

FY 2017

Annual Financial Report

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**ANNUAL
FINANCIAL REPORT**

TEXAS STATE TECHNICAL COLLEGE

FISCAL YEAR ENDED AUGUST 31, 2017

**Texas State Technical College
Annual Financial Report
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November 13, 2017

Honorable Greg Abbott, Governor
Honorable Glenn Hegar, Texas Comptroller
Ursula Parks, Director, Legislative Budget Board
Lisa Collier, First Assistant State Auditor

Ladies and Gentlemen:

We are pleased to submit the Annual Financial Report of Texas State Technical College for the year ended August 31, 2017, in compliance with Texas Government Code §2101.011 and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

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

If you have any questions, please contact Albert Srubar at 254-867-3956. Anju Motwani may be contacted at 254-867-3895 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,



Michael L. Reeser
Chancellor

TEXAS STATE TECHNICAL COLLEGE

ORGANIZATIONAL DATA
For the Fiscal Year Ended August 31, 2017

Board of Regents

Officers

Keith Honey	Longview, Texas	Chairman of the Board
John Hatchel	Woodway, Texas	Vice Chairman
Joe K. Hearne	Dallas, Texas	Executive Committee
Ivan Andarza	Austin, Texas	Executive Committee
Ellis M. Skinner, II	Dallas, Texas	Ex-Officio

Members

Term Expires
August 31,

Penny Forrest	Waco, Texas	2015*
James V. (J.V.) Martin	Sweetwater, Texas	2015*
Linda McKenna	Harlingen, Texas	2015*
Joe M. Gurecky	Rosenberg, Texas	2017*
Joe K. Hearne	Dallas, Texas	2017*
John Hatchel	Woodway, Texas	2017*
Ellis M. Skinner, II	Dallas, Texas	2019
Ivan Andarza	Austin, Texas	2019
Keith Honey	Longview, Texas	2019

* Board members continue to serve beyond the expiration date of their term until the Governor appoints their replacement.

Key Officers

Michael L. Reeser	Chancellor & Chief Executive Officer
Dr. Elton E. Stuckly Jr.	Executive Vice Chancellor & Chief Operations Officer
Roger Miller	Senior Vice Chancellor & Chief Government Affairs Officer
Gail Lawrence	Senior Vice Chancellor & Chief of Staff to the Chancellor
Jonathan Hoekstra	Vice Chancellor & Chief Financial Officer
Rick Herrera	Vice Chancellor & Chief Integration Officer
Michael Bettersworth	Vice Chancellor & Chief Policy Officer
Jeff Kilgore	Vice Chancellor & Chief Marketing Officer
Ray Rushing	Vice Chancellor & Chief Legal Officer

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TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
 Statement of Net Position
 August 31, 2017

	TOTAL
ASSETS	
Current Assets:	
Cash and Cash Equivalents	
Cash on Hand	\$ 23,545.00
Cash in Bank	20,706,923.93
Cash in State Treasury	24,315,760.97
Short-term Investments	2,195,755.02
Restricted	
Cash and Cash Equivalents	
Cash in Bank	5,354,360.66
Short-term Investments	26,538,409.59
Legislative Appropriations	6,685,130.66
Accounts Receivable, Net	7,574,384.56
Federal Receivables	10,978,982.65
Accrued Interest Receivable	38,058.93
Due From Other Agencies	839,739.95
Prepaid Expenses	1,919,035.08
Consumable Inventories	859,347.10
Merchandise Inventories	1,393,860.45
Total Current Assets	109,423,294.55
Non-Current Assets:	
Capital Assets, Non-Depreciable or Non-Amortizable	
Land and Land Improvements	20,061,190.26
Other Capital Assets	79,750.00
Construction in Progress	30,252,914.57
Capital Assets, Depreciable or Amortizable	
Buildings and Building Improvements	217,576,154.08
Less Accumulated Depreciation	(112,195,331.83)
Infrastructure	17,313,943.98
Less Accumulated Depreciation	(8,273,251.93)
Facilities and Other Improvements	6,221,929.40
Less Accumulated Depreciation	(4,153,622.41)
Furniture and Equipment	49,924,555.55
Less Accumulated Depreciation	(34,369,935.64)
Vehicles, Boats, and Aircraft	12,262,874.17
Less Accumulated Depreciation	(8,163,906.15)
Other Capital Assets	12,824,114.94
Less Accumulated Depreciation	(3,343,552.01)
Computer Software	1,049,278.63
Less Accumulated Amortization	(1,049,278.63)
Total Non-Current Assets	196,017,826.98
TOTAL ASSETS	\$ 305,441,121.53

