

# STEPHEN F. AUSTIN STATE UNIVERSITY



## Unaudited Financial Report For the Year Ended August 31, 2015

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

NACOGDOCHES, TEXAS

# **Stephen F. Austin State University**

Unaudited Financial Report  
For the Year Ended  
August 31, 2015

# STEPHEN F. AUSTIN STATE UNIVERSITY

## TABLE OF CONTENTS

	Page
Letter to Oversight Agencies .....	i
Letter of Transmittal .....	ii
Organizational Data .....	iii
Management's Discussion and Analysis .....	1
Statement of Net Position .....	12
Statement of Revenues, Expenses, and Changes in Net Position .....	16
Matrix of Operating Expenses by Function .....	18
Statement of Cash Flows .....	20
Notes to the Financial Statements .....	22
 SCHEDULES:	
1-A Schedule of Expenditures of Federal Awards.....	44
1-B State Grant Pass-Through From/To State Agency .....	52
2-A Miscellaneous Bond Information .....	53
2-B Changes in Bonded Indebtedness .....	54
2-C Debt Service Requirement .....	56
2-D Analysis of Funds Available for Debt Service-General Obligation Bonds.....	58
2-D Analysis of Funds Available for Debt Service-Revenue Bonds .....	59
2-E Defeased Bonds Outstanding .....	60
2-F Current Year Early Extinguishment and Refunding .....	61
3 Reconciliation of Cash in State Treasury .....	62



# STEPHEN F. AUSTIN STATE UNIVERSITY

Office of the Controller

P.O. Box 13035, SFA Station • Nacogdoches, Texas 75962-3035

Phone (936) 468-2303 • Fax (936) 468-2207

November 20, 2015

Honorable Greg Abbott, Governor  
Honorable Glenn Hegar, Texas Comptroller of Public Accounts  
Ursula Parks, Director, Legislative Budget Board  
John Keel, CPA, State Auditor

Dear Ladies and Gentlemen:

We are pleased to submit the annual financial report of Stephen F. Austin State University for the year ended August 31, 2015, in compliance with Texas Government Code Annotated, Section 2101.011 and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

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

If you have any questions, please contact Ms. Dora Fuselier at (936) 468-2112. Ms. Letitia Hamilton may be contacted at (936) 468-2250 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

A stylized, bold signature of the letter 'B' in black ink.

Baker Pattillo  
President



# STEPHEN F. AUSTIN STATE UNIVERSITY

## Office of the Controller

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

November 20, 2015

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

Dear Dr. Pattillo:

Submitted herein is the Annual Financial Report of Stephen F. Austin State University for the fiscal year ended August 31, 2015.

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

The accompanying Annual Financial Report will be considered for audit by the state auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report (CAFR). Therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact me.

Sincerely,

Dora Fuselier, CPA  
Controller

Approved:

Danny Gallant  
Vice President for Finance and Administration

**STEPHEN F. AUSTIN STATE UNIVERSITY  
ORGANIZATIONAL DATA  
August 31, 2015**

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**Board of Regents**

**Officers**

Scott H. Coleman, Chairman  
Kenton E. Schaefer, Vice Chairman  
Barry E. Nelson, Secretary

**Members**

<b>Name</b>	<b>Town</b>	<b>Term Expires</b>
Brigettee C. Henderson	Lufkin, Texas	January 31, 2017
Kenton E. Schaefer	Brownsville, Texas	January 31, 2017
Ralph C. Todd	Carthage, Texas	January 31, 2017
David R. Alders	Nacogdoches, Texas	January 31, 2019
John R. Garrett	Tyler, Texas	January 31, 2019
Barry E. Nelson	Dallas, Texas	January 31, 2019
Nelda L. Blair	The Woodlands, Texas	January 31, 2021
Scott H. Coleman	Houston, Texas	January 31, 2021
Alton L. Frailey	Katy, Texas	January 31, 2021
Ryan Brown-Moreno (student)	Plano, Texas	May 31, 2016

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**President**

Baker Pattillo, Ph.D.

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**Finance and Administration**

Vice President - Danny Gallant  
Controller - Dora Fuselier, CPA  
Assistant Controller - Dannette Sales, CPA

# **STEPHEN F. AUSTIN STATE UNIVERSITY**

## **Management's Discussion and Analysis**

### **Unaudited**

For the Year Ended August 31, 2015

#### **INTRODUCTION**

Stephen F. Austin State University (the University) is a comprehensive regional public institution of higher education and an agency of the State of Texas (State). The University was founded in 1923 and is named for the "Father of Texas," Stephen Fuller Austin. It is located in Nacogdoches in the Piney Woods area of East Texas. The main campus includes more than 400 acres, including part of the original homestead of Thomas J. Rusk, early Texas patriot and United States Senator. In fall 2014, the University enrolled 12,801 students in 34 academic units and 6 colleges. Bachelors, masters, and doctoral level degrees are offered by the University.

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

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

#### **OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS**

The objective of Management's Discussion and Analysis is to help readers of the Financial Statements of Stephen F. Austin State University better understand the financial position and operating activities for the fiscal year ended August 31, 2015, with selected comparative information for the year ended August 31, 2014. This discussion should be read in conjunction with the Transmittal Letter, Financial Statements and Notes to the Financial Statements. Management has prepared the Financial Statements and Notes to the Financial Statements along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the University administration.

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

#### **FINANCIAL HIGHLIGHTS**

- Enrollment for the 2014 fall semester was 12,801. This figure represents a slight increase from the enrollment of 12,772 recorded in fall 2013. University officials attributed the .2 percent increase to the highest retention rate in University history.
- The University's financial position at August 31, 2015, reflected total assets of \$409 million and total liabilities of \$286 million. Restatements totaling \$27.6 million to the net position resulted in a net position of \$119 million.
- The Board of Regents approved continuing the re-branding campaign for the University at a cost not to exceed \$1.6 million for the 2014-15 fiscal year. The campaign is a multi-phase project that includes extensive media buys during the most critical times of the year for the college decision process along with increased focus on the positive perception of the University.
- In October 2014, the Board of Regents approved the third phase of an energy savings performance contract project with a budget of \$11.3 million. The Board authorized a lease purchase agreement with Banc of America Capital Corporation to fund this project.
- In April 2014, the Texas Higher Education Coordinating Board approved a new four-year engineering degree program that began in the fall term. The Texas 84<sup>th</sup> Legislature also approved \$46.4 million in tuition revenue bonds and in July 2015, the Board of Regents approved the construction of a Science Technology Engineering and Math building to support this program.

Stephen F. Austin State University-755  
Management's Discussion and Analysis  
UNAUDITED  
For the Year Ended August 31, 2015

**CONDENSED FINANCIAL INFORMATION AND FINANCIAL HIGHLIGHTS**

***Statement of Net Position***

The Statement of Net Position provides a snapshot view of assets available for use in the University's continuing operations and enables readers to determine the amounts owed to others. Over time, increases or decreases in net position are indicators of the improvement or decline of the financial health of the University. The Statement of Net Position presents the assets, liabilities, deferred outflow and inflow of resources, and net position of the University at a specific point in time, in this case August 31, 2015. Net position represents the residual interest in the University's assets after deducting liabilities.

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

A summarized comparison of the University's Statement of Net Position at August 31, 2015, and 2014 follows:

**Statement of Net Position**

	<b>August 31, 2015</b>	<b>August 31, 2014 Restated</b>
<b>Assets</b>		
Current Assets	\$ 138,173,224.64	\$ 132,181,174.63
Noncurrent Assets		
Other Noncurrent Assets	66,733,639.09	66,533,996.69
Capital Assets, Net of Depreciation	204,154,849.49	209,659,653.19
<b>Total Assets</b>	409,061,713.22	408,374,824.51
<b>Deferred Outflows of Resources</b>	1,481,648.71	1,747,670.88
<b>Liabilities</b>		
Current Liabilities	116,224,484.10	120,375,054.82
Noncurrent Liabilities	169,405,158.92	171,150,894.73
<b>Total Liabilities</b>	285,629,643.02	291,525,949.55
<b>Deferred Inflows of Resources</b>	5,629,452.57	0.00



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Management's Discussion and Analysis  
UNAUDITED  
For the Year Ended August 31, 2015

**Net Position**

Invested in Capital Assets, Net of Related Debt	53,014,370.50	53,970,846.52
Restricted Net Position		
Expendable	22,400,170.19	19,582,579.51
Non-expendable	5,347,452.22	7,083,648.45
Unrestricted Net Position	38,522,273.43	37,959,471.36
<b>Total Net Position</b>	<b>\$ 119,284,266.34</b>	<b>\$ 118,596,545.84</b>

In fiscal year 2015, total assets of the University remained relatively unchanged from the previous fiscal year at \$409 million. While cash and investments increased \$5.2 million, capital assets, net of depreciation, decreased approximately \$5.5 million. Capital expenditures of \$10.9 million offset by depreciation and amortization expenditures of \$16.3 million accounted for the capital asset variance.

Total liabilities decreased by approximately \$5.9 million. The implementation of Governmental Accounting Standards Board (GASB) 68 required the University to restate non-current liabilities to account for a share of the unfunded pension liability of the pension plan administered by the state. The University's share in fiscal year 2014 was \$22.6 million and this decreased to \$18.4 million by the end of fiscal year 2015. This change in accounting resulted in \$4.2 million of the decrease in liabilities. Although the University issued bonds of \$48.4 million to refund the 2005 and 2005(A) issues, payments made toward the University's various debt instruments resulted in a decrease of \$8.7 million of bonded debt. The University also acquired \$14 million in loans to complete phase three of the energy conservation program and to replace video boards at the athletic facilities.

Total Net Position increased by \$.7 million primarily due to an increase in designated tuition revenues from increased rates and stable enrollment. A restatement of over \$6 million was also required due to an internal audit of the state benefits for fiscal year 2012 and 2013 and a management review of 2014.

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

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

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

A summarized comparison of the University's Statement of Revenues, Expenses, and Changes in Net Position for the years ended August 31, 2015, and 2014 follows:

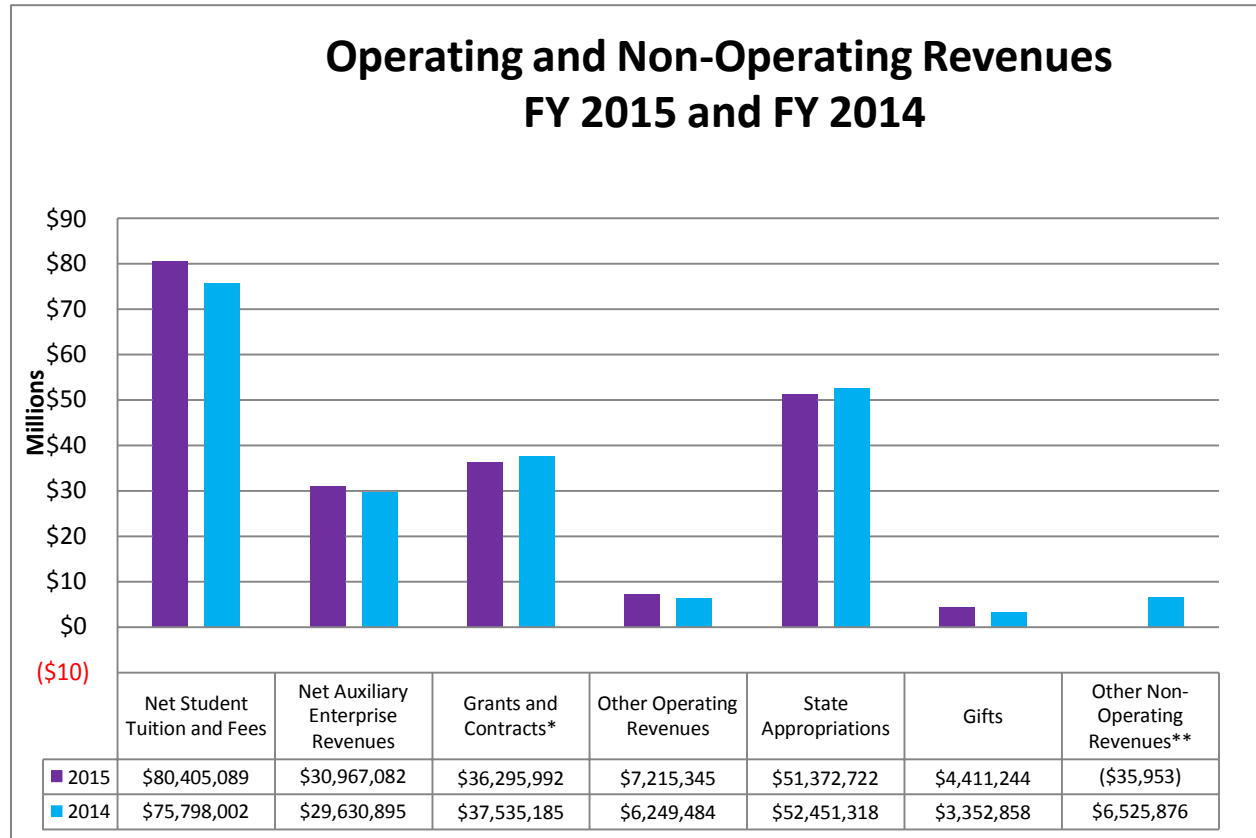
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Management's Discussion and Analysis  
UNAUDITED  
For the Year Ended August 31, 2015

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

	<b>2015</b>	<b>2014</b>
<b>Operating Revenues:</b>		
Net Student Tuition and Fees	\$ 80,405,089.01	\$ 75,798,002.19
Net Auxiliary Enterprise Revenues	30,967,081.53	29,630,895.29
Grants and Contracts	16,654,479.74	15,711,347.88
Other Operating Revenues	7,215,344.50	6,249,483.70
<b>Total Operating Revenues</b>	<b>135,241,994.78</b>	<b>127,389,729.06</b>
<b>Total Operating Expenses</b>	<b>211,100,540.00</b>	<b>203,377,110.27</b>
<b>Operating Income (Loss)</b>	<b>(75,858,545.22)</b>	<b>(75,987,381.21)</b>
<b>Non-Operating Revenues (Expenses):</b>		
Legislative Revenue (State)	39,265,903.00	39,110,677.00
Additional Appropriations	12,106,819.32	13,340,640.92
Federal Revenues - Non-Operating	19,641,512.00	21,110,029.24
State Pass-Through Revenues – Non-Operating	0.00	713,808.00
Gifts	4,411,243.90	3,352,858.24
Net Investment Income (Loss)	3,825,302.23	2,242,577.08
Net Increase (Decrease) in Fair Value of Investments	(4,021,378.87)	3,155,976.57
Interest Expenses and Fiscal Charges	(6,803,215.92)	(6,706,251.60)
Net Other Non-Operating Revenues (Expenses)	160,123.15	1,127,322.52
<b>Total Non-Operating Revenues (Expenses)</b>	<b>68,586,308.81</b>	<b>77,447,637.97</b>
<b>Income (Loss) Before Other Revenues, Expenses, Gains or Losses</b>	<b>(7,272,236.41)</b>	<b>1,460,256.76</b>
<b>Other Revenues, Expenses, Gains (Losses) and Transfers</b>	<b>7,959,956.91</b>	<b>7,983,001.55</b>
<b>Change in Net Position</b>	<b>687,720.50</b>	<b>9,443,258.31</b>
<b>Net Position, Beginning of Year</b>	<b>146,206,437.72</b>	<b>136,763,179.41</b>
Restatements	(27,609,891.88)	0.00
<b>Restated Net Position, Beginning of Year</b>	<b>118,596,545.84</b>	<b>136,763,179.41</b>
<b>Net Position, End of Year</b>	<b>\$ 119,284,266.34</b>	<b>\$ 146,206,437.72</b>

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Management's Discussion and Analysis  
UNAUDITED  
For the Year Ended August 31, 2015

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



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

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

Some of the fiscal year 2015 highlights presented in the Statement of Revenues, Expenses, and Changes in Net Position are as follows:

- In April 2014 the Board of Regents approved an increase in designated tuition rates for the 2014-15 fiscal year. With stable enrollment, this resulted in an increase in net tuition and fees of \$4.6 million.
- Net auxiliary enterprise revenue increased by \$1.2 million over the previous year. The Board of Regents approved an increase in room and board rates of 3.5 and 1.9 percent respectively for the 2015 fiscal period. The occupancy rates remained unchanged at 91 percent for the fall term and 80 percent for the spring semester.
- Other operating revenues increased approximately \$1 million due to increased sales and services.
- Gifts increased \$1 million over fiscal year 2014.
- Non-operating revenues decreased over \$7 million from losses in investment activity related to the net decrease in fair market value of investments.

