

TEXAS STATE UNIVERSITY SYSTEM



SYSTEM ADMINISTRATION

ANNUAL FINANCIAL REPORT

Year Ended August 31, 2011

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THE TEXAS STATE UNIVERSITY SYSTEM

Founded 1911

Thomas J. Rusk Building • 200 East 10th Street, Suite 600 • Austin, Texas 78701-2407
(512) 463-1808 • Fax (512) 463-1816 • www.tsus.edu

REGENTS

Charlie Amato
San Antonio, Chairman

Donna Williams
Arlington, Vice Chair

Jaime Garza
San Antonio

Kevin Lilly
Houston

Ron Mitchell
Horseshoe Bay

David Montagne
Beaumont

Trisha Pollard
Bellaire

Rossanna Salazar
Austin

Bill Scott
Nederland

Ryan Bridges
Huntsville, Student Regent

CHANCELLOR

Brian McCall, Ph. D.
Austin

SYSTEM MEMBERS

Lamar University
Beaumont

Sam Houston State University
Huntsville

Sam Houston State University
The Woodlands

Sul Ross State University
Alpine

Sul Ross State University
Rio Grande College
Del Rio, Eagle Pass, Uvalde

Texas State University–San Marcos
San Marcos

Texas State University–RRHEC
Round Rock

Lamar Institute of Technology
Beaumont

Lamar State College–Orange
Orange

Lamar State College–Port Arthur
Port Arthur

November 20, 2011

Honorable Rick Perry, Governor
Honorable Susan Combs, Texas Comptroller
John O'Brien, Deputy Director, Legislative Budget Board
John Keel, CPA, State Auditor

Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of the Texas State University System – System Administration for the fiscal year ended August 31, 2011, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

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

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

Sincerely,

Brian McCall
Chancellor

TEXAS STATE UNIVERSITY SYSTEM
SYSTEM ADMINISTRATION
Organizational Data
For the Fiscal Year Ended August 31, 2011

Board of Regents

Officers

Charlie Amato Chairman
Donna N. Williams Vice Chairman

Members

| <u>Name</u> | <u>City (Texas)</u> | <u>Term Expires</u> |
|-----------------------|---------------------|---------------------|
| Jaime Garza | San Antonio | 2/1/2017 |
| Kevin J. Lilly | Houston | 2/1/2015 |
| Ron Mitchell | Horseshoe Bay | 2/1/2015 |
| David Montagne | Beaumont | 2/1/2015 |
| Trisha S. Pollard | Bellaire | 2/1/2013 |
| Rossanna Salazar | Austin | 2/1/2017 |
| Michael Truncale | Beaumont | 2/1/2013 |
| Ryan Bridges, Student | Huntsville | 5/31/2012 |

Administrative Officers

System Administration

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

UNAUDITED

**Texas State University System
System Administration
Statement of Net Assets
August 31, 2011**

ASSETS AND DEFERRED OUTFLOWS

| | |
|---|----------------------|
| Current Assets: | |
| Cash and Cash Equivalents | |
| Cash on Hand | |
| Cash in Bank | 1,333.41 |
| Cash in Transit/Reimburse from Treasury | |
| Cash in State Treasury | |
| Cash Equivalents | 2,468,447.06 |
| Securities Lending Collateral | |
| Short Term Investments | 705,766.80 |
| Restricted: | |
| Cash and Cash Equivalents | |
| Cash on Hand | |
| Cash in Bank | 14,580.15 |
| Cash in Transit/Reimburse from Treasury | |
| Cash in State Treasury | |
| Cash Equivalents | 4,992,530.95 |
| Short Term Investments | |
| Legislative Appropriations | 258,605.55 |
| Investments | |
| Receivables: | |
| Federal | |
| Other Intergovernmental | |
| Interest and Dividends | |
| Accounts | |
| Gifts | |
| Investment Trades | |
| Other | 23,655.17 |
| Interfund Receivable | |
| Due From Other Agencies | 8,078,974.80 |
| Consumable Inventories | 3,119.68 |
| Merchandise Inventories | |
| Prepaid Items | |
| Loans and Contracts | |
| Other Current Assets | 4,817.37 |
| Total Current Assets | <u>16,551,830.94</u> |

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**Texas State University System
System Administration
Statement of Net Assets
August 31, 2011**

| | |
|---|---------------|
| Non-Current Assets and Deferred Outflows: | |
| Restricted: | |
| Cash and Cash Equivalents | |
| Cash on Hand | |
| Cash in Bank | |
| Cash in Transit/Reimburse from Treasury | |
| Cash in State Treasury | |
| Cash Equivalents | |
| Short Term Investments | |
| Receivables | |
| Investments | |
| Loans and Contracts | |
| Other Assets | |
| Deferred Charges | |
| Loans and Contracts | |
| Investments | |
| Derivative Instrument Assets | |
| Deferred Outflow of Resources | |
| Interfund Receivables | |
| Capital Assets: | |
| Non-Depreciable: | |
| Land and Land Improvements | |
| Infrastructure | |
| Construction in Progress | |
| Other Capital Assets | |
| Depreciable: | |
| Buildings and Building Improvements | |
| Less Accumulated Depreciation | |
| Infrastructure | |
| Less Accumulated Depreciation | |
| Facilities and Other Improvements | |
| Less Accumulated Depreciation | |
| Furniture and Equipment | 8,141.25 |
| Less Accumulated Depreciation | -8,141.25 |
| Vehicles, Boats, and Aircraft | |
| Less Accumulated Depreciation | |
| Other Capital Assets | 6,439.92 |
| Less Accumulated Depreciation | -6,439.92 |
| Amortizable Assets-Intangible | |
| Less Accumulated Amortization | |
| Other Non-Current Assets | |
| Total Non-Current Assets | 0.00 |
| Total Assets | 16,551,830.94 |

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**Texas State University System
System Administration
Statement of Net Assets
August 31, 2011**

LIABILITIES AND DEFERRED INFLOWS

| | |
|--|-----------------------|
| Current Liabilities: | |
| Payables: | |
| Accounts | 334,587.01 |
| Investment Trades | |
| Payroll | 285,879.86 |
| Other Intergovernmental | |
| Federal | |
| Other | 15,928,725.38 |
| Interfund Payable | |
| Due to Other Agencies | |
| Deferred Revenues | 239,619.76 |
| Notes and Loans Payable | |
| Revenue Bonds Payable, Net | 37,752,802.20 |
| General Obligation Bonds Payable, Net | |
| Claims and Judgments | |
| Employees' Compensable Leave | 190,110.47 |
| Capital Lease Obligations | |
| Liabilities Payable from Restricted Assets | |
| Obligations/Reverse Purchase Agreements | |
| Obligations Under Securities Lending | |
| Funds Held for Others | |
| Other Current Liabilities | |
| Total Current Liabilities | <u>54,731,724.68</u> |
| Non-Current Liabilities and Deferred Inflows: | |
| Interfund Payables | |
| Notes and Loans Payable | |
| Revenue Bonds Payable, Net | 756,457,558.91 |
| General Obligation Bonds Payable, Net | |
| Derivative Instrument Liabilities | |
| Deferred Inflow of Resources | |
| Net OPEB Obligation | |
| Pollution Remediation Obligations | |
| Liabilities Payable from Restricted Assets | |
| Claims and Judgments | |
| Employees' Compensable Leave | 158,019.20 |
| Capital Lease Obligations | |
| Other Non-Current Liabilities | |
| Total Non-Current Liabilities and Deferred Inflows | <u>756,615,578.11</u> |
| Total Liabilities and Deferred Inflows | <u>811,347,302.79</u> |

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**Texas State University System
System Administration
Statement of Net Assets
August 31, 2011**