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TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
 Statement of Net Position
 August 31, 2017

		TOTAL
DEFERRED OUTFLOWS OF RESOURCES		
Pension	\$	2,376,074.00
Bond Refunding		2,121,549.43
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$	4,497,623.43
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$	11,693,192.25
Payroll Payables		7,350,332.35
Federal Payables		26,568.91
Interfund Payable (LoanStar Loan Program)		712,096.32
Unearned Revenue		18,914,426.73
Employees' Compensable Leave		814,101.07
Capital Lease Obligations		471,985.95
Deposits Payable		2,915,176.84
Notes and Loans Payable		120,000.00
General Obligation Bonds Payable, Net		2,367,239.36
Revenue Bonds Payable, Net		4,907,432.42
Accrued Interest Payable-Bonds		1,411,463.71
Funds Held for Others		753,717.95
Other Current Liabilities		44,696.39
Total Current Liabilities		52,502,430.25
Non-Current Liabilities:		
Employees' Compensable Leave		4,855,126.48
Interfund Payable (LoanStar Loan Program)		4,223,048.69
Capital Lease Obligations		1,590,410.42
Notes and Loans Payable		1,360,000.00
General Obligation Bonds Payable, Net		22,620,675.37
Revenue Bonds Payable, Net		88,257,722.00
Net Pension Liability		13,455,183.00
Total Non-Current Liabilities		136,362,165.96
TOTAL LIABILITIES	\$	188,864,596.21
DEFERRED INFLOWS OF RESOURCES		
Pension	\$	3,436,967.00
TOTAL DEFERRED INFLOWS OF RESOURCES	\$	3,436,967.00
NET POSITION		
Net Investment in Capital Assets	\$	94,050,573.23
Restricted for:		
Capital Projects		1,359,071.50
Other		1,512,753.81
True and Other Endowments		
Non-Expendable		573,469.66
Unrestricted		20,141,313.55
TOTAL NET POSITION	\$	117,637,181.75

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TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
 Statement of Revenues, Expenses, and Changes in Net Position
 For The Fiscal Year Ended August 31, 2017

	TOTAL
OPERATING REVENUES:	
Sales of Goods and Services:	
Tuition and Fees	\$ 11,123,570.35
Tuition and Fees - Pledged	37,958,967.79
Discounts and Allowances	(21,687,185.95)
Auxiliary Enterprises	858,792.87
Auxiliary Enterprises - Pledged	11,506,027.48
Discounts and Allowances	(3,163,837.70)
Other Sales of Goods and Services - Pledged	7,222,399.88
Interest and Investment Income	3,360.09
Interest and Investment Income - Pledged	79,131.01
Federal Revenue	1,872,824.89
Federal Pass-Through Revenue	2,094,673.90
State Grant Pass-Through Revenue	6,901,907.20
Other Contracts and Grants	1,426,729.96
Total Operating Revenues	56,197,361.77
OPERATING EXPENSES:	
Instruction	66,338,724.77
Research	312,371.10
Public Service	20,483.30
Academic Support	14,358,378.54
Student Services	17,992,167.06
Institutional Support	27,167,560.36
Operations and Maintenance of Plant	14,114,321.41
Scholarships and Fellowships	12,144,630.15
Auxiliary Enterprises	12,076,959.21
Depreciation and Amortization	11,807,743.33
Total Operating Expenses	176,333,339.23
Operating Income (Loss)	(120,135,977.46)
NONOPERATING REVENUES (EXPENSES):	
Legislative Appropriation Revenue	89,585,409.01
Gifts	881,482.62
Contracts and Grants - Pledged	1,091,764.00
Investment Income	278,018.43
Investment Income - Pledged	356,994.70
Federal Revenue	23,666,823.40
Disposal of Plant Facilities	(219,290.55)
Interest Expense and Fiscal Charges	(4,369,846.65)
Other Nonoperating Revenues	4,992.25
Other Nonoperating (Expenses)	(3,153,740.67)
Total Nonoperating Revenues (Expenses)	108,122,606.54
Income (Loss) Before Other Revenues, Expenses, Gains/(Losses), and Transfers	(12,013,370.92)

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TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
 Statement of Revenues, Expenses, and Changes in Net Position
 For The Fiscal Year Ended August 31, 2017

