

# TEXAS WOMAN'S UNIVERSITY

## *Annual Financial Report*

FOR THE YEAR ENDED  
AUGUST 31, 2017



**TEXAS WOMAN'S UNIVERSITY**  
**Annual Financial Report**  
**For the Fiscal Year Ended August 31, 2017**

UNAUDITED

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Office of the Chancellor and President

**TEXAS WOMAN'S**  
UNIVERSITY

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November 20, 2017

Honorable Greg Abbott, Governor  
Honorable Glen Hegar, State Comptroller  
Ursula M. Parks, Director, Legislative Budget Board  
Lisa Collier, First Assistant State Auditor

Lady and Gentlemen:

We are pleased to submit the Annual Financial Report for Texas Woman's University for the year ended August 31, 2017, in compliance with TEX, GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

Staff in the TWU Controller's Office have worked diligently to prepare this report of results for our component operating unit of the State Government for consolidation with information from other state agencies and institutions in the State's Comprehensive Annual Financial Report (CAFR).

The financial reports of TWU and other component units will be considered for audit by the State Auditor's Office as part of the audit of the State of Texas. 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 Carolyn Whitlock at (940) 898-3534.

Respectfully Submitted,

A handwritten signature in maroon ink, appearing to read "Carine Feyten", written over a horizontal line.

Carine M. Feyten, Ph.D  
Chancellor and President

Attachment: TWU Annual Financial Report for the year ended August 31, 2017

**Texas Woman's University**  
**Organizational Data**  
For the Fiscal Year 2016-2017

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**BOARD OF REGENTS**

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**OFFICERS**

		<b>Term Expires</b>
Nolan E. Perez, M.D.	Chair/Presiding Officer	2021
Melissa D. Tonn, M.D.	Vice Chair/Asst. Presiding	2017

**MEMBERS**

Ms. Nancy P. Paup	Fort Worth, TX	2019
Mr. George R. Schrader	Dallas, TX	2019
Mrs. Mary Pincoffs Wilson	Austin, TX	2017
Ms. Rachel Lacobucci (Student Regent)	Dallas, TX	2018

*Terms for Regents Expire February 1<sup>st</sup> of stated year, except for the term of the Student Regent, which expires on May 31<sup>st</sup>*

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**UNIVERSITY FISCAL OFFICERS**

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Dr. Carine M. Feyten	Chancellor and President
Ms. B. J. Crain	Interim Vice President for Finance and Administration
Ms. Carolyn Whitlock, C.P.A.	Associate Vice-President-Finance, Controller & Treasury

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## Unaudited

# Texas Woman's University Management's Discussion and Analysis For the Year Ended August 31, 2017

## Introduction

Founded in 1901 as the state's only public university dedicated to the education of women, Texas Woman's has grown, prospered, and advanced in bold ways. It pioneered distance education; expanded undergraduate and graduate programs; extended its reach by adding campuses in Dallas and Houston and admitting men; and broke new ground in areas ranging from pedagogy to research and creative arts.

Texas Woman's developed a focus on health and well-being, on a learn-by-doing pedagogy, and on diversity with an emphasis on women. This distinctive approach extends learning beyond the classroom to prepare students not just for jobs but for careers, leadership, service, health, and happiness. Texas Woman's provided education for individuals who were marginalized because of their gender; it now extends that mission to diverse populations.

Texas Woman's is inclusive while maintaining a focus on the unique contributions that women bring to all facets of human endeavor, including the corporate boardroom, virtual classroom, intensive care unit, senate chamber, research laboratory, opera house, or other settings. Texas Woman's aspires to address the needs of a changing world and a contemporary student body.

With its newly approved strategic plan, the four areas of distinction and five imperatives will propel Texas Woman's toward further excellence. The distinctions and imperatives will continue our historic purpose of advancing the quality of the human experience, honoring diverse people and perspectives, and pioneering discovery in areas vital to the well-being of Texans. Over the past ten years, TWU has experienced significant growth in enrollment, nearly doubling its student population. The University was recognized by the Chronicle of Higher Education in 2013 as the 2nd fastest-growing public doctoral university in the United States.

The following tables summarizes the fall semester headcount and full-time equivalent enrollment at Texas Woman's University for each of the last five academic years:

<b>Headcount Enrollment Information</b>					
	<b><u>Fall 2013</u></b>	<b><u>Fall 2014</u></b>	<b><u>Fall 2015</u></b>	<b><u>Fall 2016</u></b>	<b><u>Fall 2017</u></b>
Undergraduate	9,515	9,679	10,080	10,407	10,309
Graduate	5,636	5,391	5,206	5,248	5,163
<b>Total</b>	<b>15,151</b>	<b>15,070</b>	<b>15,286</b>	<b>15,655</b>	<b>15,472</b>

<b>Full-Time Equivalent Enrollment Information</b>					
	<b><u>Fall 2013</u></b>	<b><u>Fall 2014</u></b>	<b><u>Fall 2015</u></b>	<b><u>Fall 2016</u></b>	<b><u>Fall 2017</u></b>
Undergraduate	8,328	8,431	8,641	8,827	8,749
Graduate	4,098	3,886	3,739	3,793	3,803
<b>Total</b>	<b>12,426</b>	<b>12,317</b>	<b>12,380</b>	<b>12,620</b>	<b>12,552</b>

As part of the preparation of this financial report, consideration was given to the requirements of Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. For Texas Woman’s University no component units have been identified which should have been blended into an appropriated fund, and no component units have been identified which should have been included in a discrete presentation in the financial report.

## **Financial Highlights and Overview of the Financial Statements**

The objective of the Management’s Discussion and Analysis (MD&A) is to provide an overview of TWU’s financial position and activities for fiscal year ended August 31, 2017, with comparative data to fiscal year 2016. The emphasis of discussion will be on the current year. The MD&A should be read in conjunction with the accompanying financial statements and notes. The primary financial statements presented are the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

The statements are prepared in accordance with GASB pronouncements, the requirements of the Texas Comptroller of Public Accounts (CPA), and the guidelines from the National Association of College and University Business Officers.

As a component operating unit of the State Government, the University’s financial information is consolidated with other state agencies and institutions in the State’s Comprehensive Annual Financial Report (CAFR). The financial reports of TWU are considered for audit by the State Auditor’s Office as part of the audit of the State’s CAFR. Therefore, an opinion has not been expressed on the financial statements and related information in this report.

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* amended Statement Number 34, revising the net asset reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The GASB asserts that the new requirements introduced with GASB 63 will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

Beginning in Fiscal Year 2015, TWU implemented the GASB Statement Number 68, *Accounting and Reporting for Pensions* standard. The pension values are provided by the CPA and define TWU's proportional share of the Texas Teacher Retirement System (TRS) unfunded pension liability. For more information, see *Note 9-Pension Plans and Optional Retirement Program*. The TRS actuary report that is being used is Fiscal Year 2016.

## **Financial Highlights**

- A \$27,315,171 net pension liability is reported based upon the TRS actuary report. Deferred outflows of resources in the amount of \$7,904,284 are related to the changes in pension assumptions, the difference between actual and expected experiences and current year TRS contributions. A \$3,712,967 deferred inflow of resources is reported which reflects the difference between projected and actual investment returns.
- Bonds were issued in the amount \$83,155,000 for the purpose of constructing and renovating the Student Union and constructing the Science & Technology Center.

## **Overview of the Financial Statements**

### **Fund Structure**

Texas Woman's University is an Enterprise Fund reported in the CAFR as a Proprietary Fund Type. Enterprise funds are used to account for any activity in which a fee is charged to external users for goods or services. Activities must be reported as enterprise funds if any one of the following criteria is met:

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.
2. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges.
3. The pricing policies of the activity establishes fees and charges designed to recover its costs, including capital costs.

### **Measurement Focus and Basis of Accounting**

Texas Woman's University's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These statements are prepared applying the following principles and standards:

- Reporting is on the full accrual basis of accounting. All current year revenues and expenses are recognized when earned or incurred, regardless of when the cash is received or disbursed.
- Depreciation and amortization expense on capital assets is reported as an operating expense on the Statement of Revenues, Expenses and Changes in Net Position. The historical cost of capital assets, net of accumulated depreciation and amortization, is reported on the Statement of Net Position.

- Revenues and expenses are categorized as operating or non-operating. Revenues from state appropriations, gifts, and investment income are reported as non-operating revenue in accordance with GASB Statement No. 35, *Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities*, as amended.

## **Statement of Net Position**

The Statement of Net Position presents a snapshot of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position for Texas Woman’s University as of the end of the fiscal year. The Statement of Net Position assets and liabilities are presented in the current and noncurrent format, which is discussed further in the notes to the financial statements.

Readers of the Statement of Net Position are able to determine the assets available to continue the operations of the University. They are also able to determine the amount the University owes to vendors, investors, and lending institutions. Over time, increases or decreases in net position may be considered as one indicator of the improvement or decline of the University’s financial health when considered with nonfinancial factors such as enrollment, research, public service, and the condition of facilities. The statement provides a picture of net position and the availability of funds for use by the University.

Net position is divided into three major categories. The first category, Net Investment in Capital Assets, provides the equity in property, plant and equipment owned by the University less the related debt.

The second category, Restricted, is divided into two categories, expendable and non-expendable. Expendable restricted resources are available for use by the Texas Woman’s University, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The corpus of the non-expendable restricted resources is available for investment purposes, and the earnings are used to support the institution.

The third category, Unrestricted, is available for any lawful purpose. Although Unrestricted Net Position is not subject to externally imposed stipulations, it has been internally designated for various academic and research programs and initiatives.

The following table reflects the Condensed Comparative Statement of Net Position for Texas Woman’s University as of August 31, 2017 and 2016:



<b>Comparative Condensed Statement of Net Position</b>					
<b>Assets and Deferred Outflows of Resources</b>		<b>2017</b>	<b>2016</b>	<b>\$ Change</b>	<b>% Change</b>
Current Assets		\$ 318,725,966	\$ 208,093,587	\$ 110,632,379	53.16%
Capital Assets, Net		199,157,371	200,743,604	(1,586,233)	-0.79%
Other Assets		165,541,407	151,403,566	14,137,840	9.34%
Deferred Outflows		7,904,284	4,636,504	3,267,780	70.48%
<b>Total Assets and Deferred Outflows of Resources</b>		<b>\$ 691,329,027</b>	<b>\$ 564,877,261</b>	<b>\$ 126,451,766</b>	<b>22.39%</b>
<b>Liabilities and Deferred Inflows of Resources</b>					
Current Liabilities		\$ 76,020,253	\$ 66,679,079	\$ 9,341,174	14.01%
Non-Current Liabilities		187,104,687	103,496,555	83,608,133	80.78%
Deferred Inflows		3,712,967	4,269,038	(556,071)	-13.03%
<b>Total Liabilities and Deferred Inflows of Resources</b>		<b>\$ 266,837,907</b>	<b>\$ 174,444,672</b>	<b>\$ 92,393,235</b>	<b>52.96%</b>
<b>Net Position</b>					
Net Investment in Capital Assets		\$ 30,196,918	\$ 117,917,726	\$ (87,720,808)	-74.39%
Restricted					
Expendable		224,049,920	122,818,445	101,231,475	82.42%
Non Expendable		15,313,480	14,284,175	1,029,305	7.21%
Unrestricted		154,930,801	135,589,411	19,341,390	14.26%
<b>Total Net Position</b>		<b>424,491,119</b>	<b>\$ 390,609,757</b>	<b>\$ 33,881,363</b>	<b>8.67%</b>
<b>Total Liabilities and Net Position</b>		<b>\$ 691,329,027</b>	<b>\$ 565,054,429</b>	<b>\$ 126,274,598</b>	<b>22.35%</b>

The final section of the statement reports the net position of Texas Woman's University, which increased by \$33.9M (8.7%) from the 2016 amount of \$391 to \$424 million in 2017. Unrestricted Net Position increased \$19.3M (14.26%) to \$155 million. Three factors contributed to this change: (1) an adjustment to pension expense made by the State in 2016, (2) an increase in the Student Union Fee that was charged beginning Fall 2015 and (3) debt issuance for Series 2017 A&B.

## Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and the expenses incurred during the year. Activities are reported as operating or non-operating. The GASB requires that state appropriations (Legislative Revenue) and Federal Pell Grants be reported as non-operating revenue, while the expenditure of these funds is reported as operating expense. This will generally result in an operating deficit for most public institutions. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation or amortization, which amortizes the cost of an asset over its expected useful life.

The purpose of this statement is to present the revenues earned and the expenses incurred by Texas Woman's University, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent. The change in total net position as presented on the Statement of Net Position is a result of these activities.

Generally, operating revenues are received for providing goods and services to the various customers and constituencies of Texas Woman's University. Operating expenses are those expenses incurred to acquire goods and services provided in return for the operating revenues. Non-operating revenues are derived from sources that are not considered primary operations for an institution of higher education or state agency. State capital appropriations and capital grants and gifts are considered neither operating nor non-operating revenues and are reported after "Income (Loss) Before Other Revenues and Transfers". A Condensed Statement of Revenues, Expenses and Changes in Net Position is presented below.