NET ASSETS

| | |
|---|------------------------|
| Invested in Capital Assets, Net of Related Debt | -794,210,361.11 |
| Restricted For | |
| Education | 742,508.02 |
| Debt Retirement | |
| Capital Projects | -10,961,157.49 |
| Employee Benefits | |
| Funds Held As Permanent Investments: | |
| Non-Expendable | 7,877,453.85 |
| Expendable | |
| Other | |
| Unrestricted | <u>1,756,084.88</u> |
| Total Net Assets | <u>-794,795,471.85</u> |

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Texas State University System
System Administration
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended August 31, 2011

OPERATING REVENUES

| | |
|--|---------------------|
| Sales of Goods and Services | |
| Tuition and Fees (PR-Chgs for Services) | |
| Tuition and Fees - Pledged (PR-Chgs for Services) | |
| Discounts and Allowances | |
| Hospitals (PR-Chgs for Services) | |
| Hospitals - Pledged (PR-Chgs for Services) | |
| Discounts and Allowances | |
| Professional Fees (PR-Chgs for Services) | |
| Professional Fees - Pledged (PR-Chgs for Services) | |
| Discounts and Allowances | |
| Auxiliary Enterprises (PR-Chgs for Services) | |
| Auxiliary Enterprises - Pledged (PR-Chgs for Services) | |
| Discounts and Allowances | |
| Other Sales of Goods and Services | |
| Other Sales of Goods and Services - Pledged | |
| Discounts and Allowances | |
| Interest and Investment Income (PR-Chgs for Services) | |
| Interest and Investment Income (GR) Pledged | |
| Net Increase (Decrease) Fair Market Value (PR-OP Grants/Contributions) | |
| Net Increase (Decrease) Fair Market Value (GR) - Pledged | |
| Federal Revenue-Operating (PR-OP Grants/Contributions) | |
| Federal Pass-Through Revenue (PR-OP Grants/Contributions) | |
| State Grant Revenue (PR-OP Grants/Contributions) | |
| State Grant Pass-Through Revenue (PR-OP Grants/Contribution) | 899,960.73 |
| Other Grants and Contracts (PR-OP Grants/Contributions) | 136,340.37 |
| Other Grants and Contracts (PR-OP Grants/Contributions) - Pledged | |
| Contributions to Retirement Systems (PR-Chgs for Services) | |
| Other Operating Revenues (PR-Chgs for Services) | |
| Other Operating Revenues (GR) - Pledged | |
| Total Operating Revenues | <u>1,036,301.10</u> |

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**Texas State University System
System Administration
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended August 31, 2011**

OPERATING EXPENSES

| | |
|------------------------------------|---------------|
| Instruction | 763,490.60 |
| Research | |
| Hospitals and Clinics | |
| Public Service | |
| Academic Support | |
| Student Services | |
| Institutional Support | 4,075,439.36 |
| Operation and Maintenance of Plant | |
| Scholarship and Fellowships | |
| Auxiliary Enterprise Expenditures | |
| Depreciation and Amortization | 1,492.93 |
| Total Operating Expenses | 4,840,422.89 |
| Operating Income (Loss) | -3,804,121.79 |

NONOPERATING REVENUES (EXPENSES):

| | |
|--|--------------------|
| Legislative Revenue (GR) | 1,047,954.00 |
| Additional Appropriations (GR) | 434,391.23 |
| Federal Revenue (PR-OP Grants/Contributions) | |
| Federal Pass-Through Revenue (PR-OP Grants/Contributions) | |
| Gifts (PR-OP Grants/Contributions) | 313,759.25 |
| Interest and Investment Income (Expense) (PR-OP Grants/Contribut | 29,869.67 |
| Interest and Investment Income (Expense) (GR) - Pledged | -34,998,739.50 |
| Loan Premium/Fees Securities Lending (PR-OP Grants/Contributions) | |
| Investing Activities Expenses | -781,362.85 |
| Interest Expenses and Fiscal Charges | |
| Borrower Rebates and Agent Fees | |
| Gain (Loss) on Sale of Capital Assets (GR) | |
| Net Increase (Decrease) in Fair Value of Investments (PR-OP Grant: | 2,123.69 |
| Net Increase (Decrease) in Fair Value of Investments (GR) - Pledged | |
| Settlement of Claims (PR-Chgs for Services) | |
| Settlement of Claims (GR) - Pledged | |
| Other Nonoperating Revenues (Expenses) (PR-Chgs for Services) | -289,089.46 |
| Other Nonoperating Expenses (GR) | |
| Total Nonoperating Revenues (Expenses) | -34,241,093.97 |
| Income (Loss) before Other Revenues, Expenses, Gains/Losses and Transfers | \$ (38,045,215.76) |

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**Texas State University System
System Administration
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended August 31, 2011**

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

| | |
|---|------------------------|
| Capital Contributions | |
| Capital Appropriations (HEAF) | |
| Federal Grant - Capital Grant Contributions | |
| Contributions to Permanent and Term Endowments | |
| Special Items | |
| Extraordinary Items | |
| Increase NA Interagency Transfer Capital Assets | |
| Decrease NA Interagency Transfer Capital Assets | |
| Transfer In | 48,639,671.38 |
| Transfer Out | -91,968,000.00 |
| Legislative Transfer In | 23,406,431.67 |
| Legislative Transfer Out | 1,982,712.00 |
| Lapses | -1,982,712.00 |
| Total Other Revenues, Expenses, Gains/Losses and Transfers | <u>-19,921,896.95</u> |
| CHANGE IN NET ASSETS | <u>-57,967,112.71</u> |
| Net Assets, September 1, 2010 | -736,828,359.14 |
| Restatements | |
| Net Assets. September 1, 2010, as Restated | <u>-736,828,359.14</u> |
| NET ASSETS, August 31, 2011 | <u>-794,795,471.85</u> |

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**Texas State University System
System Administration
Matrix of Operating Expenses Reported by Function
For the Fiscal Year Ended August 31, 2011**

| Operating Expenses | Instruction | Research | Hospitals and Clinics | Public Service | Academic Support | Student Services | Institutional Support | Operation and Maintenance of Plant | Scholarship and Fellowships | Auxiliary Enterprises | Depreciation and Amortization* | Total Expenses |
|--|-------------------|-------------|-----------------------|----------------|------------------|------------------|-----------------------|------------------------------------|-----------------------------|-----------------------|--------------------------------|---------------------|
| Cost of Goods Sold | | | | | | | | | | | | |
| Salaries and Wages | | | | | | | 2,906,871.23 | | | | | 2,906,871.23 |
| Payroll Related Costs | | | | | | | 466,451.82 | | | | | 466,451.82 |
| Professional Fees and Services | | | | | | | 629,005.87 | | | | | 629,005.87 |
| Federal Grant Pass-Through Expense | | | | | | | | | | | | |
| State Grant Pass-Through Expense | 627,150.23 | | | | | | | | | | | 627,150.23 |
| Travel | | | | | | | 80,394.91 | | | | | 80,394.91 |
| Materials and Supplies | | | | | | | 129,080.02 | | | | | 129,080.02 |
| Communications and Utilities | | | | | | | 47,319.10 | | | | | 47,319.10 |
| Repairs and Maintenance | | | | | | | 983.00 | | | | | 983.00 |
| Rentals and Leases | | | | | | | 36,475.20 | | | | | 36,475.20 |
| Printing and Reproduction | | | | | | | 39,730.74 | | | | | 39,730.74 |
| Depreciation and Amortization* | | | | | | | | | | | 1,492.93 | 1,492.93 |
| Bad Debt Expense | | | | | | | | | | | | |
| Interest | | | | | | | | | | | | |
| Scholarships | | | | | | | | | | | | |
| Claims and Judgments | | | | | | | | | | | | |
| Net Change in Pension/OPEB Obligations | | | | | | | | | | | | |
| Other Operating Expenses | 136,340.37 | | | | | | -260,872.53 | | | | | -124,532.16 |
| Total Operating Expenses | 763,490.60 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4,075,439.36 | 0.00 | 0.00 | 0.00 | 1,492.93 | 4,840,422.89 |