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Management's Discussion and Analysis  
UNAUDITED  
For the Year Ended August 31, 2015

Discounts and allowances reported as offsets for both tuition and fees and auxiliary enterprises revenues reflect exemptions, tuition discounts, and the allowance for doubtful accounts, which is calculated as an estimate of portion of the student receivables may be uncollectible. These amounts are reflected in the chart below.

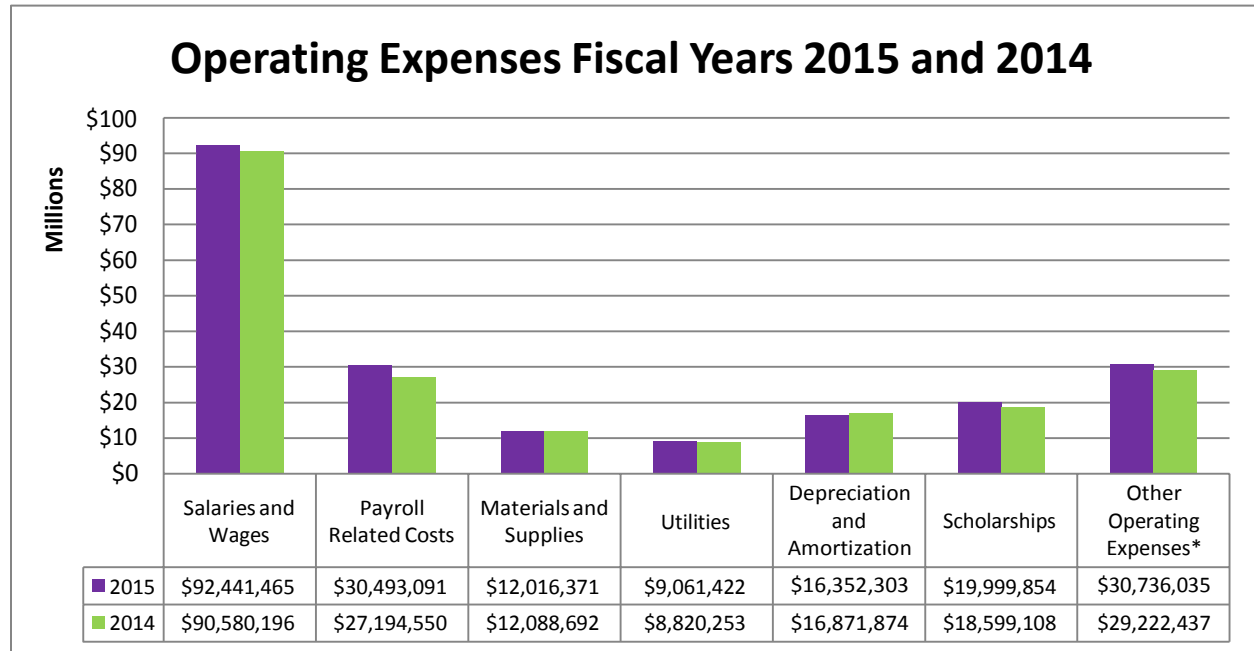
<b>Gross Student Revenues, Exemptions, Discounts and Allowances</b>			
	<b>2015</b>	<b>2014</b>	<b>Net Change</b>
Tuition and Fees - Pledged	\$102,007,616.79	\$97,240,467.35	\$4,767,149.44
Tuition and Fees - Non-Pledged	3,892,601.96	3,943,819.50	(51,217.54)
Exemptions	(6,565,156.78)	(6,121,993.50)	(443,163.28)
Tuition Discounts	(18,498,431.32)	(18,868,182.10)	369,750.78
Allowances for Doubtful Accounts	(431,541.64)	(396,109.06)	(35,432.58)
Net Student Tuition and Fees	<u>\$80,405,089.01</u>	<u>\$75,798,002.19</u>	<u>\$4,607,086.82</u>
Auxiliary Enterprises - Pledged	\$38,179,275.86	\$37,258,876.71	\$920,399.15
Discounts	(8,678,154.32)	(9,013,980.87)	335,826.55
Allowances for Doubtful Accounts	(440,177.12)	(394,092.13)	(46,084.99)
Auxiliary Enterprises - Non-Pledged	1,906,137.11	1,780,091.58	126,045.53
Net Auxiliary Enterprise Revenues	<u>\$30,967,081.53</u>	<u>\$29,630,895.29</u>	<u>\$1,336,186.24</u>

The following data summarizes the operating expenses in the natural classification expense categories for the fiscal years ended August 31, 2015, and 2014:

	<b>2015</b>	<b>2014</b>
Cost of Goods Sold	\$ 9,489,393.41	\$ 9,220,601.86
Salaries and Wages	92,441,465.19	90,580,195.95
Payroll Related Costs	30,493,090.64	27,194,549.71
Professional Fees and Services	2,130,879.28	2,117,194.75
Travel	3,230,998.14	2,675,479.89
Materials and Supplies	12,016,370.61	12,088,691.99
Communication and Utilities	9,061,421.76	8,820,253.19
Repairs and Maintenance	4,784,558.87	4,863,247.79
Rentals and Leases	3,661,731.19	2,383,620.21
Printing and Reproduction	507,888.96	308,154.74
Federal and State Pass-Through Expenditures	646,932.12	634,523.96
Amortization	362,198.04	637,625.72
Depreciation	15,990,104.68	16,234,248.21
Bad Debt Expense	1,509.86	4,861.18
Scholarships	19,999,853.85	18,599,108.18
Other Operating Expenses	<u>6,282,143.40</u>	<u>7,014,752.94</u>
	<u>\$ 211,100,540.00</u>	<u>\$ 203,377,110.27</u>

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Management's Discussion and Analysis  
UNAUDITED  
For the Year Ended August 31, 2015

The following is a graphic presentation of the major operating expense categories for the fiscal years ended August 31, 2015, and 2014:



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

Reported net scholarships increased by \$1.4 million. However, the gross amount of scholarships actually awarded to students increased \$.7 million. A portion of scholarships has been reclassified as either tuition discounts or auxiliary discounts using the NACUBO discount formula. The discount calculation takes into account all aid to the student (see chart).

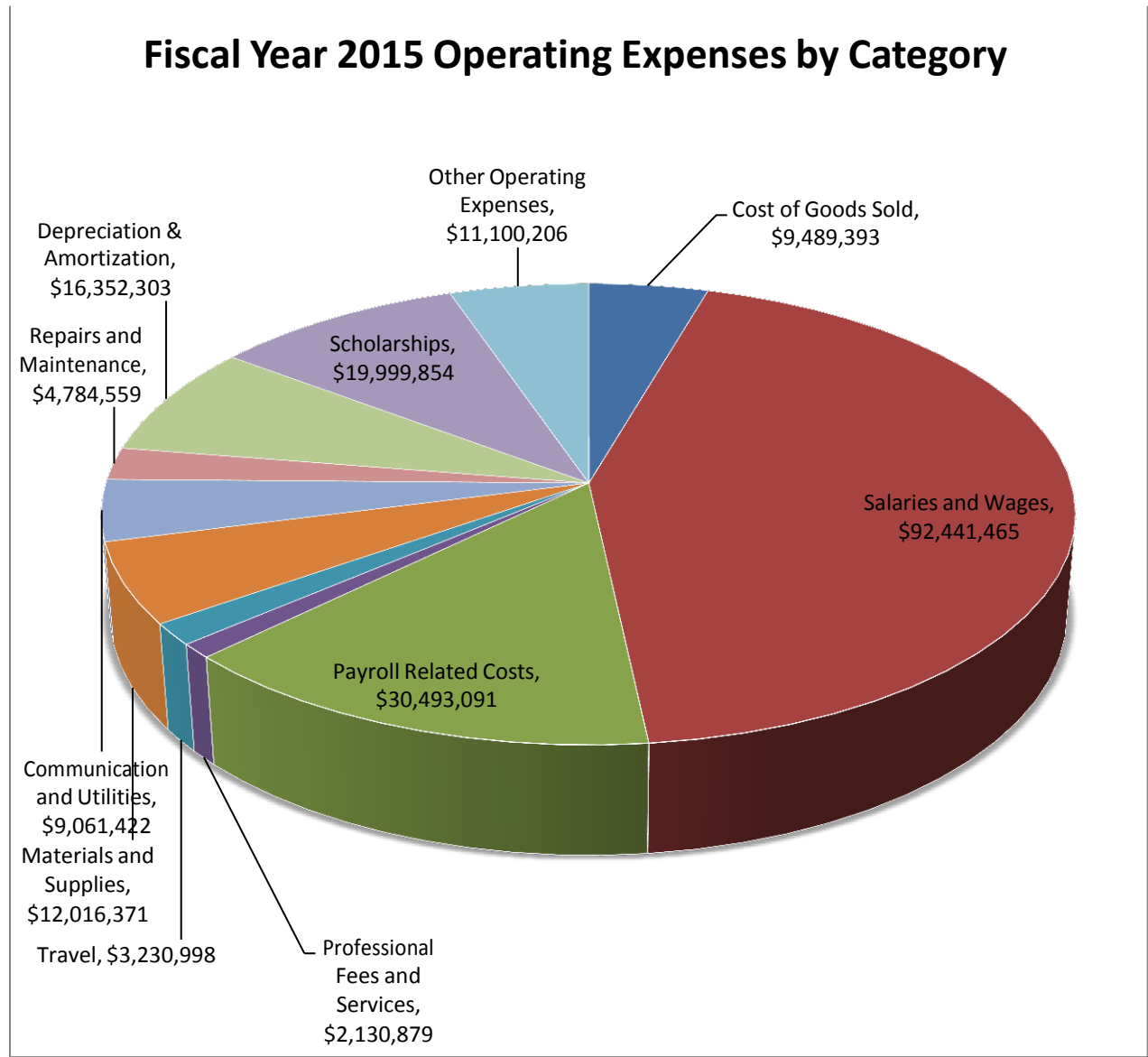
<b>Gross Scholarships and Related Discounts Applied to Revenues</b>			
	<b>2015</b>	<b>2014</b>	<b>Net Change</b>
Student Loans (includes Perkins, Direct Loans, PLUS loans distributed to student accounts)	\$ 82,233,665.26	\$ 88,901,001.25	\$ (6,667,335.99)
Gross Scholarships	47,176,439.49	46,481,271.15	695,168.34
Scholarships- Reclassified to Tuition Discounts	(18,498,431.32)	(18,868,182.10)	369,750.78
Scholarships- Reclassified to Auxiliary Enterprises	(8,678,154.32)	(9,013,980.87)	335,826.55
Scholarships (as reported)	\$ 19,999,853.85	\$ 18,599,108.18	\$ 1,400,745.67

Stephen F. Austin State University-755  
 Management's Discussion and Analysis  
 UNAUDITED  
 For the Year Ended August 31, 2015

Some of the fiscal year 2015 significant changes from the prior year for operating expenses are:

- Salaries, wages and payroll related costs increased by approximately \$5.1 million. A two percent merit pool approved by the Board of Regents in July 2014 for the 2014-15 fiscal year attributed to this increase. As indicated in the chart below, salaries, wages and payroll related costs account for more than half of the University's operating budget.
- Other operating expenses increased \$1.5 million. In large part, this was caused by the various rental contracts authorized by the Board of Regents for technological upgrades in the library inventory software, an electronic portfolio system, a facilities scheduling software, a comprehensive training program, and an upgrade to the web portal system.
- Scholarships accounted for the next largest change with an increase of \$1.4 million. Decreases in tuition discounting accounted for half the variance, as depicted in the previous table.

### Fiscal Year 2015 Operating Expenses by Category



Stephen F. Austin State University-755  
Management's Discussion and Analysis  
UNAUDITED  
For the Year Ended August 31, 2015

***Statement of Cash Flows***

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

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

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

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

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

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

Stephen F. Austin State University-755  
Management's Discussion and Analysis  
UNAUDITED  
For the Year Ended August 31, 2015

A summarized comparison of the Statement of Cash Flows at August 31, 2015, and 2014 follows:

	<b>2015</b>	<b>2014</b> <b>Restated</b>
<b>Net Cash Provided (Used) by:</b>		
Operating Activities	\$ (54,225,723.20)	\$ (47,753,699.67)
Non-Capital Financing Activities	65,190,964.91	67,071,687.01
Capital and Related Financing Activities	(5,181,746.51)	(16,861,007.76)
Investing Activities	<u>(3,853,675.27)</u>	<u>(7,310,018.72)</u>
Increase (Decrease) in Cash and Cash Equivalents	1,929,819.93	(4,853,039.14)
 Cash and Cash Equivalents, Beginning of Year	 <u>84,415,350.78</u>	 <u>89,268,389.92</u>
 Cash and Cash Equivalents, End of Year	 <u>\$ 86,345,170.71</u>	 <u>\$ 84,415,350.78</u>

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

Cash used by operating activities increased \$6.5 million. This is attributed to a number of factors, including an increase in payments to employees for payroll and payroll related expenses of \$4.2 million. Other changes relate to the timing of payments and receipts.

Cash flows from non-capital financing activities in fiscal year 2015 decreased \$1.9 million, from the prior year. This decrease was mainly due to a decrease in proceeds from Pell grants.

Net cash used for capital and related financing activities increased by \$11.7 million. This variance was due largely to the debt issuance related to the refunding of the 2005 and 2005(A) bond issues and the loan proceeds to fund the energy savings project and the new video boards in athletics.

The change in net cash provided for investing activities increased approximately \$3.5 million. This increase reflects the investment of loan proceeds for the purchase of capital assets.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

The University continues to improve its campus and acquire technology for efficiency in operations and academic resources. Capital additions totaled approximately \$6.4 million in fiscal year 2015, \$4.5 million in fiscal year 2014, \$4.4 million in fiscal year 2013, and \$11.8 million in fiscal year 2012.

As part of the University's capital plan for 2015, new projects include the renovations of the McGee and Liberal Arts North buildings, the cooling towers in the Resident Life Operations building, and renovations to the Johnson Coliseum.



Stephen F. Austin State University-755  
Management's Discussion and Analysis  
UNAUDITED  
For the Year Ended August 31, 2015

In May 2015, the Board of Regents issued \$48,410,000 in bonds to refund \$47,250,000 in bond liability. This resulted in a net economic gain of \$5,911,281, which is the difference in net present value of the old debt and new debt service payments.

For the upcoming fiscal year, the Board of Regents adopted a capital plan of approximately \$7.08 million. Projects will include constructing a new Student Housing Operations and university printing facility, installing sprinkler systems in two of the University's residence halls, exterior restoration of the historic Austin and Rusk buildings, modernization of the student housing wireless networks, various roofing projects, cleaning and repair of the University Plaza, and the purchase of a new web content management system.

### **ECONOMIC OUTLOOK**

Enrollment for fall 2015 decreased by 1.5 percent, however the retention rate rose to the highest level for first-time freshmen. This percentage measures the retention level of first-time freshmen that remain enrolled for their sophomore year. The retention rate increased to 71 percent from 70 percent in fiscal year 2014-15 and has increased for the past five years.

The Board of Regents approved the next phase of the rebranding campaign for the 2015-16 fiscal year at a cost not to exceed \$1.6 million.

The Board of Regents approved an increase in designated tuition and various fees for the 2015-16 academic year. The Regents also approved the increase of room and board rates of 2.0 and 2.9 percent respectively for the next fiscal year.

The 84th Texas Legislature approved tuition revenue bond debt service funding of \$46.4 million for the 2016-17 fiscal year for the construction of a Science Technology Engineering and Math (STEM) building.

The Legislature also approved the University's request to establish an intercollegiate athletics fee. Such a fee will not be levied unless approved by a majority vote of the student body.