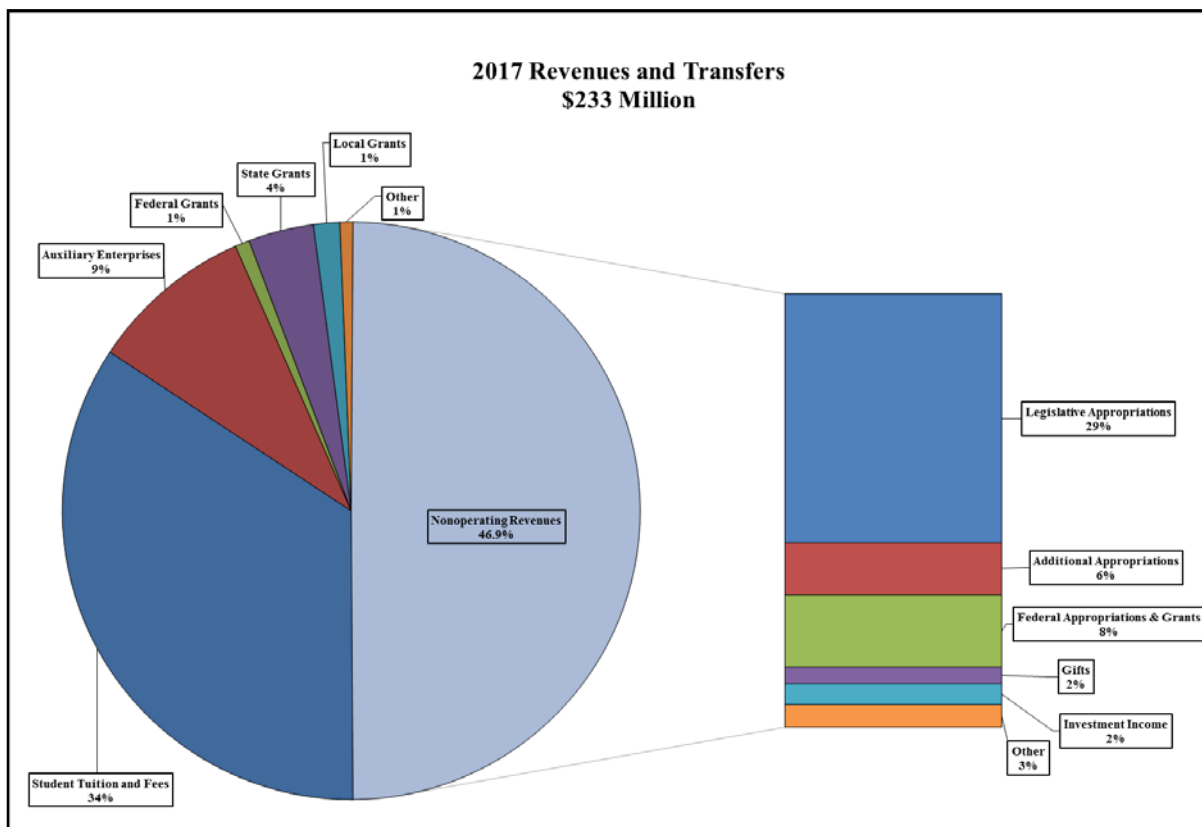
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>				
	<b>2017</b>	<b>2016</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Operating Revenues and Expenses</b>				
Operating Revenues	\$ 116,806,836	\$ 116,581,322	\$ 225,515	0.19%
Operating Expenses	(206,783,260)	(198,623,670)	(8,159,590)	4.11%
<b>Operating (Loss)</b>	\$ (89,976,424)	\$ (82,042,349)	\$ (7,934,075)	9.67%
NonOperating Revenues and Expenses	106,367,217	97,514,505	8,852,711	9.08%
<b>Income (Loss) Before Other Revenues and Transfers</b>	\$ 16,390,793	\$ 15,472,156	\$ 918,637	5.94%
Other Revenues and Transfers	17,443,281	8,660,967	8,782,314	101.40%
<b>Change in Net Position</b>	\$ 33,834,074	\$ 24,133,124	\$ 9,700,950	40.20%
Net Position, Beginning of Year	390,609,757	366,598,784	24,010,973	6.55%
Restatement	47,289	(122,150)	169,439	-138.71%
Net Position as Restated	\$ 390,657,046	\$ 366,476,633	\$ 24,180,412	6.60%
<b>Net Position, End of Year</b>	<u>\$ 424,491,119</u>	<u>\$ 390,609,757</u>	<u>\$ 33,881,363</u>	8.67%

The Condensed Statement of Revenues, Expenses and Changes in Net Position reflects a positive change in Net Position of \$9.8 million. This increase was due to Board approved increase in tuition and fees, as well as changes in long-term investment managers.

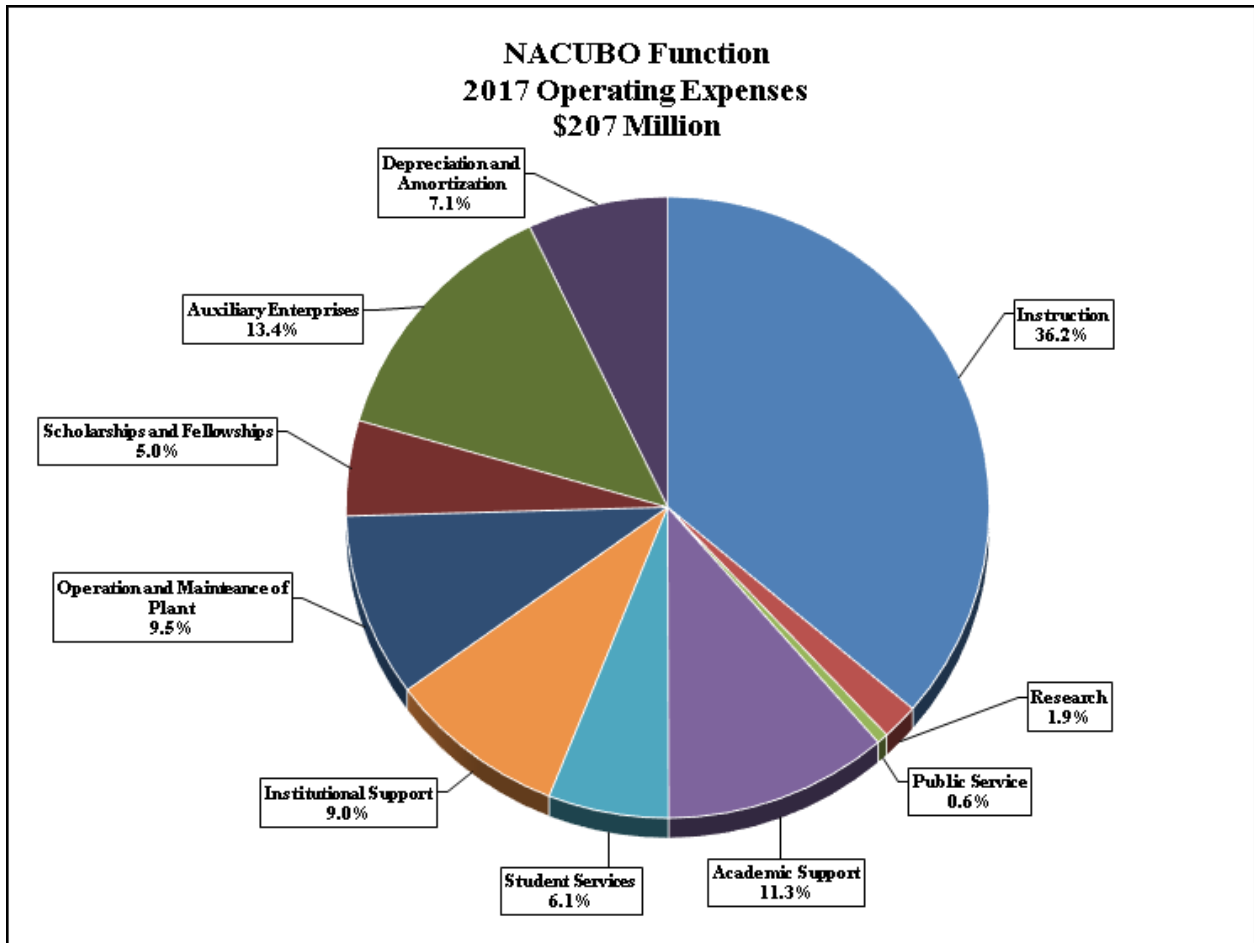
During the 2017 fiscal year, operating expenses increased \$8.16 million. The most significant change is from an increase in salaries, wages, and payroll related costs, including pension expense.

Total Non-operating Revenues and Expenses for 2017 is \$106 million, an increase of \$8.9 million from the 2016 amount. The largest increase is attributable to an insurance settlement for hail damage to the facilities on the Denton campus.

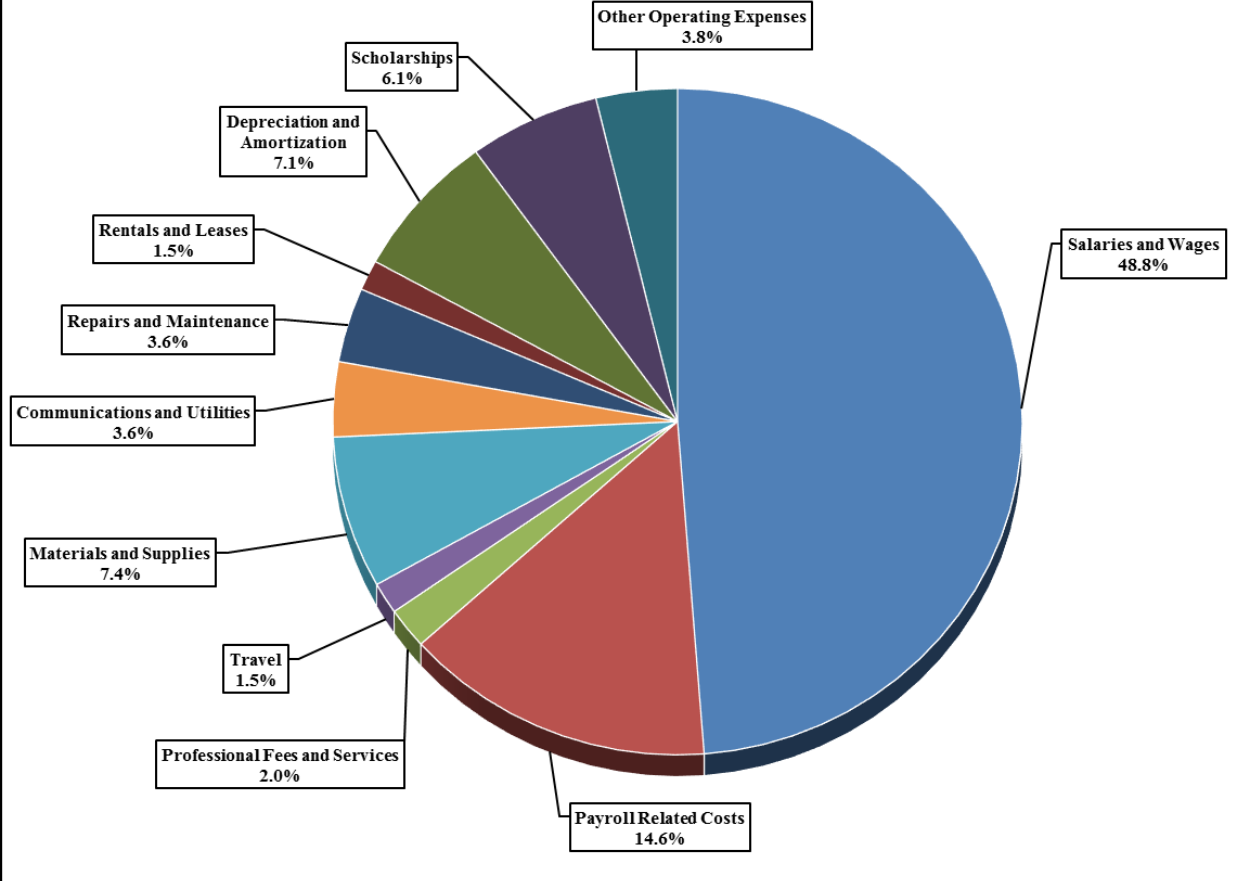
The following graph presents total revenues and transfers for the fiscal year ended August 31, 2017. Revenues are presented as operating and non-operating in the Statement of Revenues, Expenses and Changes in Net Position. Operating revenues total \$117 million and non-operating revenues plus transfers totals \$116 million for a total of \$233 million.



The following two graphs present operating expenses of \$207 million. The first graph presents the operating expenses in the National Association of College and University Business Officers (NACUBO) functional classification and the second graph presents operating expenses in the natural classification.



**Natural Classification  
2017 Operating Expenses  
\$207 Million**



## Statement of Cash Flows

The final statement presented is the Statement of Cash Flows. This statement presents detailed information on the cash activity during the year. The first section presents operating cash flows and the net cash used by operating activities. The next section presents the results of non-capital financing activities. This section includes the cash flows from state appropriations and other non-operating activities. The capital and related financing activities section includes cash used for acquisition and construction of capital assets. The investment activities section reports purchases, proceeds, and earnings from investments. The final section is a reconciliation of net cash from operations to operating income. The Comparative Condensed Statement of Cash Flows is presented below.

<b>Comparative Condensed Statement of Cash Flows</b>			
<b>Cash Flows From</b>		<b>2017</b>	<b>2016</b>
Operating Activities		\$ (62,350,673)	\$ (58,911,673)
Non-Capital Financial Activities		89,530,217	75,084,099
Capital and Related Financing Activities		67,081,534	2,899,432
Investing Activities		7,058,113	3,300,926
Net Change in Cash & Cash Equivalents		101,319,191	22,372,783
Cash & Cash Equivalents, Beginning of Year		38,348,130	15,969,917
<b>Cash &amp; Cash Equivalents, End of Year</b>		<b>\$ 139,667,321</b>	<b>\$ 38,342,699</b>

## Capital Asset and Debt Administration

Texas Woman's University capital asset additions from acquisitions, donations, and construction during the 2017 fiscal year total \$13.0 million. More detailed information regarding Texas Woman's University's capital asset activity is provided in Note 2, Capital Assets, in the Notes to the Financial Statements.

Texas Woman's University understands its role of financial stewardship and works to manage its resources effectively, including the prudent use of debt to finance capital projects. Texas Woman's University issued \$83.155 million in Revenue Financing System bonds in 2017 A&B for the primary purpose of constructing and renovating the Student Union and constructing the Science & Technology Center. Additional bond information is presented on Schedules 2A-2D.

Texas Woman's University has sufficient debt capacity to finance planned facilities and other capital improvements. In addition, the State appropriated amounts are sufficient for the

reimbursement of debt service on all outstanding and planned Tuition Revenue Bond debt for the FY 2018-2019 biennium.

Standard & Poors (S&P) bond rating raised the long-term and underlying rating to A+ from A in 2016. The outlook is stable. Moody's bond rating remained Aa3 stable.

## **Economic Outlook**

With political leadership changes, markets are predicting fiscal stimulus, tax cuts, higher growth and higher inflation. There is a greater chance of the Federal Reserve raising interest rates.

## **Significant Events**

TWU is conducting a search for a Vice President for Finance and Administration.