UNAUDITED

**Texas State University System
System Administration
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|---------------|
| Receipts from Customers | |
| Proceeds from Tuition and Fees | |
| Proceeds from Research Grants and Contracts | 899,960.73 |
| Proceeds from Gifts | |
| Proceeds from Loan Programs | |
| Proceeds from Auxiliaries | |
| Proceeds from Other Revenues | |
| Payments to Suppliers for Goods and Services | -1,666,746.78 |
| Payments to Employees for Salaries | -2,741,863.26 |
| Payments to Employees for Benefits | -451,922.50 |
| Payments for Loans Provided | |
| Payments for Other Expenses | |
| Net Cash Provided by Operating Activities | -3,960,571.81 |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | |
|--|----------------|
| Proceeds from Debt Issuance | |
| Proceeds from State Appropriations | 1,429,593.78 |
| Proceeds from Gifts | 87,200.00 |
| Proceeds from Endowments | |
| Proceeds of Transfers from Other Funds | 3,505,450.29 |
| Proceeds from Grant Receipts | |
| Proceeds from Advances from Other Funds | 68,585,055.05 |
| Proceeds from Loan Programs | |
| Proceeds from Other Financing Activities | |
| Proceeds from Contributed Capital | |
| Payments of Principal on Debt Issuance | -37,415,000.00 |
| Payments of Interest | -32,419,570.22 |
| Payments of Other Costs of Debt Issuance | -65,871.61 |
| Payments for Transfers to Other Funds | |
| Payments for Grant Disbursements | |
| Payments for Advances to Other Funds | |
| Payments for Other Uses | -9,251.47 |
| Net Cash Provided by Noncapital Financing Activities | 3,697,605.82 |

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**Texas State University System
System Administration
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2011**

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | |
|---|-----------|
| Proceeds from the Sale of Capital Assets | |
| Proceeds from Debt Issuance | 80,166.00 |
| Proceeds from State Grants and Contracts | |
| Proceeds from Federal Grants and Contracts | |
| Proceeds from Gifts | |
| Proceeds from Other Financing Activities | |
| Proceeds from Capital Contributions | |
| Proceeds from Advances from Other Funds | |
| Payments for Additions to Capital Assets | |
| Payments of Principal on Debt | |
| Payments for Capital Lease | |
| Payments of Interest on Debt Issuance | |
| Payments of Other Costs of Debt Issuance | |
| Net Cash Provided by Capital and Related Financing Activities | 80,166.00 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|--------------|
| Proceeds from Sales of Investments | |
| Proceeds from Interest Income | 11,782.81 |
| Proceeds from Investment Income | |
| Proceeds from Principal Payments on Loans | |
| Payments to Acquire Investments | -700,000.00 |
| Net Cash Provided by Investing Activities | -688,217.19 |
| Net Increase (Decrease) in Cash and Cash Equivalents | -871,017.18 |
| Cash and Cash Equivalents, September 1, 2010 | 8,347,908.75 |
| Changes in Accounting Principle | |
| Changes in Reporting Entity | |
| Restatements to Beginning Cash and Cash Equivalents | |
| Cash and Cash Equivalents, September 1, 2010 - Restated | 8,347,908.75 |
| Cash and Cash Equivalents, August 31, 2011 | 7,476,891.57 |

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**Texas State University System
System Administration
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2011**

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

| | |
|---|----------------------|
| Operating Income (Loss) | -3,804,121.79 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | |
| Amortization and Depreciation | 1,492.93 |
| Bad Debt Expense | |
| Operating Income (Loss) and Cash Flow Categories: Classification Differences | |
| Changes in Assets and Liabilities: | |
| (Increase) Decrease in Receivables | |
| (Increase) Decrease in Due from Other Funds | 1,122.30 |
| (Increase) Decrease in Inventories | -668.58 |
| (Increase) Decrease in Prepaid Expenses | -683.64 |
| (Increase) Decrease in Notes Receivable | |
| (Increase) Decrease in Loans & Contracts | |
| (Increase) Decrease in Other Assets | |
| (Increase) Decrease in State Appropriations | |
| Increase (Decrease) in Payables | 277,687.05 |
| Increase (Decrease) in Deposits | -400,000.00 |
| Increase (Decrease) in Due to Other Funds | |
| Increase (Decrease) in Deferred Income | -136,340.37 |
| Increase (Decrease) in Compensated Absence Liability | 100,940.29 |
| Increase (Decrease) in Benefits Payable | |
| Increase (Decrease) in Other Liabilities | |
| Total Adjustments | <u>-156,450.02</u> |
| Net Cash Provided by Operating Activities | <u>-3,960,571.81</u> |

Non Cash Transactions

| | |
|---|----------|
| Donation of Capital Assets | |
| Net Change in Fair Value of Investments | 2,123.69 |
| Borrowing Under Capital Lease Purchase | |
| Other | |

UNAUDITED

**TEXAS STATE UNIVERSITY SYSTEM
SYSTEM ADMINISTRATION**

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2011

NOTE 1: Summary of Significant Accounting Policies

Entity

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

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

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

Fund Structure

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

UNAUDITED

Note 1 Continued

Proprietary Funds

Business Type Activity

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

Component Units

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

Basis of Accounting

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

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

Budget and Budgetary Accounting

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

Assets, Liabilities, and Fund Balances/Net Assets

ASSETS

Cash and Cash Equivalents

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

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Note 1 Continued

Securities Lending Collateral

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

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

Restricted Assets

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

Inventories and Prepaid Items

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

Capital Assets

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

Current Receivables - Other

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

UNAUDITED

Note 1 Continued

LIABILITIES

Accounts Payable

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

Current Payables – Other

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

Employees' Compensable Leave Balances

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

Capital Lease Obligations

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

Bonds Payable - General Obligation Bonds and Revenue Bonds

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

FUND BALANCE/NET ASSETS

The difference between fund assets and liabilities is “Net Assets” on the government-wide, proprietary and fiduciary fund statements, and the “Fund Balance” is the difference between fund assets and liabilities on the governmental fund statements.

Invested in Capital Assets, Net of Related Debt

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

UNAUDITED

Note 1 Continued

Restricted Net Assets

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

Unrestricted Net Assets

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

INTERFUND ACTIVITIES AND BALANCES

System Administration has the following types of transactions among funds:

Transfers

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

Reimbursements

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

Interfund receivables and payables

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

Interfund Sales and Purchases

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

UNAUDITED

NOTE 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2011 is presented as follows:

| | Balance 09/01/10 | Adjustments | Reclass CIP | Reclass Inc-Int'agy Trans | Reclass Dec-Int'agy Trans | Additions | Deletions | Balance 08/31/11 |
|---------------------------------------|---------------------|-------------|----------------|------------------------------|------------------------------|----------------------|-------------|---------------------|
| BUSINESS-TYPE ACTIVITIES | | | | | | | | |
| Depreciable Assets | | | | | | | | |
| Furniture and Equipment | \$ 8,441.25 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 8,441.25 |
| Other Capital Assets | 6,439.92 | | | | | | | 6,439.92 |
| Total Depreciable Assets | 14,581.17 | | | | | | | 14,581.17 |
| Less Accumulated Depreciation for: | | | | | | | | |
| Furniture and Equipment | \$ (6,648.32) | \$ - | \$ - | \$ - | \$ - | \$ (1,492.93) | | (8,441.25) |
| Other Capital Assets | (6,439.92) | | | | | | | (6,439.92) |
| Total Accumulated Depreciation | (13,088.24) | | | | | (1,492.93) | | (14,581.17) |
| Capital Assets, Net | \$ 1,492.93 | \$ - | \$ - | \$ - | \$ - | \$ (1,492.93) | \$ - | \$ - |

NOTE 3: Deposits, Investments, & Repurchase Agreements

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

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

Deposits of Cash in Banks

As of August 31, 2011, the actual bank balance was \$35,386.83. The carrying value, identified as a Governmental and Business-Type Activity, was \$15,913.56 as presented next page.