### **SIGNIFICANT EVENTS**

The most significant impact on this year's financial statements relates to the implementation of Governmental Accounting Standards Board (GASB) Statement 68. GASB 68 superseded both GASB 27 and GASB 50 for employers participating in pension plans administered through trust or equivalent arrangements. This pronouncement required the University to report a share of the Teacher Retirement System's unfunded pension liability, pension expense and pension related deferred outflows and inflows of resources on the financial statements. The implementation of this financial standard also required a restatement to fiscal year 2013-14 resulting in a prior period adjustment of over \$20 million.

**STEPHEN F. AUSTIN STATE UNIVERSITY**  
**Agency No. 755**  
**Statement of Net Position**  
**For the Fiscal Year Ended August 31, 2015**

<b>ASSETS</b>	<b>2015</b>	<b>2014</b> <b>Restated</b>
<b>Current Assets</b>		
Cash and Cash Equivalents:		
Cash on Hand	\$ 32,049.00	\$ 121,549.00
Cash in Bank	62,832,266.39	69,773,442.70
Cash in Transit/Reimburse from Treasury	735,415.03	1,143,251.21
Cash in State Treasury	3,215,180.96	1,478,487.25
Short Term Investments	4,343,415.59	1,139,948.41
Restricted:		
Cash and Cash Equivalents		
Cash in Bank	10,741,274.66	11,898,620.62
Cash Equivalents	8,788,984.67	0.00
Short Term Investments		
Endowment	49,663.72	0.00
Legislative Appropriations	5,914,018.54	4,815,338.76
Receivables:		
Intergovernmental Receivables		
Federal	11,186,432.61	13,447,451.79
Other Intergovernmental	57,253.71	36,534.54
Interest and Dividends	3,476.82	45,578.21
Student Receivable	12,725,012.12	8,072,246.12
Accounts Receivable	2,814,480.59	2,467,949.99
Due From Other Agencies:		
Federal	557,285.00	2,903,730.63
State	117,834.60	6,962.71
Consumable Inventories	557,425.54	523,044.84
Merchandise Inventories	344,218.74	313,858.07
Prepaid Items	11,195,573.53	11,763,237.62
Student Loans Receivables	1,961,962.82	2,229,942.16
<b>Total Current Assets</b>	<b><u>138,173,224.64</u></b>	<b><u>132,181,174.63</u></b>

**STEPHEN F. AUSTIN STATE UNIVERSITY**  
**Agency No. 755**  
**Statement of Net Position**  
**For the Fiscal Year Ended August 31, 2015**

	<b>2015</b>	<b>2014</b> <b>Restated</b>
<b>Noncurrent Assets</b>		
Restricted:		
Investments		
Endowments	11,735,085.24	11,925,613.15
Student Loans Receivables	6,086,169.76	6,514,334.84
Allowance for Doubtful Accounts	(1,395,686.21)	(1,637,316.88)
Unrestricted:		
Investments		
Operating	42,972,810.65	42,661,424.48
Quasi-Endowments	5,282,364.94	5,345,296.06
Student Accounts Receivables	11,105,117.20	9,905,148.77
Allowance for Doubtful Accounts	(9,052,222.49)	(8,180,503.73)
Capital Assets, Non-depreciable:		
Land and Land Improvements	7,880,846.61	8,116,750.19
Construction in Progress	8,273,406.73	2,267,596.03
Other Capital Assets	706,269.27	700,269.27
Capital Assets, Depreciable:		
Buildings and Building Improvements	365,203,653.53	362,391,539.60
Less Accumulated Depreciation	(211,653,446.03)	(199,955,625.00)
Infrastructure	12,786,728.22	12,157,051.20
Less Accumulated Depreciation	(8,914,961.00)	(8,381,698.74)
Facilities and Other Improvements	33,794,878.41	33,794,878.41
Less Accumulated Depreciation	(12,121,260.59)	(10,214,250.47)
Furniture and Equipment	19,964,460.47	19,429,524.00
Less Accumulated Depreciation	(14,479,239.20)	(14,132,474.88)
Vehicles, Boats, and Aircraft	5,348,397.25	5,387,715.72
Less Accumulated Depreciation	(4,305,632.65)	(4,145,403.46)
Other Capital Assets	14,104,684.17	15,428,186.35
Less Accumulated Depreciation	(12,804,382.96)	(13,917,050.33)
Intangible Assets	4,566,332.21	4,774,672.81
Less Accumulated Depreciation	(4,195,884.95)	(4,042,027.51)
<b>Total Noncurrent Assets</b>	<u>270,888,488.58</u>	<u>276,193,649.88</u>
<b>Total Assets</b>	<u>409,061,713.22</u>	<u>408,374,824.51</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows of Resources (Note 28)	<u>1,481,648.71</u>	<u>1,747,670.88</u> *

**STEPHEN F. AUSTIN STATE UNIVERSITY**  
**Agency No. 755**  
**Statement of Net Position**  
**For the Fiscal Year Ended August 31, 2015**

	<b>2015</b>	<b>2014</b> <u>Restated</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Payables:		
Accounts Payable	6,560,237.06	10,154,970.97 *
Payroll Payable	7,620,864.89	7,032,892.15
Deposits	3,134,078.11	3,343,256.02
Benefits Payable	2,366,130.21	2,237,566.35
Interfund Payable	1,506,436.00	1,506,436.00
Due to Other Agencies	272,252.93	1,293,763.14
Unearned Revenues:		
Tuition and Fees	48,469,592.50	44,011,778.84
Sales and Services	20,235,063.98	22,090,765.58
Grants and Contracts	435,929.58	434,777.54
Employees' Compensable Leave	420,241.41	435,845.85
Capital Lease Obligations	12,365.48	83,279.64
Notes and Loans Payable	602,367.40	0.00
Revenue Bonds Payable	6,962,203.34	6,092,203.34
Tuition Revenue Bonds Payable	2,943,117.30	2,978,117.30
General Obligation Bonds Payable	1,065,000.00	1,030,000.00
Accrued Bond Interest Payable	1,948,483.81	2,330,812.51
Funds Held for Others	11,513,306.79	15,318,589.59
Other Current Liabilities	<u>156,813.31</u>	<u>0.00</u>
<b>Total Current Liabilities</b>	<u><b>116,224,484.10</b></u>	<u><b>120,375,054.82</b></u>
<b>Noncurrent Liabilities:</b>		
Interfund Payable	7,262,009.14	8,595,624.01
Capital Lease Obligations	8,173.58	20,539.06
Employees' Compensable Leave	3,991,208.81	3,881,075.49
Notes and Loans Payable	13,493,385.60	0.00
Revenue Bonds Payable	89,021,228.40	94,823,431.74
Tuition Revenue Bonds Payable	33,762,145.15	36,705,262.45
General Obligation Bonds Payable	3,450,000.00	4,515,000.00
Net Pension Liability	<u>18,417,008.24</u>	<u>22,609,961.98 *</u>
<b>Total Noncurrent Liabilities</b>	<u><b>169,405,158.92</b></u>	<u><b>171,150,894.73</b></u>
<b>Total Liabilities</b>	<u><b>285,629,643.02</b></u>	<u><b>291,525,949.55</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows of Resources (Note 28)	<u>5,629,452.57</u>	<u>0.00</u>
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	53,014,370.50	53,970,846.52
Restricted for:		
Capital Projects	104,699.97	130,807.82
Endowment Funds		
Nonexpendable	5,347,452.22	7,083,648.45
Expendable	2,590,727.33	4,460,303.54
Other	19,704,742.89	14,991,468.15
Unrestricted	<u>38,522,273.43</u>	<u>37,959,471.36 *</u>
<b>Total Net Position</b>	<u><b>\$ 119,284,266.34</b></u>	<u><b>\$ 118,596,545.84</b></u>

See accompanying Notes to the Financial Statements

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**STEPHEN F. AUSTIN STATE UNIVERSITY**  
**Agency No. 755**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended August 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>Operating Revenues:</b>		
Sales of Goods and Services		
Tuition & Fees - Pledged	\$ 102,007,616.79	\$ 97,240,467.35
Tuition & Fees - Non-Pledged	3,892,601.96	3,943,819.50
Discounts and Allowances	(25,495,129.74)	(25,386,284.66)
Auxiliary Enterprise - Pledged	38,179,275.86	37,258,876.71
Auxiliary Enterprise - Non-Pledged	1,906,137.11	1,780,091.58
Discounts and Allowances	(9,118,331.44)	(9,408,073.00)
Other Sales of Goods and Svcs - Pledged	5,721,076.30	5,381,605.24
Other Sales of Goods and Svcs - Non-Pledged	1,217,674.13	837,684.09
Federal Revenue	4,101,795.92	4,022,355.43
Federal Pass-Through Rev from Non-State Entities	114,236.35	120,111.69
Federal Pass-Through Revenue	1,459,531.76	1,504,715.31
State Pass-Through Revenue	10,076,355.38	9,241,296.48
Local Contracts and Grants	407,843.13	334,810.81
Other Contracts and Grants	494,717.20	488,058.16
Other Operating Revenues - Pledged	34,963.40	30,194.37
Other Operating Revenues - Non-Pledged	241,630.67	0.00
Total Operating Revenues	<u>135,241,994.78</u>	<u>127,389,729.06</u>
<b>Operating Expenses:</b>		
Cost of Goods Sold	9,489,393.41	9,220,601.86
Salaries and Wages	92,441,465.19	90,580,195.95
Payroll Related Costs	30,493,090.64	27,194,549.71
Professional Fees and Services	2,130,879.28	2,117,194.75
Travel	3,230,998.14	2,675,479.89
Materials and Supplies	12,016,370.61	12,088,691.99
Communication and Utilities	9,061,421.76	8,820,253.19
Repairs and Maintenance	4,784,558.87	4,863,247.79
Rentals and Leases	3,661,731.19	2,383,620.21
Printing and Reproduction	507,888.96	308,154.74
Federal Pass-Through Expenditure	(323.14)	(18,314.76)
Federal Pass-Through Expenditure to Non-State Entities	647,255.26	652,838.72
Amortization	362,198.04	637,625.72
Depreciation	15,990,104.68	16,234,248.21
Bad Debt Expense	1,509.86	4,861.18
Interest Expense	371.14	312.05
Scholarships	19,999,853.85	18,599,108.18
Claims and Judgments	250,000.00	0.00
Other Operating Expenses	6,031,772.26	7,014,440.89
Total Operating Expenses	<u>211,100,540.00</u>	<u>203,377,110.27</u>
<b>Operating Income (Loss)</b>	<u>(75,858,545.22)</u>	<u>(75,987,381.21)</u>

**STEPHEN F. AUSTIN STATE UNIVERSITY**  
**Agency No. 755**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended August 31, 2015**

	<b>2015</b>	<b>2014</b>
	<u>                    </u>	<u>                    </u>
<b>Non-Operating Revenues (Expenses):</b>		
Legislative Revenue	39,265,903.00	39,110,677.00
Additional Appropriations	12,106,819.32	13,340,640.92
Federal Revenue	19,641,512.00	21,110,029.24
State Pass Through Revenue	0.00	713,808.00
Gifts - Non-Pledged	4,411,243.90	3,352,858.24
Other Rental Income	131,212.58	197,228.49
Investment Income - Pledged	2,368,876.81	1,516,325.42
Investment Income - Non-Pledged	1,588,446.08	789,772.96
Net Increase (Decrease) Fair Value - Pledged	(2,718,774.45)	2,299,680.89
Net Increase (Decrease) Fair Value - Non-Pledged	(1,302,604.42)	856,295.68
Investing Activities Expenses	(250,770.10)	(223,966.11)
Income on Loans Receivable	118,297.52	159,664.92
Interest Income on Capital Investments-Pledged	451.92	779.89
Interest Expenses and Fiscal Charges	(6,803,215.92)	(6,706,251.60)
Gain (Loss) on Sale of Capital Assets	(71,971.91)	358,978.06
Settlement of Claims	40,227.25	506,987.80
Other Non-Operating Revenues (Expenses)	60,655.23	64,128.17
Total Non-Operating Revenues (Expenses)	<u>68,586,308.81</u>	<u>77,447,637.97</u>
<b>Income (Loss) Before Other Revenues, Expenses, Gains/Losses and Transfers</b>	<u>(7,272,236.41)</u>	<u>1,460,256.76</u>
<b>Other Revenues, Expenses, Gains/Losses and Transfers</b>		
Capital Contributions	627,129.69	893,335.03
Capital Appropriations (Higher Education Fund)	8,425,937.00	8,425,937.00
Additions to Permanent and Term Endowments	151,260.00	47,724.93
Transfers In	321,305.00	0.00
Transfers Out	(1,565,674.78)	(1,383,995.41)
Total Other Revenue, Expenses, Gain/Losses and Transfers	<u>7,959,956.91</u>	<u>7,983,001.55</u>
<b>Change in Net Position</b>	<u>687,720.50</u>	<u>9,443,258.31</u>
Net Position, Beginning of Year	146,206,437.72	136,763,179.41
Restatements	(27,609,891.88)	0.00
Net Position, Beginning of Year, as Restated	<u>118,596,545.84</u>	<u>136,763,179.41</u>
<b>Net Position, August 31, 2015</b>	<u>\$ 119,284,266.34</u>	<u>\$ 146,206,437.72</u>

STEPHEN F. AUSTIN STATE UNIVERSITY  
 Agency No. 755  
 Matrix of Operating Expenses by Function  
 For the Fiscal Year Ended August 31, 2015

UNAUDITED

<u>Operating Expenses</u>	<u>Instruction</u>	<u>Research</u>	<u>Public Service</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Institutional Support</u>
Cost of Goods Sold	\$ 3,983.49		9,428.43	151,513.83	42,190.11	(121.00)
Salaries and Wages	46,658,877.84	2,339,688.16	1,094,503.39	7,931,009.66	10,576,620.94	9,958,581.79
Payroll Related Costs	12,226,032.54	536,420.98	269,657.09	2,193,190.56	2,882,953.76	6,846,263.31
Professional Fees and Services	146,204.89	230,595.39	343,078.57	509,117.26	(10,104.34)	386,583.05
Travel	398,808.04	244,071.84	35,386.35	1,082,641.38	1,311,894.25	187,673.96
Materials and Supplies	2,584,374.45	470,239.86	368,078.42	1,328,648.28	2,549,394.46	1,545,896.62
Communication and Utilities	299,499.58	11,175.02	13,106.01	1,396,494.94	200,243.02	13,570.62
Repairs and Maintenance	412,530.57	29,210.49	14,787.94	193,580.12	650,860.25	1,756,282.89
Rentals and Leases	622,703.80	540,062.74	207,190.37	111,589.27	903,670.58	874,307.57
Printing and Reproduction	154,285.34	12,568.81	108,395.57	90,142.11	331,442.53	(327,498.61)
Federal Pass-Through Expenditures		2,548.46	644,383.66			
Depreciation and Amortization						
Bad Debt Expense						
Interest Expense	3.58		17.21	1.41	8.83	340.11
Scholarships						
Claims and Judgments						250,000.00
Other Operating Expenses	<u>355,698.50</u>	<u>87,084.40</u>	<u>118,236.21</u>	<u>391,024.39</u>	<u>1,912,799.11</u>	<u>2,294,725.16</u>
Total Operating Expenses	<u>\$ 63,863,002.62</u>	<u>\$ 4,503,666.15</u>	<u>\$ 3,226,249.22</u>	<u>\$ 15,378,953.21</u>	<u>\$ 21,351,973.50</u>	<u>\$ 23,786,605.47</u>



STEPHEN F. AUSTIN STATE UNIVERSITY  
 Agency No. 755  
 Matrix of Operating Expenses by Function  
 For the Fiscal Year Ended August 31, 2015