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**Statement of Net Position****Texas Woman's University**

August 31, 2017

	2017	2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Unrestricted		
Cash on Hand	\$ 18,455.00	\$ 13,349.07
Cash in Bank	5,566,875.03	890,401.02
Cash in State Treasury	8,228,198.31	10,768,842.06
Short Term Investments	91,928,141.26	79,662,395.87
Restricted		
Cash in Bank	24,881,351.88	26,675,537.39
Short Term Investments	100,972,440.49	10,848,595.16
Legislative Appropriations	50,663,246.28	45,448,528.49
Total Cash and Cash Equivalents	<u>\$ 282,258,708.25</u>	<u>\$ 174,307,649.06</u>
Accounts Receivable		
Student Receivable	\$ 23,946,991.36	\$ 21,557,001.64
Federal Receivable	1,981,062.66	2,162,802.68
Other Receivable	5,231,639.09	5,215,989.48
Allowance for Doubtful Accounts	(2,842,400.69)	(3,987,620.00)
Interest and Dividends Receivable	666,858.33	498,561.98
Due from Other Agencies	84,157.46	411,805.71
Consumable Inventories	1,384,913.04	1,606,796.67
Prepaid/Deferred Charges	348,772.85	509,974.38
Loans and Contracts	7,670,802.99	7,695,786.96
Allowance for Loans and Contracts	(2,005,539.61)	(1,885,161.84)
Total Current Assets	<u>\$ 318,725,965.73</u>	<u>\$ 208,093,586.72</u>
<b>Noncurrent Assets</b>		
Investments		
Unrestricted	\$ 150,183,617.17	\$ 136,764,865.49
Restricted Expendable	-	-
Restricted Non-Expendable	15,357,789.40	14,638,701.00
Capital Assets, non-depreciable		
Land and Land Improvements	4,988,038.30	4,846,666.16
Construction in Progress	6,466,307.36	7,284,786.16
Capital Assets, depreciable		
Buildings and Building Improvements	345,366,561.79	333,980,365.41
Less Accumulated Depreciation	(170,753,121.99)	(159,244,908.72)
Infrastructure	12,111,897.82	12,111,897.82
Less Accumulated Depreciation	(10,985,449.37)	(10,907,527.87)
Facilities and Other Improvements	6,782,720.38	6,782,720.38
Less Accumulated Depreciation	(6,351,600.13)	(6,205,110.35)
Furniture and Equipment	26,094,117.08	25,881,827.33
Less Accumulated Depreciation	(17,581,159.55)	(17,046,672.79)
Vehicles, Boats, and Aircraft	2,419,931.33	2,430,532.31
Less Accumulated Depreciation	(1,883,060.33)	(1,857,564.36)
Other Capital Assets		
Library Books	20,019,435.87	20,161,556.53
Less Accumulated Depreciation	(18,105,108.82)	(18,050,419.82)
Museum and Art	46,000.00	46,000.00
Less Accumulated Depreciation	(46,000.00)	(46,000.00)
Software	3,758,328.52	3,500,122.32
Less Accumulated Amortization	(3,190,467.71)	(2,924,666.48)
Total Noncurrent Assets	<u>\$ 364,698,777.12</u>	<u>\$ 352,147,170.52</u>
Total Assets	<u>\$ 683,424,742.85</u>	<u>\$ 560,240,757.24</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows of Resources	7,904,284.00	4,636,504.00
Total Deferred Outflows of Resources	<u>7,904,284.00</u>	<u>4,636,504.00</u>
	<b>\$ 691,329,026.85</b>	<b>\$ 564,877,261.24</b>

**Statement of Net Position****Texas Woman's University**

August 31, 2017

**LIABILITIES**

## Current Liabilities

Accounts Payable	\$ 4,133,318.34	\$ 3,481,630.77
Payroll Payable	11,405,714.28	10,283,158.42
Due to Other Agencies	764,295.70	744,843.18
Deferred Revenues	45,417,092.40	41,831,221.40
Employees' Compensable Leave	2,340,032.36	2,347,313.85
Capital Lease Obligations	144,081.02	276,797.30
Revenue Bonds Payable	8,950,000.00	5,680,000.00
Premium on Bonds Payable	1,472,486.61	422,979.17
Other Payables	1,025,704.16	1,433,967.53
Funds Held for Others	367,528.12	177,167.54
Total Current Liabilities	<u>\$ 76,020,252.99</u>	<u>\$ 66,679,079.16</u>

## Noncurrent Liabilities

Capital Lease Obligations	\$ -	\$ 144,081.02
Employees' Compensable Leave	1,395,631.45	1,497,723.97
Revenue Financing System Bonds	148,150,000.00	76,725,000.00
Premium on Bonds Payable	10,243,884.92	2,256,191.85
Net Pension Liability	27,315,171.00	22,873,558.00
Total Noncurrent Liabilities	<u>\$ 187,104,687.37</u>	<u>\$ 103,496,554.84</u>

## Total Liabilities

\$ 263,124,940.36    \$ 170,175,634.00**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows of Resources	3,712,967.00	4,269,038.00
Total Deferred Inflows of Resources	<u>3,712,967.00</u>	<u>4,269,038.00</u>

**NET POSITION**

Invested in Capital Assets, Net of Related Debt	30,196,918.00	117,917,725.71
Restricted for:		
Debt Retirement	0.00	4,869,907.01
Capital Projects	192,387,918.34	90,500,227.43
Other	31,662,001.84	27,448,310.77
Funds Held as Permanent Investments		
Non Expendable		
Endowment Funds	15,313,480.47	14,284,175.03
Unrestricted	154,930,800.84	135,589,410.83
Total Net Position	<u>\$ 424,491,119.49</u>	<u>\$ 390,609,756.78</u>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 691,329,026.85</u></b>	<b><u>\$ 565,054,428.78</u></b>

## UNAUDITED

**Statement of Revenues, Expenses, and Changes in Net Position**

Texas Woman's University

For the Fiscal Year Ended August 31, 2017

	2017	2016
<b>OPERATING REVENUES</b>		
Sales of Goods and Services (PR-Chgs for Services)		
Tuition and Fees - Pledged	\$ 112,311,300.38	\$ 109,954,351.16
Tuition and Fees		
Discounts and Allowances	(32,347,789.01)	(31,440,406.93)
Auxiliary Enterprises - Pledged	27,487,582.33	29,109,395.30
Discounts and Allowances	(6,139,440.29)	(6,487,818.01)
Federal Revenue-Operating (PR-OP Grants/Contributions)	1,856,345.46	1,715,442.60
Federal Pass Through Revenue (PR-OP Grants/Contributions)	19,958.46	380,348.19
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	8,511,904.81	7,973,645.86
State Grant Revenue - Operating	0.00	0.00
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	3,419,668.79	3,697,075.21
Other Operating Revenues (GR)	1,687,305.43	1,679,288.15
Total Operating Revenues	<u>\$ 116,806,836.36</u>	<u>\$ 116,581,321.53</u>
<b>OPERATING EXPENSES</b>		
Cost of Goods Sold	\$ 16,393.04	\$ 16,396.04
Salaries and Wages	100,849,576.04	97,828,393.57
Payroll Related Costs	30,168,375.97	27,305,957.62
Professional Fees and Services	4,103,178.24	2,793,664.68
Travel	3,150,287.09	2,613,087.46
Materials and Supplies	15,278,558.90	14,100,860.14
Communication and Utilities	7,501,915.75	6,850,650.32
Repairs and Maintenance	7,474,068.69	6,633,619.00
Rentals and Leases	3,048,027.52	2,269,798.13
Printing and Reproduction	558,969.61	473,750.44
Federal Grant Pass-Through Expense	0.00	0.00
Depreciation and Amortization	14,608,339.05	15,290,007.16
Bad Debt Expense	357,141.20	933,188.16
Scholarships	12,702,198.15	13,335,833.86
Other Operating Expenses	6,966,230.77	8,178,463.70
Total Operating Expenses	<u>\$ 206,783,260.02</u>	<u>\$ 198,623,670.28</u>
Operating Income (Loss)	<u>\$ (89,976,423.66)</u>	<u>\$ (82,042,348.75)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Legislative Revenue (GR)	\$ 48,675,751.00	\$ 48,544,875.00
Additional Appropriations (GR)	13,739,712.38	13,571,968.97
Federal Revenue (PR-OP Grants/Contributions)	19,461,159.02	20,225,090.98
Federal Pass Through Revenue	0.00	21,415.32
Gifts (PR-OP Grants/Contributions)	4,310,352.11	2,877,375.75
Interest and Investment Income Other	5,674,668.35	6,367,967.11
Interest Expense and Fiscal Charges	(2,617,874.98)	(2,764,021.11)
Gain (Loss) on Sale of Capital Assets (GR)	(144,692.56)	(111,529.63)
Net Increase (Decrease) in Fair Value of Investments (PR-OP Grants/Contributions)	11,257,590.50	7,524,874.80
Other Nonoperating Revenues (Expenses) (PR-Chgs for Services)	6,010,550.77	1,256,487.96
Total Nonoperating Revenues (Expenses)	<u>\$ 106,367,216.59</u>	<u>\$ 97,514,505.15</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	<u>\$ 16,390,792.93</u>	<u>\$ 15,472,156.40</u>

UNAUDITED

**Statement of Revenues, Expenses, and Changes in Net Position**

Texas Woman's University

**OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS**

Capital Appropriation HEAF	14,846,558.00	9,897,706.00
Transfers - Out	(598,074.84)	(1,536,961.65)
Transfers - In	99,443.00	129,591.00
Legislative Transfers - In	3,111,141.00	170,632.00
Legislative Appropriation - Lapsed	(15,786.19)	(0.24)
<b>CHANGE IN NET POSITION</b>	<b>\$ 33,834,073.90</b>	<b>\$ 24,133,123.51</b>
Net Position, Beginning	390,609,756.78	366,598,783.76
Restatements	47,288.81	(122,150.49)
Net Position, Beginning as restated	390,657,045.59	366,476,633.27
<b>NET POSITION, ENDING</b>	<b>\$ 424,491,119.49</b>	<b>\$ 390,609,756.78</b>

**Texas Woman's University**  
**Matrix of Operating Expenses Reported by Function**  
**For the Fiscal Year Ended August 31, 2017**

<b>OPERATING EXPENSES</b>	<b>INSTRUCTION SERVICES</b>	<b>RESEARCH SUPPORT</b>	<b>PUBLIC SERVICES</b>	<b>ACADEMIC SUPPORT</b>	<b>STUDENT SERVICES</b>
Cost of Goods Sold	-	-	-	(2,124.00)	-
Salaries and Wages	54,608,951.23	2,056,992.50	477,318.65	12,074,623.38	6,576,921.74
Payroll Related Costs	16,262,762.70	470,739.93	113,926.37	2,891,423.76	2,032,962.02
Professional Fees and Services	94,510.68	32,039.40	82,360.65	862,369.79	43,279.00
Federal Pass-through Expenses	-	-	-	-	-
State Pass-through Expense	-	-	-	-	-
Travel	640,302.04	149,696.27	22,072.57	828,980.09	197,316.64
Materials and Supplies	1,396,229.90	364,453.64	173,843.13	2,094,719.50	504,738.00
Communications and Utilities	19,943.13	60,283.60	9,635.88	2,299,212.36	64,599.73
Repairs and Maintenance	118,789.82	17,718.73	26,230.25	577,245.75	236,326.06
Rentals and Leases	51,870.79	3,460.47	4,420.92	300,487.19	71,322.53
Printing and Reproduction	39,691.70	4,963.49	809.57	47,290.83	84,560.16
Depreciation and Amortization	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-
Scholarships	637,602.96	84,227.02	-	340,768.27	2,157,864.84
Other Operating Expenses	1,039,288.11	596,040.24	265,882.85	1,050,660.60	549,475.95
<b>Total Operating Expenses</b>	<b>74,909,943.06</b>	<b>3,840,615.29</b>	<b>1,176,500.84</b>	<b>23,365,657.52</b>	<b>12,519,366.67</b>

<b>INSTITUTIONAL SUPPORT</b>	<b>OPERATION &amp; MAINTENANCE</b>	<b>SCHOLARSHIPS &amp; FEL.</b>	<b>AUXILLARY ENTERPRISES</b>	<b>DEPRECIATION &amp; AMORTIZATION</b>	<b>TOTAL EXPENDITURES</b>
-	-	-	18,517.04	-	16,393.04
9,984,362.68	4,709,241.10	488,740.59	9,872,424.17	-	100,849,576.04
3,299,683.56	1,946,030.37	11,550.59	3,139,296.67	-	30,168,375.97
1,395,399.22	1,375,883.76	-	217,335.74	-	4,103,178.24
-	-	-	-	-	-
-	-	-	-	-	-
257,035.10	20,262.04	-	1,034,622.34	-	3,150,287.09
921,214.56	3,354,618.11	17,650.22	6,451,091.84	-	15,278,558.90
175,410.66	2,802,053.15	-	2,070,777.24	-	7,501,915.75
814,866.36	4,692,626.87	-	990,264.85	-	7,474,068.69
73,446.22	8,293.88	-	2,534,725.52	-	3,048,027.52
265,636.70	2,783.66	-	113,233.50	-	558,969.61
-	-	-	-	14,608,339.05	14,608,339.05
4,080.02	-	353,061.18	-	-	357,141.20
13,889.00	-	9,316,715.11	151,130.95	-	12,702,198.15
1,396,200.12	818,276.66	64,406.04	1,186,000.20	-	6,966,230.77
<b>18,601,224.20</b>	<b>19,730,069.60</b>	<b>10,252,123.73</b>	<b>27,779,420.06</b>	<b>14,608,339.05</b>	<b>206,783,260.02</b>

**Statement of Cash Flows****Texas Woman's University**

For the Fiscal Year Ended August 31, 2017

	2017	2016
<b>Cash Flows from Operating Activities</b>		
Proceeds Received from Tuition and Fees	\$ 76,428,302.34	\$ 75,224,622.41
Proceeds from Research Grants and Contracts	13,989,617.54	13,626,677.02
Proceeds from Auxiliary	21,348,142.04	22,621,577.29
Proceeds from Other Revenues	5,257,526.82	2,533,731.88
Proceeds from Loans and Contracts	145,361.74	-
Payments to Employees	(119,715,470.50)	(114,902,644.73)
Payments to Vendors and Suppliers	(47,101,955.25)	(44,474,700.03)
Payments for Loans and Contracts	-	(205,103.45)
Payments for Scholarships	(12,702,198.15)	(13,335,833.86)
Net Cash Provided (Used) by Operating Activities	<u>\$ (62,350,673.42)</u>	<u>\$(58,911,673.47)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Proceeds from State Appropriations	\$ 77,262,021.38	\$ 72,014,549.97
Proceeds from Gifts	4,310,352.11	2,898,791.07
Proceeds from Loan Programs PELL	19,461,159.02	20,225,090.98
Proceeds from Other Financing Activities	6,736,014.76	1,491,173.10
Payments for Interest	(24,205.33)	(2,764,021.11)
Payments for Grant Disbursements PELL	(18,215,124.45)	(18,781,485.47)
Net Cash Provided by Noncapital Financing Activities	<u>\$ 89,530,217.49</u>	<u>\$ 75,084,098.54</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Sale of Capital Assets	\$ 81,143.21	\$ (111,529.63)
Proceeds from Debt Issuance	93,466,964.90	21,000,000.00
Payments for Additions to Capital Assets	(13,221,419.29)	(9,796,196.62)
Payments of Principal on Debt Issuance	(8,460,000.00)	(4,755,000.00)
Payments of Principal on Capital Lease Obligations	(276,797.30)	(262,306.81)
Payments of Interest on Debt Issuance	(3,777,860.89)	(2,940,850.02)
Payments of Other Costs on Debt Issuance	(730,496.43)	(234,685.14)
Net Cash Provided by Capital and Related Financing Activities	<u>\$ 67,081,534.20</u>	<u>\$ 2,899,431.78</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments	\$ 1,383,444.55	33,837,017.47
Proceeds from Interest and Investment Income	5,674,668.35	6,367,967.11
Payments to Acquire Investments	-	(36,904,058.74)
Net Cash Provided by Investing Activities	<u>\$ 7,058,112.90</u>	<u>\$ 3,300,925.84</u>
Increase (Decrease) in Cash and Cash Equivalents	\$ 101,319,191.17	\$ 22,372,782.69
Cash and Cash Equivalents, September 1, 2016	\$ 38,348,129.54	15,969,916.62
Cash and Cash Equivalents, August 31, 2017	<u>\$ 139,667,320.71</u>	<u>\$ 38,342,699.31</u>