UNAUDITED

Note 3 Continued**Investments**

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

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

| | |
|---|---------------------|
| CASH IN BANK - CARRYING VALUE PER AFR | \$ 15,913.56 |
| Proprietary Funds Current Assets Cash in Banks | \$ 1,333.41 |
| Proprietary Funds Current Assets Restricted Cash in Banks | \$ 14,580.15 |
| Cash in Banks per AFR | \$ 15,913.56 |

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

| | <u>Fair value</u> |
|---|------------------------|
| U.S. Government | |
| U.S. Treasury Securities | \$ - |
| U.S. Government Agency Obligations | - |
| U.S. Government Agency Obligations (Texas Treasury Safekeeping) | - |
| Corporate Obligations | - |
| Corporate Obligations (Texas Treasury Safekeeping) | - |
| Corporate Asset and Mortgage Backed Securities | - |
| Equity | - |
| International Obligations (Govt and Corp) | - |
| International Equity | - |
| Repurchase Agreements | - |
| Fixed Income Money Market and Bond Mutual Fund | 455,628.03 |
| Other Commingled Funds | 138.77 |
| Other Commingled Funds - Texpool | 7,460,978.01 |
| Commercial Paper | - |
| Real Estate | - |
| Miscellaneous | 250,000.00 |
| Total | \$ 8,166,744.81 |
| Proprietary Funds Current Cash Equivalents | \$ 2,468,447.06 |
| Proprietary Funds Current Restricted Cash Equivalents | 4,992,530.95 |
| Proprietary Funds Short Term Investments | 705,766.80 |
| Proprietary Funds Current Investments | - |
| Proprietary Funds Non-Current Restricted Cash Equivalents | - |
| Proprietary Funds Non-Current Restricted Investments | - |
| Proprietary Funds Non-Current Investments | - |
| Total as Above | \$ 8,166,744.81 |

UNAUDITED

NOTE 4: Short-Term Debt

Note not applicable.

NOTE 5: Summary of Long Term Liabilities

Changes in Long-term Liabilities

During the year ended August 31, 2011, the following changes occurred in long-term liabilities:

| BUSINESS - TYPE ACTIVITIES | BALANCE | | | BALANCE | | | AMOUNTS |
|-------------------------------|--------------------------|-------------------------|-------------------------|--------------------------|-------------------------|--|---------|
| | 09/01/10 | ADDITIONS | REDUCTIONS | 08/31/11 | DUE WITHIN ONE YEAR | | |
| General Obligation Bonds | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| Revenue Bonds | 739,741,745.78 | 92,766,143.85 | 38,297,528.52 | 794,210,361.11 | 37,752,802.20 | | |
| Compensable Leave | 247,189.38 | 100,940.29 | | 348,129.67 | 190,110.47 | | |
| TOTALS | \$ 739,988,935.16 | \$ 92,867,084.14 | \$ 38,297,528.52 | \$ 794,558,490.78 | \$ 37,942,912.67 | | |

General Obligation and Revenue Bonds Payable

See Note 6 for a discussion of Bonds Payable.

Employees' Compensable Leave

A state employee is entitled to be paid for any unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. An expense and liability for Business Type Activities are recorded in the accounts as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

NOTE 6: Bonded Indebtedness

The Board of Regents approved the order establishing the Master Resolution for the Texas State University System Revenue Financing System in August 1998. The Master Resolution provides a financing structure under which revenue supported indebtedness of the Revenue Financing System can be incurred. Each component institution and the System Administration of TSUS are members of the Revenue Financing System. The Board pledged all of the funds (revenues) and balances derived or attributable to any

UNAUDITED

Note 6 Continued

member of the Revenue Financing System that is lawfully available to the Board for payments on Parity Debt. Specifically exempted from pledged revenues are:

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

Pledged revenue is also subject to the provisions of the "Prior Encumbered Obligations". Prior encumbered obligations means the revenues included in the Revenue Financing System for Texas State University-San Marcos are subject to a prior claim for the following heretofore issued bonds of the Board on behalf of that University that were not refunded by the issuance of Revenue Refunding Bonds, Series 1998B or Taxable Series 1998:

Housing System Revenue Bonds, Series 1986
Utility System Revenue Bonds, Series 1996

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

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

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

Revenue Refunding Bonds, Taxable Series 1998

- To provide funds to refund certain obligations of the Board and to pay costs of issuance related to the bonds.
- Issued September 16, 1998.
- \$15,920,000; all authorized bonds have been issued.
- Source of revenue for debt service - Revenue Financing System.

UNAUDITED

Note 6 Continued

Revenue Bonds Series 2000

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip the property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.
- Issued September 26, 2000.
- \$26,000,000; all authorized bonds were issued.
- Bond proceeds of \$10,000,000 and \$16,000,000 were distributed to Sam Houston State University and Texas State University - San Marcos, respectively.
- The debt has been retained on the books of System Administration.
- Debt service payments will be made from mandatory transfers from the respective universities.
- Source of revenue for debt service - Revenue Financing System.

Revenue Bonds Series 2001

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip the property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.
- Issued June 21, 2001.
- \$12,400,000; all authorized bonds were issued.
- Bond proceeds were distributed to Texas State University-San Marcos.
- The debt has been retained on the books of System Administration.
- Debt service payments will be made from mandatory transfers from the University.
- Source of revenue for debt service - Revenue Financing System.

Revenue and Refunding Series 2002 and Taxable Series 2002A

- To acquire, purchase, construct, improve, renovate, enlarge or equip the property, buildings, structures, facilities or related infrastructures for component institutions (\$147,445,000). To refund certain taxable outstanding bond issues for Texas State University-San Marcos (\$14,170,000).
- Bond proceeds were also used to pay costs of issuance related to the bonds.
- Issued October 17, 2002.
- \$161,615,000; all authorized bonds have been issued.
- Bond proceeds were delivered to the TSUS components.

UNAUDITED

Note 6 Continued

- Debt service payments will be made from mandatory transfers from the respective universities.
- Source of revenue for debt service - Revenue Financing System
- The Texas Legislature has appropriated General Revenue Funds as an alternative funding source in the 2010-2011 biennium, for the Tuition Revenue financed share, \$98,935,000, of the issued bonds. Funding for the 2010-2011 biennium meets the debt service for Tuition Revenue Bonds and full funding for future biennia is anticipated.

Revenue Bonds Series 2003

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip the property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.
- Issued October 7, 2003.
- \$47,635,000; all authorized bonds issued.
- Bond proceeds of \$20,500,000 were transferred to SamHoustonStateUniversity, \$27,000,000 was transferred to Texas State University-San Marcos, and \$135,000 was utilized for debt service.
- The debt has been retained on the books of System Administration.
- Debt service payments will be made from mandatory transfers from the prospective university.
- Source of revenue for debt service - Revenue Financing System. The Texas Legislature has appropriated General Revenue Funds as an alternative funding source in the 2010-2011 biennium, for the Tuition Revenue financed share, \$98,935,000, of the issued bonds. Funding for the 2010-2011 biennium meets the debt service for Tuition Revenue Bonds and full funding for future biennia is anticipated

Revenue and Refunding Bonds Series 2004

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure; refund certain outstanding debt obligations of the Board; and to pay cost of issuance related to the bonds.
- Issued December 3, 2004.
- \$85,950,000; all authorized bonds have been issued.
- Bond proceeds were distributed to Lamar University (\$19,500,000), Sul Ross State University (\$20,240,000), and to refund certain outstanding debt and pay cost of issuance (\$46,210,000).

UNAUDITED

Note 6 Continued

- Debt service payments will be made from mandatory transfers from the universities.
- Source of revenue for debt service - Revenue Financing System
- The Texas Legislature has appropriated General Revenue Funds as an alternative funding source in the 2010-2011 biennium, for the Tuition Revenue financed share, \$31,865,395, of the issued bonds. Funding for the 2010-2011 biennium meets the debt service for Tuition Revenue Bonds and full funding for future biennia is anticipated.