UNAUDITED

Operating Expenses	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenses
Cost of Goods Sold			9,282,398.55		\$ 9,489,393.41
Salaries and Wages	4,870,458.98		9,011,724.43		92,441,465.19
Payroll Related Costs	1,818,626.38		3,719,946.02		30,493,090.64
Professional Fees and Services	223,777.84		301,626.62		2,130,879.28
Travel	(224,287.62)		194,809.94		3,230,998.14
Materials and Supplies	1,232,633.65		1,937,104.87		12,016,370.61
Communication and Utilities	3,256,299.93		3,871,032.64		9,061,421.76
Repairs and Maintenance	423,869.19		1,303,437.42		4,784,558.87
Rentals and Leases	41,476.50		360,730.36		3,661,731.19
Printing and Reproduction	1,298.75		137,254.46		507,888.96
Federal Pass-Through Expenditure					646,932.12
Depreciation and Amortization				16,352,302.72	16,352,302.72
Bad Debt Expense			1,509.86		1,509.86
Interest Expense					371.14
Scholarships		19,999,853.85			19,999,853.85
Claims and Judgments					250,000.00
Other Operating Expenses	608,143.01		264,061.48		6,031,772.26
<b>Total Operating Expenses</b>	<b>\$ 12,252,296.61</b>	<b>\$ 19,999,853.85</b>	<b>\$ 30,385,636.65</b>	<b>\$ 16,352,302.72</b>	<b>\$ 211,100,540.00</b>

UNAUDITED

**STEPHEN F. AUSTIN STATE UNIVERSITY**  
**Agency No. 755**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended August 31, 2015**

	<b>2015</b>	<b>2014</b>
		<u>Restated</u>
<b>Cash Flows from Operating Activities</b>		
Proceeds Received from Tuition and Fees	\$ 79,881,846.91	\$ 74,676,880.21
Proceeds Received from Auxiliary Services	29,111,379.93	32,871,332.74
Proceeds Received from Other Sales and Services	6,874,049.15	5,882,791.01
Proceeds from Grants and Contracts	19,463,063.20	14,595,489.59
Proceeds from Other Revenues	276,594.07	30,194.37
Payments to Suppliers for Goods and Services	(54,856,278.99)	(48,971,013.40)
Payments to Employees for Salaries	(91,758,963.57)	(90,044,419.96)
Payments to Employees for Benefits	(20,216,536.71)	(17,772,340.59) *
Proceeds of Loans Issued to Students and Employees	696,144.42	55,596.13
Payments from Other Activities	(250,000.00)	-
Payments to Students for Scholarships	(23,446,650.47)	(19,077,897.72)
Payments for Interest Expense	(371.14)	(312.05)
Net Cash Provided (Used) by Operating Activities	<u>(54,225,723.20)</u>	<u>(47,753,699.67)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Proceeds from State Appropriations	41,828,573.47	43,358,672.10 *
Proceeds from Non-Operating Grants and Contracts	19,641,512.00	21,823,837.24
Proceeds from Gifts	4,411,243.90	3,352,858.24
Payments from Student Loan Interest	(124,843.01)	159,664.92
Payments of Transfers to Other Agencies	(1,244,369.78)	(1,383,995.41)
Proceeds from Claims and Settlements	40,227.25	506,987.80
Proceeds from Other Revenue (Expense)	60,655.23	64,128.17
Proceeds from Endowment Investments	577,965.85	(810,466.05)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>65,190,964.91</u>	<u>67,071,687.01</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Sale of Capital Assets	9,982.85	534,022.60
Proceeds from Debt Issuance	48,410,000.00	24,034,014.83
Proceeds from State Appropriations-Higher Education Funds (HEF)	8,425,937.00	8,425,937.00
Proceeds from Capital Contributions	627,129.69	893,335.03
Proceeds from Other Financing Activities	14,095,753.00	-
Proceeds from Other Rental Income	131,212.58	197,228.49
Proceeds from Interest on Capital Investments	451.92	779.89
Payments for Additions to Capital Assets	(10,929,453.78)	(4,561,518.33)
Payments for Interfund Payables	(1,506,436.00)	(1,506,436.00)
Payments of Principal on Capital Debt	(57,160,000.00)	(38,041,986.39)
Payments on Capital Leases	(83,279.64)	(82,568.28)
Payments of Interest on Capital Debt	(7,203,044.13)	(6,494,950.84)
Payments on Other Costs on Debt Issuance	-	(258,865.76)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(5,181,746.51)</u>	<u>(16,861,007.76)</u>
<b>Cash Flows from Investing Activities</b>		
Payments from Investments	(6,170,696.68)	(9,687,230.87)
Proceeds from Interest Income from Investments	2,317,021.41	2,194,382.70
Proceeds from Redemption of Bond Investments	-	182,829.45
Net Cash Provided (Used) by Investing Activities	<u>(3,853,675.27)</u>	<u>(7,310,018.72)</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ <u>1,929,819.93</u></b>	<b>\$ <u>(4,853,039.14)</u></b>
Cash and Cash Equivalents, August 31, 2014	\$ 84,415,350.78	\$ 89,268,389.92
Increase (Decrease) in Cash and Cash Equivalents	<u>1,929,819.93</u>	<u>(4,853,039.14)</u>
Cash and Cash Equivalents, August 31, 2015	<u>\$ 86,345,170.71</u>	<u>\$ 84,415,350.78</u>

UNAUDITED

**STEPHEN F. AUSTIN STATE UNIVERSITY**  
**Agency No. 755**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended August 31, 2015**

	2015	<u>2014</u> <u>Restated</u>
<b>Reconciliation of Operating Income (Loss) to</b>		
<b>Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	\$ (75,858,545.22)	\$ (75,987,381.21)
Adjustments to Reconcile Operating Income (Loss)		
to Net Cash Provided by Operating Activities		
Amortization and Depreciation	16,352,302.72	16,871,873.93
Bad Debt Expense	1,509.86	4,861.18
Benefits Paid on Behalf of the University	8,445,469.07	9,271,241.84 *
Operating Income (Loss) and Cash Flow Categories		
Changes in Current Assets and Liabilities		
(Increase) Decrease in Receivables	(2,716,895.20)	(1,370,504.90)
(Increase) Decrease in Inventories	(64,741.37)	(336,498.32)
(Increase) Decrease in Loans to Students	267,979.34	79,333.80
(Increase) Decrease in Prepaid Expenses	567,664.09	(660,924.53)
(Increase) Decrease in Due from Other Agencies	2,235,573.74	464,472.59
Increase (Decrease) in Payables	(3,006,761.17)	343,372.50
Increase (Decrease) in Deposits Payable	(209,177.91)	297,850.46
Increase (Decrease) in Due to Other Agencies	(1,021,510.21)	(216,630.41)
Increase (Decrease) in Unearned Revenue	2,603,264.10	3,326,250.44
Increase (Decrease) in Compensable Leave	(15,604.44)	1,483.64
Increase (Decrease) in Benefits Payable	6,024,038.60	150,967.28
Increase (Decrease) in Funds Held for Others	(3,805,282.80)	182,134.99
Changes in Non-Current Assets and Liabilities		
Increase (Decrease) in Notes Payable for Non-capitalized Exp	(4,192,953.74)	-
Increase (Decrease) in Compensable Leave	110,133.32	335,099.54
(Increase) Decrease in Student Receivables	(328,249.67)	(374,714.39)
(Increase) Decrease in Loans to Students	428,165.08	(23,737.67)
Cash Reported in Other Categories		
Increase (Decrease) in Investment Activity	<u>(42,101.39)</u>	<u>(112,250.43)</u>
Total Adjustments	<u>21,632,822.02</u>	<u>28,233,681.54</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (54,225,723.20)</u>	<u>\$ (47,753,699.67)</u>
Displayed as:		
Cash on Hand	\$ 32,049.00	\$ 121,549.00
Cash in Bank	62,832,266.39	69,773,442.70
Cash in Transit/Reimb. Due from Treasury	735,415.03	1,143,251.21
Cash in State Treasury	3,215,180.96	1,478,487.25
Cash in Bank, Restricted	10,741,274.66	11,898,620.62
Cash Equivalents, Restricted	8,788,984.67	-
	<u>\$ 86,345,170.71</u>	<u>\$ 84,415,350.78</u>

\* Restated to exclude benefits paid by the state on behalf of the University

**NOTE 1: Summary of Significant Accounting Policies**

**Entity**

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

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

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

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements — and Management's Discussion and Analysis — for Public Colleges and Universities*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in these Statements. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report*; therefore, an audit opinion has not been expressed on the financial statements and related information contained in this report.

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

Blended Component Units

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

Discretely Presented Component Units

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

**Fund Structure**

**Basis of Accounting – Proprietary Fund Accounting**

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

Four essential elements of accrual accounting:

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

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

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

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

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

### **Budget and Budgetary Accounting**

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

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

### **Assets**

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

#### Cash and Cash Equivalents

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

#### Restricted Assets

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

#### Inventories

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

#### Prepaid Items

Prepaid items include prepaid expenses attributable to a subsequent fiscal year, including scholarships attributed to the 2015 fall semester. The cost of these items is expensed when the items are used or consumed.

#### Capital Assets

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

#### Other Receivables - Current and Noncurrent

Current receivables are specified in the Statement of Net Position. They include amounts that are reasonably expected to be received in fiscal year 2016. Noncurrent receivables are those receivables that are not expected to be collected within one year. Included in this category are student accounts receivable and loan receivables that are not expected to be received during fiscal year 2016. The disaggregation of

Stephen F. Austin State University-755  
UNAUDITED  
Notes to the Financial Statements  
August 31, 2015

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

### **Liabilities**

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

#### Accounts Payable

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

#### Other Payables – Current and Noncurrent

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

#### Employees' Compensable Leave

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

#### Capital Lease Obligations

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

#### Bonds Payable - Revenue Bonds

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

#### Bonds Payable - Tuition Revenue Bonds

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

#### Bonds Payable - General Obligation Bonds

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

#### Deferred Outflows of Resources

The university's net asset consumption that is applicable to a future fiscal year.

#### Deferred Inflows of Resources

The university's net asset acquisition that is applicable to a future fiscal year.

### **Net Position**

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

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

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

- Accumulated depreciation
- Accumulated amortization
- Outstanding balances of debt directly attributable to the acquisition, construction, or improvement of those assets
- Deferred outflows and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt.

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

Restricted Net Position

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

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

Unrestricted Net Position

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

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

**Interfund Activities and Transactions**

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

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

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

Stephen F. Austin State University-755  
UNAUDITED  
Notes to the Financial Statements  
August 31, 2015

**NOTE 2: Capital Assets**

A summary of changes in Capital Assets for the year ended August 31, 2015, is presented below:

	Balance		Reclassifications			Balance
	09/01/2014	Adjustments	Completed CIP	Additions	Deletions	08/31/2015
<b>BUSINESS-TYPE ACTIVITIES</b>						
<b>Non-depreciable or Non-amortizable Assets</b>						
Land and Land Improvements Infrastructure	\$8,116,750.19	\$(235,903.58)	-	-	-	\$7,880,846.61
Construction in Progress	2,267,596.03	-	(1,961,377.85)	7,967,188.55	-	8,273,406.73
Other Tangible Capital Assets	700,269.27	-	-	6,000.00	-	706,269.27
<b>Total Non-depreciable or Non-amortizable Assets</b>	<b>11,084,615.49</b>	<b>(235,903.58)</b>	<b>(1,961,377.85)</b>	<b>7,973,188.55</b>	<b>-</b>	<b>16,860,522.61</b>
<b>Depreciable Assets</b>						
Buildings and Building Improvements	362,391,539.60	235,903.58	1,961,377.85	614,832.50	-	365,203,653.53
Infrastructure	12,157,051.20	126,254.80	-	503,422.22	-	12,786,728.22
Facilities and Other Improvements	33,794,878.41	-	-	-	-	33,794,878.41
Furniture and Equipment	19,429,524.00	(120,509.80)	-	1,677,268.83	(1,021,822.56)	19,964,460.47
Vehicle, Boats and Aircraft	5,387,715.72	-	-	85,412.50	(124,730.97)	5,348,397.25
Other Capital Assets	15,428,186.35	-	-	75,329.18	(1,398,831.36)	14,104,684.17
<b>Total Depreciable Assets</b>	<b>448,588,895.28</b>	<b>241,648.58</b>	<b>1,961,377.85</b>	<b>2,956,265.23</b>	<b>(2,545,384.89)</b>	<b>451,202,802.05</b>
Less Accumulated Depreciation for:						
Buildings and Building Improvements	(199,955,625.00)	-	-	(11,697,821.03)	-	(211,653,446.03)
Infrastructure	(8,381,698.74)	(126,254.80)	-	(407,007.46)	-	(8,914,961.00)
Facilities and Other Improvements	(10,214,250.47)	-	-	(1,907,010.12)	-	(12,121,260.59)
Furniture and Equipment	(14,132,474.88)	120,509.80	-	(1,458,809.46)	991,535.34	(14,479,239.20)
Vehicles, Boats and Aircraft	(4,145,403.46)	-	-	(284,960.16)	124,730.97	(4,305,632.65)
Other Capital Assets	(13,917,050.33)	-	-	(234,496.45)	1,347,163.82	(12,804,382.96)
<b>Total Accumulated Depreciation</b>	<b>(250,746,502.88)</b>	<b>(5,745.00)</b>	<b>-</b>	<b>(15,990,104.68)</b>	<b>2,463,430.13</b>	<b>(264,278,922.43)</b>
<b>Depreciable Assets, Net</b>	<b>197,842,392.40</b>	<b>235,903.58</b>	<b>1,961,377.85</b>	<b>(13,033,839.45)</b>	<b>(81,954.76)</b>	<b>186,923,879.62</b>
<b>Amortizable Assets - Intangible</b>						
Computer Software	4,774,672.81	-	-	-	(208,340.60)	4,566,332.21
<b>Total Amortizable Assets - Intangible</b>	<b>4,774,672.81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(208,340.60)</b>	<b>4,566,332.21</b>
Less Accumulated Amortization for:						
Computer Software	(4,042,027.51)	-	-	(362,198.04)	208,340.60	(4,195,884.95)
<b>Total Accumulated Amortization</b>	<b>(4,042,027.51)</b>	<b>-</b>	<b>-</b>	<b>(362,198.04)</b>	<b>208,340.60</b>	<b>(4,195,884.95)</b>
<b>Amortizable Assets - Intangible, Net</b>	<b>732,645.30</b>	<b>-</b>	<b>-</b>	<b>(362,198.04)</b>	<b>-</b>	<b>370,447.26</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$209,659,653.19</b>	<b>-</b>	<b>-</b>	<b>\$(5,422,848.94)</b>	<b>\$(81,954.76)</b>	<b>\$204,154,849.49</b>



Stephen F. Austin State University-755  
UNAUDITED  
Notes to the Financial Statements  
August 31, 2015

**NOTE 3: Deposits, Investments and Repurchase Agreements**

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

**Deposits of Cash in Bank**

As of August 31, 2015, the carrying amount of deposits was \$79,208,900.42 as presented below:

CASH IN BANK – CARRYING AMOUNT	\$79,208,900.42
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalents	(5,635,359.37)
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral	0.00
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral	0.00
<b>Total Cash in Bank per AFR</b>	<b>\$73,573,541.05</b>

Proprietary Funds Current Assets Cash in Bank	\$62,832,266.39
Proprietary Funds Current Assets Restricted Cash in Bank	10,741,274.66
Proprietary Funds Noncurrent Restricted Cash in Bank	0.00
Cash in Bank per AFR	\$73,573,541.05

These amounts consist of all cash in local banks. These amounts are included on the Statement of Net Position as part of the "Cash and Cash Equivalents" accounts, except for the certificates of deposit, which are recorded as Short Term or Long Term Investments, based on their maturity date and management's intent.

As of August 31, 2015, the total bank balance was as follows:

Business-Type Activities	\$ 68,855,382.16	Fiduciary Funds	\$0.00
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**Custodial credit risk for deposits** is the risk that, in the event of the failure of a depository financial institution, the university will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Stephen F. Austin State University Board Policy 3.21, *Investments*, states that all deposits shall be secured by a pledge of collateral with a market value equal to no less than 100 percent of the deposits plus accrued interest less any amount insured by the FDIC and pursuant to Chapter 2257, the Public Funds Collateral Act.