## UNAUDITED

**Statement of Cash Flows****Texas Woman's University**

For the Fiscal Year Ended August 31, 2017

	2017	2016
Cash and Cash Equivalents, August 31, 2017	\$ 139,667,320.71	38,342,699.31
Displayed as:		
Total Cash and Cash Equivalents	\$ 139,667,320.71	38,342,699.31

**Reconciliation of Operating Income (Loss) to  
Net Cash Provided by Operating Activities**

Operating Income/(Loss) on AFR	\$ (89,976,423.66)	(82,042,348.75)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Classification Differences	\$ 9,669,916.66	9,531,042.08
Depreciation expense	14,608,339.05	15,290,007.16
Bad Debt expense	357,141.20	933,188.16
Pension Expense	3,181,118.00	
HE pension Obligation	(2,561,735.00)	
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(3,537,414.97)	(3,404,053.83)
(Increase) Decrease in Inventories	221,883.63	(98,168.95)
(Increase) Decrease in Due from Other Agencies	327,648.25	(107,870.36)
(Increase) Decrease in Prepaid Expenses	161,201.53	(395,868.38)
(Increase) Decrease in Loans and Contracts	145,361.74	(205,103.45)
Increase (Decrease) in Payables	651,687.57	(260,576.54)
Increase (Decrease) in Payroll Payable	1,122,555.86	477,857.64
Increase (Decrease) in Compensable Absences -current	(109,374.01)	222,806.74
Increase (Decrease) in Due to Other Agencies	19,452.52	(51,350.82)
Increase (Decrease) in Deferred Income	3,585,871.00	855,561.72
Increase (Decrease) in Other Liabilities	(408,263.37)	343,204.11
Increase (Decrease) in Funds Held for Others	190,360.58	-
Total adjustments	27,625,750.24	23,130,675.28
	\$ (62,350,673.42)	\$(58,911,673.47)

**Non Cash Transactions**

Net Increase (Decrease) in Fair Value of Investments	11,257,590.50	7,524,874.80
Premium Amortization FY 2017	(539,781.93)	
Capitalized Interest FY 2017	(644,409.33)	
Asset disposal Gain/Loss	(199,313.72)	



# Agency 731 - Texas Woman's University

## Note 1: Summary of Significant Accounting Policies

### Entity

Texas Woman's University (TWU) was created in 1901 by an Act of the Twenty-Seventh Legislature of the State of Texas, and the enacting statute laid a strong foundation for a multi-purpose institution of higher education. As a publicly funded institution, TWU's financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for State Agencies and State Colleges and Universities.

Because TWU is a component operating unit of the State Government, the University's financial information is consolidated with other state agencies and institutions in the State's Comprehensive Annual Financial Report (CAFR). The Comptroller of Public Accounts is responsible for preparation of the CAFR, which meets all requirements delineated 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. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Comptroller does not require the annual financial report of TWU or other component units to be in compliance with all requirements of these statements. The financial reports of TWU and other component units will be considered for audit by the State Auditor's Office as part of the audit of the State's CAFR. Therefore, an opinion has not been expressed on the financial statements and related information in this report.

GASB Statement Number 63 amended Statement Number 34, revising the net asset reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The Board asserts that the new requirements introduced with GASB 63 will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.

As part of the preparation of this financial report, consideration was given to the requirements of Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. For Texas Woman's University, the results of this consideration show:

#### Blended Component Units

No component units have been identified which should have been blended into an appropriated fund.

#### Discrete Component Units

No component units have been identified which should have been included in a discrete presentation in the financial report.

### Fund Structure

Texas Woman's University is an Enterprise Fund reported in the State of Texas' Comprehensive Annual Financial Report as a Proprietary Fund Type. Enterprise funds are used to account for any

## **Agency 731 - Texas Woman's University**

### **Note 1: Summary of Significant Accounting Policies**

activity in which a fee is charged to external users for goods or services. Activities must be reported as enterprise funds if any one of the following criteria is met:

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.
2. Laws or regulations require that the activity's costs of providing services including capital costs (such as depreciation or debt service), be recovered with fees and charges.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

#### **Measurement Focus and Basis of Accounting**

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

Texas Woman's University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

The University has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected to not apply FASB pronouncements issued after the applicable date.

#### **Assets, Liabilities, and Net Position**

##### ***ASSETS***

###### Cash and Cash Equivalents

For purposes of the statements of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

###### Restricted Assets

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

###### Inventories

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

# Agency 731 - Texas Woman's University

## Note 1: Summary of Significant Accounting Policies

### Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the acquisition date. Depreciation is charged to operations over the estimated useful life of the asset using the straight-line method.

### Other Receivables

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

## **LIABILITIES**

### Accounts Payable

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

### Employees Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the statement of net assets.

### Bonds Payable-Revenue Bonds

Revenue bonds are reported at par. Payables are reported separately as either current or non-current in the statement of net assets.

## **NET POSITION**

As defined in GASB Statement Number 63, "Net Position" is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

Net assets are divided into three components—invested in capital assets, restricted, and unrestricted.

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

This amount represents the total amount of capital assets, net of accumulated depreciation and net of outstanding balances for bonds and other debt that is attributed to the acquisition, construction, or improvement of those assets.

### Restricted

Restricted net position represents resources that are constrained to a particular purpose, and are presented according to the purposes to which they are limited. Grants, Student Loan Funds and Endowment assets are included in this category. Restricted net position results when constraints placed on net position are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. Generally, when

## **Agency 731 - Texas Woman's University**

### **Note 1: Summary of Significant Accounting Policies**

an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards the restricted resources and then towards the unrestricted resources.

#### Unrestricted

This represents all resources not included in the other components. These resources can be considered usable for any purpose, though they may not be in a spendable form, like cash. Unrestricted net position often has constraints on resources, which are imposed by management but can be removed or modified.

### ***CLASSIFICATION OF REVENUE***

#### Operating Revenues

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most Federal, state and local grants and contracts.

#### Non-operating Revenues

Non-operating revenues include activities that have the characteristics of non-exchange transactions such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9 and GASB No. 34, such as state appropriations and investment income.

### ***Investments***

Texas Woman's University entered into a contract with the Texas A&M University System in March 2016 to manage the University's long-term investments in the Texas A&M Cash Concentration Pool. A second contract with the Texas A&M University System was executed in March 2016 that allows investment of endowment assets in the Texas System Endowment Fund managed by the Texas A&M University System.

Texas Woman's University implemented GASB Statement No. 72, *Fair Value Measurement and Application*, in fiscal year 2016. The Standard defines an investment as a security or other asset that a government holds primarily for the purpose of income or profit. The present service capacity is based solely on the ability of the security or other asset to generate cash or to be sold to generate cash. Fair value is defined as the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date.

The Standard requires fair value to be measured in a manner consistent with one of three approaches, the market approach, the cost approach, or the income approach. The market approach uses prices and relevant market information to measure fair value. The cost approach reflects the amount that would be required to replace the asset and its service capacity. The income approach converts future amounts, such as cash flows, into a single current amount. Texas Woman's University primarily uses the market approach to value investments.

## **Agency 731 - Texas Woman's University**

### **Note 1: Summary of Significant Accounting Policies**

Measuring fair value requires gathering information, or inputs, about the asset or liability being measured. The fair value hierarchy categorizes the inputs used to measure fair value into three levels. Level 1 inputs are quoted prices in active markets for assets or liabilities identical to the ones being measured, Level 2 inputs are observable for similar assets or liabilities, and Level 3 inputs are unobservable inputs.

The notes to the financial statements disclose the input levels used to determine fair value, and also display the deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

### **Note 3 - Deposits, Investments and Repurchase Agreements**

(Additional text added related to GASB 72 and the new fair value hierarchy)

Texas Woman's University implemented GASB Statement No. 72, *Fair Value Measurement and Application*, for fiscal year 2016. Investments have been presented according to the hierarchy of inputs used to measure fair value:

- Level 1 has been assigned to investments for which quoted prices (unadjusted) are available for identical assets in active markets on the measurement date. These assets include equities (common stock, listed ADR's and listed preferred stock), exchange traded mutual funds, exchange traded options, money market funds and U.S. Treasury securities.
- Level 2 has been assigned to investments for which there are inputs, other than quoted prices, that are observable for an asset or liability, either directly or indirectly. These assets include cash equivalents, collateralized mortgage obligations, corporate bonds, mortgage-backed securities, municipal bonds, non-exchange traded options, short-term obligations, U.S. agency securities.
- Level 3 has been assigned to assets to which there are unobservable inputs. Examples of these assets are commingled funds and private equity technology partnerships (discussed below).
- NAV – Texas Woman's University invests in certain private investments and limited partnerships including hedge funds, private equity, venture capital, natural resources, energy, and real estate. The fair value of these investments is based on the investment manager determined NAV as allowed by the standard. The valuations at the date provided by the investment managers have been adjusted by rolling forward to August 31, 2017 to include the following events: capital contributions or distributions since the investment manager valuation date reported to Texas Woman's University, changes in the composition of assets or liabilities reported by the investment manager since the valuation date of the NAV, and fair value changes of assets or liabilities reported since the investment manager valuation date. In the case of hedge funds, Texas Woman's University has adjusted the reported July 31, 2017 NAV by the estimated performance as of August 31, 2017 as reported by the investment manager.

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**Agency 731 – Texas Woman’s University**

**Note 2: Capital Assets**

A summary of changes in Capital Assets for the year ended August 31, 2017 is presented below:			
	<b>PRIMARY GOVERNMENT</b>		
	Balance 9/1/16	Adjustments	Reclassifications Completed CIP
<b>BUSINESS-TYPE ACTIVITIES</b>			
<b>Non-depreciable or Non-amortizable Assets</b>			
Land and Land Improvements	\$ 4,846,666.16	\$ -	\$ 43,921.25
Infrastructure	-	-	-
Construction in Progress	7,284,786.16	-	(11,430,117.63)
Land Use Rights – Permanent	-	-	-
Other Intangible Capital Assets	-	-	-
Other Capital Assets	-	-	-
Total Non-depreciable or Non-amortizable Assets	12,131,452.32	-	(11,386,196.38)
<b>Depreciable Assets</b>			
Buildings and Building Improvements	333,980,365.41	-	11,386,196.38
Infrastructure	12,111,897.82	-	-
Facilities and Other Improvements	6,782,720.38	-	-
Furniture and Equipment	25,881,827.33	-	-
Vehicles, Boats and Aircraft	2,430,532.31	-	-
Other Capital Assets	20,207,556.53	-	-
Total Depreciable Assets at Historical Cost	401,394,899.78	-	11,386,196.38
Less Accumulated Depreciation for:			
Buildings and Building Improvements	(159,244,908.72)	-	-
Infrastructure	(10,907,527.87)	-	-
Facilities and Other Improvements	(6,205,110.35)	-	-
Furniture and Equipment	(17,046,672.79)	-	-
Vehicles, Boats and Aircraft	(1,857,564.36)	-	-
Other Capital Assets	(18,096,419.82)	-	-
Total Accumulated Depreciation	(213,358,203.91)	-	-
Depreciable Assets, Net	188,036,695.87	-	11,386,196.38
<b>Intangible Capital Assets – Amortizable</b>			
Land Use Rights – Term	-	-	-
Computer Software – Intangible	3,500,122.32	-	-
Other Intangible Capital Assets – Term	-	-	-
Total Intangible Assets at Historical Cost	3,500,122.32	-	-
Less Accumulated Amortization for:			
Land Use Rights – Term	-	-	-
Computer Software – Intangible	(2,924,666.48)	-	-
Other Intangible Capital Assets – Term	-	-	-
Total Accumulated Amortization	(2,924,666.48)	-	-
Amortizable Assets, Net	575,455.84	-	-
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 200,743,604.03</b>	<b>\$ -</b>	<b>\$ -</b>

**Agency 731 – Texas Woman’s University**

**Note 2: Capital Assets**

Reclassifications Inc-Int'agy Trans	Reclassifications Dec-Int'agy Trans	Additions	Deletions	Balance 8/31/17
\$ -	\$ -	\$ 112,450.89	\$ (15,000.00)	\$ 4,988,038.30
-	-	-	-	-
-	-	10,611,638.83	-	6,466,307.36
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	10,724,089.72	(15,000.00)	11,454,345.66
-	-	-	-	345,366,561.79
-	-	-	-	12,111,897.82
-	-	-	-	6,782,720.38
-	-	1,960,941.30	(1,748,651.55)	26,094,117.08
-	-	128,150.00	(138,750.98)	2,419,931.33
-	-	150,032.07	(292,152.73)	20,065,435.87
-	-	2,239,123.37	(2,179,555.26)	412,840,664.27
-	-	(11,508,213.27)	-	(170,753,121.99)
-	-	(77,921.50)	-	(10,985,449.37)
-	-	(146,489.78)	-	(6,351,600.13)
-	-	(2,109,777.59)	1,575,290.83	(17,581,159.55)
-	-	(153,293.95)	127,797.98	(1,883,060.33)
-	-	(346,841.73)	292,152.73	(18,151,108.82)
-	-	(14,342,537.82)	1,995,241.54	(225,705,500.19)
-	-	(12,103,414.45)	(184,313.72)	187,135,164.08
-	-	-	-	-
-	-	258,206.20	-	3,758,328.52
-	-	-	-	-
-	-	258,206.20	-	3,758,328.52
-	-	-	-	-
-	-	(265,801.23)	-	(3,190,467.71)
-	-	-	-	-
-	-	(265,801.23)	-	(3,190,467.71)
-	-	(7,595.03)	-	567,860.81
\$ -	\$ -	\$ (1,386,919.76)	\$ (199,313.72)	\$ 199,157,370.55



**Agency 731 – Texas Woman’s University**  
**Note 3 Deposits, Investments, & Repurchase Agreements - Unaudited**

<b>NOTE 3: Deposits, Investments, &amp; Repurchase Agreements</b>
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**Deposits of Cash in Bank**

As of August 31, 2017, the carrying amount of deposits was \$30,448,226.91 as presented below.