Revenue and Refunding Bonds Series 2005

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure; refund certain outstanding debt obligations of the Board; and to pay cost of issuance related to the bonds.
- Issued September 1, 2005.
- \$43,250,000; all authorized bonds have been issued.
- Bond proceeds were distributed to Sam Houston State University (\$15,000,000) and used to refund of certain outstanding debt (\$30,079,652) and to pay costs of issuance (\$563,938).
- Debt service payments will be made from mandatory transfers from the Universities.
- Source of revenue for debt service - Revenue Financing System.
- The Texas Legislature has appropriated General Revenue Funds as an alternative funding source in the 2010-2011 biennium, for the Tuition Revenue financed share, \$13,565,244, of the issued bonds. Funding for the 2010-2011 biennium meets the debt service for Tuition Revenue Bonds and full funding for future biennia is anticipated.

Revenue Financing Revenue Bonds, Series 2006

- To provide funds to purchase certain student housing and educational facilities located at Texas State University-San Marcos, Lamar University, and Angelo State University and financed by a Chapter 53, Texas Education Code non-profit corporation for the benefit of Texas State University System Foundation, Inc. and related entities and to pay cost of issuance related to the bonds.
- Issued June 8, 2006.
- \$140,260,000; all authorized bonds have been issued.
- Debt refunded: Bobcat Village Texas State University-San Marcos - \$39,075,000; San Marcos Hall Texas State University-San Marcos -

UNAUDITED

Note 6 Continued

\$39,690,000; Cardinal Village Lamar University - \$44,270,000; and Texan Hall Angelo State University - \$17,225,000.

- Debt service payments will be made from mandatory transfers from the prospective universities
- Source of revenue for debt service – Revenue Financing System.

Revenue Financing Revenue Bonds, Series 2006A

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.
- Issued September 1, 2006.
- \$23,475,000; all authorized bonds have been issued.
- Bond proceeds were distributed to Lamar University (\$16,700,000) and to Texas State University-San Marcos (\$6,300,000).
- Debt service payments will be made from mandatory transfers from the prospective universities.
- Source of revenue for debt service – Revenue Financing System.

Revenue and Refunding Bonds, Series 2008

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.
- Issued August 19, 2008.
- \$207,395,000; all authorized bonds have been issued.
- Bond proceeds were distributed to Sam Houston State University (\$50,000,000) and to Texas State University-San Marcos (\$145,671,999).
- Debt refunded: Series 1998A - \$5,270,000; Series 1998B - \$13,270,000.
- Debt service payments will be made from mandatory transfers from the prospective universities.
- Source of revenue for debt service – Revenue Financing System.
- The Texas Legislature has appropriated General Revenue Funds as an alternative funding source in the 2010-2011 biennium, for the Tuition Revenue financed share, \$85,920,000, of the issued bonds. Funding for the 2010-2011 biennium meets the debt service for Tuition Revenue Bonds and full funding for future biennia is anticipated.

Revenue Financing Revenue Bonds, Series 2009

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

UNAUDITED

Note 6 Continued

- Issued June 30, 2009.
- \$86,745,000; all authorized bonds have been issued
- Bond proceeds were distributed to Lamar University (\$45,700,861), Sam Houston State University (\$3,200,000), and Texas State University-San Marcos (\$41,342,900).
- Debt service payments will be made from mandatory transfers from the prospective universities.
- Source of revenue for debt service – Revenue Financing System.
- The Texas Legislature has appropriated General Revenue Funds as an alternative funding source in the 2010-2011 biennium, for the Tuition Revenue financed share, \$4,335,000, of the issued bonds. Funding for the 2010-2011 biennium meets the debt service for Tuition Revenue Bonds and full funding for future biennia is anticipated.

Revenue Financing System Refunding Bonds, Series 2010

- To provide funds to refund a portion of the University System's outstanding obligations for debt service savings and to pay any costs related to the issuance of the bonds.
- Issued August 12, 2010.
- \$99,950,000; all authorized bonds have been issued.
- Debt refunded: Series 2001 - \$4,245,000; Series 2002 - \$83,955,000; Series 2003 - \$16,640,000.
- Debt service payments will be made from mandatory transfers from the prospective universities.
- Source of revenue for debt service – Revenue Financing System.
- The Texas Legislature has appropriated General Revenue Funds as an alternative funding source in the 2010-2011 biennium, for the Tuition Revenue financed share, \$63,745,000.00 of the issued bonds. Funding for the 2010-2011 biennium meets the debt service for Tuition Revenue Bonds and full funding for future biennia is anticipated.

Revenue Financing Revenue Bonds, Series 2010A

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.
- Issued August 19, 2010.
- \$65,735,000; all authorized bonds have been issued.

UNAUDITED

Note 6 Continued

- Bond proceeds were distributed to Lamar State College Port Arthur (\$1,849,500), Sam Houston State University (\$18,000,000), and Texas State University-San Marcos (\$46,125,000).
- Debt service payments will be made from mandatory transfers from the prospective universities.
- Source of revenue for debt service – Revenue Financing System.
- The Texas Legislature has appropriated General Revenue Funds as an alternative funding source in the 2010-2011 biennium, for the Tuition Revenue financed share, \$1,735,000, of the issued bonds. Funding for the 2010-2011 biennium meets the debt service for Tuition Revenue Bonds and full funding for future biennia is anticipated.

Revenue Financing Revenue Bonds, Series 2011

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.
- Issued June 14, 2011.
- \$86,775,000; all authorized bonds have been issued.
- Bond proceeds were distributed to Sam Houston State University (\$25,500,000), and Texas State University-San Marcos (\$66,468,000).
- Debt service payments will be made from mandatory transfers from the prospective universities.
- Source of revenue for debt service – Revenue Financing System.

DEFEASED BONDS

The following bonds are partially defeased at August 31, 2011:

Revenue and Refunding Series 2002

- To acquire, purchase, construct, improve, renovate, enlarge or equip the property, buildings, structures, facilities or related infrastructures for component institutions (\$147,445,000) and to pay costs of issuance related to the bonds.
- Issued October 17, 2002.
- Source of revenue for debt service - Revenue Financing System.

-

UNAUDITED

Note 6 Continued

- The Texas Legislature has appropriated General Revenue Funds as an alternative funding source in the 2010-2011 biennium, for the Tuition Revenue financed share, \$98,935,000, of the issued bonds. Funding for the 2010-2011 biennium meets the debt service for Tuition Revenue Bonds and full funding for future biennia is anticipated.
- Bonds partially defeased through the issuance of Refunding Bonds, Series 2010.
- Certain outstanding maturities with par value totaling \$83,955,000.00.
- Year defeased – 2010
- Economic gain on defeasement-Present Value Savings \$4,805,435.10.

Revenue Bonds Series 2003

- To provide funds to acquire, purchase, construct, improve, renovate, enlarge, or equip the property, buildings, structures, facilities, roads, or related infrastructure and to pay any costs related to the issuance of the bonds.
- Issued October 7, 2003.
- Bond proceeds of \$20,500,000 were transferred to SamHoustonStateUniversity, \$27,000,000 was transferred to Texas State University-San Marcos, and \$135,000 was utilized for debt service.
- The debt has been retained on the books of System Administration.
- Debt service payments will be made from mandatory transfers from the prospective university.
- Source of revenue for debt service - Revenue Financing System.
- The Texas Legislature has appropriated General Revenue Funds as an alternative funding source in the 2010-2011 biennium, for the Tuition Revenue financed share, \$98,935,000, of the issued bonds. Funding for the 2010-2011 biennium meets the debt service for Tuition Revenue Bonds and full funding for future biennia is anticipated
- Bonds partially defeased through the issuance of Refunding Bonds Series 2010.
- Year defeased 2010
- Certain outstanding maturities with par values totaling \$16,640,000.00 were defeased.
- Economic gain on defeasement – Present Value Savings \$1,994,034.43.

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NOTE 7: Capital Leases

Note not applicable.

NOTE 8: Operating Leases

Note not applicable.

