | | 12,999.18 | 12,999.18 |
| <u>12,999.18</u> | <u>12,999.18</u> | <u>0.00</u> | <u>0.00</u> | <u>12,999.18</u> | <u>12,999.18</u> |
| 209,761.96 | 209,761.96 | | | 209,761.96 | 209,761.96 |
| 1,192,950.80 | 1,192,950.80 | | 649,333.78 | 543,617.02 | 1,192,950.80 |
| | 285,168.56 | | | 285,168.56 | 285,168.56 |
| | 8,376.67 | | | 8,376.67 | 8,376.67 |
| <u>1,402,712.76</u> | <u>1,696,257.99</u> | <u>0.00</u> | <u>649,333.78</u> | <u>1,046,924.21</u> | <u>1,696,257.99</u> |

UNAUDITED

Stephen F. Austin State University
 Agency 755
 Schedule 1-A-Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2014

| Federal Grantor/ Pass-Through Grantor Program Title | CFDA Number | NSE Name/ Identifying Number | Pass-through From | | |
|--|----------------|--|---------------------|---------------------------------------|---------------------------------|
| | | | Agy/ Univ No. | Agencies or Universities Amount | Non-State Entities Amount |
| U.S. Department of Health and Human Services | | | | | |
| Area Health Education Centers Infrastructure Development Awards | 93.824 | National AHEC Orgization/ HHS25020090063C | | | 1,475.00 |
| <u>Pass-Through From:</u> | | | | | |
| Area Health Education Centers Point of Service Maintenance and Enhancement Awards | 93.107 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| University of Texas Medical Branch Galveston | | | 723 | 93,988.46 | |
| Foster Care--Title IV-E | 93.658 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Department of Family and Protective Services | | | 530 | 150,814.49 | |
| PPHF-2012 Geriatric Education Centers | 93.969 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| University of Texas Medial Branch at Galveston | | | 723 | 21,581.38 | |
| Totals - U.S. Department of Health & Human Services | | | | <u>266,384.33</u> | <u>1,475.00</u> |
| Corporation for National and Community Service | | | | | |
| AmeriCorps | 94.006 | Service for Peace/204501 | | | 729.00 |
| Totals - Corporation for National and Community Service | | | | <u>0.00</u> | <u>729.00</u> |
| RESEARCH & DEVELOPMENT CLUSTER | | | | | |
| U.S. Department of Agriculture | | | | | |
| <u>Direct Programs:</u> | | | | | |
| Cooperative Forestry Research | 10.202 | | | | |
| Forestry Research | 10.652 | | | | |
| Plant Materials for Conservation | 10.905 | | | | |
| Totals - U. S. Department of Agriculture | | | | <u>0.00</u> | <u>0.00</u> |
| U.S. Department of Defense | | | | | |
| <u>Pass-Through From:</u> | | | | | |
| National Guard Military Operations and Maintenance Projects | 12.401 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Texas Military Department | | | 401 | (17,807.73) | |
| National Guard Military Operations and Maintenance Projects | 12.401 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Texas Military Department | | | 401 | (826.75) | |
| <u>Pass-Through To</u> | | | | | |
| University of Texas at ElPaso | | | | | |
| National Guard Military Operations and Maintenance Projects | 12.401 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Texas Military Department | | | 401 | (17,219.06) | |
| <u>Pass-Through To</u> | | | | | |
| University of Texas at ElPaso | | | | | |
| National Guard Military Operations and Maintenance Projects | 12.401 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Texas Military Department | | | 401 | (268.95) | |
| <u>Pass-Through To</u> | | | | | |
| University of Texas at ElPaso | | | | | |
| Totals - U.S. Department of Defense | | | | <u>(36,122.49)</u> | <u>0.00</u> |
| U.S. Department of the Interior | | | | | |
| National Land Remote Sensing Education Outreach and Research | 15.815 | America View/ AV08-TX01 | | | (75.98) |
| | | America View/ AV13-TX01 | | | 17,865.35 |
| National Heritage Area Federal Financial Assistance | 15.939 | Cane River National Heritage Area/CA2012-04 | | | 1,163.79 |
| <u>Direct Programs:</u> | | | | | |
| Research Grants (Generic) | 15.650 | | | | |
| Migratory Bird Monitoring, Assessment and Conservation | 15.655 | | | | |
| Rivers, Trails and Conservation Assistance | 15.921 | | | | |
| Cooperative Research and Training Programs-Resources of the National Park System | 15.945 | | | | |
| Totals - U.S. Department of the Interior | | | | <u>0.00</u> | <u>18,953.16</u> |
| National Aeronautics and Space Administration | | | | | |
| Science | 43.001 | Sigma Space Corp/S09112-02 | | | 11,908.89 |
| Totals - National Aeronautics and Space Administration | | | | <u>0.00</u> | <u>11,908.89</u> |