	TOTAL
OTHER REVENUES, EXPENSES, GAINS (LOSSES) AND TRANSFERS:	
Capital Contributions	1,185,115.82
Capital Appropriations (HEAF)	8,662,500.00
Gifts and Sponsored Programs for Capital Acquisitions	284,937.73
Transfers from Other State Agencies	6,032,107.45
Transfers to Other State Agencies	(2,338,862.02)
Legislative Transfers In	3,298,072.00
Legislative Appropriation Lapses	(1,264,496.10)
Total Other Revenues, Expenses, Gains/(Losses) and Transfers	15,859,374.88
 CHANGE IN NET POSITION	 3,846,003.96
Net Position - September 1, 2016	113,884,851.99
Restatements	(93,674.20)
Net Position - September 1, 2016 - As Restated	113,791,177.79
 NET POSITION - August 31, 2017	 \$ 117,637,181.75

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TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
 Matrix of Operating Expenses
 Reported by Function
 For the Fiscal Year Ended August 31, 2017

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ 148.70	\$ 0.00	\$ 0.00	\$ 0.00	\$ (418.52)
Salaries and Wages	38,704,090.23	221,000.90	8,804.75	7,966,362.84	8,889,176.08
Payroll Related Cost	15,379,881.24	40,019.66	2,064.14	3,170,142.23	3,750,174.87
Professional Fees and Services	27,024.11	22,542.83	4,500.00	83,447.25	357,604.99
Federal Grant Pass-Through Expenses	0.00	0.00	0.00	0.00	0.00
State Grant Pass-Through Expenses	0.00	0.00	0.00	0.00	0.00
Travel	227,773.26	4,312.60	27.00	210,321.57	370,895.06
Materials and Supplies	7,985,317.70	14,987.41	638.17	998,305.77	924,854.33
Communications and Utilities	448,801.74	0.00	0.00	94,684.07	333,803.58
Repairs and Maintenance	263,138.71	150.00	0.00	261,002.09	85,543.50
Rentals and Leases	548,989.32	0.00	1,000.00	187,557.84	177,810.75
Printing and Reproduction	896.10	0.00	0.00	(587.94)	5,655.92
Depreciation and Amortization	0.00	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	0.00	0.00	0.00	0.00
Interest	1,925.79	1.04	0.00	262.71	659.97
Scholarships	98,092.50	0.00	0.00	174,636.50	184,257.86
Less: Tuition Discounting	0.00	0.00	0.00	0.00	0.00
Claims and Judgements	0.00	0.00	0.00	0.00	0.00
Other Operating Expenses	2,652,645.37	9,356.66	3,449.24	1,212,243.61	2,912,148.67
Capital	1,321,111.99	0.00	0.00	430,964.49	0.00
Less: Capital Additions	(1,321,111.99)	0.00	0.00	(430,964.49)	0.00
Total Operating Expenses	<u>\$ 66,338,724.77</u>	<u>\$ 312,371.10</u>	<u>\$ 20,483.30</u>	<u>\$ 14,358,378.54</u>	<u>\$ 17,992,167.06</u>

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Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenditures
\$ (8,351.63)	\$ (1,474.06)	\$ 0.00	\$ 3,502,984.78	\$ 0.00	\$ 3,492,889.27
15,345,904.85	4,204,265.13	0.00	2,915,258.36	0.00	78,254,863.14
5,620,466.39	2,180,650.36	0.00	1,223,493.70	0.00	31,366,892.59
701,414.39	47,170.59	0.00	79,090.73	0.00	1,322,794.89
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
343,272.55	55,399.86	0.00	18,704.73	0.00	1,230,706.63
2,303,356.49	1,144,419.64	0.00	1,671,434.00	0.00	15,043,313.51
548,253.47	3,942,022.93	0.00	1,275,525.77	0.00	6,643,091.56
901,401.15	665,376.56	0.00	544,468.73	0.00	2,721,080.74
395,129.39	573,610.01	0.00	187,402.78	0.00	2,071,500.09
12,119.97	316.11	0.00	171.60	0.00	18,571.76
0.00	0.00	0.00	0.00	11,807,743.33	11,807,743.33
0.00	0.00	0.00	0.00	0.00	0.00
449.01	192.17	0.00	25.54	0.00	3,516.23
84,144.58	0.00	36,995,653.80	15,726.00	0.00	37,552,511.24
0.00	0.00	(24,851,023.65)	0.00	0.00	(24,851,023.65)
12,500.00	0.00	0.00	0.00	0.00	12,500.00
907,499.75	1,302,372.11	0.00	642,672.49	0.00	9,642,387.90
265,338.16	77,088.67	0.00	304,836.53	0.00	2,399,339.84
(265,338.16)	(77,088.67)	0.00	(304,836.53)	0.00	(2,399,339.84)
<u>\$ 27,167,560.36</u>	<u>\$ 14,114,321.41</u>	<u>\$ 12,144,630.15</u>	<u>\$ 12,076,959.21</u>	<u>\$ 11,807,743.33</u>	<u>\$ 176,333,339.23</u>