NOTE 9: Employees Retirement Plans

Note not applicable.

NOTE 10: Deferred Compensation

Note not applicable.

NOTE 11: Post Employment Health Care and Life Insurance Benefits

Note not applicable.

NOTE 12: Interfund Balances/Activities

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

Individual balances and activity at August 31, 2011 consist of the following:

| OPTIONAL NOTE 12 PRESENTATION | DUE FROM | DUE TO | |
|---|------------------------|-----------------------|---------------|
| | OTHER AGENCIES | OTHER AGENCIES | SOURCE |
| Appd. Fund 9999, D23 Fund 0001 Agency 734, D23 Fund 7999 | \$ 8,078,974.80 | | Local |
| TOTALS | \$ 8,078,974.80 | \$ - | |

UNAUDITED

Note 12 Continued

| OPTIONAL NOTE 12 PRESENTATION | <u>TRANSFER IN</u> | <u>TRANSFER OUT</u> | <u>PURPOSE</u> |
|--------------------------------------|-------------------------|-------------------------|----------------|
| Appd. Fund 9999, D23 Fund 0001 | | | |
| Agency 734, D23 Fund 7999 | \$ 9,811,326.73 | | Reimbursement |
| Agency 737, D23 Fund 7999 | 1,817,167.14 | | Reimbursement |
| Agency 753, D23 Fund 7999 | 11,488,527.52 | | Reimbursement |
| Agency 753, D23 Fund 7999 | | 25,500,000.00 | Bond Proceeds |
| Agency 754, D23 Fund 7999 | 23,621,062.37 | | Reimbursement |
| Agency 754, D23 Fund 7999 | | 66,468,000.00 | Bond Proceeds |
| Agency 756, D23 Fund 7999 | 1,595,925.39 | | Reimbursement |
| Agency 787, D23 Fund 7999 | 89,005.83 | | Reimbursement |
| Agency 788, D23 Fund 7999 | 101,059.10 | | Reimbursement |
| Agency 789, D23 Fund 7999 | 115,597.30 | | Reimbursement |
| TOTALS | <u>\$ 48,639,671.38</u> | <u>\$ 91,968,000.00</u> | |

REQUIRED NOTE 12 PRESENTATION

| | <u>LEGISLATIVE TRANSFERS</u> | |
|--------------------------------|------------------------------|--------------------------|
| | <u>IN</u> | <u>OUT</u> |
| GENERAL REVENUE (01) | | |
| Appd. Fund 0001, D23 Fund 0001 | | |
| Agency 734, D23 Fund 0001 | \$ 2,454,898.65 | \$ (1,982,712.00) |
| Agency 737, D23 Fund 0001 | 2,880,859.38 | |
| Agency 753, D23 Fund 0001 | 2,674,523.53 | |
| Agency 754, D23 Fund 0001 | 10,867,299.90 | |
| Agency 756, D23 Fund 0001 | 2,675,505.10 | |
| Agency 787, D23 Fund 0001 | 426,789.25 | |
| Agency 788, D23 Fund 0001 | 904,310.26 | |
| Agency 789, D23 Fund 0001 | 522,245.60 | |
| Totals | <u>\$ 23,406,431.67</u> | <u>\$ (1,982,712.00)</u> |

NOTE 13: Continuance Subject to Review

Note not applicable.

NOTE 14: Adjustment to Fund Balances and Net Assets

Note not applicable.

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NOTE 15: Contingent Liabilities

At August 31, 2011, various lawsuits and claims involving the Board of Regents, Texas State University System were pending. While the ultimate liability with respect to litigation and other claims asserted against the Board of Regents cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the Board of Regents, Texas State University System. Under Texas law the Texas State University System, as an agency of the State of Texas, enjoys immunity from most causes of action. The majority of such claims are dismissed prior to trial.

NOTE 16: Subsequent Events

Texas State University System had no subsequent events to report for the year ended August 31, 2011.

NOTE 17: Risk Management

System Administration is exposed to a variety of civil claims resulting from the performance of its duties. It is System Administration's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. System Administration assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently there is no purchase of commercial insurance, nor is System Administration involved in any risk pool with other government entities for these risks.

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

Note not applicable

NOTE 19: The Financial Reporting Entity

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

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

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Note 19 Continued

The Texas State University System Foundation, Inc. is a non-profit corporation created in 1977 to provide financial support for the Universities and Colleges within the Texas State University System and for the System Office. The Foundation provides funds for student scholarships, faculty awards and for assisting the Chancellor in the performance of his duties. During fiscal year 2011, the Foundation had net assets of \$7,995,233. The Foundation provided \$433,097 in scholarships, faculty awards, and assistance to several institutions, the Chancellor and Board of Regents.

NOTE 20: Stewardship, Compliance, and Accountability

Note not applicable.

NOTE 21: N/A**NOTE 22: Donor Restricted Endowments**

Note not applicable.

NOTE 23: Extraordinary and Special Items

Note not applicable.

NOTE 24: Disaggregation of Receivable and Payable Balances

Other Current Liabilities at August 31,2010 of \$15,928,725.38 represents the accrued interest payable on the outstanding bonds payable.

NOTE 25: Termination Benefits

Note not applicable.

NOTE 26: Segment Information

Note not applicable

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TEXAS STATE UNIVERSITY SYSTEM
SYSTEM ADMINISTRATION
SCHEDULE 1B
SCHEDULE OF STATE GRANT PASS THROUGH FROM/TO STATE AGENCIES
For The Fiscal Year Ended August 31, 2011

Pass Through From:

| | |
|---|----------------------|
| Texas Higher Education Coordinating Board (Agy. 781) | |
| College Readiness Initiative | \$ 889,960.73 |
| Promote Participation & Success | 10,000.00 |
| Total Texas Higher Education Coordinating Board | <u>\$ 899,960.73</u> |

Pass Through To:

| | |
|--|----------------------|
| Texas State University-San Marcos (Agy. 754) | |
| College Readiness Initiative | \$ 627,150.23 |
| Total Texas State University-San Marcos | <u>\$ 627,150.23</u> |

UNAUDITED

**TEXAS STATE UNIVERSITY SYSTEM
SYSTEM ADMINISTRATION
SCHEDULE 2A
MISCELLANEOUS BOND INFORMATION
For the Year Ended August 31, 2010**

| Business Type Activity Description | Bonds Issued to Date | Range of Interest Rates | Scheduled Maturities | | First Call Date |
|---|----------------------------|-------------------------------|----------------------|--------------|-----------------------|
| | | | First Year | Last Year | |
| REVENUE BONDS | | | | | |
| Revenue Financing System Bonds Texas State University System | | | | | |
| Series 2001 | 12,400,000.00 | 4.25% to 5.25% | 2002 | 2021 | 03-15-11 |
| Series 2002 | 147,445,000.00 | 2.0% to 5.25% | 2003 | 2022 | 03-15-12 |
| Taxable Series 2002A | 14,170,000.00 | 1.875% to 4.375% | 2003 | 2011 | N/A |
| Series 2003 | 47,635,000.00 | 3.625% to 4.625% | 2004 | 2023 | 03-15-13 |
| Series 2004 | 85,950,000.00 | 2.25% to 5.00% | 2005 | 2034 | 09-15-14 |
| Series 2005 | 43,250,000.00 | 3.25% to 5.00% | 2006 | 2026 | 03-15-15 |
| Series 2006 | 140,260,000.00 | 4.25% to 5.00% | 2007 | 2034 | 03-15-16 |
| Series 2006A | 23,475,000.00 | 4.00% to 5.50% | 2008 | 2026 | 03-15-16 |
| Series 2008 | 207,395,000.00 | 3.00% to 5.25% | 2008 | 2028 | 03-15-18 |
| Series 2009 | 86,745,000.00 | 3.00% to 5.25% | 2009 | 2029 | 03-15-19 |
| Series 2010 | 99,950,000.00 | 2.00% to 5.00% | 2011 | 2022 | 03-15-20 |
| Series 2010a | 65,735,000.00 | 2.00% to 5.00% | 2010 | 2040 | 03-15-20 |
| Series 2011 | 86,775,000.00 | 2.00% to 5.00% | 2012 | 2042 | 03-15-21 |
| TOTAL | \$ 1,061,185,000.00 | | | | |