UNAUDITED

| Direct Program Amount | Total PT From & Direct Program Amount | Pass-through To | | Expenditures Amount | Total PT To & Expenditures Amount |
|-----------------------------|---|---------------------|---------------------------------------|------------------------|---|
| | | Agy/ Univ No. | Agencies or Universities Amount | | |
| | 1,475.00 | | | 1,475.00 | 1,475.00 |
| | 93,988.46 | | | 93,988.46 | 93,988.46 |
| | 150,814.49 | | | 150,814.49 | 150,814.49 |
| | 21,581.38 | | | 21,581.38 | 21,581.38 |
| <u>0.00</u> | <u>267,859.33</u> | <u>0.00</u> | <u>0.00</u> | <u>267,859.33</u> | <u>267,859.33</u> |
| | 729.00 | | | 729.00 | 729.00 |
| <u>0.00</u> | <u>729.00</u> | <u>0.00</u> | <u>0.00</u> | <u>729.00</u> | <u>729.00</u> |
| 438,171.03 | 438,171.03 | | | 438,171.03 | 438,171.03 |
| 36,149.40 | 36,149.40 | | | 36,149.40 | 36,149.40 |
| 28,599.69 | 28,599.69 | | | 28,599.69 | 28,599.69 |
| <u>502,920.12</u> | <u>502,920.12</u> | <u>0.00</u> | <u>0.00</u> | <u>502,920.12</u> | <u>502,920.12</u> |
| | (17,807.73) | | | (17,807.73) | (17,807.73) |
| | (826.75) | | | | (826.75) |
| | | 724 | (826.75) | | |
| | (17,219.06) | | | | (17,219.06) |
| | | 733 | (17,219.06) | | |
| | (268.95) | | | | (268.95) |
| | | 734 | (268.95) | | |
| <u>0.00</u> | <u>(36,122.49)</u> | <u>(18,314.76)</u> | <u>0.00</u> | <u>(17,807.73)</u> | <u>(36,122.49)</u> |
| | (75.98) | | | (75.98) | (75.98) |
| | 17,865.35 | | | 17,865.35 | 17,865.35 |
| | 1,163.79 | | | 1,163.79 | 1,163.79 |
| 49,772.11 | 49,772.11 | | | 49,772.11 | 49,772.11 |
| 91,181.30 | 91,181.30 | | | 91,181.30 | 91,181.30 |
| 1,422.57 | 1,422.57 | | | 1,422.57 | 1,422.57 |
| 18,550.14 | 18,550.14 | | 3,504.94 | 15,045.20 | 18,550.14 |
| <u>160,926.12</u> | <u>179,879.28</u> | <u>0.00</u> | <u>3,504.94</u> | <u>176,374.34</u> | <u>179,879.28</u> |
| | 11,908.89 | | | 11,908.89 | 11,908.89 |
| <u>0.00</u> | <u>11,908.89</u> | <u>0.00</u> | <u>0.00</u> | <u>11,908.89</u> | <u>11,908.89</u> |

UNAUDITED

Stephen F. Austin State University
 Agency 755
 Schedule 1-A-Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2014

| Federal Grantor/ Pass-Through Grantor Program Title | CFDA Number | NSE Name/ Identifying Number | Pass-through From | | |
|---|----------------|---|---------------------|---------------------------------------|---------------------------------|
| | | | Agy/ Univ No. | Agencies or Universities Amount | Non-State Entities Amount |
| National Science Foundation | | | | | |
| <u>Direct Programs:</u> | | | | | |
| Education and Human Resources | 47.076 | | | | |
| Office of Cyberinfrastructure | 47.070 | | | | |
| ARRA-Trans-NSF Recovery Act Research Support | 47.082 | | | | |
| Totals - National Science Foundation | | | | <u>0.00</u> | <u>0.00</u> |
| U.S. Department of Education | | | | | |
| English Language Acquisition State Grants | 84.365 | | | | |
| Totals - U.S. Department of Education | | | | <u>0.00</u> | <u>0.00</u> |
| U.S. Department of Health and Human Services | | | | | |
| Occupational Safety and Health Program | 93.262 | University of Iowa/ 1001103092 | | | 2,145.41 |
| | | University of Iowa/ 1001259927 | | | 9,428.90 |
| Special Projects of National Significance | 93.928 | Special Health Resources of TX, Inc/ H97HA15147-01-00 | | | 70,771.33 |
| Totals - U.S. Department of Health and Human Services | | | | <u>0.00</u> | <u>82,345.64</u> |
| <u>Fish and Wildlife Cluster</u> | | | | | |
| U.S. Department of the Interior | | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Wildlife Restoration and Basic Hunter Education | 15.611 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Parks and Wildlife Department | | | 802 | 404,996.17 | |
| Totals - U.S. Department of Education | | | | <u>404,996.17</u> | <u>0.00</u> |
| <u>SPECIAL EDUCATION (IDEA) Cluster</u> | | | | | |
| U.S. Department of Education | | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Special Education-Grants to States | 84.027 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Texas Education Agency | | | 701 | 46,040.07 | |
| Special Education-Grants to States | 84.027 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Texas School for the Blind & Visually Impaired | | | 771 | 527,000.00 | |
| Totals - U.S. Department of Education | | | | <u>573,040.07</u> | <u>0.00</u> |
| <u>Statewide Data Systems Cluster</u> | | | | | |
| U.S. Department of Education | | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Statewide Data Systems | 84.372 | | | | |
| <u>Pass-Through From:</u> | | | | | |
| Texas Higher Education Coordinating Board | | | 781 | 2,872.00 | |
| Totals - U.S. Department of Education | | | | <u>2,872.00</u> | <u>0.00</u> |
| <u>Student Financial Assistance Cluster</u> | | | | | |
| U.S. Department of Education | | | | | |
| <u>Direct Programs:</u> | | | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | | | | |
| Federal Work-Study Program | 84.033 | | | | |
| Federal Perkins Loan Program Federal Capital Contributions | 84.038 | | | | |
| Federal Pell Grant Program | 84.063 | | | | |
| Federal Direct Student Loans | 84.268 | | | | |
| Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | 84.379 | | | | |
| Totals - U.S. Department of Education | | | | <u>0.00</u> | <u>0.00</u> |
| Total Expenditures of Federal Awards | | | | <u>\$ 1,504,715.31</u> | <u>\$ 120,111.69</u> |