At August 31, 2015, amounts insured by the FDIC were \$2,082,602.90. There were no violations of legal provisions during the fiscal year. The bank balances at August 31, 2015 that were exposed to custodial credit risks were as follows:

Fund Type	GAAP Fund	Uninsured and uncollateralized	Uninsured and collateralized with securities held by the pledging financial institution	Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the University's name
05	9999	\$0.00	\$66,772,779.26	\$0.00

Stephen F. Austin State University-755  
 UNAUDITED  
 Notes to the Financial Statements  
 August 31, 2015

**Investments**

As of August 31, 2015, the fair value of investments was:

<b>Business-Type Activities</b>	<b>Fair Value</b>
U.S. Government	
U.S. Treasury Securities	\$1,900,461.17
U.S. Treasury TIPS	54,707.20
U.S. Government Agency Obligations (GNMA, FNMA, FHLMC)	2,947,146.99
Corporate Obligations	5,336,399.01
Corporate Asset and Mortgage Backed Securities	2,868,840.86
Equity	10,306,236.30
International Obligations (Government and Corporate)	2,281,919.69
International Equity	5,719,112.65
Fixed Income Money Market and Bond Mutual Fund	9,434,870.69
International Derivatives	25,067.84
Equity Mutual Funds – International	7,221,879.46
Other Commingled Funds - Equity	290,739.33
Alternative Investments	16,258,341.65
Miscellaneous	2,891,242.60
<b>Total Investments</b>	<b>\$67,536,965.44</b>

<b>Displayed on Statement of Net Position as:</b>	
Current Assets:	
Short-Term Investments	4,343,415.59
Restricted Cash Equivalents	8,788,984.67
Restricted Short-Term Investments	49,663.72
Noncurrent Assets:	
Restricted:	
Investments: Endowments	11,735,085.24
Unrestricted:	
Investments: Quasi-Endowments	5,282,364.94
Investments: Operating	42,972,810.65
Subtotal	73,172,324.81
Less: Certificates of Deposit	(5,635,359.37)
Total	\$67,536,965.44

Stephen F. Austin State University-755  
 UNAUDITED  
 Notes to the Financial Statements  
 August 31, 2015

**Foreign currency risk** for investments is the risk that changes in exchange rates will adversely affect the investment. In order to mitigate this risk, Stephen F. Austin State University Board Policy 3.20, *Investments-Endowment Funds*, limits foreign equity investments to a maximum of 30% of the equity portfolio. The exposure to foreign currency risk as of August 31, 2015 was:

Fund Type	Foreign Currency	International Obligation (Govt and Corp)	International Equity	Equity Mutual Funds – International	Alternative Investments
05	U.S. Dollar Denominated Foreign Securities	\$1,964,348.21	\$2,428,658.21	\$7,221,879.46	\$303,236.56
05	Australian Dollar	158,747.97	0.00	0.00	0.00
05	Brazil Real	0.00	34,244.40	0.00	0.00
05	British Pound Sterling	9,037.55	658,405.90	0.00	0.00
05	Canadian Dollar	0.00	91,795.31	0.00	0.00
05	Euro Currency Unit	0.00	819,022.32	0.00	160,106.36
05	Hong Kong Dollar	0.00	54,422.67	0.00	0.00
05	Japanese Yen	0.00	980,664.57	0.00	0.00
05	New Zealand Dollar	149,785.96	0.00	0.00	0.00
05	Singapore Dollar	0.00	18,365.86	0.00	0.00
05	South Korean Won	0.00	48,489.29	0.00	0.00
05	Swedish Krona	0.00	31,622.75	0.00	0.00
05	Swiss Franc	0.00	553,421.37	0.00	0.00
	Total	\$2,281,919.69	\$5,719,112.65	\$7,221,879.46	\$463,342.92

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

As of August 31, 2015, the Standard & Poor's credit quality ratings of the University's investments by type of securities with credit risk exposure were as follows:

Investment Type	AAA	AA	A	All Other Ratings
U.S. Government Agency Obligations (Excludes obligations explicitly guaranteed by the U.S. Government)	\$0.00	\$2,947,146.99	\$0.00	\$0.00
U.S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co)	0.00	0.00	0.00	0.00
Corporate Obligations	0.00	96,242.96	888,910.74	4,049,860.43
Corporate Asset and Mortgage Backed Securities	374,950.93	307,482.28	551,615.84	128,231.23
International Obligations	226,092.49	392,800.93	717,572.91	692,370.22
Municipal and County Bonds	0.00	0.00	0.00	0.00
Fixed Income Money Market and Bond Mutual Fund	8,788,984.67	0.00	0.00	0.00
Miscellaneous (Political Subdivisions)	0.00	0.00	0.00	0.00
<b>Unrated</b>				
Corporate Obligations				\$301,384.88
Corporate Asset and Mortgage Backed Securities				1,506,560.58
International Obligations				253,083.14
Fixed Income Money Market and Bond Mutual Fund				645,886.02
Miscellaneous (Municipals and CDs)				2,891,242.60

Stephen F. Austin State University-755  
UNAUDITED  
Notes to the Financial Statements  
August 31, 2015

The 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 Texas A & M System's financial statement note disclosures.

The table below summarizes the University's share of the pending foreign exchange contracts as of August 31, 2015.

<b>Foreign Exchange Contracts</b>			<b>Unrealized Gain on</b>	<b>Unrealized Loss on</b>
<b>Currency</b>	<b>Sell</b>	<b>Buy</b>	<b>Foreign Exchange Contract</b>	<b>Foreign Exchange Contract</b>
Australian Dollar	\$204,456.96	\$0.00	\$8,810.52	\$0.00
New Zealand Dollar	159,115.50	0.00	16,257.32	0.00
	\$363,572.46	0.00	\$25,067.84	\$0.00

The University's share of the fair value of open foreign currency exchange contracts as of August 31, 2015 was \$25,067.84, which is included in the net increase (decrease) in fair value of investments on the Statement of Revenues, Expenses and Changes in Net Position.

The gross counterparty exposure related to the University's share of these contracts as of August 31, 2015, is presented below.

<b>Foreign Exchange Contract Exposure to Counterparty Risk</b>				
<b>Assets Notional</b>	<b>Liabilities Notional</b>	<b>Assets Fair Value</b>	<b>Liabilities Fair Value</b>	<b>Counterparty Rating</b>
\$363,572.46	\$0.00	\$25,067.84	\$0.00	AA-

**Concentration of credit risk** is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2015, the University's concentration of credit risk is immaterial to any single issuer.

**Reverse Repurchase Agreements**

The University, by statute, is authorized to enter into reverse repurchase agreements. A reverse repurchase agreement is a transaction in which a broker-dealer or financial institution transfers cash to the University and the University transfers securities to the broker-dealer and promises to repay the cash plus interest in exchange for the same or similar securities. Credit risk exposure for the University arises when a broker-dealer does not return the securities or their value at the conclusion of the reverse repurchase agreement. As of August 31, 2015, the University was not participating in reverse repurchase agreements.

**Securities Lending**

In securities lending transactions, the University would transfer its securities to broker-dealers and other entities for collateral – which may be cash or securities – and simultaneously agrees to return the collateral for cash or the same securities in the future. The University invests the cash received as collateral and, if the returns on those investments exceed the “rebate” paid to the borrowers of the securities, the securities lending transactions generate income for the University. The University did not participate in securities lending transactions during fiscal year 2015.

**NOTE 4: Short-Term Debt**

The University had no short-term debt as of August 31, 2015.

Stephen F. Austin State University-755  
UNAUDITED  
Notes to the Financial Statements  
August 31, 2015

**NOTE 5: Long-Term Liabilities**

**Changes in Long-Term Liabilities**

During the year ended August 31, 2015, the following changes occurred in long-term liabilities:

Business-Type Activities	Balance 09/01/14	Additions	Reductions	Balance 08/31/15	Amounts Due Within One Year	Amounts Due Thereafter
Revenue Bonds Payable	\$100,915,635.08	\$48,410,000.00	\$53,342,203.34	\$95,983,431.74	\$6,962,203.34	\$89,021,228.40
Tuition Revenue Bonds Payable	39,683,379.75	0.00	2,978,117.30	36,705,262.45	2,943,117.30	33,762,145.15
General Obligation Bonds Payable	5,545,000.00	0.00	1,030,000.00	4,515,000.00	1,065,000.00	3,450,000.00
Capital Lease Obligations	103,818.70	0.00	83,279.64	20,539.06	12,365.48	8,173.58
Employees' Compensable Leave	4,316,921.34	410,546.83	316,017.95	4,411,450.22	420,241.41	3,991,208.81
Notes & Loans Payable	0.00	14,095,753.00	0.00	14,095,753.00	602,367.40	13,493,385.60
Total Business-Type Activities	\$150,564,754.87	\$62,916,299.83	\$57,749,618.23	\$155,731,436.47	\$12,005,294.93	\$143,726,141.54

**Notes and Loans Payable**

Notes payable consists of amounts used to finance energy conservation projects and modernization of the University's sports-related scoreboards and video displays. The debt service requirements for notes and loans payable are as follows:

Note Payments for Fiscal Year Ended August 31st	Principal	Interest	Total
2016	\$ 602,367.40	\$ 483,448.26	\$ 1,085,815.66
2017	1,119,588.23	357,014.77	1,476,603.00
2018	1,165,517.06	327,404.22	1,492,921.28
2019	1,216,206.73	296,571.36	1,512,778.09
2020	1,268,700.88	264,388.42	1,533,089.30
2021-2025	4,033,279.29	967,897.71	5,001,177.00
2026-2030	4,690,093.41	363,983.28	5,054,076.69
Total Payments	\$ 14,095,753.00	\$ 3,060,708.02	\$ 17,156,461.02

### Claims and Judgments

The University had no unpaid settlements or judgments as of August 31, 2015.

### Employees' Compensable Leave

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

### NOTE 6: Bonded Indebtedness

#### Bonds Payable

Detailed supplemental bond information is disclosed in:

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

General information related to bonds is summarized below:

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

- To provide funds to construct a new student residence hall and associated parking garage; and to pay the costs related to the issuance of the bonds.
- Issued 6-23-05.
- \$17,215,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged Revenues consisting of Unrestricted Current Funds Revenues excluding: remissions, governmental appropriations and gifts, grants and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$11,065,000.00 (includes advance refunding of \$10,280,000.00); Outstanding at year end \$815,000.00.

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

- To provide funds to construct a new student residence hall and associated parking garage; to construct a new student recreational center and to pay the costs related to the issuance of the bonds.
- Issued 11-02-05.
- \$55,365,000.00; All authorized bonds have been issued.
- Source of revenue for debt service:
  - Pledged Recreational Sports Fee
  - Other Pledged Revenues consisting of Unrestricted Current Funds Revenues excluding: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$39,625,000.00 (includes advance refunding of \$36,970,000.00); Outstanding at year end \$2,800,000.00.

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

- To provide funds to construct a new Early Childhood Research Center which will provide an early childhood laboratory for the College of Education and a charter school campus.
- Issued 03-04-08.
- \$20,175,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged revenues consisting of Unrestricted Current Fund Revenues excluding: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$755,000.00; Outstanding at year end \$12,795,000.00.

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

- To provide a portion of the funds to complete construction and equip the Early Childhood Research Center and pay certain costs related to the issuance of the bonds.
- Issued 12-18-08.
- \$10,200,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged revenues consisting of Higher Education Funds.
- Changes in Debt: Principal paid during fiscal year \$1,030,000.00; Outstanding at year end \$4,515,000.00.

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

- To provide funds to construct a new nursing facility expansion and provide campus-wide deferred maintenance to multiple buildings.
- Issued 02-04-09.
- \$23,615,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged revenues consisting of Unrestricted Current Fund Revenues excluding: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$905,000.00; Outstanding at year end \$16,755,000.00.
- Revenue Financing System Bonds issued include a Serial Bond of \$1,715,000.00, a Capital Appreciation Bond (CAB) of \$209,575.00, and Current Interest Serial Bonds of \$21,070,000.00.

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

- To provide funds to construct a new freshman residence hall and adjacent parking garage.
- Issued 04-01-10.
- \$35,035,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged unappropriated fund balances available at the beginning of the year. Pledged revenues consist of Unrestricted Current Fund Revenues excluding: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$1,380,000.00; Outstanding at year end \$28,390,000.00.

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

- To refund outstanding Board of Regents of Stephen F. Austin State University Revenue Financing System, Texas Public Finance Authority Revenue Bonds - Series 1998.
- Issued 04-01-10.
- \$3,415,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged unappropriated fund balances available at the beginning of the year. Pledged revenues consist of Unrestricted Current Fund Revenues excluding: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$420,000.00; Outstanding at year end \$860,000.00.

**Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Refunding Bonds – Series 2013 (Tuition Revenue Bonds and Revenue Bonds)**

- To refund outstanding Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2002 and Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2004.
- Issued 9-11-13.
- \$22,255,000.00; All authorized bonds have been issued.
- Source of revenue for debt service:
  - Pledged Student Tuition
  - Pledged Student Center Fees
  - Other Pledged Revenues
- Changes in Debt: Principal paid during fiscal year \$1,980,000.00; Outstanding at year end \$20,275,000.00.

**Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Refunding Bonds – Series 2015 (Revenue Bonds)**

- To refund outstanding Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2005 and Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2005(A).
- Issued 5-01-15.
- \$48,410,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged Revenues consisting of Unrestricted Current Funds Revenues excluding: remissions, governmental appropriations and gifts, grants and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$0.00; Outstanding at year end \$48,410,000.00.

**Refunding Bonds**

- Advance refunding of \$10,280,000.00 of Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2005 and \$36,970,000.00 of Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2005(A) to allow the Board of Regents of Stephen F. Austin State University to restructure its debt service requirements and realize a present value debt service savings.
- Refunded by Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Refunding Bonds – Series 2015 issued 5-01-15.
- After distribution to the escrow agent of \$48,304,478.01, bond proceeds (par value) of \$105,521.99 remained to cover issuance costs related to the refunding.
- Advance refunding of the bonds reduced Stephen F. Austin State University's debt service payments over ten years by approximately \$6,628,646.51.
- Economic gain was \$5,911,280.93, the difference between the net present value of the old and new debt service payments.
- Advance refunding resulted in the removal of \$47,250,000.00 of bond liability from the balance sheet and the addition of \$48,410,000.00 of bond liability, the net of which is \$1,160,000.00. This amount, reduced by the issuance cost of \$105,521.99, is the accounting loss reported for this refunding. This loss of \$1,054,478.01 is reported as interest expense this fiscal year.

**NOTE 7: Derivative Instruments**

The 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 Texas A & M System's financial statement note disclosures.



Stephen F. Austin State University-755  
UNAUDITED  
Notes to the Financial Statements  
August 31, 2015

The following disclosure summarizes the University's share of the A&M System's derivative activity. Note 3 also discloses details about these investment derivatives.

	Changes in Fair Value		Fair Value as of 8/31/2015		Notional Amount
	Classification	Amount	Classification	Amount	
Investment Derivatives					
Foreign Currency Exchange Contracts	Investment Income	\$25,067.84	Investment	\$25,067.84	\$363,572.46

**NOTE 8: Leases**

**Operating Leases**

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

<u>Fund Type</u>	<u>Amount</u>
Proprietary Fund	\$727,218.51

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

Future Minimum Operating Lease Payments Year Ending August 31	
2016	\$498,966.00
2017	436,776.54
2018	145,163.28
2019	77,561.62
2020	21,735.29
2021-2024	0.00
Total Future Minimum Lease Rental Payments	\$1,180,202.73

**Capital Leases**

The University has entered into long-term leases for financing the purchase of certain capital assets. Such leases are classified as capital leases for accounting purposes and, therefore, are recorded at the present value of the future minimum lease payments at the inception of the lease. Following is a summary of original capitalized costs of all such property under lease as well as the accumulated depreciation as of August 31, 2015:

Assets Under Capital Leases Year Ended Aug. 31, 2015	Business-Type Activities
Furniture and Equipment	\$403,490.80
Less: Accumulated Depreciation	275,049.14
Vehicles	0.00
Less: Accumulated Depreciation	0.00
Total	\$128,441.66

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

Future Minimum Capital Lease Payments Year Ending August 31	Business-Type Activities		
	Principal	Interest	Total
2016	\$12,365.48	\$1,536.64	\$13,902.12

## Stephen F. Austin State University-755

## UNAUDITED

## Notes to the Financial Statements

August 31, 2015

2017	3,879.04	656.96	4,536.00
2018	4,294.54	241.46	4,536.00
2019	0.00	0.00	0.00
2020	0.00	0.00	0.00
2021-2023	0.00	0.00	0.00
Total Future Minimum Lease Payments	\$20,539.06	\$2,435.06	\$22,974.12
Less: Amount Representing Interest at Various Rates			2,435.06
Present Value of Net Minimum Lease Payments			\$20,539.06

**NOTE 9: Pension Plans**

The State of Texas has joint contributory retirement plans for all of its benefits-eligible employees. One of the plans in which the University participates is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. The contributory percentages of participant salaries currently provided by the State and by each participant are 6.4% and 6.8%, respectively, of annual compensation. Further information regarding actuarial assumptions and conclusions, together with audited financial statements, are included in TRS' annual financial report. Deferred outflows of resources and deferred inflows of resources related to pension plan administered by TRS are disclosed in Note 28.