TEXAS STATE UNIVERSITY SYSTEM
SYSTEM ADMINISTRATION
SCHEDULE 2B
CHANGE IN BONDED INDEBTEDNESS
For the Year Ended August 31, 2011

| Business Type Activity Description | Bonds Outstanding 9/1/2010 | Bonds Issued | Bonds Matured | Bonds Refunded or Extinguished | Bonds Outstanding 8-31-2011 | Amounts Due Within One Year |
|---------------------------------------|----------------------------------|-----------------------------|-----------------------------|--------------------------------------|-----------------------------------|-----------------------------------|
| Revenue Bonds | | | | | | |
| Revenue Financing System Bonds | | | | | | |
| Series 2001 | 575,000.00 | | 575,000.00 | | 0.00 | 0.00 |
| Series 2002 | 16,690,000.00 | | 6,630,000.00 | | 10,060,000.00 | 6,860,000.00 |
| Taxable Series 2002A | | | | | | |
| Par Value | 2,060,000.00 | | 2,060,000.00 | | 0.00 | 0.00 |
| Discount | (908.53) | | (908.53) | | 0.00 | 0.00 |
| Series 2003 | 19,110,000.00 | | 2,105,000.00 | | 17,005,000.00 | 2,190,000.00 |
| Series 2004 | | | | | | |
| Par Value | 71,550,000.00 | | 6,525,000.00 | | 65,025,000.00 | 8,215,000.00 |
| Premium | 2,296,478.50 | | 564,491.89 | | 1,731,986.61 | 471,649.15 |
| Series 2005 | 39,795,000.00 | | 2,380,000.00 | | 37,415,000.00 | 1,760,000.00 |
| Series 2006 | 128,865,000.00 | | 3,295,000.00 | | 125,570,000.00 | 3,485,000.00 |
| Series 2006A | 20,990,000.00 | | 910,000.00 | | 20,080,000.00 | 950,000.00 |
| Series 2008 | 179,830,000.00 | | 7,970,000.00 | | 171,860,000.00 | 8,380,000.00 |
| Series 2009 | 82,535,000.00 | | 2,725,000.00 | | 79,810,000.00 | 2,825,000.00 |
| Series 2010 | | | | | | |
| Par Value | 99,950,000.00 | | 1,505,000.00 | | 98,445,000.00 | 0.00 |
| Premium | 5,683,932.26 | | 247,127.49 | | 5,436,804.77 | 494,254.98 |
| Series 2010A | | | | | | |
| Par Value | 65,575,000.00 | | 735,000.00 | | 64,840,000.00 | 345,000.00 |
| Premium | 4,237,243.55 | | 71,817.67 | | 4,165,425.88 | 143,635.37 |
| Series 2011 | | | | | | |
| Par Value | | 86,775,000.00 | | | 86,775,000.00 | 1,440,000.00 |
| Premium | | 5,991,143.85 | | | 5,991,143.85 | 193,262.70 |
| Total Revenue Bonds | <u>739,741,745.78</u> | <u>92,766,143.85</u> | <u>38,297,528.52</u> | <u>0.00</u> | <u>794,210,361.11</u> | <u>37,752,802.20</u> |
| TOTAL | <u>\$ 739,741,745.78</u> | <u>\$ 92,766,143.85</u> | <u>\$ 38,297,528.52</u> | <u>\$ 0.00</u> | <u>\$ 794,210,361.11</u> | <u>\$ 37,752,802.20</u> |

UNAUDITED

TEXAS STATE UNIVERSITY SYSTEM
SYSTEM ADMINISTRATION
SCHEDULE 2C
DEBT SERVICE REQUIREMENTS
For the Year Ended August 31, 2011

| <u>Business Type Activity</u> | | | |
|--------------------------------|-----------|-------------------------|-------------------------|
| Description | Year | Principal | Interest |
| Revenue Financing System Bonds | | | |
| Texas State University System | | | |
| | | | |
| Series 2002 | 2012 | 6,860,000.02 | 503,962.48 |
| | 2013 | 265,000.01 | 160,962.54 |
| | 2014 | 279,999.99 | 147,049.96 |
| | 2015 | 294,999.98 | 132,349.96 |
| | 2016 | 300,000.02 | 116,862.46 |
| | 2017-2021 | 1,674,999.96 | 346,562.52 |
| | 2022 | 385,000.00 | 18,287.50 |
| | | <u>\$ 10,059,999.98</u> | <u>\$ 1,426,037.42</u> |
| Series 2003 | 2012 | 2,190,000.00 | 750,287.50 |
| | 2013 | 2,280,000.00 | 662,687.50 |
| | 2014 | 2,390,000.00 | 571,487.50 |
| | 2015 | | 460,950.00 |
| | 2016 | | 460,950.00 |
| | 2017-2021 | 3,224,999.99 | 2,304,750.00 |
| | 2022-2023 | 6,919,999.97 | 479,550.02 |
| | | <u>\$ 17,004,999.96</u> | <u>\$ 5,690,662.52</u> |
| Series 2004 | 2012 | 8,214,999.99 | 3,219,067.50 |
| | 2013 | 8,619,999.98 | 2,808,317.48 |
| | 2014 | 8,559,999.98 | 2,377,317.46 |
| | 2015 | 7,884,999.98 | 1,949,317.52 |
| | 2016 | 3,065,000.00 | 1,555,067.50 |
| | 2017-2021 | 8,595,000.00 | 6,352,250.00 |
| | 2022-2026 | 10,985,000.00 | 3,976,250.00 |
| | 2027-2031 | 5,270,000.00 | 1,773,750.00 |
| | 2032-2034 | 3,830,000.00 | 389,250.00 |
| | | <u>\$ 65,024,999.93</u> | <u>\$ 24,400,587.46</u> |
| Series 2005 | 2012 | 1,760,000.01 | 1,829,937.52 |
| | 2013 | 1,365,000.01 | 1,750,737.52 |
| | 2014 | 1,620,000.01 | 1,682,487.52 |
| | 2015 | 1,320,000.00 | 1,601,487.52 |
| | 2016 | 5,664,999.98 | 1,535,487.52 |
| | 2017-2021 | 20,640,000.03 | 3,369,187.50 |
| | 2022-2026 | 5,045,000.00 | 697,081.26 |
| | | <u>\$ 37,415,000.04</u> | <u>\$ 12,466,406.36</u> |

UNAUDITED

TEXAS STATE UNIVERSITY SYSTEM
SYSTEM ADMINISTRATION
SCHEDULE 2C
DEBT SERVICE REQUIREMENTS
For the Year Ended August 31, 2011