UNAUDITED

| Direct Program Amount | Total PT From & Direct Program Amount | Pass-through To | | Expenditures Amount | Total PT To & Expenditures Amount |
|-----------------------------|---|-----------------------|---------------------------------------|--------------------------|---|
| | | Agy/ Univ No. | Agencies or Universities Amount | | |
| 340,434.76 | 340,434.76 | | | 340,434.76 | 340,434.76 |
| 15,045.88 | 15,045.88 | | | 15,045.88 | 15,045.88 |
| 256,974.87 | 256,974.87 | | | 256,974.87 | 256,974.87 |
| <u>612,455.51</u> | <u>612,455.51</u> | <u>0.00</u> | <u>0.00</u> | <u>612,455.51</u> | <u>612,455.51</u> |
| 322,207.75 | 322,207.75 | | | 322,207.75 | 322,207.75 |
| <u>322,207.75</u> | <u>322,207.75</u> | <u>0.00</u> | <u>0.00</u> | <u>322,207.75</u> | <u>322,207.75</u> |
| | 2,145.41 | | | 2,145.41 | 2,145.41 |
| | 9,428.90 | | | 9,428.90 | 9,428.90 |
| | 70,771.33 | | | 70,771.33 | 70,771.33 |
| <u>0.00</u> | <u>82,345.64</u> | <u>0.00</u> | <u>0.00</u> | <u>82,345.64</u> | <u>82,345.64</u> |
| | 404,996.17 | | | 404,996.17 | 404,996.17 |
| <u>0.00</u> | <u>404,996.17</u> | <u>0.00</u> | <u>0.00</u> | <u>404,996.17</u> | <u>404,996.17</u> |
| | 46,040.07 | | | 46,040.07 | 46,040.07 |
| | 527,000.00 | | | 527,000.00 | 527,000.00 |
| <u>0.00</u> | <u>573,040.07</u> | <u>0.00</u> | <u>0.00</u> | <u>573,040.07</u> | <u>573,040.07</u> |
| | 2,872.00 | | | 2,872.00 | 2,872.00 |
| <u>0.00</u> | <u>2,872.00</u> | <u>0.00</u> | <u>0.00</u> | <u>2,872.00</u> | <u>2,872.00</u> |
| 261,350.00 | 261,350.00 | | | 261,350.00 | 261,350.00 |
| 583,209.08 | 583,209.08 | | | 583,209.08 | 583,209.08 |
| 878,330.00 | 878,330.00 | | | 878,330.00 | 878,330.00 |
| 20,268,023.24 | 20,268,023.24 | | | 20,268,023.24 | 20,268,023.24 |
| 80,734,357.00 | 80,734,357.00 | | | 80,734,357.00 | 80,734,357.00 |
| 580,656.00 | 580,656.00 | | | 580,656.00 | 580,656.00 |
| <u>103,305,925.32</u> | <u>103,305,925.32</u> | <u>0.00</u> | <u>0.00</u> | <u>103,305,925.32</u> | <u>103,305,925.32</u> |
| \$ <u>106,745,071.67</u> | \$ <u>108,369,898.67</u> | \$ <u>(18,314.76)</u> | \$ <u>652,838.72</u> | \$ <u>107,735,374.71</u> | \$ <u>108,369,898.67</u> |

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 1-A-Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2014

Note 1 - Nonmonetary Assistance - N/A

Note 2 - Reconciliation

Below is a reconciliation of the total of federal pass through and federal expenditures as reported on the Schedule of Federal Financial Assistance to the total of federal revenues and federal grant pass-through revenues as reported in the general-purpose financial statements. Generally, federal funds are not earned until expended; therefore, federal revenues equal federal expenditures for the reporting period.

Per Combined Statement of Revenues, Expenses and Changes in Net Position

| | |
|--|--------------------------|
| Federal Revenue Operating | \$ 4,022,355.43 |
| Federal Pass-Through Revenue | 1,504,715.31 |
| Federal Pass-Through from Non-State Agency | 120,111.69 |
| Federal Non-Operating | 21,110,029.24 |
| Subtotal | <u>26,757,211.67</u> |
| Reconciling Items: | |
| Non-monetary: | 0.00 |
| New Loans Processed: | |
| GSL/SLS/PLUS Loans | 0.00 |
| Federal Direct Student Loans (Direct Loans) | 80,734,357.00 |
| Federal Perkins Loans | <u>878,330.00</u> |
| Total Pass-Through and Expenditures per Federal Schedule | <u>\$ 108,369,898.67</u> |

Note 3 - Student Loans Processed and Administrative Costs Recovered

| Federal Grantor/CFDA Number/ Program Name | New Loans Processed | Admin Costs Recoverec | Total Loans Processed & Admin Costs Recovered | End Balances of Previous Year's Loans |
|---|------------------------|--------------------------|--|---|
| Department of Education 84.038 Federal Perkins Loans | \$ 763,539.00 | \$ 114,791.00 | \$ 878,330.00 | \$ 5,244,701.85 |
| Department of Education 84.268 Federal Direct Student Loans (Direct Loans) | 80,734,357.00 | - | 80,734,357.00 | - |
| Total Department of Education | \$ 81,497,896.00 | \$ 114,791.00 | \$ 81,612,687.00 | \$ 5,244,701.85 |

Note 4 - Depository Libraries for Government Publications

The University participates as a depository library in the Government Printing Office's Depository Libraries for Government Publication program, CFDA #40.001. The University is the legal custodian of government publications, which remain the property of the federal government. The publications are not assigned a value by the Government Printing Office.