UNAUDITED

TEXAS STATE TECHNICAL COLLEGE

(Agency 719)

Statement of Cash Flows

For the Fiscal Year Ended August 31, 2017

	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Tuition and Fees	\$ 30,104,616.18
Proceeds from Customers (Other Sales and Services)	8,618,828.50
Proceeds from Grants and Contracts	11,962,330.61
Proceeds from Auxiliaries	8,685,110.67
Payments to Suppliers for Goods and Services	(35,327,838.48)
Payments to Employees for Salaries and Wages	(77,971,529.77)
Payments to Employees for Benefits	(30,915,868.78)
Payments for Other Expenses	<u>(16,997,520.14)</u>
Net Cash Provided (Used) by Operating Activities	<u>(101,841,871.21)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from State Appropriations	102,220,446.39
Proceeds from Grants and Contracts	23,666,823.40
Proceeds from Transfers from Other State Agencies	3,338,291.00
Proceeds from Other Revenues	4,992.25
Payments for Other Uses	<u>(3,321,249.87)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>125,909,303.17</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Grants and Contracts	1,091,764.00
Proceeds from Capital Grants and Gifts	284,937.73
Payments for Additions to Capital Assets	(33,200,848.88)
Payments of Principal on Debt Issuance	(7,224,305.73)
Payments of Interest on Debt Issuance	(5,132,255.65)
Payments of Other Costs on Debt Issuance	0.00
Payments of Principal on Interfund Payables (LoanStar Loan Program)	(701,674.23)
Payments of Transfers to Other State Agencies for Debt Retirement	<u>(2,338,862.02)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(47,221,244.78)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	53,718,725.22
Proceeds from Interest and Investment Income	697,330.62
Payments to Acquire Investments	<u>(23,869,440.80)</u>
Net Cash Provided (Used) by Investing Activities	<u>30,546,615.04</u>

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TEXAS STATE TECHNICAL COLLEGE

(Agency 719)

Statement of Cash Flows

For the Fiscal Year Ended August 31, 2017

Increase (Decrease) in Cash and Cash Equivalents	\$ 7,392,802.22
Cash and Cash Equivalents, September 1, 2016	<u>43,007,788.34</u>
Cash and Cash Equivalents, August 31, 2017	<u><u>\$ 50,400,590.56</u></u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating Income (Loss)	\$ (120,135,977.46)
-------------------------	---------------------

Adjustments to Reconcile Operating Income
to Net Cash Provided (Used) by Operating Activities:

Amortization and Depreciation	11,807,743.33
Operating Income and Cash Flow Categories Classification Differences	
Interest and Investment Income from Operating Activities	(82,491.10)
Operating Expenses Associated with Non Cash Acquisitions	2,885,539.76
Operating Expenses Associated with GASB 68 Pension Expenses	(42,786.00)
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	737,274.62
(Increase) Decrease in Inventories	11,164.13
(Increase) Decrease in Due from Other Agencies	382,234.74
(Increase) Decrease in Prepaid Expenses	(1,919,035.08)
Increase (Decrease) in Payables	5,086,629.95
Increase (Decrease) in Deposits Payable	1,435,754.04
Increase (Decrease) in Unearned Revenues	702,200.18
Increase (Decrease) in Funds Held for Others	(3,057,658.41)
Increase (Decrease) in Employees' Compensable Leave	344,151.89
Increase (Decrease) in Other Liabilities	<u>3,384.20</u>
Total Adjustments	<u>18,294,106.25</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (101,841,871.21)</u></u>

NON CASH TRANSACTIONS

Donations of Capital Assets	\$ 1,185,115.82
Other Additions to Capital Assets	3,987,831.31
Borrowing Under Capital Lease Purchase	39,695.54
Disposal of Plant Facilities	(219,290.55)
Other	117,509.20
Restatement to Beginning Capital Assets Balance	<u>(93,674.20)</u>
Total Non Cash Transactions	<u><u>\$ 5,017,187.12</u></u>

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2017

Note 1: Summary of Significant Accounting Policies

Entity

Texas State Technical College (TSTC) System is an agency of the State of Texas and its 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*.