The State has also established an Optional Retirement Program (ORP) for institutions of higher education for certain administrative personnel and faculty. Participation in ORP is in lieu of participation in TRS, and the selection to participate in ORP must be made in the first 90 days of eligibility. The ORP allows participants to select from a variety of companies for the purchase of annuity contracts or to invest in mutual funds. The contributory percentages on salaries for participants entering the program prior to September 1, 1995, are 8.5% and 6.65% by the State and each participant, respectively. The State's contribution is comprised of 6.6% from the ORP appropriation and 1.9% from other funding sources. The 6.6% contribution is mandatory with the other 1.9% being at the discretion of the University's Board of Regents. The Board has approved the additional contributions for these employees. The contributory percentages on salaries for participants entering the program after August 31, 1995, are 6.6% and 6.65% by the State and each participant, respectively. Since these are individual annuity contracts or mutual fund investments, the University has no additional or unfunded liability for this program.

GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, paragraph 27(d) requires universities that administer the ORP to disclose the amounts contributed by members and by the employer for that plan. Following are the ORP contributions made for the 2015 fiscal year:

	<b>Year Ended Aug. 31, 2015</b>
Member Contributions	\$ 2,000,676.92
Employer Contributions	2,166,033.90
<b>Total</b>	<b>\$ 4,166,710.82</b>

**NOTE 10: Deferred Compensation**

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

**NOTE 11: Post-employment Health Care and Life Insurance Benefits - (Not Applicable)****NOTE 12: Interfund Activity and Transactions**

The University experienced routine transfers with other State agencies that were consistent with the activities of the fund making the transfer. Repayment of amounts reported as Due To or Due From Other State Agencies will normally occur within one year from the date of the financial statement.

Following are individual balances and activity reported as Due From and Due To Other State Agencies as of August 31, 2015:

	Transfer In	Transfer Out
ENTERPRISE FUND (05)		
Appd Fund 0210, D23 Fund 0210		
Agency 902, D23 Fund 0210	\$321,305.00	

	Due From Other Agencies	Due To Other Agencies	Source
ENTERPRISE FUND (05)			
Appd Fund 0210, D23 Fund 0210			
Agency 902, D23 Fund 0210	\$72,623.66		Transfer In
Appd Fund 0802, D23 Fund 0802			
Agency 608, D23 Fund 0802	\$12,675.93		State Pass Through
Appd Fund 9999, D23 Fund 7999			
Agency 802, D23 Fund 0467	21,057.43		State Pass Through
Agency 781, D23 Fund 0001		\$272,252.93	State Pass Through
Agency 802, D23 Fund 0951	18,054.13		Federal Pass Through
Agency 781, D23 Fund 0824	11,477.58		State Pass Through
Agency 306, D23 Fund 0118	4,484.40		Federal Pass Through
Agency 530, D23 Fund 0001	45,180.07		Federal Pass Through
Agency 701, D23 Fund 0148	71,049.56		Federal Pass Through
Agency 723, D23 Fund 7999	17,981.73		Federal Pass Through
Agency 771, D23 Fund 0001	272,771.60		Federal Pass Through
Agency 802, D23 Fund 0931	127,763.51		Federal Pass Through
Total Due From/To Other Agencies- State	117,834.60	\$272,252.93	
Total Due From/To Other Agencies - Federal	557,285.00		
Total Interagency Balances	\$675,119.60	\$272,252.93	

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

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

Current Portion	Interfund Payable	Purpose
Agency 907, D23 Fund 2370	\$ 663,481.00	Interfund Loan
Agency 907, D23 Fund 2370	842,955.00	Interfund Loan

Stephen F. Austin State University-755  
UNAUDITED  
Notes to the Financial Statements  
August 31, 2015

<b>Total Current Interfund Payable</b>	<b>\$ 1,506,436.00</b>	
<b>Non-Current Portion</b>	<b>Interfund Payable</b>	<b>Purpose</b>
Agency 907, D23 Fund 2370	\$ 3,241,338.52	Interfund Loan
Agency 907, D23 Fund 2370	4,020,670.62	Interfund Loan
<b>Total Non-Current Interfund Payable</b>	<b>\$ 7,262,009.14</b>	

**NOTE 13: Continuance Subject to Review - Not Applicable**

**NOTE 14: Adjustments to Fund Balances and Net Position**

During fiscal 2015, certain accounting changes and adjustments were made that required the restatement of net position. The restatements are presented below.

	<b>Enterprise Funds (Fund 9999)</b>	<b>Total</b>
Net Position Sept. 1, 2014	\$ 146,206,437.72	\$ 146,206,437.72
Current Year's Restatement	( 27,609,891.88)	( 27,609,891.88)
<b>Net Position Sept 1, 2014</b>	<b>\$ 118,596,545.84</b>	<b>\$ 118,596,545.84</b>

A restatement of \$6,747,600.78 was a result of the of an internal review of the university's benefit proportionality as requested by the Governor's Office. The results of the review required the university to restate net position for appropriations for benefits paid by the State for 2012, 2013 and 2014 fiscal years. The total amount of \$6,747,600.78 has been included in the 2014 accounts payable balance on the restated financial statements. The 2013 and 2014 amounts have been returned to the various state agencies. The 2012 amounts are included in the current accounts payable.

A restatement of \$20,862,291.10 is due to the implementation of GASB 68 that required the university to recognize a share of the Teacher Retirement System unfunded pension liability. The amount of \$22,609,961.98 is included in Other Noncurrent Liabilities. \$1,747,670.88 is reported in Deferred Outflows.

**NOTE 15: Contingencies and Commitments**

**Unpaid Claims and Lawsuits**

As of August 31, 2015, certain lawsuits were pending against the University and/or its officers. The lawsuits, which may present contingent liabilities, are displayed below:

<b>Claimant/ Plaintiff</b>	<b>Defendant Name</b>	<b>Type of Litigation</b>	<b>Damages Sought</b>	<b>Probability of Liability</b>	<b>Possible Loss</b>
USOR Site PRP Group	SFASU	CERCLA	Past and Future response costs	Reasonably Possible*	Unknown

**Description of the Case**

The plaintiff is suing pursuant to CERCLA for recovery of past and future response costs incurred for environmental clean-up and response activities undertaken in Pasadena, TX.

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

\* Probable indicates the event is likely to occur.

**Federal Assistance**

The University receives federal financial assistance for specific purposes that are subject to review or audit by the federal grantor agencies. Entitlement to this assistance is generally conditional upon compliance with the terms and

Stephen F. Austin State University-755

UNAUDITED

Notes to the Financial Statements

August 31, 2015

conditions of grant agreements and applicable federal regulations, including the expenditure of assistance for

allowable purposes. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowance, if any, will be immaterial.

### **Arbitrage**

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

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

### **NOTE 16: Subsequent Events**

There were no material events that occurred subsequent to August 31, 2015.

### **NOTE 17: Risk Management**

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

Injuries to Employees: Employees of the University are covered by a workers' compensation insurance policy provided by the State Office of Risk Management (SORM). SORM assesses the University an amount for the insurance coverage in accordance with 28 T.A.C. 251.507. An Interagency Contract in the amount of \$182,999.07 was executed on behalf of the University for Worker's Compensation Insurance during the year ended August 31, 2015. A mid-year assessment adjustment in the amount of \$60,993.47 for 2015 was paid in May 2015 and recorded as an increase in current year expenditures.

Provision for Health and Other Medical Benefits: Employees of the University are eligible for health insurance and optional coverage(s) if they are employed at least 50% time. The coverage is provided through the State, under the Texas Employees Group Benefits Program (GBP), which was administered by Health Select. Eligible employees may select health, dental, life, accidental death and dismemberment, dependent life, and long and short-term disability coverage. All risks associated with these benefits are passed to the GBP. The costs of health insurance coverage are jointly paid by the State and the University as follows: 100% for full-time employees and 50% for their dependents; 50% for part-time employees and 25% for their dependents. Employees hired on or after September 1, 2003, have a 60-day waiting period to participate in health insurance coverage. Contributions made by the State on behalf of the University for health and other medical benefits were \$7,670,757.00 for the year ended August 31, 2015.

Damage to Property: The University is required by certain bond covenants to carry fire and extended coverage and boiler insurance on buildings financed through the issuance of bonds. The insurance protects the bondholders from a disruption to the revenue stream that is being utilized to make the bond interest and principal payments. In fiscal year 2015, there were no damage claims.

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

Stephen F. Austin State University-755  
UNAUDITED  
Notes to the Financial Statements  
August 31, 2015

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

Claims and Judgments: Changes in the balances of the University's claims liabilities for 2015 are noted in the table below:

	Beginning Balance	Increases	Decreases	Ending Balance
Claims & Judgments	\$0.00	\$250,000.00	\$250,000.00	\$0.00

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

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

**NOTE 19: The Financial Reporting Entity**

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

**NOTE 20: Stewardship, Compliance and Accountability**

In 2015, an audit and management review determined the number of employees reported as eligible for benefits paid by State appropriations was overstated. The University contended that state-funded employee positions were eligible for state-funded benefits, even though State appropriations to pay their salary were exhausted. After additional consultation with the State Comptroller's office, the university agreed to pay back related amounts. The amounts were based on fiscal years 2012, 2013 and 2014. In 2015, the university changed its budgeting and accounting procedures so that only those employees paid with State appropriations are considered eligible for state-funded benefits.

**NOTE 21: Not Applicable**

**NOTE 22: Donor Restricted Endowments**

The net appreciation (cumulative and unexpended) on donor-restricted endowments presented below is available for authorization and expenditure by the University. The University's spending policy provides for a target distribution rate between 4% and 5% annually. If returns permit, an amount equal to the rate of inflation will be added back to each endowment principal balance. Additionally, if there are any returns beyond the inflation rate, then this amount may be added to a contingency reserve for distribution during years of poor investment performance. In 2015, account managers were given the option to replenish principal balances in order to offset prior year losses rather than make distributions, subject to the endowment agreements. In fiscal year 2015, 2.34% of total earnings was distributed to spending accounts and no amount was added back to the balance of endowment accounts.

Donor Restricted Endowments	Amounts of Cumulative Net Appreciation *	Reported in Net Position
True Endowments	\$ 2,586,426.89	Restricted for Expendable
Term Endowments	4,300.44	Restricted for Expendable
Total	\$ 2,590,727.33	Restricted for Expendable

\*The current year amount of net appreciation was a negative \$147,043.36 for true endowments, and a negative \$490.26 for term endowments. These losses were offset by prior year undistributed amounts. During fiscal year 2015, the University reclassified several accounts from True Endowments to Quasi Endowments. The value of accounts that were reclassified was \$1,836,834.32.

**NOTE 23: Extraordinary and Special Items - Not Applicable**

**NOTE 24: Disaggregation of Receivable and Payable Balances**

**Accounts Receivables**

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

Accounts Receivable Category	Current Amount
3 <sup>rd</sup> Party Contracts for Student Payments	\$2,541,901.36
Miscellaneous Receivables	272,579.23
<b>Total</b>	<b>\$2,814,480.59</b>

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

**Accounts Payables**

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

Accounts Payable Category	Current Amount
Payables on Construction Activity	\$317,524.50
Utility Payables	641,821.91
Procurement Card Payables	429,449.15
Food Service Payables	213,999.43
Payables for Supplies	1,369,254.96
Payables for Services	212,848.99
Payable for Benefits	2,662,523.48
Miscellaneous Payables	712,814.64
<b>Total</b>	<b>\$6,560,237.06</b>

**NOTE 25: Termination Benefits – Not Applicable**

**NOTE 26: Segment Information - Not Applicable**

**NOTE 27: Service Concession Arrangements – Not Applicable**

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

In fiscal year 2015, the University reported deferred outflows of resources and deferred inflows of resources in connection with GASB 68 requirements related to pension reporting. The requirements include that affected state agencies disclose the proportional share of the net pension liability, pension expense, deferred outflows and inflows related to pensions if those amounts are not identifiable in the financial statements.

Business-Type Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
TRS Pension (Note 9)	\$1,481,648.71	\$5,629,452.57
<b>Total</b>	<b>\$1,481,648.71</b>	<b>\$5,629,452.57</b>

Details of the pension plan administered by the Teacher Retirement System of Texas (TRS) are disclosed in Note 9.



Stephen F. Austin State University-755  
UNAUDITED  
Notes to the Financial Statements  
August 31, 2015

**NOTE 29: Troubled Debt Restructuring – Not Applicable**

**NOTE 30: Non-Exchange Financial Guarantees – Not Applicable**

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UNAUDITED

Stephen F. Austin State University  
 Agency 755  
 Schedule 1-A-Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended August 31, 2015

Federal Grantor/ Pass-Through Grantor Program Title	CFDA Number	NSE Name/ Identifying Number	Pass-through From		
			Agy/ Univ No.	Agencies or Universities Amount	Non-State Entities Amount
<b>Institute of Museum and Library Services</b>					
<b>Pass-Through From:</b>					
Grants to States	45.310				
<i>Pass-Through From:</i> Texas State Library and Archives Commission			306	16,362.26	
<b>Totals - Institute of Museum and Library Services</b>				<u>16,362.26</u>	<u>0.00</u>
<b>U.S. Department of Agriculture</b>					
<i>Direct Programs:</i> Forestry Research	10.652				
<b>Totals - U. S. Department of Agriculture</b>				<u>0.00</u>	<u>0.00</u>
<b>U.S. Department of the Interior</b>					
Cooperative Research and Training Programs-Resources of the National Park System	15.945				
<b>Totals - U.S. Department of the Interior</b>				<u>0.00</u>	<u>0.00</u>
<b>National Endowment For The Humanities</b>					
Promotion of the Humanities Federal/State Partnership	45.129	Humanities Texas/2014-4668			1,000.00
		Humanities Texas/2014-4677			750.00
		Humanities Texas/2015-4790			1,000.00
<i>Direct Programs:</i> 21st Century Museum Professionals	45.307				
<b>Totals - National Endowment For The Humanities</b>				<u>0.00</u>	<u>2,750.00</u>
<b>U.S. Department of Education</b>					
Rehabilitation Long-Term Training	84.129				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334				
<i>Pass-Through From:</i> Career and Technical Education -- Basic Grants to States	84.048				
<i>Pass-Through From:</i> Texas Education Agency			701	308,700.19	
<b>Totals - U.S. Department of Education</b>				<u>308,700.19</u>	<u>0.00</u>

UNAUDITED

Direct Program Amount	Total PT From & Direct Program Amount	Pass-through To		Expenditures Amount	Total PT To & Expenditures Amount
		Aqy/ Univ No.	Agencies or Universities Amount		
	16,362.26			16,362.26	16,362.26
<u>0.00</u>	<u>16,362.26</u>		<u>0.00</u>	<u>0.00</u>	<u>16,362.26</u>
1,909.17	1,909.17			1,909.17	1,909.17
<u>1,909.17</u>	<u>1,909.17</u>		<u>0.00</u>	<u>0.00</u>	<u>1,909.17</u>
14,375.96	14,375.96			14,375.96	14,375.96
<u>14,375.96</u>	<u>14,375.96</u>		<u>0.00</u>	<u>0.00</u>	<u>14,375.96</u>
	1,000.00			1,000.00	1,000.00
	750.00			750.00	750.00
	1,000.00			1,000.00	1,000.00
75,795.43	75,795.43			75,795.43	75,795.43
<u>75,795.43</u>	<u>78,545.43</u>		<u>0.00</u>	<u>0.00</u>	<u>78,545.43</u>
237,324.29	237,324.29			237,324.29	237,324.29
1,158,244.35	1,158,244.35			513,860.69	1,158,244.35
	308,700.19			308,700.19	308,700.19
<u>1,395,568.64</u>	<u>1,704,268.83</u>		<u>0.00</u>	<u>644,383.66</u>	<u>1,059,885.17</u>