Note 5 - Unemployment Insurance - N/A

Note 6 -Rebates from the Special Supplemental Food Program for Women, Infant and Children (WIC) - N/A

Note 7 - Federal Deferred Revenue - Universities are exempt from Note 7

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY (755)
 Schedule 1B
 Schedule of State Grant Pass-Throughs From/To State Agencies
 For The Fiscal Year Ended August 31, 2014

| Pass Through From: | Grant ID | Agency Number | Amount |
|--|-----------------|----------------------|------------------------|
| Fifth Year Accounting Student Scholarship Program | 457.0001 | | 21,163.00 |
| Texas State Board of Public Accountancy | | 457 | <u>21,163.00</u> |
| Nonpoint Source Pollution Grant Program | 592.0001 | | 12,500.00 |
| Soil and Water Conservation Board | | 592 | <u>12,500.00</u> |
| Available School Fund - Per Capita | 701.0007 | | 64,804.00 |
| Texas Education Agency | | 701 | <u>64,804.00</u> |
| Foundation School Program (FSP)-Formula | 701.0015 | | 1,649,133.00 |
| Texas Education Agency | | 701 | <u>1,649,133.00</u> |
| Instructional Materials Allotment | 701.0048 | | 29,232.24 |
| Texas Education Agency | | 701 | <u>29,232.24</u> |
| Joint Admission Medical Program (JAMP) | 720.0002 | | 32,782.86 |
| UT-System | | 720 | <u>32,782.86</u> |
| Nursing & Allied Health | 781.0006 | | 386.70 |
| Texas Higher Ed. Coord. Bcard | | 781 | <u>386.70</u> |
| TEXAS Grant Program | 781.0008 | | 6,725,833.00 |
| Texas Higher Ed. Coord. Bcard | | 781 | <u>6,725,833.00</u> |
| Professional Nursing Shortage Reduction Program | 781.0013 | | 526.00 |
| Texas Higher Ed. Coord. Bcard | | 781 | <u>526.00</u> |
| College Work Study Program | 781.0023 | | 92,271.00 |
| Texas Higher Ed. Coord. Bcard | | 781 | <u>92,271.00</u> |
| College Readiness Initiative | 781.0026 | | 163,375.68 |
| Texas Higher Ed. Coord. Bcard | | 781 | <u>163,375.68</u> |
| Top 10% Scholarships | 781.0028 | | 451,000.00 |
| Texas Higher Ed. Coord. Bcard | | 781 | <u>451,000.00</u> |
| Impact of Exotic Invasive Plants and Current Land Use Practices on Wintering Avian Community Structure in Texas Coastal Prairie | 802.0034 | | |
| Texas Parks & Wildlife Department | | 802 | <u>(4,211.00)</u> |
| | | | <u>(4,211.00)</u> |
| Arts Respond | 813.0002 | | 2,500.00 |
| Texas Commission on the Arts | | 813 | <u>2,500.00</u> |
| Total Operating Pass-Through From Other Agencies | | | <u>\$ 9,241,296.48</u> |
| Hazlewood Exemption HB1025 | 781.0061 | | 713,808.00 |
| Texas Higher Ed. Coord. Board | | 781 | <u>713,808.00</u> |
| Total Non-Operating Pass-Through From Other Agencies | | | <u>\$ 713,808.00</u> |
| Pass Through To | Grant ID | Agency Number | Amount |
| | | | \$ - |
| Total Pass-Through to Other Agencies | | | <u>\$ -</u> |

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UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Schedule 2A - Miscellaneous Bond Information
 For the Fiscal Year Ended August 31, 2014

| Description of Issue | Bonds Issued to Date | Range of Interest Rates | | Scheduled Maturities | | First Call Date |
|---|--------------------------|----------------------------|-------|----------------------|-----------|--------------------|
| | | | | First Year | Last Year | |
| Business-Type Activities | | | | | | |
| Revenue Bonds - Self Supporting | | | | | | |
| Rev Fin Sys Bonds Ser '04 | \$ 26,030,000.00 | 2.000 | 4.375 | 2005 | 2024 | 10/15/2013 |
| Rev Fin Sys Bonds Ser '04 (A) | 5,460,000.00 | 4.000 | 4.625 | 2005 | 2024 | 10/15/2013 |
| Rev Fin Sys Bonds Ser '05 | 17,215,000.00 | 4.000 | 5.250 | 2006 | 2025 | 10/15/2015 |
| Rev Fin Sys Bonds Ser '05 (A) | 55,365,000.00 | 3.500 | 5.000 | 2006 | 2025 | 10/15/2015 |
| Rev Fin Sys Bonds Ser '10 | 35,035,000.00 | 2.000 | 5.000 | 2010 | 2029 | 10/15/2020 |
| Rev Fin Sys Bonds Ser '13 | 15,610,000.00 | 1.000 | 5.000 | 2014 | 2024 | n/a |
| | <u>154,715,000.00</u> | | | | | |
| Tuition Revenue Bonds - Self-Supporting | | | | | | |
| Rev Fin Sys Bonds Ser '02 | 14,070,000.00 | 4.000 | 5.000 | 2002 | 2021 | 10/15/2012 |
| Rev Fin Sys Bonds Ser '08 | 20,175,000.00 | 3.500 | 5.000 | 2008 | 2027 | 10/15/2017 |
| Rev Fin Sys Bonds Ser '09 | 23,615,000.00 | 3.750 | 5.000 | 2009 | 2029 | 10/15/2017 |
| Rev Fin Sys Bonds Ser '10 (A) | 3,415,000.00 | 2.000 | 3.000 | 2010 | 2016 | n/a |
| Rev Fin Sys Bonds Ser '13 | 6,645,000.00 | 1.000 | 5.000 | 2014 | 2022 | n/a |
| | <u>67,920,000.00</u> | | | | | |
| Total Revenue Bonds | <u>222,635,000.00</u> | | | | | |
| General Obligation Bonds - Not Self-Supporting | | | | | | |
| Constitutional Appn Bonds Ser '08 | 10,200,000.00 | 4.000 | 5.000 | 2009 | 2018 | n/a |
| Total General Obligation Bonds | <u>10,200,000.00</u> | | | | | |
| Grand Total of Bonds | <u>\$ 232,835,000.00</u> | | | | | |