<b>Governmental and Business-Type Activities</b>	
CASH IN BANK – CARRYING VALUE	30,448,226.91
Less: Certificates of Deposit included in carrying value and reported as Cash Equivalent	
Less: Uninvested Securities Lending Cash Collateral included in carrying value and reported as Securities Lending Collateral	
Less: Securities Lending CD Collateral included in carrying value and reported as Securities Lending Collateral	
Cash In Bank per AFR	30,448,226.91
Governmental Funds Current Assets Cash in Bank	
Governmental Funds Current Assets Restricted Cash in Bank	
Governmental Funds Non-Current Assets Restricted Cash in Bank	
Proprietary Funds Current Assets Cash in Bank	5,566,875.03
Proprietary Funds Current Assets Restricted Cash in Bank	24,881,351.65
Proprietary Funds Non-Current Restricted Cash in Bank	
Cash in Bank per AFR	30,448,226.91

As of August 31, 2017, the total bank balance was as follows:

Governmental and Business-Type Activities	9,455,773.48
-------------------------------------------	--------------

The bank balances that were exposed to custodial credit risks are:

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 state’s name
05	9999	0.00	0.00	0.00

Texas Woman’s University has a depository contract with BBVA Compass Bank of Birmingham, AL. Compass holds letters of credit with the Federal Home Loan Bank of Atlanta providing collateral for University deposits. At August 31, 2017 there were letters of credit totaling \$54,000,000.

## Agency 731 – Texas Woman’s University

### Note 3 Deposits, Investments, & Repurchase Agreements - Unaudited

#### Investments

As of August 31, 2017, the fair value of the university’s investments is presented below:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Costs	NAV	Fair Value as of August 31, 2017
U.S. Treasury Securities	\$11,594,561.48					\$11,594,561.48
U.S. Strips						
U.S. Treasury TIPS	887,136.71					887,136.71
U.S. Government Agency Obligations		5,339,139.74				5,339,139.74
Corporate Obligations		17,235,150.90				17,235,150.90
Corporate Asset and Mortgage Backed Securities		7,312,716.12				7,312,716.12
Equity (Domestic)	28,520,464.84					28,520,464.84
International Obligations (Govt and Corp)		6,307,894.74				6,307,894.74
International Equity	22,570,862.39					22,570,862.39
Repurchase Agreements (Texas Treasury Safekeeping Trust Co)						
Fixed Income Money Market and Bond Mutual Funds				3,851,360.01	20,467,117.26	24,318,477.27
Mutual Funds US Equity (registered with SEC)						
Mutual Funds International Equity (registered with SEC)	21,026,787.19					21,026,787.19
Other Commingled Funds - Equity			423,546.18			423,546.18
Other Commingled Funds – Fixed Income	1,021,521.06		1,483,268.92		102,358,365.67	104,863,155.65
International Other Commingled Funds – Equity						
Other Commingled Funds (TexPool)					70,075,097.74	70,075,097.74
Commercial Paper						
Real Estate						
Derivatives		3,288.13				3,288.13
Miscellaneous					37,921,369.73	37,921,369.73
Cash in State Treasury					8,228,198.31	8,228,198.31
<b>Total Investments</b>	<b>\$85,621,333.67</b>	<b>\$36,240,528.02</b>	<b>\$1,906,815.10</b>	<b>\$3,851,360.01</b>	<b>\$239,050,148.71</b>	<b>\$366,671,185.51</b>

## Agency 731 – Texas Woman’s University

### Note 3 Deposits, Investments, & Repurchase Agreements - Unaudited

#### Investments

As of August 31, 2017, the fair value of investments managed by A&M University System were:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Costs	NAV	Total
U.S. Treasury Securities	\$11,594,561.48					\$11,594,561.48
U.S. Strips						
U.S. Treasury TIPS	887,136.71					887,136.71
U.S. Government Agency Obligations		5,339,139.74				5,339,139.74
Corporate Obligations		17,235,150.90				17,235,150.90
Corporate Asset and Mortgage Backed Securities		7,312,716.12				7,312,716.12
Equity (Domestic)	28,520,464.84					28,520,464.84
International Obligations (Govt and Corp)		6,307,894.74				6,307,894.74
International Equity	22,570,862.39					22,570,862.39
Repurchase Agreements (Texas Treasury Safekeeping Trust Co)						
Fixed Income Money Market and Bond Mutual Funds				3,851,360.01		3,851,360.01
Mutual Funds US Equity (registered with SEC)						
Mutual Funds International Equity (registered with SEC)	21,026,787.19					21,026,787.19
Other Commingled Funds - Equity			423,546.18			423,546.18
Other Commingled Funds – Fixed Income	1,021,521.06		1,483,268.92			2,504,789.98
International Other Commingled Funds – Equity						
Commercial Paper						
Real Estate						
Derivatives		3,288.13				3,288.13
Alternatives Instruments						
Hedge Funds Domestic					16,680,359.05	16,680,359.05
Hedge Funds International					16,566,547.85	16,566,547.85
Limited Partnerships – Private Equity					1,886,340.94	1,886,340.94
Limited Partnerships – International Private Equity					1,186,776.48	1,186,776.48
Limited Partnerships – Real Estate					354,424.86	354,424.86
Limited Natural Partnerships – International Real Estate					28,548.90	28,548.90
Limited Partnerships – Natural Resources					1,147,850.57	1,147,850.57
Limited Partnerships – International Natural Resources					81,546.92	81,546.92
Political Subdivisions					42,338.39	42,338.39
<b>Total Investments</b>	<b>\$85,621,333.67</b>	<b>\$36,240,528.02</b>	<b>\$1,906,815.10</b>	<b>\$3,851,360.01</b>	<b>\$37,932,395.57</b>	<b>\$165,552,432.37</b>

**Agency 731 – Texas Woman’s University**  
**Note 3 Deposits, Investments, & Repurchase Agreements - Unaudited**

**Cash and Accruals**

Foreign Currency Presented as Cash	\$8,731.38
Cash	12.60
Receivables	
Interest/Dividends Receivable	407,688.31
Foreign Currency Fluctuations – Receivable	1,929.96
FFX Contract Receivables	637,839.68
Pending Sale	2,132,704.58
Other Receivables	
Payables	
Payable for Manager Fee	(72,586.52)
Payable for 4 <sup>th</sup> quarter SEF distribution	(174,089.72)
Foreign Currency Fluctuations – Payable	17.60
FFX Contract Payable	(637,839.68)
Pending Purchase	(2,314,370.47)
Other Payables	(1,070.84)
Rounding due to allocation	7.28
Total Cash and Accruals	(11,025.84)
Investments (detailed above by Investment Type)	\$165,552,432.38
Net Asset Value	\$165,541,406.54

## Agency 731 – Texas Woman’s University

### Note 3 Deposits, Investments, & Repurchase Agreements - Unaudited

This table below reflects the notification and liquidity parameters applicable to The Texas A&M University System Cash Concentration Pool (CCP) and System Endowment Fund (SEF). Texas Woman’s University (TWU) has elected to invest in both the CCP and the SEF. By agreement, TWU may withdrawal funds from the Cash Concentration Pool on the first day of each month with notice of at least one day. In the event of full liquidation, TWU may withdraw 33% with 30 days notice, 50% of remaining assets with 60 days notice and 100% of the remaining assets with 90 days notice. All withdraws are effective on the first day of the following month. Investments in the System Endowment Fund are not subject to withdrawal except in the event of termination of the agreement and full liquidation. The liquidation schedule for the System Endowment Fund is 33% of the assets with notice of 90 days from the end of the current fiscal quarter, 50% of the remaining assets at the end of the second quarter after notice and 100% of the remaining asset at the end of the third quarter after notice.

Investments Reported at NAV	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Hedge Funds Domestic	\$16,680,359.05	Monthly	Semi-Annually	65 Days	1.75 years	N/A
Hedge Funds International	16,566,547.85	Monthly	Semi-Annually	65 Days	1.75 years	N/A
Limited Partnerships-Private Equity	1,886,340.94	N/A	N/A	N/A	N/A	1,386,186.00
Limited Partnerships – International Private Equity	1,186,776.48	N/A	N/A	N/A	N/A	1,543,077.00
Limited Partnerships– Real Estate	354,424.86	N/A	N/A	N/A	N/A	860,245.00
Limited Natural Partnerships– International Real Estate	28,548.90	N/A	N/A	N/A	N/A	18,591.00
Limited Partnerships- Natural Resources	1,147,850.57	N/A	N/A	N/A	N/A	897,126.00
Limited Partnerships – International Natural Resources	81,546.92	N/A	N/A	N/A	N/A	13,090.00
	\$37,932,395.57					

## Agency 731 – Texas Woman’s University

### Note 3 Deposits, Investments, & Repurchase Agreements - Unaudited

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of August 31, 2017, the university’s credit quality distribution for securities with credit risk exposure was as follows:

Standard & Poor’s										
Fund Type	GAAP Fund	Investment Type	AAA	AA	A	BBB	BB	B	CCC	Unrated
05	9999	U.S. Government Agency Obligations		4,905,229.84						433,909.90
		Corporate Obligations	493,621.27	1,537,936.01	2,193,503.69	10,161,249.32	1,584,751.11	893,723.79		370,365.71
		Corporate Asset and Mortgage Backed Securities	1,140,051.91	869,791.11	915,320.11	1,386,089.04			159,843.28	2,841,620.67
		International Obligations	458,628.66	1,040,989.31	1,223,698.57	2,485,066.66	398,898.77	31,961.36		668,651.41
		Fixed Income Money Market and Bond Mutual Fund	3,851,360.01							
		Other Commingled Funds-Fix Income								2,504,789.98
		Miscellaneous (municipals and CDs)								42,338.39

#### Custodial credit risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the university will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The university’s investment policy limits holding of securities by counterparties to those involved with securities lending. As of August 31, 2017, the university’s investments were exposed to custodial credit risks as follows:

Fund Type	Type	Uninsured and unregistered with securities held by the counterparty	Uninsured and unregistered with securities held by the counterparty’s trust department or agent but not in the state’s name
05	Repurchase Agreement		
05	Equity		

**Agency 731 – Texas Woman’s University**  
**Note 3 Deposits, Investments, & Repurchase Agreements - Unaudited**

		<b>Investments Exposed to Foreign Currency Risk</b>						
<b>Fund Type</b>	<b>GAAP Fund</b>	<b>Foreign Currency</b>	<b>International Obligation (Govt &amp; Corp &amp; MF)</b>	<b>International Equity</b>	<b>International Equity Mutual Funds</b>	<b>International Hedge Funds</b>	<b>International Other Private Equity</b>	<b>International Other Real Estate Funds</b>
05	9999	U. S. Dollar Denominated Foreign Securities	5,782,033.42	8,354,957.57	21,026,787.19	16,566,547.85	81,546.92	28,548.90
05	9999	Australian Dollar		363,839.43				
05	9999	Brazil Real		423,487.02				
05	9999	British Pound Sterling	36,844.56	2,733,618.90				
05	9999	Canadian Dollar		994,212.14				
05	9999	Danish Krone		349,496.88				
05	9999	Euro Currency Unit	6,409.38	3,588,085.42			209,256.44	
05	9999	Hong Kong Dollar		425,327.00				
05	9999	Japanese Yen		2,425,719.69				
05	9999	New Taiwan Dollar		201,170.04				
05	9999	New Zealand	482,607.38					
05	9999	Singapore Dollar		128,229.86				
05	9999	South Korean Won		198,791.39				
05	9999	Swedish Krona		288,327.83				
05	9999	Swiss Franc		1,729,407.23				
05	9999	Thailand Baht		276,525.65				
05	9999	New Turkish Lira		89,666.34				
		<b>Total</b>	<b>\$6,307,894.74</b>	<b>\$22,570,862.39</b>	<b>\$21,026,787.19</b>	<b>\$16,566,547.85</b>	<b>\$1,186,776.48</b>	<b>\$28,548.90</b>

**Interest Rate Risk**

<b>Investments Exposed to Interest Rate Risk</b>		
<b>Investment Types</b>	<b>Effective Duration</b>	<b>Unaccrued Market Value System Total</b>
U. S. Treasury Securities	4.548	11,594,561.48
U. S. Treasury TIPS	3.409	887,136.71
U. S. Government Agency Obligations	2.035	5,339,139.74
Agencies and Other U.S. Government Obligations		
CMO Government Agencies		
U. S. Government Mortgages		
Corporate Obligations	5.957	17,235,150.90
Corporate and Other Credit		
Corporate Asset and Mortgage Backed Securities	3.565	7,312,716.12
CMBS and CMO Corporate		
Asset Backed Securities		
International Obligations	4.685	6,307,894.74
Other Commingled Funds – Fixed Income	1.834	2,504,789.98
Miscellaneous		
Political subdivision	1.772	42,338.39
Bank Loans		
<b>Total Fair Value</b>		<b>\$51,223,728.06</b>

**Agency 731 – Texas Woman’s University**  
**Note 3 Deposits, Investments, & Repurchase Agreements - Unaudited**

**Derivative Investing**

Texas Woman’s University invests funds in The Texas A&M University System’s (A&M System) investment pool, which includes investment derivatives in 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 A&M System’s financial statement note disclosures.

The table below summarized the university’s share of the pending foreign exchange contracts as of August 31, 2017.

Currency	Sell	Buy	Unrealized Gain on Foreign Exchange Contract	Unrealized Loss on Foreign Exchange Contract
British Pound Sterling	59,343.91		62.30	54.95
Canadian Dollar	25,284.31		98.01	
Euro	17,223.59	36,544.83	10.19	124.23
New Zealand	475,338.51		3,269.76	
Swiss Franc	24,104.55		29.26	2.21
	601,294.87	36,544.83	3,469.52	181.39

The foreign exchange contract exposure to counterparty risk as of August 31, 2017 is presented below:

	Assets	Liabilities	
Notional Amount	Fair Value as of August 31, 2017	Fair Value as of August 31, 2017	S&P Counterparty Rating
475,338.51	3,269.76		A+
44,648.63	153.92	2.21	A+
68,458.33	29.26	129.36	A-
2,112.28	6.39		A+
47,281.95	10.19	49.82	A
637,839.70	3,469.52	181.39	



**Agency 731 – Texas Woman’s University**  
**Note 4: Short-Term Debt**

The University has no short-term debt.

## Agency 731 – Texas Woman’s University

### Note 5: Summary of Long-Term Liabilities

#### Changes in Long Term Liabilities

During the year ended August 31, 2017, the following changes occurred in liabilities.

	Balance 9/1/2016	Additions	Reductions	Adjustment	Balance 8/31/2017	Amounts Due Within One Year	Amounts Due Thereafter
Revenue Bonds Payable	85,084,171.02	83,155,000.00	8,460,000.00	9,037,200.51	168,816,371.53	10,422,486.61	158,393,884.92
Capital Lease Obligations	420,878.32	-	276,797.30		144,081.02	144,081.02	-
Compensable Leave	3,845,037.82	3,264,450.28	3,373,824.29		3,735,663.81	2,340,032.36	1,395,631.45
<b>Totals</b>	<b>89,350,087.16</b>	<b>86,419,450.28</b>	<b>12,110,621.59</b>	<b>9,037,200.51</b>	<b>172,696,116.36</b>	<b>12,906,599.99</b>	<b>159,789,516.37</b>

#### Employees’ Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee’s resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months.