UNAUDITED

Stephen F. Austin State University  
 Agency 755  
 Schedule 1-A-Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended August 31, 2015

Federal Grantor/ Pass-Through Grantor Program Title	CFDA Number	NSE Name/ Identifying Number	Pass-through From		
			Agy/ Univ No.	Agencies or Universities Amount	Non-State Entities Amount
<b>U.S. Department of Health and Human Services</b>					
Area Health Education Centers Point of Service Maintenance and Enhancement Awards <i>Pass-Through From:</i> University of Texas Medical Branch Galveston	93.107		723	92,500.00	
Foster Care--Title IV-E <i>Pass-Through From:</i> Department of Family and Protective Services	93.658		530	138,592.97	
PPHF-2012 Geriatric Education Centers <i>Pass-Through From:</i> University of Texas Medical Branch at Galveston	93.969		723	21,094.83	
<b>Totals - U.S. Department of Health &amp; Human Services</b>				<u>252,187.80</u>	<u>0.00</u>
<b>RESEARCH &amp; DEVELOPMENT CLUSTER</b>					
<b>U.S. Department of Agriculture</b>					
<i>Direct Programs:</i>					
Cooperative Forestry Research	10.202				
Forestry Research	10.652				
Plant Materials for Conservation	10.905				
<b>Totals - U. S. Department of Agriculture</b>				<u>0.00</u>	<u>0.00</u>
<b>U.S. Department of Defense</b>					
<i>Pass-Through From:</i>					
National Guard Military Operations and Maintenance (O&M) Projects <i>Pass-Through From:</i> Texas Military Department <i>Pass-Through To:</i> Texas Tech University	12.401		401	(409.40)	
<b>Totals - U.S. Department of Defense</b>				<u>(409.40)</u>	<u>0.00</u>
<b>U.S. Department of the Interior</b>					
Fish and Wildlife Management Assistance	15.608	Gulf States Marine Fisheries			20,000.00
National Land Remote Sensing Education Outreach and Research	15.815	Comm/FWS-800-037-2014-SFASU America View/ AV13-TX01			33,724.71
National Heritage Area Federal Financial Assistance	15.939	Cane River National Heritage Area/CA2012-04			808.29
<i>Direct Programs:</i>					
Research Grants (Generic)	15.650				
Migratory Bird Monitoring, Assessment and Conservation	15.655				
National Historic Landmark	15.912				
Rivers, Trails and Conservation Assistance	15.921				
National Center for Preservation Technology and Training	15.923				
Cooperative Research and Training Programs-Resources of the National Park System	15.945				
<i>Pass-Through From:</i>					
Wildlife Restoration and Basic Hunter Education <i>Pass-Through From:</i> Parks and Wildlife Department	15.611		802	280,370.02	
Cooperative Endangered Species Conservation Fund <i>Pass-Through From:</i> Parks and Wildlife Department	15.615		802	7,901.53	
State Wildlife Grants <i>Pass-Through From:</i> Parks and Wildlife Department	15.634		802	22,757.57	
<b>Totals - U.S. Department of the Interior</b>				<u>311,029.12</u>	<u>54,533.00</u>

UNAUDITED

Direct Program Amount	Total PT From & Direct Program Amount	Pass-through To		Expenditures Amount	Total PT To & Expenditures Amount
		Agy/ Univ No.	Agencies or Universities Amount		
	92,500.00			92,500.00	92,500.00
	138,592.97			138,592.97	138,592.97
	21,094.83			21,094.83	21,094.83
<u>0.00</u>	<u>252,187.80</u>		<u>0.00</u>	<u>252,187.80</u>	<u>252,187.80</u>
429,455.19	429,455.19			429,455.19	429,455.19
105,370.36	105,370.36			105,370.36	105,370.36
21,091.17	21,091.17			21,091.17	21,091.17
<u>555,916.72</u>	<u>555,916.72</u>		<u>0.00</u>	<u>555,916.72</u>	<u>555,916.72</u>
	(409.40)			(86.26)	(409.40)
		733	(323.14)		
<u>0.00</u>	<u>(409.40)</u>		<u>(323.14)</u>	<u>(86.26)</u>	<u>(409.40)</u>
	20,000.00			20,000.00	20,000.00
	33,724.71			33,724.71	33,724.71
	808.29			808.29	808.29
12,767.93	12,767.93			12,767.93	12,767.93
20,387.12	20,387.12			20,387.12	20,387.12
2,286.41	2,286.41			2,286.41	2,286.41
14,335.63	14,335.63			14,335.63	14,335.63
37,254.62	37,254.62			37,254.62	37,254.62
73,327.72	73,327.72		2,871.60	70,456.12	73,327.72
	280,370.02			280,370.02	280,370.02
	7,901.53			7,901.53	7,901.53
	22,757.57			22,757.57	22,757.57
<u>160,359.43</u>	<u>525,921.55</u>		<u>0.00</u>	<u>523,049.95</u>	<u>525,921.55</u>

UNAUDITED

Stephen F. Austin State University  
 Agency 755  
 Schedule 1-A-Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended August 31, 2015

Federal Grantor/ Pass-Through Grantor Program Title	CFDA Number	NSE Name/ Identifying Number	Pass-through From		
			Agy/ Univ No.	Agencies or Universities Amount	Non-State Entities Amount
<b>National Science Foundation</b>					
Mathematical and Physical Sciences	47.049	Mathematical Assoc of America/DMS-0846477			3,200.00
<u>Direct Programs:</u>					
Computer and Information Science and Engineering	47.070				
Education and Human Resources	47.076				
ARRA-Trans-NSF Recovery Act Research Support	47.082				
<b>Totals - National Science Foundation</b>				<u>0.00</u>	<u>3,200.00</u>
<b>U.S. Department of Education</b>					
English Language Acquisition State Grants	84.365				
<b>Totals - U.S. Department of Education</b>				<u>0.00</u>	<u>0.00</u>
<b>U.S. Department of Health and Human Services</b>					
Development and Coordination of rural Health Services	93.223	University of Iowa/ W000711924			9,999.62
Occupational Safety and Health Program	93.262	University of Iowa/ W000651120			17,289.24
Special Projects of National Significance	93.928	Special Health Resources of TX, Inc/ H97HA15147-01-00			26,464.49
<b>Totals - U.S. Department of Health and Human Services</b>				<u>0.00</u>	<u>53,753.35</u>
<b><u>SPECIAL EDUCATION (IDEA) Cluster</u></b>					
<b>U.S. Department of Education</b>					
<b><u>Pass-Through From:</u></b>					
Special Education-Grants to States	84.027				
<i>Pass-Through From:</i>					
Texas Education Agency			701	20,533.88	
Special Education-Grants to States	84.027				
<i>Pass-Through From:</i>					
Texas School for the Blind & Visually Impaired			771	551,127.91	
<b>Totals - U.S. Department of Education</b>				<u>571,661.79</u>	<u>0.00</u>
<b><u>Student Financial Assistance Cluster</u></b>					
<b>U.S. Department of Education</b>					
<u>Direct Programs:</u>					
Federal Supplemental Educational Opportunity Grants	84.007				
Federal Work-Study Program	84.033				
Federal Perkins Loan Program Federal Capital Contributions	84.038				
Federal Pell Grant Program	84.063				
Federal Direct Student Loans	84.268				
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379				
<b>Totals - U.S. Department of Education</b>				<u>0.00</u>	<u>0.00</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 1,459,531.76</u>	<u>\$ 114,236.35</u>

UNAUDITED

Direct Program Amount	Total PT From & Direct Program Amount	Acq/ Univ No.	Pass-through To		Expenditures Amount	Total PT To & Expenditures Amount
			Agencies or Universities Amount	Non-State Entities Amount		
	3,200.00				3,200.00	3,200.00
460,281.40	460,281.40				460,281.40	460,281.40
358,211.55	358,211.55				358,211.55	358,211.55
129,257.88	129,257.88				129,257.88	129,257.88
<u>947,750.83</u>	<u>950,950.83</u>		<u>0.00</u>	<u>0.00</u>	<u>950,950.83</u>	<u>950,950.83</u>
380,230.83	380,230.83				380,230.83	380,230.83
<u>380,230.83</u>	<u>380,230.83</u>		<u>0.00</u>	<u>0.00</u>	<u>380,230.83</u>	<u>380,230.83</u>
	9,999.62				9,999.62	9,999.62
	17,289.24				17,289.24	17,289.24
	26,464.49				26,464.49	26,464.49
<u>0.00</u>	<u>53,753.35</u>		<u>0.00</u>	<u>0.00</u>	<u>53,753.35</u>	<u>53,753.35</u>
	20,533.88				20,533.88	20,533.88
	551,127.91				551,127.91	551,127.91
<u>0.00</u>	<u>571,661.79</u>		<u>0.00</u>	<u>0.00</u>	<u>571,661.79</u>	<u>571,661.79</u>
248,135.00	248,135.00				248,135.00	248,135.00
569,888.91	569,888.91				569,888.91	569,888.91
348,323.00	348,323.00				348,323.00	348,323.00
18,950,623.00	18,950,623.00				18,950,623.00	18,950,623.00
75,488,741.00	75,488,741.00				75,488,741.00	75,488,741.00
442,754.00	442,754.00				442,754.00	442,754.00
<u>96,048,464.91</u>	<u>96,048,464.91</u>		<u>0.00</u>	<u>0.00</u>	<u>96,048,464.91</u>	<u>96,048,464.91</u>
\$ <u>99,580,371.92</u>	\$ <u>101,154,140.03</u>		\$ <u>(323.14)</u>	\$ <u>647,255.26</u>	\$ <u>100,507,207.91</u>	\$ <u>101,154,140.03</u>



**STEPHEN F. AUSTIN STATE UNIVERSITY**  
**Agency No. 755**  
**Schedule 1-A-Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended August 31, 2015**

**Note 1 - Nonmonetary Assistance - N/A**

**Note 2 - Reconciliation**

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

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

Federal Revenue Operating	\$ 4,101,795.92
Federal Pass-Through Revenue	1,459,531.76
Federal Pass-Through from Non-State Agency	114,236.35
Federal Non-Operating	19,641,512.00
Subtotal	<u>25,317,076.03</u>
<b>Reconciling Items:</b>	
Non-monetary:	0.00
New Loans Processed:	
GSL/SLS/PLUS Loans	0.00
Federal Direct Student Loans (Direct Loans)	75,488,741.00
Federal Perkins Loans	<u>348,323.00</u>
Total Pass-Through and Expenditures per Federal Schedule	<u><u>\$ 101,154,140.03</u></u>

**Note 3 - Student Loans Processed and Administrative Costs Recovered**

Federal Grantor/CFDA Number/ Program Name	New Loans Processed	Admin Costs Recovered	Total Loans Processed & Admin Costs Recovered	End Balances of Previous Year's Loans
Department of Education 84.038 Federal Perkins Loans	\$ 348,323.00		\$ 348,323.00	\$ 4,074,611.89
Department of Education 84.268 Federal Direct Student Loans (Direct Loans)	75,488,741.00	-	75,488,741.00	
Total Department of Education	\$ 75,837,064.00	\$ -	\$ 75,837,064.00	\$ 4,074,611.89

**Note 4 - Depository Libraries for Government Publications**

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

**Note 5 - Unemployment Insurance - N/A**

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

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

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**STEPHEN F. AUSTIN STATE UNIVERSITY (755)**  
**Schedule 1B**  
**Schedule of State Grant Pass-Throughs From/To State Agencies**  
**For The Fiscal Year Ended August 31, 2015**

<b>Pass Through From:</b>	<b>Grant ID</b>	<b>Agency Number</b>	<b>Amount</b>
<b>Fifth Year Accounting Student Scholarship Program</b> TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY	457.0001	457	24,707.00 <b>24,707.00</b>
<b>Available School Fund - Per Capita</b> TEXAS EDUCATION AGENCY	701.0007	701	63,730.00 <b>63,730.00</b>
<b>Foundation School Program (FSP)-Formula</b> TEXAS EDUCATION AGENCY	701.0015	701	1,717,795.00 <b>1,717,795.00</b>
<b>Instructional Materials Allotment</b> TEXAS EDUCATION AGENCY	701.0048	701	4,438.85 <b>4,438.85</b>
<b>Joint Admission Medical Program (JAMP)</b> UNIVERSITY OF TEXAS SYSTEM	720.0002	720	31,805.37 <b>31,805.37</b>
<b>Nursing &amp; Allied Health</b> TX HIGHER EDUCATION COORDINATING BOARD	781.0006	781	65,704.58 <b>65,704.58</b>
<b>TEXAS Grant Program</b> TX HIGHER EDUCATION COORDINATING BOARD	781.0008	781	7,757,625.00 <b>7,757,625.00</b>
<b>Professional Nursing Shortage Reduction Program</b> TX HIGHER EDUCATION COORDINATING BOARD	781.0013	781	51,284.72 <b>51,284.72</b>
<b>Engineering Recruitment Program</b> TX HIGHER EDUCATION COORDINATING BOARD	781.0020	781	11,503.08 <b>11,503.08</b>
<b>College Work Study Program</b> TX HIGHER EDUCATION COORDINATING BOARD	781.0023	781	82,180.00 <b>82,180.00</b>
<b>College Readiness Initiative</b> TX HIGHER EDUCATION COORDINATING BOARD	781.0026	781	5,000.00 <b>5,000.00</b>
<b>Top 10% Scholarships</b> TX HIGHER EDUCATION COORDINATING BOARD	781.0028	781	229,600.00 <b>229,600.00</b>
<b>Nacogdoches Naturally COOP</b> PARKS & WILDLIFE DEPARTMENT	802.0035	802	29,981.78 <b>29,981.78</b>
<b>Arts Respond</b> TEXAS COMMISSION ON THE ARTS	813.0002	813	1,000.00 <b>1,000.00</b>
<b>Total Operating Pass-Through From Other Agencies</b>			<b>\$ 10,076,355.38</b>
<b>Pass Through To</b>	<b>Grant ID</b>	<b>Agency Number</b>	<b>Amount</b>
<b>Total Pass-Through to Other Agencies</b>			<b>\$ -</b>

STEPHEN F. AUSTIN STATE UNIVERSITY  
 Agency No. 755  
 Schedule 2A - Miscellaneous Bond Information  
 For the Fiscal Year Ended August 31, 2015

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Scheduled Maturities		First Call Date
				First Year	Last Year	
<b>Business-Type Activities</b>						
<b>Revenue Bonds - Self Supporting</b>						
Rev Fin Sys Bonds Ser '05	17,215,000.00	4.000	5.250	2006	2025	10/15/2015
Rev Fin Sys Bonds Ser '05 (A)	55,365,000.00	3.500	5.000	2006	2025	10/15/2015
Rev Fin Sys Bonds Ser '10	35,035,000.00	2.000	5.000	2010	2029	10/15/2020
Rev Fin Sys Bonds Ser '13	15,610,000.00	1.000	5.000	2014	2025	n/a
Rev Fin Sys Bonds Ser '15	48,410,000.00	2.010	2.010	2015	2026	n/a
	<u>171,635,000.00</u>					
<b>Tuition Revenue Bonds - Self-Supporting</b>						
Rev Fin Sys Bonds Ser '08	20,175,000.00	3.500	5.000	2008	2027	10/15/2017
Rev Fin Sys Bonds Ser '09	23,615,000.00	3.750	5.000	2009	2029	10/15/2017
Rev Fin Sys Bonds Ser '10 (A)	3,415,000.00	2.000	3.000	2010	2016	n/a
Rev Fin Sys Bonds Ser '13	6,645,000.00	1.000	5.000	2014	2022	n/a
	<u>53,850,000.00</u>					
<b>Total Revenue Bonds</b>	<u>225,485,000.00</u>					
<b>General Obligation Bonds - Not Self-Supporting</b>						
Constitutional Appn Bonds Ser '08	10,200,000.00	4.000	5.000	2009	2018	n/a
<b>Total General Obligation Bonds</b>	<u>10,200,000.00</u>					
<b>Grand Total of Bonds</b>	<u>\$ 235,685,000.00</u>					