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2B-Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2014

| Description of Issue | Bonds Outstanding 9/1/13 | Bonds Issued | Bonds Matured or Retired | Bonds Refunded or Extinguished | Bonds Outstanding 8/31/14 | Unamortized Premium |
|---|-----------------------------|-------------------------|-----------------------------|-----------------------------------|------------------------------|------------------------|
| Business-Type Activities | | | | | | |
| Revenue Bonds - Self Supporting | | | | | | |
| Rev Fin Sys Bonds Ser '04 | \$ 17,905,000.00 | \$ - | \$ 1,185,000.00 | \$ 16,720,000.00 | \$ - | \$ - |
| Rev Fin Sys Bonds Ser '04 (A) | 3,790,000.00 | - | 250,000.00 | 3,540,000.00 | - | - |
| Rev Fin Sys Bonds Ser '05 | 12,635,000.00 | - | 755,000.00 | - | 11,880,000.00 | - |
| Rev Fin Sys Bonds Ser '05 (A) | 44,935,000.00 | - | 2,510,000.00 | - | 42,425,000.00 | - |
| Rev Fin Sys Bonds Ser '10 | 31,115,000.00 | - | 1,345,000.00 | - | 29,770,000.00 | - |
| Rev Fin Sys Bonds Ser '13 | - | 15,610,000.00 | - | - | 15,610,000.00 | 1,230,635.08 |
| | <u>110,380,000.00</u> | <u>15,610,000.00</u> | <u>6,045,000.00</u> | <u>20,260,000.00</u> | <u>99,685,000.00</u> | <u>1,230,635.08</u> |
| Tuition Revenue Bonds - Self-Supporting | | | | | | |
| Rev Fin Sys Bonds Ser '02 | 7,915,000.00 | - | 725,000.00 | 7,190,000.00 | - | - |
| Rev Fin Sys Bonds Ser '08 | 14,280,000.00 | - | 730,000.00 | - | 13,550,000.00 | - |
| Rev Fin Sys Bonds Ser '09 | 18,545,000.00 | - | 885,000.00 | - | 17,660,000.00 | - |
| Rev Fin Sys Bonds Ser '10 (A) | 1,685,000.00 | - | 405,000.00 | - | 1,280,000.00 | - |
| Rev Fin Sys Bonds Ser '13 | - | 6,645,000.00 | - | - | 6,645,000.00 | 548,379.75 |
| | <u>42,425,000.00</u> | <u>6,645,000.00</u> | <u>2,745,000.00</u> | <u>7,190,000.00</u> | <u>39,135,000.00</u> | <u>548,379.75</u> |
| Total Revenue Bonds | <u>152,805,000.00</u> | <u>22,255,000.00</u> | <u>8,790,000.00</u> | <u>27,450,000.00</u> | <u>138,820,000.00</u> | <u>1,779,014.83</u> |
| General Obligation Bonds - Not Self-Supporting | | | | | | |
| Constitutional Appn Bonds Ser '08 | 6,540,000.00 | - | 995,000.00 | - | 5,545,000.00 | - |
| Grand Total | <u>\$ 159,345,000.00</u> | <u>\$ 22,255,000.00</u> | <u>\$ 9,785,000.00</u> | <u>\$ 27,450,000.00</u> | <u>\$ 144,365,000.00</u> | <u>\$ 1,779,014.83</u> |

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2B-Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2014