Full-time state employees earn annual leave from eight to twenty-one hours per month depending on the respective employees’ years of state employment. The State’s policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 532 for those employees with 35 or more years of state service. Employees with at least six months of state service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The University recognizes the accrued liability for the unpaid annual leave. For the year ended August 31, 2017, the accrued liability totaled \$3,735,663.81.

The University made lump sum payments totaling \$492,163.78 for accrued vacation (and/or compensatory time) to employees who separated from state service during fiscal year ending August 31, 2017.

Sick leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid only when an employee is off due to illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid an employee’s estate is one-half of the employee’s accumulated entitlement or 336 hours, whichever is less. The University’s policy is to recognize the cost of sick leave when paid and the liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

# Agency 731 – Texas Woman’s University

## Note 6: Bonded Indebtedness

### Bonds Payable

Detailed supplemental bond information is disclosed in Schedule 2-A Miscellaneous Bond Information, Schedule 2-B Changes in Bond Indebtedness, Schedule 2-C Summary of Debt Service Requirements, and Schedule 2-D Analysis of Funds Available for Debt Service.

Texas Woman’s University Revenue Financing System issued bonds in FY 2017.

General information related to each series of bonds is summarized below:

#### Revenue Financing System Bonds, Series 2008

- To provide funds for acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University and paying certain costs of issuing the Bonds.
- Issued 7-15-08.
- \$21,670,000; all bonds have been issued.
- Source of revenue for debt service – Pledged revenues including a General Revenue Appropriation.

#### Revenue Financing System Bonds, Series 2009

- To provide funds for acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University, specifically, without limitations, to pay costs of constructing and equipping a new Institute for Health Sciences – Dallas Center on land leased by the University in the City of Dallas, Texas, and paying certain costs of issuing the Bonds.
- Issued 1-15-09.
- \$20,400,000; all bonds have been issued.
- Source of revenue for debt service – Pledged revenues.

#### Revenue Financing System Bonds, Series 2009A

- To provide funds for acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University, specifically, without limitation, to pay costs of constructing and equipping a new fitness and recreation center on the Denton campus, and paying certain costs of issuing the Bonds.
- Issued 12-01-09.
- \$14,980,000; all bonds have been issued.
- Source of revenue for debt service – Pledged revenues.

#### Revenue Financing System Refunding Bonds, Series 2012

- To provide funds for refunding certain outstanding obligations of the Board to realize a net present value debt service savings and to pay costs of issuance of the Bonds.
- Issued 06-05-12.
- \$17,915,000; all bonds have been issued.
- Source of revenue for debt service – Pledged revenues including a General Revenue Appropriation.

#### Revenue Financing System Refunding Bonds, Series 2014

- To provide funds for refunding certain outstanding obligations of the Board (Series 2004) to realize a net present value debt service savings and to pay costs of issuance of the Bonds.
- Issued 04-15-14.
- \$12,370,000; all bonds have been issued.

# Agency 731 – Texas Woman’s University

## Note 6: Bonded Indebtedness

- Source of revenue for debt service – Pledged revenues including General Revenue Appropriation.

### Revenue Financing System Bonds, Series 2016

- To provide funds for acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University, specifically, without limitation, to pay costs of constructing and equipping a new fitness and recreation center on the Denton campus, and (ii) paying certain costs of issuing the Bonds.
- Issued 08-23-16.
- \$19,160,000; all bonds have been issued.
- Source of revenue for debt service – Pledged revenues.

### Revenue Financing System Bonds, Series 2017 A&B

To provide funds for acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University, specifically, without limitation, to pay costs of constructing and equipping a new fitness and recreation center on the Denton campus, and (ii) paying certain costs of issuing the Bonds.

- Issued 05-25-17.
- \$92,731,982; all bonds have been issued.
- Source of revenue for debt service – Pledged revenues including General Revenue Appropriation.

### Revenue Pledged for Debt Service

<b>Pledged Future Revenues</b>	
Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	220,929,875.70
Term of Commitment Year Ending 08/31	2037
Percentage of Revenue Pledged	100%
Current Year Pledged Revenue	291,403,379.85
Current Year Principal and Interest Paid	12,237,860.89

**Agency 731 – Texas Woman’s University**  
**Note 7: Derivative Instruments**

A derivative security is a financial instrument which derives its value from another security, currency, commodity or index. Investment derivatives are entered into with the intention of managing transaction or currency exchange risk in purchasing, selling or holding investments. These include futures contracts and forward contracts. The following disclosure summarizes Texas Woman’s University’s activity as reported in the financial statements.

**Derivative Investing**

Texas Woman's University invests funds in The Texas A&M University System's (A&M System) 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 A&M System's financial statement note disclosures.

The table below summarizes Texas Woman's University’s share of the pending foreign exchange contracts as of August 31, 2017.

<b>Foreign Exchange Contracts</b>				
<b>Currency</b>	<b>Sell</b>	<b>Buy</b>	<b>Unrealized Gain on Foreign Exchange Contract</b>	<b>Unrealized loss on Foreign Exchange Contract</b>
British Pound Sterling	59,343.91		62.30	54.95
Canadian Dollar	25,284.31		98.01	
Euro	17,223.59	36,544.83	10.19	124.23
New Zealand	475,338.51		3,269.76	
Swiss Franc	24,104.55		29.26	2.21
	601,294.87	36,544.83	3,469.52	181.39

**Agency 731 – Texas Woman’s University**  
**Note 7: Derivative Instruments**

<b>Foreign Exchange Contract Exposure to Counterparty Risk</b>			
	Assets	Liabilities	
Notional Amount	Fair Value as of August 31, 2017	Fair Value as of August 31, 2017	S&P Counterparty Rating
475,338.51	3,269.76		A+
44,648.63	153.92	2.21	A+
68,458.33	29.26	129.36	A-
2,112.28	6.39		A+
47,281.95	10.19	49.82	A
637,839.70	3,469.52	181.39	

**Summary of Investment Derivative Activity**

	Changes in Fair Value		Fair Value as of 8/31/2017		Notional Amount
	Classification	Amount	Classification	Amount	
<b>Investment Derivatives</b>					
FX Contracts	Investment Income	3,288.13	Investment	3,288.13	637,839.70

**Agency 731 – Texas Woman’s University**  
**Note 8: Capital Leases**

The Agency has entered into long-term leases for financing the purchase of certain fixed assets. Such leases are classified as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments at the inception of the lease. The following is a summary of original capitalized costs of all such property under lease as well as the accumulated depreciation as of August 31, 2017:

<b>Assets Under Capital Leases</b>	<b>Business-Type Activities</b>
Building Improvements	2,809,509.96
Less: Accumulated Depreciation	1,819,796.03
<b>Total</b>	<b>989,713.93</b>

<b>Future Minimum Lease Payments</b>	<b>Business-Type Activities</b>		
	Principal	Interest	Total
2018	144,081.02	3,926.23	148,007.25
2019	0.00	0.00	0.00
2020-2025	0.00	0.00	0.00
<b>Total Minimum Lease Payments</b>	<b>144,081.02</b>	<b>3,926.23</b>	<b>148,007.25</b>

**Operating Leases**

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

<b>Year Ended August 31, 2017</b>	
2018	327,387.46
2019	309,240.03
2020	242,837.14
2021	196,202.22
2022	190,633.55
2023-2027	61,605.25
<b>Total Minimum Future Lease Rental Payments</b>	<b>1,327,905.65</b>

<b>FY 17 Lease Cost by Fund Type</b>	
Education and General	2,672.52
Designated	237,885.46
Auxiliaries	75,335.49
Restricted	2,969.12
Current Restricted	4,048.20
<b>Total Lease Payment FY 17</b>	<b>322,910.79</b>

## **Agency 731 – Texas Woman’s University**

### **Note 9: Pension Plans and Optional Retirement Program**

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

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

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

### **TRS plan**

Teacher Retirement System is the administrator of the TRS plan, a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation.

The employers of the TRS plan include the state of Texas, TRS, the state’s public schools, education service centers, charter schools, and community and junior colleges. All employees of public, state-supported education institutions in Texas who are employed for one-half or more of the standard workload and not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system. Employees of TRS and state of Texas colleges, universities and medical schools are members of the TRS plan.

The TRS Plan provides retirement, disability annuities and death and survivor benefits. The benefit and contribution provisions of the TRS Plan are authorized by state law and may be amended by the Legislature. The pension benefit formulas are based on members’ average annual compensation and years of service credit. The standard annuity is 2.3 percent of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered members who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic cost of living adjustments (COLAs).

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

Teacher Retirement System of Texas

1000 Red River Street

Austin, Texas 78701-2698



**Agency 731 – Texas Woman’s University**  
**Note 9: Pension Plans and Optional Retirement Program**

During the measurement period of 2016 for fiscal 2017 reporting, the amount of Sample Agency’s contributions recognized by the plan was \$2,301,224. The contribution rates are based on a percentage of the monthly gross compensation for each member. The contribution requirements for the state and the members in the measurement period are presented in the table below:

**Required Contribution Rates**

	<u>TRS Plan</u>
Contribution Rates	
Employer	6.8%
Employees	7.2%

The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2016 measurement date.

**Actuarial Methods and Assumptions**

	<u>TRS Plan</u>
Actuarial Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Actuarial Assumptions:	
Discount Rate	8.0%
Investment Rate of Return	8.0%
Inflation	2.50%
Salary Increase	3.50% to 9.50% including inflation
Mortality	
Active	90% of the RP 2014 Employee Mortality Tables for males and females.
Post-Retirement	2015 TRS Healthy Pensioner Mortality Tables
Ad Hoc Post-Employment Benefit Changes	None

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

## Agency 731 – Texas Woman’s University

### Note 9: Pension Plans and Optional Retirement Program

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

The discount rate of 8% was applied to measure the total pension liability. There has been no change in the discount rate since the prior measurement period. The projected cash flows into and out of the pension plan assumed that members, employers, and non-employer contributing entity make their contributions at the statutorily required rates. Under this assumption, the pension plan’s fiduciary net position is projected to be sufficient to make all future pension benefit payments of current plan members. Therefore, the 8% long-term expected rate of return on pension plan investments was used as the discount rate without incorporating the municipal bond rate.

The long-term expected rate of return on plan investments was developed using a building-block method with assumptions including asset class of investment portfolio, target allocation, real rate of return on investments, and inflation factor. Under this method, best estimate ranges of expected future real rates of return (net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class for the plan’s investment portfolio are presented below:

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

**Agency 731 – Texas Woman’s University**  
**Note 9: Pension Plans and Optional Retirement Program**

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

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

<b>1% Decrease (7%)</b>	<b>Current Discount Rate (8%)</b>	<b>1% Increase (9%)</b>
\$ 58,483,888,620	\$ 37,788,513,014	\$ 20,234,650,980

The pension plan’s fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by TRS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Fair value is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach. More detailed information on the plan’s investment policy, assets, and fiduciary net position, may be obtained from TRS’ fiscal 2016 CAFR.

At August 31, 2017, Texas Woman’s University reported a liability of \$27,315,171 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of August 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Texas Woman’s University proportion at August 31, 2017 was 0.0722843247 percent which was an increase from the 0.0647084000 percent measured at the prior measurement date. Texas Woman’s University proportion of the collective net pension liability was based on its contributions to the pension plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period September 1, 2016 through August 31, 2017.

For the year ending August 31, 2017, Texas Woman’s University recognized pension expense of \$3,181,118. At August 31, 2017, Texas Woman’s University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	428,297	815,615
Changes of assumptions	832,517	757,140
Net difference between projected and actual investment return	2,312,993	0
Change in proportion and contribution difference	1,768,742	2,140,212
Contributions subsequent to the measurement date	2,561,735	0
Total	7,904,284	3,712,967

**Agency 731 – Texas Woman’s University**  
**Note 9: Pension Plans and Optional Retirement Program**

The \$7,904,284 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending August 31, 2018.

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

Year ended August 31:

2018	84,231
2019	84,231
2020	1,559,570
2021	(29,109)
2022	(336,819)
Thereafter	267,478

**Optional Retirement Program**

The State has also established an optional retirement program (ORP) for institutions of higher education. For eligible individuals, participation in the ORP is elective in lieu of participation in the TRS. The ORP provides for the purchase of mutual fund and annuity contracts. The contributory percentages on salaries for participants entering the program prior to September 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’s appropriation and 1.9% from other funding sources. The 6.6% contribution is mandatory with the 1.9% state contribution being at the discretion of the board. TWU’s Board of Regents has approved the additional contributions for employees of the University. 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 contracts, the State has no additional or unfunded liability for this program.

The contributions made by plan members and employers for the fiscal year ended 08/31/17 are:

	<b>Year ended Aug. 31, 2017</b>
Member Contributions	\$ 1,616,594.75
Employer Contributions	\$ 1,759,453.83
Total	\$ 3,376,048.58

**Agency 731 – Texas Woman’s University**  
**Note 10: Deferred Compensation**

The state of Texas offers a deferred compensation plan to all state employees. This plan is in accordance with Internal Revenue Code Section 457 and permits employees to defer a portion of their salary until future years. The deferred compensation funds are not available to employees until distribution due to termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are held in trust by the Employees Retirement System (ERS) Board of Trustees for the exclusive benefit of participants and their beneficiaries and may not be used for, or diverted to, any other expense, except to defray the reasonable expenses of administering the plan.

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

## Agency 731 – Texas Woman’s University

### Note 12 Interfund Activity and Transactions

Texas Woman’s 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.