TSTC System has historically included four separately accredited colleges including TSTC Harlingen, TSTC Marshall, TSTC Waco, and TSTC West Texas. In June 2015, the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) approved the merger of the four colleges into a single, statewide college. This new, statewide college operates in 10 locations throughout the State of Texas. TSTC is the only state-supported technical college system in Texas. With a statewide role and mission, TSTC is efficiently and effectively helping Texas meet the high-tech challenges of today's global economy, in partnership with business and industry, government agencies, and other educational institutions. TSTC has high graduation rates, exceptional postgraduate success rates, and an outstanding record in graduating individuals from diverse cultural and socioeconomic backgrounds.

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

Component Units

No component units have been identified that should have been blended into an appropriate fund or discretely presented within this financial report.

Fund Structure

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

Proprietary Fund Types**Enterprise Funds**

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

Agency Funds

Agency funds are used to account for assets the college holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Basis of Accounting

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

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2017

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

Budget and Budgetary Accounting

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act).

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

Assets, Liabilities, and Net Position

Assets

Cash and Cash Equivalents

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

Short-term Investments

Short-term investments consist of certificates of deposits purchased from banks whose maturities do not exceed one year from date of purchase and investments in TexPool and TexasTERM (TexasDAILY), authorized AAAm rated government investment pools. The certificates of deposit are valued at cost. The fair value of the funds invested in TexPool and TexasTERM (TexasDAILY) are measured at the net asset value per share provided by the pool. The College may withdraw the funds from TexPool and TexasTERM (TexasDAILY) on demand.

Accounts Receivable

Accounts receivable represent amounts owed to the College from private persons or organizations for goods and services furnished. These consist primarily of amounts owed by students for tuition and fees and by private organizations for grants and contracts.

Restricted Assets

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

Inventories

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

Capital Assets

Assets with an initial, individual cost of more than \$5,000.00 and an estimated useful life in excess of one year are capitalized. All capital assets acquired by proprietary funds are reported at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the acquisition date. Depreciation or amortization is reported on all "exhaustible" assets. "Inexhaustible" assets such as works of art and historical treasures are not depreciated. Depreciation or amortization is charged to operations over the estimated useful life of each asset, using the straight-line method.

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2017

Liabilities

Accounts Payable

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

Unearned Revenues

Unearned revenues represent tuition and fees inflows as of the end of the fiscal year which will not be earned until the subsequent fiscal year.

Employees' Compensable Leave Balances

Employees' compensable leave balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the statement of net position. These obligations are normally paid from the same funding source(s) from which each 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 contingent upon the appropriation of funding by the Legislature. Liabilities are reported separately as either current or non-current in the statement of net position.

Bonds Payable – General Obligation Bonds

General obligation bonds are accounted for in proprietary funds for business-type activities. These payables are reported as either current or non-current in the statement of net position. The bonds are reported at par, net of unamortized premiums, discounts, and gains / (losses) on bond refunding activities.

Bonds Payable – Revenue Bonds

Revenue bonds are accounted for in proprietary funds for business-type activities. These payables are reported as either current or non-current in the statement of net position. The bonds are reported at par, net of unamortized premiums, discounts, and gains / (losses) on bond refunding activities.

Funds Held for Others

Funds held for others represent assets held by the College on behalf of others in purely custodial capacity, including funds owned by various student organizations and temporary holdings of student loan funds prior to disbursing to the students.

Net Position

Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the proprietary fund statements.

Net Investment in Capital Assets

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

Restricted Net Position

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

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Unrestricted Net Position

Unrestricted net position consists of net resources that do not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management but can be removed or modified.

Interfund Activities and Balances

The College has the following types of transactions among funds:

- (1) **Transfers:** Legally required transfers that are reported when incurred as ‘transfers in’ by the recipient fund and as ‘transfers out’ by the disbursing fund.
- (2) **Reimbursements:** Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.
- (3) **Interfund Receivables and Payables:** Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, the balance is classified as “current”. Balances for repayment due in two (or more) years are classified as “non-current”.
- (4) **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 Texas State Technical College’s Interfund activities and balances is presented in Note 12.

Revenues and Expenses

Operating revenues include activities such as tuition and fees, net of discounts and allowances; sales and services of auxiliary enterprises; most federal, state, and local grants and contracts; and interest income earned from operating activities. Operating revenues are classified as pledged to the extent that they are pledged as security for the College’s bonded debt service. Non-pledged revenues consist of revenues that are not lawfully available to the College to be used for payments on bonded debt service. Operating expenses include salaries and wages, payroll related costs, materials and supplies, depreciation and amortization and scholarships. Non-operating revenues include activities such as State appropriations, federal student financial aid, insurance recoveries on property claims, and investment income. Non-operating expenses include activities such as interest expense on capital asset financing and expenses on capital assets not meeting the capitalization thresholds set by the State.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the college addresses each situation on a case-by-case basis prior to determining the resources to be used to satisfy the obligation. Generally, the College’s policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