| Description of Issue | Unamortized Discount | Gain/(Loss) on Refunding | Net Bonds Outstanding 8/31/14 | Amounts Due Within One Year |
|---|----------------------|--------------------------|-------------------------------|-----------------------------|
| Business-Type Activities | | | | |
| Revenue Bonds - Self Supporting | | | | |
| Rev Fin Sys Bonds Ser '04 | \$ - | \$ 889,196.03 | \$ - | \$ - |
| Rev Fin Sys Bonds Ser '04 (A) | - | - | - | - |
| Rev Fin Sys Bonds Ser '05 | - | - | 11,880,000.00 | 785,000.00 |
| Rev Fin Sys Bonds Ser '05 (A) | - | - | 42,425,000.00 | 2,655,000.00 |
| Rev Fin Sys Bonds Ser '10 | - | - | 29,770,000.00 | 1,380,000.00 |
| Rev Fin Sys Bonds Ser '13 | - | - | 16,840,635.08 | 1,272,203.34 |
| | - | 889,196.03 | 100,915,635.08 | 6,092,203.34 |
| Tuition Revenue Bonds - Self-Supporting | | | | |
| Rev Fin Sys Bonds Ser '02 | - | 700,780.98 | - | - |
| Rev Fin Sys Bonds Ser '08 | - | - | 13,550,000.00 | 755,000.00 |
| Rev Fin Sys Bonds Ser '09 | - | - | 17,660,000.00 | 905,000.00 |
| Rev Fin Sys Bonds Ser '10 (A) | - | - | 1,280,000.00 | 420,000.00 |
| Rev Fin Sys Bonds Ser '13 | - | - | 7,193,379.75 | 898,117.30 |
| | - | 700,780.98 | 39,683,379.75 | 2,978,117.30 |
| Total Revenue Bonds | - | 1,589,977.01 | 140,599,014.83 | 9,070,320.64 |
| General Obligation Bonds - Not Self-Supporting | | | | |
| Constitutional Appn Bonds Ser '08 | - | - | 5,545,000.00 | 1,030,000.00 |
| Grand Total | \$ - | \$ 1,589,977.01 | \$ 146,144,014.83 | \$ 10,100,320.64 |

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2014

| Description of Issue | FY | Principal | Interest | Total |
|--|-----------|---------------|---------------|-----------------|
| Business-Type Activities | | | | |
| Revenue Bonds - Self Supporting | | | | |
| Rev Fin Sys Bonds Ser '05 | 2015 | \$ 785,000.00 | \$ 488,881.25 | \$ 1,273,881.25 |
| Rev Fin Sys Bonds Ser '05 | 2016 | 815,000.00 | 446,881.25 | 1,261,881.25 |
| Rev Fin Sys Bonds Ser '05 | 2017 | 845,000.00 | 408,587.50 | 1,253,587.50 |
| Rev Fin Sys Bonds Ser '05 | 2018 | 875,000.00 | 374,187.50 | 1,249,187.50 |
| Rev Fin Sys Bonds Ser '05 | 2019 | 910,000.00 | 338,487.50 | 1,248,487.50 |
| Rev Fin Sys Bonds Ser '05 | 2020-2024 | 5,190,000.00 | 1,089,706.25 | 6,279,706.25 |
| Rev Fin Sys Bonds Ser '05 | 2025-2026 | 2,460,000.00 | 105,825.00 | 2,565,825.00 |
| | | 11,880,000.00 | 3,252,556.25 | 15,132,556.25 |
| Rev Fin Sys Bonds Ser '05 (A) | 2015 | 2,655,000.00 | 1,949,050.00 | 4,604,050.00 |
| Rev Fin Sys Bonds Ser '05 (A) | 2016 | 2,800,000.00 | 1,812,675.00 | 4,612,675.00 |
| Rev Fin Sys Bonds Ser '05 (A) | 2017 | 2,950,000.00 | 1,668,925.00 | 4,618,925.00 |
| Rev Fin Sys Bonds Ser '05 (A) | 2018 | 3,110,000.00 | 1,517,425.00 | 4,627,425.00 |
| Rev Fin Sys Bonds Ser '05 (A) | 2019 | 3,270,000.00 | 1,357,925.00 | 4,627,925.00 |
| Rev Fin Sys Bonds Ser '05 (A) | 2020-2024 | 18,860,000.00 | 4,244,987.50 | 23,104,987.50 |
| Rev Fin Sys Bonds Ser '05 (A) | 2025-2026 | 8,780,000.00 | 399,375.00 | 9,179,375.00 |
| | | 42,425,000.00 | 12,950,362.50 | 55,375,362.50 |
| Rev Fin Sys Bonds Ser '10 | 2015 | 1,380,000.00 | 1,204,687.50 | 2,584,687.50 |
| Rev Fin Sys Bonds Ser '10 | 2016 | 1,415,000.00 | 1,166,212.50 | 2,581,212.50 |
| Rev Fin Sys Bonds Ser '10 | 2017 | 1,455,000.00 | 1,123,162.50 | 2,578,162.50 |
| Rev Fin Sys Bonds Ser '10 | 2018 | 1,505,000.00 | 1,075,000.00 | 2,580,000.00 |
| Rev Fin Sys Bonds Ser '10 | 2019 | 1,560,000.00 | 1,021,362.50 | 2,581,362.50 |
| Rev Fin Sys Bonds Ser '10 | 2020-2024 | 8,815,000.00 | 4,090,981.25 | 12,905,981.25 |
| Rev Fin Sys Bonds Ser '10 | 2025-2029 | 11,115,000.00 | 1,790,696.88 | 12,905,696.88 |
| Rev Fin Sys Bonds Ser '10 | 2030 | 2,525,000.00 | 55,234.38 | 2,580,234.38 |
| | | 29,770,000.00 | 11,527,337.51 | 41,297,337.51 |
| Rev Fin Sys Bonds Ser '13 | 2015 | 1,155,000.00 | 642,262.50 | 1,797,262.50 |
| Rev Fin Sys Bonds Ser '13 | 2016 | 1,185,000.00 | 612,787.50 | 1,797,787.50 |
| Rev Fin Sys Bonds Ser '13 | 2017 | 1,230,000.00 | 564,487.50 | 1,794,487.50 |
| Rev Fin Sys Bonds Ser '13 | 2018 | 1,280,000.00 | 514,287.50 | 1,794,287.50 |
| Rev Fin Sys Bonds Ser '13 | 2019 | 1,335,000.00 | 461,987.50 | 1,796,987.50 |
| Rev Fin Sys Bonds Ser '13 | 2020-2024 | 7,660,000.00 | 1,319,237.50 | 8,979,237.50 |
| Rev Fin Sys Bonds Ser '13 | 2025 | 1,765,000.00 | 33,093.75 | 1,798,093.75 |
| | | 15,610,000.00 | 4,148,143.75 | 19,758,143.75 |
| Total Revenue Bonds - Self Supporting | | 99,685,000.00 | 31,878,400.01 | 131,563,400.01 |