| | | | |
|--------------|-----------|--------------------------|--------------------------|
| Series 2006 | 2012 | 3,485,000.00 | 6,278,500.00 |
| | 2013 | 3,660,000.00 | 6,104,250.00 |
| | 2014 | 3,850,000.00 | 5,921,250.00 |
| | 2015 | 4,045,000.00 | 5,728,750.00 |
| | 2016 | 4,235,000.00 | 5,526,500.00 |
| | 2017-2021 | 24,655,000.00 | 24,230,250.00 |
| | 2022-2026 | 31,455,000.00 | 17,418,750.00 |
| | 2027-2031 | 40,120,000.00 | 8,730,250.00 |
| | 2032-2034 | 10,065,000.00 | 920,000.00 |
| | | <u>\$ 125,570,000.00</u> | <u>\$ 80,858,500.00</u> |
| Series 2006A | 2012 | 950,000.00 | 940,137.52 |
| | 2013 | 985,000.00 | 902,137.52 |
| | 2014 | 1,030,000.00 | 860,275.02 |
| | 2015 | 1,080,000.00 | 808,775.02 |
| | 2016 | 1,135,000.00 | 754,775.02 |
| | 2017-2021 | 6,610,000.00 | 2,827,937.58 |
| | 2022-2026 | 8,290,000.00 | 1,151,775.00 |
| | | | <u>\$ 20,080,000.00</u> |
| Series 2008 | 2012 | 8,380,000.00 | 8,615,174.98 |
| | 2013 | 8,450,000.00 | 8,196,174.98 |
| | 2014 | 8,680,000.00 | 7,879,299.98 |
| | 2015 | 9,105,000.00 | 7,532,099.96 |
| | 2016 | 8,800,000.00 | 7,076,850.02 |
| | 2017-2021 | 46,185,000.00 | 28,498,787.52 |
| | 2022-2026 | 55,705,000.00 | 15,845,937.50 |
| | 2027-2028 | 26,555,000.00 | 2,040,375.00 |
| | | | <u>\$ 171,860,000.00</u> |
| Series 2009 | 2012 | 2,825,000.00 | 4,056,462.50 |
| | 2013 | 2,960,000.00 | 3,915,212.50 |
| | 2014 | 3,115,000.00 | 3,767,212.50 |
| | 2015 | 3,270,000.00 | 3,611,462.50 |
| | 2016 | 3,445,000.00 | 3,447,962.50 |
| | 2017-2021 | 19,920,000.00 | 14,483,062.50 |
| | 2022-2026 | 25,550,000.00 | 8,875,450.00 |
| | 2027-2029 | 18,725,000.00 | 1,918,337.50 |
| | | | <u>\$ 79,810,000.00</u> |
| Series 2010 | 2012 | | 4,922,250.00 |
| | 2013 | 6,465,000.00 | 4,922,250.00 |
| | 2014 | 6,780,000.00 | 4,599,000.00 |
| | 2015 | 9,615,000.00 | 4,259,999.96 |
| | 2016 | 9,865,000.00 | 3,779,250.00 |
| | 2017-2021 | 56,325,000.00 | 10,767,000.06 |
| | 2022 | 9,395,000.00 | 469,749.98 |
| | | | <u>\$ 98,445,000.00</u> |

UNAUDITED

TEXAS STATE UNIVERSITY SYSTEM
 SYSTEM ADMINISTRATION
 SCHEDULE 2C
 DEBT SERVICE REQUIREMENTS
 For the Year Ended August 31, 2011

| | | | |
|--------------|-----------|-------------------------|-------------------------|
| Series 2010A | 2012 | 735,000.00 | 1,730,149.65 |
| | 2013 | 345,000.00 | 3,008,862.52 |
| | 2014 | 1,240,000.00 | 2,998,512.52 |
| | 2015 | 1,285,000.00 | 2,948,912.52 |
| | 2016 | 1,335,000.00 | 2,897,512.52 |
| | 2017-2021 | 7,450,000.00 | 13,714,712.60 |
| | 2022-2026 | 9,330,000.00 | 11,829,562.60 |
| | 2027-2031 | 11,845,000.00 | 9,323,362.60 |
| | 2032-2036 | 14,135,000.00 | 6,448,562.60 |
| | 2037-2040 | 17,875,000.00 | 2,700,031.28 |
| | | <u>\$ 65,575,000.00</u> | <u>\$ 57,600,181.41</u> |
| Series 2011 | 2012 | 1,440,000.00 | 3,028,730.85 |
| | 2013 | 1,985,000.00 | 4,101,287.54 |
| | 2014 | 2,045,000.00 | 4,041,737.54 |
| | 2015 | 2,130,000.00 | 3,959,937.54 |
| | 2016 | 2,215,000.00 | 3,874,737.54 |
| | 2017-2021 | 12,730,000.00 | 17,690,537.70 |
| | 2022-2026 | 16,075,000.00 | 14,365,937.70 |
| | 2027-2031 | 20,375,000.00 | 10,065,037.54 |
| | 2032-2036 | 10,805,000.00 | 5,917,750.00 |
| | 2037-2041 | 13,790,000.00 | 2,932,000.00 |
| | 2042 | 3,185,000.00 | 159,250.00 |
| | | <u>\$ 86,775,000.00</u> | <u>\$ 70,136,943.95</u> |

UNAUDITED
TEXAS STATE UNIVERSITY SYSTEM
SYSTEM ADMINISTRATION
SCHEDULE 2D
SCHEDULE OF ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Year Ended August 31, 2011

| <u>Business Type Activity - Revenue Bonds</u> | Pledged and Other Sources and Related Expenditures for the Year | | | |
|---|---|------------------------------------|---------------|------------------|
| | Net Available for Debt Service | | | |
| | Total | Operating Expenses | Debt Service | |
| | Pledged and Other Sources | Expenditures and Capital Outlay | Principal | Interest |
| Description of Issues | | | | |
| TSUS Revenue Financing System Revenue Bonds | | | | |
| Series 2001 | | | 575,000 | 30,187.50 |
| Series 2002 | | | 6,630,000 | 736,012.58 |
| Taxable Series 2002A | | | 2,060,000 | 90,125.00 |
| Series 2003 | | | 2,105,000 | 834,487.52 |
| Series 2004 | | | 6,525,000 | 3,545,317.52 |
| Series 2005 | | | 2,380,000 | 1,948,937.54 |
| Series 2006 | | | 3,295,000 | 6,418,537.50 |
| Series 2006A | | | 910,000 | 976,537.52 |
| Series 2008 | | | 7,970,000 | 9,013,674.98 |
| Series 2009 | | | 2,725,000 | 4,165,462.50 |
| Series 2010 | | | 1,505,000 | 2,930,140.41 |
| Series 2010A | | | 735,000 | 1,730,149.65 |
| Series 2011 | | | | |
| Subtotal Revenue Financing System Revenue Bonds | 401,121,775 | 401,767,493 | 37,415,000 | 32,419,570.22 |
| Total | \$ 401,121,775 | \$ 401,767,493 | \$ 37,415,000 | \$ 32,419,570.22 |

UNAUDITED

TEXAS STATE UNIVERSITY SYSTEM
SYSTEM ADMINISTRATION
SCHEDULE 2E
SCHEDULE OF DEFEASED BONDS OUTSTANDING
For the Year Ended August 31, 2011

| <u>Description of Issues</u> | <u>Year Refunded</u> | <u>Par Value Outstanding</u> |
|---|--------------------------|----------------------------------|
| Revenue Financing System Revenue Bonds | | |
| Revenue Financing System Revenue Bonds Series 2002 | 2010 | 83,955,000.00 |
| Revenue Financing System Revenue Bonds Series 2003 | 2010 | 16,640,000.00 |
| | | <u>\$ 100,595,000.00</u> |
| Total Defeased Bonds | | <u>\$ 100,595,000.00</u> |

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TEXAS STATE UNIVERSITY SYSTEM
 SYSTEM ADMINISTRATION
 SCHEDULE 2F
 SCHEDULE OF EARLY EXTINGUISHMENT AND REFUNDING
 For the Year Ended August 31, 2011

NOT APPLICABLE

| Description of Issue | Category | Amount Extinguished or Refunded | Refunding Issue Par Value | Cash Flow Increase (Decrease) | Economic Gain/ (Loss) |
|--------------------------------|----------|---------------------------------------|---------------------------------|-------------------------------------|-----------------------------|
| Business-Type Activities | | | | | |
| Revenue Bonds | | | | | |
| Revenue Financing System Bonds | | | | | |
| Total | | \$ - | \$ - | \$ - | \$ - |

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**Texas State University System
System Administration
Schedule 3 - Reconciliation of Cash in State Treasury
August 31, 2011**

| Cash in State Treasury | Unrestricted | Restricted | Current Year Total |
|--|---------------------|-------------------|---------------------------|
| Special Mineral Fund 0283 | \$ - | \$ - | \$ - |
| Cash in State Treasury (Stmt of Net Assets) | \$0 | \$0 | \$0 |