Financial aid to students is reported in the financial statements as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (student loans, funds provided to students as awarded by third parties, and Federal Direct Lending) is accounted for as third party payments (credited to the student’s account as if the student made the payment). All other aid is reflected in the financial statements as operating expense or scholarships allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on an entity-wide basis by allocating cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

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Note 2: Capital Assets

A summary of changes in capital assets for the year ended August 31, 2017 is presented below:

	Balance 9/1/16	Adjustments	Completed CIP	Reclassifications		Deletions	Balance 8/31/17
				Inc- Int'gy Trans	Dec- Int'gy Trans		
PRIMARY GOVERNMENT							
BUSINESS-TYPE ACTIVITIES							
Non-Depreciable or Non-Amortizable Assets							
Land and Land Improvements	19,535,791.13				525,399.13		20,061,190.26
Infrastructure							0.00
Construction in Progress	4,146,404.87	(93,674.20)	(4,556,048.94)		30,756,232.84		30,252,914.57
Other Tangible Capital Assets	79,750.00						79,750.00
Land Use Rights							0.00
Other Intangible Capital Assets							0.00
Total Non-Depreciable or Non-Amortizable Assets	23,761,946.00	(93,674.20)	(4,556,048.94)	0.00	31,281,631.97		50,393,854.83
Depreciable Assets							
Buildings & Bldg. Improvements	212,995,545.14		4,556,048.94		24,560.00		217,576,154.08
Infrastructure	17,313,943.98						17,313,943.98
Facilities & Other Improvements	6,221,929.40						6,221,929.40
Furniture and Equipment	46,354,683.68				5,458,532.25	(1,888,660.38)	49,924,555.55
Vehicle, Boats & Aircraft	10,932,527.12	6,000.00			1,694,126.49	(369,779.44)	12,262,874.17
Other Capital Assets	12,831,207.16				72,150.14	(79,242.36)	12,824,114.94
Total Depreciable Assets at Historical Costs	306,649,836.48	6,000.00	4,556,048.94	0.00	7,249,368.88	(2,337,682.18)	316,123,572.12
Less Accumulated Depreciation for:							
Buildings & Bldg. Improvements	(105,494,899.67)				(6,700,432.16)		(112,195,331.83)
Infrastructure	(7,744,267.93)				(528,984.00)		(8,273,251.93)
Facilities & Other Improvements	(4,000,963.51)				(152,658.90)		(4,153,622.41)
Furniture and Equipment	(32,958,297.86)				(3,255,022.91)	1,843,385.13	(34,369,935.64)
Vehicle, Boats & Aircraft	(7,608,234.58)	(6,000.00)			(756,757.46)	207,085.89	(8,163,906.15)
Other Capital Assets	(3,029,984.72)				(381,487.90)	67,920.61	(3,343,552.01)
Total Accumulated Depreciation	(160,836,648.27)	(6,000.00)	0.00	0.00	(11,775,343.33)	2,118,391.63	(170,499,599.97)
Depreciable Assets, Net	145,813,188.21	0.00	4,556,048.94	0.00	(4,525,974.45)	(219,290.55)	145,623,972.15

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	PRIMARY GOVERNMENT							Balance 8/31/17
	Balance 9/1/16	Adjustments	Completed CIP	Reclassifications		Additions	Deletions	
Inc- Int'agy Trans				Dec- Int'agy Trans				
Amortizable Assets-Intangible								
Land Use Rights	1,090,509.13						(41,230.50)	1,049,278.63
Computer Software								0.00
Other Capital Intangible Assts								0.00
Total Amortizable Assets - Intangible	1,090,509.13	0.00	0.00	0.00	0.00	0.00	(41,230.50)	1,049,278.63
Less Accumulated Amortization for:								
Land Use Rights	(1,058,109.13)						41,230.50	(1,049,278.63)
Computer Software								0.00
Other Intangible Capital Assets								0.00
Total Accumulated Amortization	(1,058,109.13)	0.00	0.00	0.00	0.00	0.00	41,230.50	(1,049,278.63)
Amortizable Assets - Intangible, Net	32,400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Business-Type Activities Capital Assets, Net	169,607,534.21	(93,674.20)	0.00	0.00	0.00	0.00	26,723,257.52	196,017,826.98

(A)

(A)

(A) During FY 2017 a total of \$64,857.22 of adjustments pertaining to depreciation expense/accumulated depreciation for library book deletions has been reported in the “Additions” column above for Other Capital Assets. This differs from the “Capital Assets Note 2” generated by the State Property Accounting (SPA) where this was reported in the “Adjustments” column only.