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2014

| Description of Issue | FY | Principal | Interest | Total |
|--|-----------|-------------------|------------------|-------------------|
| Tuition Revenue Bonds - Self-Supporting | | | | |
| Rev Fin Sys Bonds Ser '08 | 2015 | 755,000.00 | 553,087.50 | 1,308,087.50 |
| Rev Fin Sys Bonds Ser '08 | 2016 | 780,000.00 | 524,275.00 | 1,304,275.00 |
| Rev Fin Sys Bonds Ser '08 | 2017 | 805,000.00 | 488,550.00 | 1,293,550.00 |
| Rev Fin Sys Bonds Ser '08 | 2018 | 835,000.00 | 447,550.00 | 1,282,550.00 |
| Rev Fin Sys Bonds Ser '08 | 2019 | 865,000.00 | 409,375.00 | 1,274,375.00 |
| Rev Fin Sys Bonds Ser '08 | 2020-2024 | 4,840,000.00 | 1,491,375.00 | 6,331,375.00 |
| Rev Fin Sys Bonds Ser '08 | 2025-2028 | 4,670,000.00 | 408,637.50 | 5,078,637.50 |
| | | 13,550,000.00 | 4,322,850.00 | 17,872,850.00 |
| Rev Fin Sys Bonds Ser '09 | 2015 | 905,000.00 | 696,018.75 | 1,601,018.75 |
| Rev Fin Sys Bonds Ser '09 | 2016 | 935,000.00 | 670,718.75 | 1,605,718.75 |
| Rev Fin Sys Bonds Ser '09 | 2017 | 960,000.00 | 643,462.50 | 1,603,462.50 |
| Rev Fin Sys Bonds Ser '09 | 2018 | 990,000.00 | 612,975.00 | 1,602,975.00 |
| Rev Fin Sys Bonds Ser '09 | 2019 | 1,025,000.00 | 578,950.00 | 1,603,950.00 |
| Rev Fin Sys Bonds Ser '09 | 2020-2024 | 5,725,000.00 | 2,280,412.50 | 8,005,412.50 |
| Rev Fin Sys Bonds Ser '09 | 2025-2029 | 7,120,000.00 | 887,218.75 | 8,007,218.75 |
| | | 17,660,000.00 | 6,369,756.25 | 24,029,756.25 |
| Rev Fin Sys Bonds Ser '10 (A) | 2015 | 420,000.00 | 28,925.00 | 448,925.00 |
| Rev Fin Sys Bonds Ser '10 (A) | 2016 | 425,000.00 | 18,362.50 | 443,362.50 |
| Rev Fin Sys Bonds Ser '10 (A) | 2017 | 435,000.00 | 6,525.00 | 441,525.00 |
| | | 1,280,000.00 | 53,812.50 | 1,333,812.50 |
| Rev Fin Sys Bonds Ser '13 | 2015 | 825,000.00 | 255,375.00 | 1,080,375.00 |
| Rev Fin Sys Bonds Ser '13 | 2016 | 730,000.00 | 236,650.00 | 966,650.00 |
| Rev Fin Sys Bonds Ser '13 | 2017 | 760,000.00 | 206,850.00 | 966,850.00 |
| Rev Fin Sys Bonds Ser '13 | 2018 | 795,000.00 | 175,750.00 | 970,750.00 |
| Rev Fin Sys Bonds Ser '13 | 2019 | 830,000.00 | 143,250.00 | 973,250.00 |
| Rev Fin Sys Bonds Ser '13 | 2020-2022 | 2,705,000.00 | 202,825.00 | 2,907,825.00 |
| | | 6,645,000.00 | 1,220,700.00 | 7,865,700.00 |
| Total Tuition Revenue Bonds - Self-Supporting | | 39,135,000.00 | 11,967,118.75 | 51,102,118.75 |
| Total Revenue Bonds | | 138,820,000.00 | 43,845,518.76 | 182,665,518.76 |
| General Obligation Bonds | | | | |
| Constitutional Appn Bonds Ser '08 | 2015 | 1,030,000.00 | 226,425.00 | 1,256,425.00 |
| Constitutional Appn Bonds Ser '08 | 2016 | 1,065,000.00 | 174,050.00 | 1,239,050.00 |
| Constitutional Appn Bonds Ser '08 | 2017 | 1,105,000.00 | 125,325.00 | 1,230,325.00 |
| Constitutional Appn Bonds Ser '08 | 2018 | 1,150,000.00 | 78,500.00 | 1,228,500.00 |
| Constitutional Appn Bonds Ser '08 | 2019 | 1,195,000.00 | 26,887.50 | 1,221,887.50 |
| Total General Obligation Bonds | | 5,545,000.00 | 631,187.50 | 6,176,187.50 |
| Total Debt Service | | \$ 144,365,000.00 | \$ 44,476,706.26 | \$ 188,841,706.26 |

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY

Agency No. 755

Schedule 2D - Analysis of Funds Available for Debt Service - General Obligation Bonds