**STEPHEN F. AUSTIN STATE UNIVERSITY**  
**Agency No. 755**  
**Schedule 2B-Changes in Bonded Indebtedness**  
**For the Fiscal Year Ended August 31, 2015**

Description of Issue	Bonds Outstanding 9/1/14	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/15
<b>Business-Type Activities</b>					
<b>Revenue Bonds - Self Supporting</b>					
Rev Fin Sys Bonds Ser '05	11,880,000.00	-	785,000.00	10,280,000.00	815,000.00
Rev Fin Sys Bonds Ser '05 (A)	42,425,000.00	-	2,655,000.00	36,970,000.00	2,800,000.00
Rev Fin Sys Bonds Ser '10	29,770,000.00	-	1,380,000.00	-	28,390,000.00
Rev Fin Sys Bonds Ser '13	15,610,000.00	-	1,155,000.00	-	14,455,000.00
Rev Fin Sys Bonds Ser '15	-	48,410,000.00	-	-	48,410,000.00
	99,685,000.00	48,410,000.00	5,975,000.00	47,250,000.00	94,870,000.00
<b>Tuition Revenue Bonds - Self-Supporting</b>					
Rev Fin Sys Bonds Ser '08	13,550,000.00	-	755,000.00	-	12,795,000.00
Rev Fin Sys Bonds Ser '09	17,660,000.00	-	905,000.00	-	16,755,000.00
Rev Fin Sys Bonds Ser '10 (A)	1,280,000.00	-	420,000.00	-	860,000.00
Rev Fin Sys Bonds Ser '13	6,645,000.00	-	825,000.00	-	5,820,000.00
	39,135,000.00	-	2,905,000.00	-	36,230,000.00
<b>Total Revenue Bonds</b>	138,820,000.00	48,410,000.00	8,880,000.00	47,250,000.00	131,100,000.00
<b>General Obligation Bonds - Not Self-Supporting</b>					
Constitutional Appn Bonds Ser '08	5,545,000.00	-	1,030,000.00	-	4,515,000.00
<b>Total General Obligation Bonds</b>	5,545,000.00	-	1,030,000.00	-	4,515,000.00
<b>Grand Total</b>	\$ 144,365,000.00	\$ 48,410,000.00	\$ 9,910,000.00	\$ 47,250,000.00	\$ 135,615,000.00

**STEPHEN F. AUSTIN STATE UNIVERSITY**  
**Agency No. 755**  
**Schedule 2B-Changes in Bonded Indebtedness**  
**For the Fiscal Year Ended August 31, 2015**

Description of Issue	Unamortized Premium	Unamortized Discount	Gain/(Loss) on Refunding	Net Bonds Outstanding 8/31/15	Amounts Due Within One Year
<b>Business-Type Activities</b>					
<b>Revenue Bonds - Self Supporting</b>					
Rev Fin Sys Bonds Ser '05	-	-	-	815,000.00	815,000.00
Rev Fin Sys Bonds Ser '05 (A)	-	-	-	2,800,000.00	2,800,000.00
Rev Fin Sys Bonds Ser '10	-	-	-	28,390,000.00	1,415,000.00
Rev Fin Sys Bonds Ser '13	1,113,431.74	-	-	15,568,431.74	1,302,203.34
Rev Fin Sys Bonds Ser '15	-	-	-	48,410,000.00	630,000.00
	1,113,431.74	-	-	95,983,431.74	6,962,203.34
<b>Tuition Revenue Bonds - Self-Supporting</b>					
Rev Fin Sys Bonds Ser '08	-	-	-	12,795,000.00	780,000.00
Rev Fin Sys Bonds Ser '09	-	-	-	16,755,000.00	935,000.00
Rev Fin Sys Bonds Ser '10 (A)	-	-	-	860,000.00	425,000.00
Rev Fin Sys Bonds Ser '13	475,262.45	-	-	6,295,262.45	803,117.30
	475,262.45	-	-	36,705,262.45	2,943,117.30
<b>Total Revenue Bonds</b>	1,588,694.19	-	-	132,688,694.19	9,905,320.64
<b>General Obligation Bonds - Not Self-Supporting</b>					
Constitutional Appn Bonds Ser '08	-	-	-	4,515,000.00	1,065,000.00
<b>Total General Obligation Bonds</b>	-	-	-	4,515,000.00	1,065,000.00
<b>Grand Total</b>	\$ 1,588,694.19	\$ -	\$ -	\$ 137,203,694.19	\$ 10,970,320.64

**STEPHEN F. AUSTIN STATE UNIVERSITY**  
**Agency No. 755**  
**Schedule 2C - Debt Service Requirements**  
**For the Fiscal Year Ended August 31, 2015**

Description of Issue	FY	Principal	Interest	Total
<b>Business-Type Activities</b>				
<b>Revenue Bonds - Self Supporting</b>				
Rev Fin Sys Bonds Ser '05	2016	\$ 815,000.00	\$ 21,393.75	\$ 836,393.75
		815,000.00	21,393.75	836,393.75
Rev Fin Sys Bonds Ser '05 (A)	2016	2,800,000.00	70,000.00	2,870,000.00
		2,800,000.00	70,000.00	2,870,000.00
Rev Fin Sys Bonds Ser '10	2016	1,415,000.00	1,166,212.50	2,581,212.50
Rev Fin Sys Bonds Ser '10	2017	1,455,000.00	1,123,162.50	2,578,162.50
Rev Fin Sys Bonds Ser '10	2018	1,505,000.00	1,075,000.00	2,580,000.00
Rev Fin Sys Bonds Ser '10	2019	1,560,000.00	1,021,362.50	2,581,362.50
Rev Fin Sys Bonds Ser '10	2020	1,615,000.00	965,800.00	2,580,800.00
Rev Fin Sys Bonds Ser '10	2021-2025	9,235,000.00	3,672,781.25	12,907,781.25
Rev Fin Sys Bonds Ser '10	2026-2030	11,605,000.00	1,298,331.26	12,903,331.26
		28,390,000.00	10,322,650.01	38,712,650.01
Rev Fin Sys Bonds Ser '13	2016	1,185,000.00	612,787.50	1,797,787.50
Rev Fin Sys Bonds Ser '13	2017	1,230,000.00	564,487.50	1,794,487.50
Rev Fin Sys Bonds Ser '13	2018	1,280,000.00	514,287.50	1,794,287.50
Rev Fin Sys Bonds Ser '13	2019	1,335,000.00	461,987.50	1,796,987.50
Rev Fin Sys Bonds Ser '13	2020	1,390,000.00	407,487.50	1,797,487.50
Rev Fin Sys Bonds Ser '13	2021-2025	8,035,000.00	944,843.75	8,979,843.75
		14,455,000.00	3,505,881.25	17,960,881.25
Rev Fin Sys Bonds Ser '15	2016	630,000.00	923,463.24	1,553,463.24
Rev Fin Sys Bonds Ser '15	2017	4,355,000.00	916,610.25	5,271,610.25
Rev Fin Sys Bonds Ser '15	2018	4,445,000.00	828,170.25	5,273,170.25
Rev Fin Sys Bonds Ser '15	2019	4,535,000.00	737,921.25	5,272,921.25
Rev Fin Sys Bonds Ser '15	2020	4,630,000.00	645,813.00	5,275,813.00
Rev Fin Sys Bonds Ser '15	2021-2025	24,595,000.00	1,780,508.25	26,375,508.25
Rev Fin Sys Bonds Ser '15	2026	5,220,000.00	52,461.00	5,272,461.00
		48,410,000.00	5,884,947.24	54,294,947.24
<b>Total Revenue Bonds - Self Supporting</b>		<u>94,870,000.00</u>	<u>19,804,872.25</u>	<u>114,674,872.25</u>

**STEPHEN F. AUSTIN STATE UNIVERSITY**  
**Agency No. 755**  
**Schedule 2C - Debt Service Requirements**  
**For the Fiscal Year Ended August 31, 2015**

Description of Issue	FY	Principal	Interest	Total
<b>Tuition Revenue Bonds - Self-Supporting</b>				
Rev Fin Sys Bonds Ser '08	2016	780,000.00	524,275.00	1,304,275.00
Rev Fin Sys Bonds Ser '08	2017	805,000.00	488,550.00	1,293,550.00
Rev Fin Sys Bonds Ser '08	2018	835,000.00	447,550.00	1,282,550.00
Rev Fin Sys Bonds Ser '08	2019	865,000.00	409,375.00	1,274,375.00
Rev Fin Sys Bonds Ser '08	2020	895,000.00	374,175.00	1,269,175.00
Rev Fin Sys Bonds Ser '08	2021-2025	5,035,000.00	1,292,512.50	6,327,512.50
Rev Fin Sys Bonds Ser '08	2026-2028	<u>3,580,000.00</u>	<u>233,325.00</u>	<u>3,813,325.00</u>
		12,795,000.00	3,769,762.50	16,564,762.50
Rev Fin Sys Bonds Ser '09	2016	935,000.00	670,718.75	1,605,718.75
Rev Fin Sys Bonds Ser '09	2017	960,000.00	643,462.50	1,603,462.50
Rev Fin Sys Bonds Ser '09	2018	990,000.00	612,975.00	1,602,975.00
Rev Fin Sys Bonds Ser '09	2019	1,025,000.00	578,950.00	1,603,950.00
Rev Fin Sys Bonds Ser '09	2020	1,060,000.00	542,462.50	1,602,462.50
Rev Fin Sys Bonds Ser '09	2021-2025	5,965,000.00	2,044,162.50	8,009,162.50
Rev Fin Sys Bonds Ser '09	2026-2029	<u>5,820,000.00</u>	<u>581,006.25</u>	<u>6,401,006.25</u>
		16,755,000.00	5,673,737.50	22,428,737.50
Rev Fin Sys Bonds Ser '10 (A)	2016	425,000.00	18,362.50	443,362.50
Rev Fin Sys Bonds Ser '10 (A)	2017	<u>435,000.00</u>	<u>6,525.00</u>	<u>441,525.00</u>
		860,000.00	24,887.50	884,887.50
Rev Fin Sys Bonds Ser '13	2016	730,000.00	236,650.00	966,650.00
Rev Fin Sys Bonds Ser '13	2017	760,000.00	206,850.00	966,850.00
Rev Fin Sys Bonds Ser '13	2018	795,000.00	175,750.00	970,750.00
Rev Fin Sys Bonds Ser '13	2019	830,000.00	143,250.00	973,250.00
Rev Fin Sys Bonds Ser '13	2020	860,000.00	109,450.00	969,450.00
Rev Fin Sys Bonds Ser '13	2021-2022	<u>1,845,000.00</u>	<u>93,375.00</u>	<u>1,938,375.00</u>
		5,820,000.00	965,325.00	6,785,325.00
<b>Total Tuition Revenue Bonds - Self-Supporting</b>		<u>36,230,000.00</u>	<u>10,433,712.50</u>	<u>46,663,712.50</u>
<b>Total Revenue Bonds</b>		<u>131,100,000.00</u>	<u>30,238,584.75</u>	<u>161,338,584.75</u>
<b>General Obligation Bonds</b>				
Constitutional Appn Bonds Ser '08	2016	1,065,000.00	174,050.00	1,239,050.00
Constitutional Appn Bonds Ser '08	2017	1,105,000.00	125,325.00	1,230,325.00
Constitutional Appn Bonds Ser '08	2018	1,150,000.00	78,500.00	1,228,500.00
Constitutional Appn Bonds Ser '08	2019	<u>1,195,000.00</u>	<u>26,887.50</u>	<u>1,221,887.50</u>
<b>Total General Obligation Bonds</b>		<u>4,515,000.00</u>	<u>404,762.50</u>	<u>4,919,762.50</u>
		\$ 135,615,000.00	\$ 30,643,347.25	\$ 166,258,347.25
<b>Total Debt Service</b>				



UNAUDITED

**STEPHEN F. AUSTIN STATE UNIVERSITY**

**Agency No. 755**

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

**For the Fiscal Year Ended August 31, 2015**

<u>Description of Issue</u>	<u>Application of Funds</u>		<u>Accrual Basis</u>
	<u>2015 Principal</u>	<u>2015 Interest</u>	<u>Int Exp</u>
Constitutional Appn Bonds Series 2008	\$ 1,030,000.00	\$ 226,425.00	\$ 207,112.50
General Obligation Bonds - Not Self-Supporting	<u>\$ 1,030,000.00</u>	<u>\$ 226,425.00</u>	<u>\$ 207,112.50</u>

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY  
 Agency No. 755  
 Schedule 2D - Analysis of Funds Available for Debt Service - Revenue Bonds  
 For the Fiscal Year Ended August 31, 2015

Description of Issue	Net Available for Debt Service		Debt Service		Accrual Basis
	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	2015 Principal	2015 Interest	Interest Expense
<b>Business-Type Activities</b>					
<b>Revenue Bonds - Self Supporting</b>					
Rev Fin Sys Bonds Ser '05	*	-	785,000.00	488,881.25	520,094.15
Rev Fin Sys Bonds Ser '05 (A)	*	-	2,655,000.00	1,949,050.00	2,094,018.23
Rev Fin Sys Bonds Ser '10	*	-	1,380,000.00	1,204,687.50	1,191,750.00
Rev Fin Sys Bonds Ser '13	*	-	1,155,000.00	642,262.50	637,931.25
Rev Fin Sys Bonds Ser '15	*	-	-	-	332,455.68
<b>Tuition Revenue Bonds - Self-Supporting</b>					
Rev Fin Sys Bonds Ser '08	*	-	755,000.00	553,087.50	543,178.13
Rev Fin Sys Bonds Ser '09	*	-	905,000.00	696,018.75	686,685.94
Rev Fin Sys Bonds Ser '10 (A)	*	-	420,000.00	28,925.00	24,987.50
Rev Fin Sys Bonds Ser '13	*	-	825,000.00	255,375.00	252,281.25
			\$ 8,880,000.00	\$ 5,818,287.50	\$ 6,283,382.13

Note: Expenditures associated with operations which generated the pledged revenues are \$110,700,891.76 for fiscal year 2015.

Analysis of Pledged and Other Sources:

Pledged Sources	
Tuition and Fees	\$ 102,007,616.79
Sales and Services	38,179,275.86
Other Sources	<u>1,632,606.80</u>
Total Revenues	141,819,499.45
Pledged Auxiliary	
Unappropriated Balance	<u>10,484,136.07</u>
Total Pledged Revenues	<u>\$ 152,303,635.52</u>

UNAUDITED

**STEPHEN F. AUSTIN STATE UNIVERSITY**  
**Agency No. 755**  
**Schedule 2E - Defeased Bonds Outstanding**  
**For the Fiscal Year Ended August 31, 2015**

<b>Description of Issue</b>	<b>Year Refunded</b>	<b>Par Value Outstanding</b>
<b>Revenue Bonds</b>		
Building Revenue Bonds, Series 1965-B	1991	\$ 155,000.00
Rev Fin Sys Bonds Ser '05	2015	815,000.00
Rev Fin Sys Bonds Ser '05 (A)	2015	2,800,000.00
		<u>\$ 3,770,000.00</u>

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY  
 Agency No. 755  
 Schedule 2F - Current Year Early Extinguishment and Refunding  
 For the Fiscal Year Ended August 31, 2015

Description of Issue	Category	Amount Extinguished or Refunded	For Refunding Only		
			Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/Loss
Rev Fin Sys Bonds Ser '05	Advance Refunding	\$ 10,280,000.00	\$ 10,510,000.00	\$ 1,225,119.68	\$ 1,092,612.08
Rev Fin Sys Bonds Ser '05A	Advance Refunding	\$ 36,970,000.00	\$ 37,900,000.00	\$ 5,403,526.83	\$ 4,818,668.85

UNAUDITED

**STEPHEN F. AUSTIN STATE UNIVERSITY**  
**Agency No. 755**  
**Schedule 3 - Reconciliation of Cash in State Treasury**  
**August 31, 2015**

Cash in State Treasury	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Special Mineral Fund 0241	\$ 0.00	\$ 0.00	\$ 0.00
Local Revenue Fund 0261	<u>3,215,180.96</u>	<u>0.00</u>	<u>3,215,180.96</u>
 Total Cash in State Treasury (Stmnt of Net Position)	 <u>\$ 3,215,180.96</u>	 <u>\$ 0.00</u>	 <u>\$ 3,215,180.96</u>