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Note 3: Deposits, Investments, & Repurchase Agreements

Texas State Technical College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Tex. Gov't Code Ann. Sec 2256.001) and the Uniform Prudent Management of Institutional Funds Act (Tex. Property Code Sec. 163.001) following the "prudent person rule". Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposits, and (5) other instruments and obligations authorized by statute. There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2017, the carrying amount of deposits was \$38,389,861.57 as presented below.

Business-Type Activities	
CASH IN BANK – CARRYING AMOUNT	38,389,861.57
Less: Certificates of Deposit included in carrying amount and reported as Current Short-term Investments	2,195,753.02
Less: Certificates of Deposit included in carrying amount and reported as Current Restricted Short-term Investments	10,132,823.96
Total Cash in Bank per AFR	26,061,284.59
Proprietary Funds Current Assets Cash in Bank	20,706,923.93
Proprietary Funds Current Assets Restricted Cash in Bank	5,354,360.66
Cash in Bank per AFR	26,061,284.59

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

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

Business-Type Activities	38,789,504.65
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Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the College will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. Per the investment policy of the College, a monthly review of the deposits is done in which any market value deficits are identified and additional collateral is pledged accordingly. As of August 31, 2017, \$7,661.00 at one financial institution was not insured. The monthly policy review identified this, and an additional collateral for this amount was pledged by September 15, 2017.

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Investments

As of August 31, 2017, the fair value of investments is as presented below.

	Fair Value Hierarchy					Fair Value
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	
U.S. Government						
U. S. Treasury Securities						
U. S. Treasury Strips						
U. S. Treasury TIPS						
U.S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, etc)						
U.S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co)						
Corporate Obligations						
Corporate Asset and Mortgage Backed Securities						
Equity						
International Obligations (Govt. and Corp)						
International Equity						
Repurchase Agreement						
Repurchase Agreement (Texas Treasury Safekeeping Trust Co)						
Fixed Income Money Market and Bond Mutual Fund						
Other Commingled Funds (TexasTERM – TexasDAILY)				10,414,593.91		10,414,593.91
International Other Commingled Funds						
Other Commingled Funds (TexPool)				5,990,993.72		5,990,993.72
Commercial Paper						
Real Estate						
Derivatives						
Alternative Investments						
Misc. (Political subdivision, bankers' acceptance, negotiable CD)						
Total Investments				\$16,405,587.63		\$16,405,587.63
Reconciliation of Investments per Exhibits – Business – Type Activities						
Proprietary Funds Current Assets Short-term Investments						2.00
Proprietary Funds Current Assets Restricted Short-term Investments						16,405,585.63
Add: Certificates of Deposit disclosed as deposits but reported as Current Short-term Investments						2,195,753.02
Add: Certificates of Deposit disclosed as deposits but reported as Current Restricted Short-term Investments						10,132,823.96
Investments per Exhibits						\$28,734,164.61

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Note 4: Short Term Debt

Texas State Technical College does not have any short term debt.

Note 5: Long Term Liabilities

Changes in Long-Term Liabilities

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

Business-Type Activities	Balance 09-01-16	Additions	Reductions	Restatement/ Adjustment	Balance 08-31-17	Amounts Due Within One Year	Amounts Due Thereafter
Claims and Judgments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Employees' Compensable Leave	5,325,075.66	4,000,291.43	3,656,139.54	0.00	5,669,227.55	814,101.07	4,855,126.48
General Obligation Bonds Payable	27,300,154.09	0.00	1,910,000.00	(402,239.36)	24,987,914.73	2,367,239.36	22,620,675.37
Revenue Bonds Payable	98,472,586.84	0.00	4,716,428.57	(591,003.85)	93,165,154.42	4,907,432.42	88,257,722.00
Capital Lease Obligations	2,550,577.89	39,695.64	527,877.16	0.00	2,062,396.37	471,985.95	1,590,410.42
Notes and Loans Payable	1,600,000.00	0.00	120,000.00	0.00	1,480,000.00	120,000.00	1,360,000.00
Total Business-Type Activities	135,248,394.48	4,039,987.07	10,930,445.27	(993,243.21)	127,364,693.07	8,680,758.80	118,683,934.27

Claims and Judgments

TSTC has no outstanding liabilities for claims or judgments as of August 31, 2017.

Employees' Compensable Leave

Full-time State employees earn annual leave from eight to twenty one hours per month depending on the respective employee's years of State employment. The State's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 532 for those employees with 35 or more years of State service. Employees with at least six months of State service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The College recognizes the accrued liability for the unpaid annual leave in the Statement of Net Position. This obligation is usually paid from the same funding source(s) from which the employee's salary or wage compensation was paid. For the year ended August 31, 2017, the accrued liability totaled \$5,669,227.55.