For the Fiscal Year Ended August 31, 2014

| <u>Description of Issue</u> | <u>Application of Funds</u> | | <u>Accrual Basis</u> |
|--|-----------------------------|----------------------|----------------------|
| | <u>2014 Principal</u> | <u>2014 Interest</u> | <u>Int Exp</u> |
| Constitutional Appn Bonds Series 2008 | \$ 995,000.00 | \$ 277,050.00 | \$ 258,393.75 |
| General Obligation Bonds - Not Self-Supporting | <u>\$ 995,000.00</u> | <u>\$ 277,050.00</u> | <u>\$ 258,393.75</u> |

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Schedule 2D - Analysis of Funds Available for Debt Service - Revenue Bonds
 For the Fiscal Year Ended August 31, 2014

| Description of Issue | Net Available for Debt Service | | Debt Service | | Accrual Basis |
|--|---------------------------------------|--|------------------------|------------------------|------------------------|
| | Total Pledged and Other Sources | Operating Expenses/Expenditures and Capital Outlay | 2014 Principal | 2014 Interest | Interest Expense |
| Business-Type Activities | | | | | |
| Revenue Bonds - Self Supporting | | | | | |
| Rev Fin Sys Bonds Ser '04 | * | - | \$ 1,185,000.00 | \$ 366,515.63 | \$ 91,628.91 |
| Rev Fin Sys Bonds Ser '04 (A) | * | - | 250,000.00 | 81,389.38 | 20,347.34 |
| Rev Fin Sys Bonds Ser '05 | * | - | 755,000.00 | 529,306.25 | 514,442.19 |
| Rev Fin Sys Bonds Ser '05 (A) | * | - | 2,510,000.00 | 2,078,175.00 | 2,031,112.50 |
| Rev Fin Sys Bonds Ser '10 | * | - | 1,345,000.00 | 1,235,387.50 | 1,225,300.00 |
| Rev Fin Sys Bonds Ser '13 | * | - | - | 333,019.27 | 576,033.33 |
| Tuition Revenue Bonds - Self-Supporting | | | | | |
| Rev Fin Sys Bonds Ser '02 | * | - | 725,000.00 | 184,187.50 | 46,046.88 |
| Rev Fin Sys Bonds Ser '08 | * | - | 730,000.00 | 580,900.00 | 569,950.00 |
| Rev Fin Sys Bonds Ser '09 | * | - | 885,000.00 | 719,525.00 | 711,228.13 |
| Rev Fin Sys Bonds Ser '10 (A) | * | - | 405,000.00 | 38,225.00 | 35,187.50 |
| Rev Fin Sys Bonds Ser '13 | * | - | - | 133,354.17 | 230,666.67 |
| | | | <u>\$ 8,790,000.00</u> | <u>\$ 6,279,984.70</u> | <u>\$ 6,051,943.45</u> |

Note: Expenditures associated with operations which generated the pledged revenues are \$ 84,111,261.01 for fiscal year 2014.

| | | |
|--|------------------------|--------------------------|
| Analysis of Pledged and Other Sources: | Pledged Sources | |
| | Tuition and Fees | \$ 97,240,467.35 |
| | Sales and Services | 37,258,876.71 |
| | Other Sources | 9,228,585.81 |
| | Total Revenues | 143,727,929.87 |
| | Pledged Auxiliary | |
| | Unappropriated Balance | 8,804,942.51 |
| | Total Pledged Revenues | <u>\$ 152,532,872.38</u> |

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2014

| <u>Description of Issue</u> | <u>Year Refunded</u> | <u>Par Value Outstanding</u> |
|---|----------------------|------------------------------|
| Revenue Bonds | | |
| Building Revenue Bonds, Series 1965-B | 1991 | \$ 300,000.00 |
| Housing System Revenue Bonds, Series 1964 | 1991 | 45,000.00 |
| | | <u>\$ 345,000.00</u> |

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2F - Current Year Early Extinguishment and Refunding
For the Fiscal Year Ended August 31, 2014

| Description of Issue | Category | Amount Extinguished or Refunded | For Refunding Only | | |
|------------------------------|----------------------|---------------------------------------|------------------------------|-------------------------------------|-----------------------|
| | | | Refunding Issue Par Value | Cash Flow Increase (Decrease) | Economic Gain/Loss |
| Rev Fin Sys Bonds Ser '02 | Current Refunding | \$ 7,190,000.00 | \$ 6,645,000.00 | \$ 797,305.00 | \$ 700,780.98 |
| Rev Fin Sys Bonds Ser '04 | Current Refunding | \$ 16,720,000.00 | \$ 15,610,000.00 | \$ 1,069,834.48 | \$ 889,196.03 |
| Rev Fin Sys Bonds Ser '04(A) | Early Extinguishment | \$ 3,540,000.00 | \$ - | \$ - | \$ - |

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 3 - Reconciliation of Cash in State Treasury
August 31, 2014

| Cash in State Treasury | <u>Unrestricted</u> | <u>Restricted</u> | <u>Current Year Total</u> |
|--|----------------------------|--------------------|-------------------------------|
| Special Mineral Fund 0241 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| Local Revenue Fund 0261 | <u>1,478,487.25</u> | <u>0.00</u> | <u>1,478,487.25</u> |
| Total Cash in State Treasury (Stmnt of Net Position) | <u>\$ 1,478,487.25</u> | <u>\$ 0.00</u> | <u>\$ 1,478,487.25</u> |