Individual balances and activity at August 31, 2017, follows:

Interfund Receivables and Payables - Current			
Current Portion	Interfund Receivable	Interfund Payable	Purpose
Not Applicable	-	-	

Interfund Receivables and Payables - Non-Current			
Non-Current Portion	Interfund Receivable	Interfund Payable	Purpose
Not Applicable			

	Legislative Transfer In	Legislative Transfer Out
GENERAL (01)		
Appd Fund 0001, D23 Fund 0001		
(Agency 403, D23 Fund 0001)	172,236.00	
(Agency 781, D23 Fund 0001)	2,938,905.00	
<b>Total Legislative Transfers</b>	<b>3,111,141.00</b>	<b>-0-</b>

	Due From Other Agencies	Due To Other Agencies	Source
PROPRIETARY (02)			
Appd Fund 0001, D23 Fund 0001			
(Agency 781, D23 Fund 0001)		591,938.76	State P-T
Appd Fund 0210, D23 Fund 0210			
(Agency 902, D23 Fund 0210)			Transfer
Appd Fund 0253, D23 Fund 0253			
(Agency 781, D23 Fund 0001)			Transfer
Appd Fund 9999, D23 Fund 7999			
(Agency 405, D23 Fund 3984)		1,269.83	Federal P-T
(Agency 530, D23 Fund 0001)			Federal P-T
(Agency 720, D23 Fund 7999)			State P-T

**Agency 731 – Texas Woman’s University**  
**Note 12 Interfund Activity and Transactions**

	<b>Due From Other Agencies</b>	<b>Due To Other Agencies</b>	<b>Source</b>
(Agency 723, D23 Fund 7999)	24,433.51		Federal P-T
(Agency 744, D23 Fund 7999)	22,339.51		Federal P-T
(Agency 752, D23 Fund 7999)	215.99		Federal P-T
(Agency 752, D23 Fund 7999)	1,117.07		State P-T
(Agency 781, D23 Fund 0001)			State P-T
(Agency 781, D23 Fund 0001)		171,087.11	State P-T
(Agency 781, D23 Fund 0824)			State P-T
(Agency 781, D23 Fund 0825)	36,051.38		State P-T
<b>Total Due From/To Other Agencies</b>	<b>84,157.46</b>	<b>764,295.70</b>	

	<b>Transfer In</b>	<b>Transfer Out</b>	<b>Purpose (Disclosure Required)</b>
PROPRIETARY (02)			
Appd Fund 0001, D23 Fund 0001			
(Agency 347, D23 Fund 0507)		576,622.86	(Intrafund Transfer)
(Agency 347, D23 Fund 0735)		4,843.37	(Intrafund Transfer)
(Agency 781, D23 Fund 5103)			(Intrafund Transfer)
Appd Fund 0210, D23 Fund 0210			
(Agency 902, D23 Fund 0210)	99,443.00		(Intrafund Transfer)
Appd Fund 0253, D23 Fund 0253			
(Agency 781, D23 Fund 0001)		16,608.61	(Intrafund Transfer)
(Agency 781, D23 Fund 0001)			(Intrafund Transfer)
Appd Fund 9999, D23 Fund 7999			
(Agency 347, D23 Fund 0507)			(Intrafund Transfer)
(Agency 347, D23 Fund 0735)			(Intrafund Transfer)
<b>Total Transfers</b>	<b>99,443.00</b>	<b>598,074.84</b>	

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

**Agency 731 – Texas Woman’s University**  
**Note 14: Adjustments to Fund Balances and Net Position**

During FY 2017, the following adjustments were made which required the restatement of the amounts in fund balances and fund equity as shown and discussed below:

<b>Fund Balance/Equity September 1, 2016</b>	<b>\$390,609,756.78</b>
Adjust Loan Balances and Funds Held for Others	47,288.81
<b>Fund Balance/Equity September 1, 2016, As Restated</b>	<b>\$390,657,045.59</b>



**Agency 731 – Texas Woman’s University**  
**Note 15: Contingencies and Commitments**

At August 31, 2017, there were no material pending lawsuits or claims involving Texas Woman’s University. Any claims incurred but not asserted against the University cannot be reasonably estimated at this time, and any such liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the University.

The University has received several grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowances if any, will be immaterial.

The University has no investment commitments.

**Agency 731 – Texas Woman’s University**  
**Note 16: Subsequent Events**

Texas Woman’s University has agreed to sell bonds under the terms of a purchase agreement that will be delivered in 2018. Bonds Series 2008 and 2009 will be refunded and paid off in 2018.

**Agency 731 – Texas Woman’s University**  
**Note 17: Risk Management**

The state utilizes an allocation program that funds both workers' compensation benefits and risk management costs through annual assessments that participating agencies pay to the State Office of Risk Management (SORM).

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 using pledged Auxiliary Enterprise or other non-Educational and General Funds. The insurance protects the bondholders from a disruption to the revenue stream that is being utilized to make the bond interest and principal payments. This coverage is also purchased for buildings that are not financed with bonds. The university participates in the State Property Insurance Program through SORM. The total limit of liability for property insurances is \$1,000,000,000 and was brokered through Arthur J. Gallagher.

The University carries a Commercial General Liability Policy through Travelers Insurance Company which provides insurance protection to pay for third-party bodily injury or property damages. The policy provides coverage for liability arising from personal injury and advertising injury. The general total limit of coverage is \$1,000,000 for each occurrence and \$2,000,000 general aggregate which provides coverage for which the university is liable under the Texas Tort Claims Act.

Texas Woman's University has chosen to carry liability insurance on its licensed vehicles and collision and comprehensive coverage for some of its higher value and higher risk vehicles in the amount of \$1,000,000 combined single limit with \$250,000 per person in bodily injury coverage and \$100,000 for property coverage. This coverage is provided by Liberty Mutual Fire Insurance Company and the University carries the same coverage for non-owned vehicles.

A Medical Professional Liability Policy is carried to cover medical professionals of the University, employees of the Student Health Services Clinic, the University Family Counseling Clinic, the University Dental Hygiene Clinic, the Speech and Hearing Clinic, the TWU Counseling Center, the Stroke Center, the Fitness & Recreation Center, the Dysphagia Clinic, and the Exercise & Sports Nutrition Clinic. This policy also covers students while acting within their official capacity. The policy is insured by Allied World Insurance and has a \$1,000,000 limit for each occurrence and a \$3,000,000 aggregate limit.

The University purchased Legal Liability coverage for its Directors and Officers from the United Educators Insurance Risk Retention Group, Inc., with an aggregate limit of liability of \$5,000,000. In addition, the University carries crime coverage through Travelers Insurance as follows:

\$1,000,000	Employee Dishonesty
\$1,000,000	Forgery and Alteration
\$1,000,000	Computer Fraud
\$1,000,000	Funds Transfer Fraud

**Agency 731 – Texas Woman’s University**  
**Note 18: Management’s Discussion and Analysis**

This note is not used by Texas Woman’s University. Texas Woman’s University Management’s Discussion and Analysis is included as a separate section of the report.

**Agency 731 – Texas Woman’s University**  
**Note 19: The Financial Reporting Entity**

Texas Woman’s University is an Enterprise Fund reported in the State of Texas’ Comprehensive Annual Financial Report as a Proprietary Fund Type. The University does not have any component units or related parties to be included in its financial statements. Because the University is considered a component unit of the State of Texas, and because its financial information is included in the State’s audited Annual Financial Report, the University’s financial statements are not independently audited.

**Agency 731 – Texas Woman’s University**  
**Note 22: Donor – Restricted Endowments**

The university is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Property Code Chapter 163. UPMIFA allows the university to distribute net appreciation on donor restricted endowment investments to the extent prudent. This includes cumulative realized and unrealized appreciation in the fair market value of the endowment assets in excess of historical dollar value of the gifts. The current university policy for distributions permits annual distributions of up to 5% of a trailing five-year average of the investment fund’s total market value.

For the fiscal year ended August 31, 2017, the net appreciation on investments of donor restricted endowments available for authorization of expenditure, after distributions, is as follows:

	<b>Amounts of Net Appreciation</b>	<b>Reported in Net Assets</b>
True Endowment Earnings	1,506,441.63	Restricted for Expendable
Term Endowments	None	Restricted for Expendable

**Agency 731 – Texas Woman’s University**  
**Note 24: Disaggregation of Receivable and Payable Balances**

Net other receivables at 08/31/17, are detailed by type as follows:

	<b>Amount</b>
<b>Net Other Receivables</b>	
Receivables related to gifts, grants and sponsored programs	3,860,345.04
Receivable from state for items paid locally	1,371,294.05
Total Net Other Receivables	<u><u>\$ 5,231,639.09</u></u>

Net other payables at 08/31/17, are detailed by type as follows:

	<b>Amount</b>
<b>Net Other Payables</b>	
Payables related to students	1,025,704.16
Total Net Other Payables	<u><u>\$ 1,025,704.16</u></u>

**Agency 731 – Texas Woman’s University**  
**Note 27: Service Concession Arrangements**

Not Applicable.



**Agency 731 – Texas Woman’s University**  
**Note 28: Deferred Outflows and Deferred Inflows of Resources**

In fiscal year 2017, Texas Woman’s University reported deferred outflows of resources of \$7,904,284.00 in connection with pension plans. The reported deferred inflows of resources are \$3,712,967.00.

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TEXAS WOMAN'S UNIVERSITY  
SCHEDULE 1A - Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended August 31, 2017

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Pass-Through From			
		Identifying Number	Agy/ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount
<b>Institute of Museum and Library Services</b>					
<b>National Foundation on the Arts and the Humanities</b>					
Pass-Through From:					
Texas State Library and Archives Commission Grants to States	45.310		306	968.59	
Total Institute of Museum and Library Services				968.59	0.00
<b>National Science Foundation</b>					
Direct Program:					
Education and Human Resources	47.076	1154394			
Pass-Through From:					
Other Non-State Entity:					
The Research Foundation for the State University of New York Stony Brook University Education and Human Resources	47.076	1613217			15,966.58
Total National Science Foundation				0.00	15,966.58
<b>U.S. Department of Education</b>					
Direct Programs:					
Special Education-Personnel Development to Improve Services and Results for Children with Disabilities	84.325	H325K140301			
English Language Acquisition State Grants	84.365	T365Z120026-16			
Pass-Through From:					
University of North Texas					
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367		752	31,611.63	
Total U.S. Department of Education				31,611.63	0.00
<b>U.S. Department of Health and Human Services</b>					
Direct Program:					
Advancing System Improvements for Key Issues in Women's Health	93.088	ASTWH160038			
Pass Through From:					
University of Texas Medical Branch at Galveston					
Area Health Education Centers	93.107		723	93,884.56	
Direct Program:					
Mental Health Research Grants	93.242	1R15MH108926-01A1			
Pass Through From:					
Department of Family and Protective Services					
Foster Care_Title IV-E	93.658		530	(128,845.83)	
Direct Program:					
Child Health and Human Development Extramural Research	93.865	4G11HD072993-05			
Total U.S. Department of Health and Human Services				(34,961.27)	0.00

UNAUDITED

Direct Program Amount	Total PT From & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agy#/Univ. #	State Agy. or Univ. Amount	Non-State Entities Amount		
	968.59				968.59	968.59
-	968.59		0.00	0.00	968.59	968.59
75,000.00	75,000.00				75,000.00	75,000.00
	15,966.58				15,966.58	15,966.58
75,000.00	90,966.58		0.00	0.00	90,966.58	90,966.58
251,607.52	251,607.52				251,607.52	251,607.52
218,346.63	218,346.63				218,346.63	218,346.63
	31,611.63				31,611.63	31,611.63
469,954.15	501,565.78		0.00	0.00	501,565.78	501,565.78
246,848.67	246,848.67				246,848.67	246,848.67
	93,884.56				93,884.56	93,884.56
87,884.90	87,884.90				87,884.90	87,884.90
	(128,845.83)				(128,845.83)	(128,845.83)
38,404.07	38,404.07				38,404.07	38,404.07
373,137.64	338,176.37		0.00	0.00	338,176.37	338,176.37

TEXAS WOMAN'S UNIVERSITY  
 SCHEDULE 1A - Schedule of Expenditures of Federal Awards continued  
 For the Fiscal Year Ended August 31, 2017

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Pass-Through From			Non-State Entities Amount
		Identifying Number	Agy/ Univ. #	Agencies Or Univ. Amount	
<b>Research and Development (R&amp;D) Cluster</b>					
<b>U.S. Department of Agriculture</b>					
Pass Through From:					
Other Non-State Entity:					
Mississippi State University					
Agricultural Research_Basic and Applied Research	10.001	58-6406-9-434			389.29
<b>National Science Foundation</b>					
Direct Program:					
Computer and Information Science and Engineering	47.070	1541440			
Direct Program:					
Social, Behavioral, and Economic Sciences	47.075	1655281			
<b>Environmental Protection Agency</b>					
<b>Office of Research and Development (ORD)</b>					
Direct Program:					
P3 Award: National Student Design Competition for Sustainability	66.516	83677401			
<b>U.S. Department of Education</b>					
Pass-Through From:					
Other Non-State Entity:					
American Institutes for Research (PTE)					
Education Research, Development and Dissemination	84.305	R305A160060			23,487.04
Direct Programs:					
English Language Acquisition State Grants	84.365	T365Z160016			
<b>U.S. Department of Health and Human Services</b>					
Pass-Throughs From:					
University of Texas Health Science Center at Houston					
Maternal and Child Health Federal					
Consolidated Programs	93.110		744	22,339.51	
Other Non-State Entity:					
University of Wisconsin-Milwaukee					
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	90IF0083-02-00			14,047.69
Baylor Research institute					
Baylor Scott & White Research Institute					
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	90IF0091-01-00			27,437.63
Direct Programs:					
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	1R15NS095317-01A1			
Biomedical Research and Research Training	93.859	5R01GM097591-06			
Total R&D Cluster Programs				22,339.51	65,361.65

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Direct Program Amount	Total PT From & Direct Program	Pass-Through To		Expenditures Amount	Total PT To & Expenditures
		Agy#/Univ. #	State Agy. or Univ. Amount		
	389.29			389.29	389.29
78,912.04	78,912.04			78,912.04	78,912.04
88,386.48	88,386.48			88,386.48	88,386.48
8,009.83	8,009.83			8,009.83	8,009.83
	23,487.04			23,487.04	23,487.04
426,863.96	426,863.96			426,863.96	426,863.96
	22,339.51			22,339.51	22,339.51
	14,047.69			14,047.69	14,047.69
	27,437.63			27,437.63	27,437.63
107,136.64	107,136.64			107,136.64	107,136.64
147,616.49	147,616.49			147,616.49	147,616.49
856,925.44	944,626.60		0.00	944,626.60	944,626.60

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TEXAS WOMAN'S UNIVERSITY  
 SCHEDULE 1A - Schedule of Expenditures of Federal Awards continued  
 For the Fiscal Year Ended August 31, 2017

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Pass-Through From		Agencies Or Univ. Amount	Non-State Entities Amount
		Identifying Number	Agy/ Univ. #		
<b>Student Financial Assistance Cluster</b>					
<b>U.S. Department of Education</b>					
Direct Programs:					
Federal Supplemental Education Opportunity Grants	84.007				
Administrative Costs Recovered					
Federal Work Study Program	84.033				
Administrative Costs Recovered					
Federal Perkins Loan Program	84.038				
New Loans Processed					
Administrative Costs Recovered					
Federal Pell Grant Program	84.063				
Administrative Costs Recovered					
Federal Direct Student Loans	84.268				
New Loans Processed					
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379				
<b>U.S. Department of Health and Human Services</b>					
Direct Programs:					
Nursing Student Loans	93.364				
New Loans Processed					
Scholarships for Health Professions					
Students from Disadvantaged Backgrounds	93.925				
Total Student Financial Assistance Cluster Programs				0.00	0.00
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>				\$ 19,958.46	81,328.23

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Direct Program Amount	Total PT From & Direct Program	Pass-Through To		Expenditures Amount	Total PT To & Expenditures
		Agy#/ Univ. #	State Agy. or Univ. Amount		
302,468.03	302,468.03			302,468.03	302,468.03
	0.00			0.00	0.00
450,947.15	450,947.15			450,947.15	450,947.15
56,706.80	56,706.80			56,706.80	56,706.80
145,160.00	145,160.00			145,160.00	145,160.00
	0.00			0.00	0.00
18,002,538.54	18,002,538.54			18,002,538.54	18,002,538.54
23,280.00	23,280.00			23,280.00	23,280.00
75,256,991.00	75,256,991.00			75,256,991.00	75,256,991.00
43,482.50	43,482.50			43,482.50	43,482.50
231,901.00	231,901.00			231,901.00	231,901.00
581,736.00	581,736.00			581,736.00	581,736.00
95,095,211.02	95,095,211.02		0.00	95,095,211.02	95,095,211.02
96,870,228.25	96,971,514.94		0.00	96,971,514.94	96,971,514.94



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TEXAS WOMAN'S UNIVERSITY

Schedule 1A - Schedule of Expenditures of Federal Awards *continued*  
For the Fiscal Year Ended August 31, 2017

Note 1: Nonmonetary Assistance - N/A

Note 2: Reconciliation:

Per Statement of Revenues, Expenses and Changes in Net Assets	
Proprietary Funds - Federal Revenue -Operating	\$ 1,622,042.97
Proprietary Funds - Federal Revenue -Non-Operating	19,381,172.22
Proprietary Funds - Federal Pass Through Revenue -Operating	19,958.46
Proprietary Funds - Federal Pass Through Revenue -Non-Operating	0.00
Proprietary Funds - Admin Costs Recovered	79,986.80
Proprietary Funds - Indirect Costs Recovered	234,302.49
Subtotal Per Statement of Revenue, Expenses and Change in Net Assets	\$ 21,337,462.94
Reconciling Items:	
New Loans Processed:	
Federal Perkins Loan Program	145,160.00
Federal Direct Student Loans	75,256,991.00
Nursing Student Loan Program	231,901.00
Total Pass Through and Expenditures Per Federal Schedule	\$ 96,971,514.94

Note 3: Student Loans

Federal Grantor/CFDA Number/ Program Name	Beginning Balance of Outstanding Loans as of 8/31/2016	New Loans Processed	CY Admin Cost Recovered	Total Loans Processed and Admin Cost Recovered	Repayment/ Adjustment Activity	Outstanding Balance of Loans as of 8/31/2017
Department of Education						
Federal Perkins Loan Program 84.038	\$ 2,026,181.00	\$ 145,160.00	\$ 0.00	145,160.00	\$ 328,367.37	\$ 1,842,973.63
Federal Direct Student Loans 84.268		75,256,991.00	0.00	75,256,991.00		
Total Department of Education	\$ 2,026,181.00	\$ 75,402,151.00	\$ 0.00	75,402,151.00	\$ 328,367.37	\$ 1,842,973.63
Department of Health and Human Services 93.364						
Nursing Student Loan Program	\$ 2,429,639.42	\$ 231,901.00	\$ 0.00	231,901.00	\$ 390,699.76	\$ 2,270,840.66
Total Department of Health and Human Services	\$ 2,429,639.42	\$ 231,901.00	\$ 0.00	231,901.00	\$ 390,699.76	\$ 2,270,840.66

Note 4: Depository Libraries for Government Publications - Agencies are no longer required to submit this note

Note 5 - Unemployment Insurance Funds - N/A

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

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

Note 8: Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA 97.036)

Project Name	FY Project Worksheet Approved	Expenditure Amount Incurred Prior-Fiscal Year	Amount De-obligated	Comments
1216	16	\$ 0.00	\$ 1,269.83	TWU will return \$1,269.83 in November 2017 to TDPS for FEMA Disaster Grant received in FY 2016.

Note 9: Economic Adjustment Assistance - N/A

**Texas Woman's University**  
**Schedule 1B - Schedule of State Grant Pass Throughs From/To State Agencies**  
**For the Fiscal Year Ended August 31, 2017**

**Pass Through From:**

Texas State Board of Public Accountancy (Agy #457)  
 5th Year Accounting Student Scholarship Program \$ 5,625.00

Texas Higher Education Coordinating Board (Agy #781)  
 Texas Grant Program 7,658,560.00  
 Professional Nursing Shortage Reduction Program 332,698.41  
 College Work Study Program 94,783.72  
 Work Study Mentorship Program 90,678.23  
 Top Ten Percent Scholarship 11,527.00  
 Minority Health Research and Education 65,185.87  
 Nursing and Allied Health 4,867.98  
 Bilingual Education Program 229,181.90

**Pass Through From:**

University of Texas System (Agy #720)  
 Joint Admission Medical Program 13,299.00  
 University of North Texas (Agy #752)  
 Regional Pathways Project Grant 5,497.70

Total Pass Through From Other Agencies (Exh. II) \$ 8,511,904.81

**Pass Through To:**

\$

Total Pass Through To Other Agencies (Exh. II) \$ 0.00

**TEXAS WOMAN'S UNIVERSITY**  
**Schedule 2A - Miscellaneous Bond Information**  
**For the Fiscal Year Ended August 31, 2017**

Description of Issue	Bonds Issued To Date	Range of Interest Rates	Scheduled Maturities		First Call Date
			First Year	Last Year	
<b>Revenue Bonds - Self Supporting</b>					
Revenue Financing System Bonds, Series 2008	21,670,000.00	4.0000% - 5.5000%	2009	2028	7/1/2018
Revenue Financing System Bonds, Series 2009	20,400,000.00	3.0000% - 5.0000%	2009	2028	7/1/2018
Revenue Financing System Bonds, Series 2009A	14,980,000.00	2.0000% - 5.0000%	2010	2029	7/1/2019
Revenue Financing System Refunding Bonds, Series 2012	17,915,000.00	2.0000% - 5.0000%	2012	2024	7/1/2021
Revenue Financing System Refunding Bonds, Series 2014	12,370,000.00	2.0000% - 5.0000%	2014	2035	7/1/2020
Revenue Financing System Bonds, Series 2016	19,160,000.00	2.0000% - 4.0000%	2016	2036	7/1/2026
Revenue Financing System Bonds, Series 2017A	72,240,000.00	2.0000% - 5.0000%	2017	2037	7/1/2028
Revenue Financing System Bonds, Series 2017B	10,915,000.00	1.3000% - 3.1620%	2018	2037	7/1/2028
Total	<u>\$ 189,650,000.00</u>				

TEXAS WOMAN'S UNIVERSITY  
Schedule 2B - Changes in Bond Indebtness  
For the Fiscal Year Ended August 31, 2017

Description of Issue	Bonds Outstanding 9/1/2016	Bonds Issued	Bonds Matured	Bonds Refunded or Extinguished	Adjustments	Bonds Outstanding 8/31/2017
<b>Revenue Bonds</b>						
Rev Fin Sys Bonds Ser '08	15,200,000.00		945,000.00			14,255,000.00
Rev Fin Sys Bonds Ser '09	14,095,000.00		935,000.00			13,160,000.00
Rev Fin Sys Bonds Ser '09A	11,000,000.00		650,000.00			10,350,000.00
Rev Fin Sys Ref Bonds Ser '12	11,630,000.00		1,940,000.00			9,690,000.00
Rev Fin Sys Ref Bonds Ser '14	11,320,000.00		445,000.00			10,875,000.00
Rev Fin Sys Bonds Ser '16	19,160,000.00		765,000.00			18,395,000.00
Rev Fin Sys Bonds Ser '17A	-	72,240,000.00	2,780,000.00			69,460,000.00
Rev Fin Sys Bonds Ser'17B	-	10,915,000.00	-			10,915,000.00
Total	\$ 82,405,000.00	\$ 83,155,000.00	\$ 8,460,000.00			\$ 157,100,000.00

Description of Issue	Unamortized Premium	Unamortized Discount	Net Bonds Outstanding 8/31/2017	Amounts Due Within One Year
<b>Revenue Bonds</b>				
Rev Fin Sys Bonds Ser '08			14,255,000.00	985,000.00
Rev Fin Sys Bonds Ser '09			13,160,000.00	965,000.00
Rev Fin Sys Bonds Ser '09A			10,350,000.00	680,000.00
Rev Fin Sys Ref Bonds Ser '12	375,432.17		10,065,432.17	2,195,627.53
Rev Fin Sys Ref Bonds Ser '14			10,875,000.00	455,000.00
Rev Fin Sys Bonds Ser '16	1,880,759.68		20,275,759.68	901,908.96
Rev Fin Sys Bonds Ser '17A	9,460,179.68		78,920,179.68	3,824,950.12
Rev Fin Sys Bonds Ser'17B			10,915,000.00	415,000.00
Total	\$ 11,716,371.53		\$ 168,816,371.53	\$ 10,422,486.61

**TEXAS WOMAN'S UNIVERSITY**  
**Schedule 2C - Debt Service Requirements**  
**For the Fiscal Year Ended August 31, 2017**

<b>Description of Issue</b>	<b>Year</b>	<b>Principal</b>	<b>Interest</b>
<b>Revenue Bonds</b>			
Rev Fin Sys Bonds Ser '08	2018	\$ 985,000.00	\$ 756,031.26
	2019	1,035,000.00	706,781.26
	2020	1,090,000.00	652,443.76
	2021	1,150,000.00	595,218.76
	2022	1,210,000.00	531,968.76
	2023-2027	7,125,000.00	1,589,668.80
	2028	1,660,000.00	85,075.00
		<u>\$ 14,255,000.00</u>	<u>\$ 4,917,187.60</u>
Rev Fin Sys Bonds Ser '09	2018	\$ 965,000.00	\$ 599,043.76
	2019	1,000,000.00	565,268.76
	2020	1,040,000.00	525,268.76
	2021	1,080,000.00	483,668.76
	2022	1,125,000.00	437,768.76
	2023-2027	6,460,000.00	1,359,975.00
	2028	1,490,000.00	74,500.00
		<u>\$ 13,160,000.00</u>	<u>\$ 4,045,493.80</u>
Rev Fin Sys Bonds Ser '09A	2018	\$ 680,000.00	\$ 434,075.00
	2019	715,000.00	400,075.00
	2020	750,000.00	364,325.00
	2021	775,000.00	338,075.00
	2022	805,000.00	309,981.26
	2023-2027	4,530,000.00	1,041,325.02
	2028-2029	2,095,000.00	138,468.76
		<u>\$ 10,350,000.00</u>	<u>\$ 3,026,325.04</u>
Rev Fin Sys Ref Bonds Ser '12	2018	\$ 2,035,000.00	\$ 401,050.00
	2019	2,135,000.00	299,300.00
	2020	1,555,000.00	213,900.00
	2021	1,605,000.00	151,700.00
	2022	1,670,000.00	87,500.00
	2023-2024	690,000.00	31,200.00
		<u>\$ 9,690,000.00</u>	<u>\$ 1,184,650.00</u>

**TEXAS WOMAN'S UNIVERSITY**  
**Schedule 2C - Debt Service Requirements**  
**For the Fiscal Year Ended August 31, 2017**

<b>Description of Issue</b>	<b>Year</b>	<b>Principal</b>	<b>Interest</b>
<b>Revenue Bonds</b>			
Rev Fin Sys Ref Bonds Ser'14	2018	\$ 455,000.00	\$ 389,512.50
	2019	465,000.00	380,412.50
	2020	470,000.00	371,112.50
	2021	485,000.00	360,537.50
	2022	495,000.00	347,806.26
	2023-2027	2,790,000.00	1,418,468.80
	2028-2032	3,370,000.00	847,537.50
	2033-2035	2,345,000.00	190,200.00
		<u>\$ 10,875,000.00</u>	<u>\$ 4,305,587.56</u>
Rev Fin Sys Bonds Ser'16	2018	\$ 675,000.00	\$ 695,750.00
	2019	700,000.00	675,500.00
	2020	720,000.00	654,500.00
	2021	745,000.00	625,700.00
	2022	775,000.00	595,900.00
	2023-2027	4,380,000.00	2,487,700.00
	2028-2032	5,330,000.00	1,538,500.00
	2033-2036	5,070,000.00	424,150.00
		<u>\$ 18,395,000.00</u>	<u>\$ 7,697,700.00</u>
Rev Fin Sys Bonds Ser'17A	2018	\$ 2,740,000.00	\$ 3,181,050.00
	2019	2,880,000.00	3,044,050.00
	2020	2,995,000.00	2,928,850.00
	2021	3,115,000.00	2,809,050.00
	2022	3,240,000.00	2,684,450.00
	2023-2027	18,455,000.00	11,150,350.00
	2028-2032	23,035,000.00	6,131,750.00
	2033-2037	13,000,000.00	1,934,050.00
		<u>\$ 69,460,000.00</u>	<u>\$ 33,863,600.00</u>
Rev Fin Sys Bonds Ser'17B	2018	\$ 415,000.00	\$ 371,455.50
	2019	420,000.00	366,060.50
	2020	425,000.00	358,786.10
	2021	435,000.00	349,912.10
	2022	445,000.00	339,654.80
	2023-2027	2,425,000.00	1,498,354.20
	2028-2032	2,870,000.00	1,058,096.70
	2033-2037	3,480,000.00	447,011.80
		<u>\$ 10,915,000.00</u>	<u>\$ 4,789,331.70</u>
<b>Total Debt Service Requirements</b>		<u>\$ 157,100,000.00</u>	<u>\$ 63,829,875.70</u>

TEXAS WOMAN'S UNIVERSITY  
 Schedule 2D - Analysis of Funds Available for Debt Service  
 For the Year Ended August 31, 2017

REVENUE BONDS

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2016			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest
<b>Revenue Bonds</b>				
RFSB 2008, 2009, 2009A, 2012, 2014				
RFSRB 2016, 2017A & 2017B Parity Issues	\$ 291,403,379.85	\$ 143,137,784.37	\$ 8,460,000.00	\$ 3,777,860.89
Total	\$ 291,403,379.85	\$ 143,137,784.37	\$ 8,460,000.00	\$ 3,777,860.89

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**TEXAS WOMAN'S UNIVERSITY**  
**Schedule 3**  
**Reconciliation of Cash in State Treasury**  
**August 31, 2017**

<b>Cash in State Treasury</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Current Year Total</b>
<u>Local Revenue Fund 0253</u>	<u>\$ 8,228,198.31</u>	<u>0.00</u>	<u>\$ 8,228,198.31</u>
<b>Total Cash in State Treasury</b> (Statement of Net Assets)	<b><u><u>\$ 8,228,198.31</u></u></b>	<b><u><u>\$ -</u></u></b>	<b><u><u>\$ 8,228,198.31</u></u></b>