The College made lump sum payments totaling \$812,199.27 for accrued vacation and/or compensatory time to employees who separated from state service during fiscal year ending August 31, 2017.

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

Bonds Payable

Bonds payable obligations are described in Note 6.

Capital Lease Obligations

Capital lease obligations are described in Note 8.

Notes and Loans Payable

Notes and loans payable consists of an amount used to finance a portion of the renovation costs of the 11-1 hangar at the TSTC Waco airport. The debt service requirements for notes and loans payable are as follows:

Business Type Activities

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	120,000.00	58,418.82	178,418.82
2019	120,000.00	53,498.83	173,498.83
2020	120,000.00	48,613.75	168,613.75
2021	120,000.00	43,751.05	163,751.05
2022	120,000.00	38,738.83	158,738.83
2023-2027	600,000.00	119,898.04	719,898.04
2028-2031	280,000.00	13,863.04	293,863.04
Total	1,480,000.00	376,782.36	1,856,782.36

The above loan has a variable interest rate which equaled 4.10 percent at August 31, 2017. The rate charged is 3.00 percent plus LIBOR.

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, and Schedule 2E, Defeased Bonds Outstanding.

General information related to bonds payable is summarized below:

Business – Type Activities

General Obligation Bonds

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Constitutional Appropriation Bonds, Series 2016

- To pay costs of issuance and to acquire, purchase, construct, improve, renovate, enlarge or equip property, buildings structures, facilities, and related infrastructure at some or all of the System's campuses, including (1) replace the chiller plant at the Harlingen campus; (2) replace water and sewer infrastructure at the Waco campus; (3) renovate the third floor of the J. B. Connally Building for System administration at the Waco campus; (4) make HVAC improvements (including certain replacements) at most or all campuses; (5) make communication infrastructure and IT network infrastructure improvements at most or all campuses; and (6) renovate buildings at some or all campuses including at the Sweetwater campus to expand the welding and diesel programs.
- Issued 04-27-2016
- \$23,680,000.00, all authorized bonds have been issued
- Source of revenues for debt service-General Revenue Funds (HEAF) Appropriations

Revenue Bonds

Revenue Financing System Bonds, Series 2008

- To acquire, purchase, construct, renovate, enlarge or equip property, buildings, structures, facilities, road or related infrastructure for HVAC system replacements at TSTC Waco; and to pay certain costs of issuing the bonds.
- Issued 07-08-08
- \$3,125,000.00, all authorized bonds have been issued
- Source of revenues for debt service – General Revenue Funds specifically appropriated for debt service and all other available non-General Revenue Funds.

Revenue Financing System Bonds (Clean Renewable Energy Bonds), Series 2008A

- To repay the principal and interest on the commercial paper notes issued by the Texas Public Finance Authority to finance the acquisition, construction and installation of a wind turbine as a renewable energy project at the System's campus located in Sweetwater, Texas, to achieve energy efficiencies and establish a program to teach and train students to become technicians to operate and maintain wind turbines.
- Issued 12-03-08
- \$1,000,000.00, all authorized bonds have been issued
- Source of revenues for debt service – pledged revenues of the System, subject to the payment of debt service on any prior encumbered obligations.

Revenue Financing System Bonds, Series 2009

- To acquire, purchase, construct, improve, renovate, enlarge or equip property, buildings, structures, facilities, road or related infrastructure at Texas State Technical College campuses, and paying the costs of issuance associated with the issuance of the bonds.
- Issued 12-17-2009

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- \$31,555,000.00, all authorized bonds have been issued
- Source of revenues for debt service – all legally available non-General Revenue Funds of the System.

Revenue Financing System Improvement and Refunding Bonds, Series 2011

- To refund \$6,355,000.00 of outstanding Series 2002 Revenue Bonds; to finance the costs of acquiring, purchasing, constructing, improving, enlarging and equipping the property and facilities within the System; and paying the costs of issuing the bonds.
- Issued 09-14-2011
- \$26,015,000.00, all authorized bonds have been issued
- Source of revenues for debt service- General Revenue Funds specifically appropriated for debt service and all legally available non-General Revenue Funds of the System.

Revenue Financing System Bonds, Series 2011A

- To finance the costs of acquiring, purchasing, constructing, improving, enlarging and equipping the property and facilities within the System and paying the costs of issuing the bonds.
- Issued 12-15-2011
- \$5,160,000.00, all authorized bonds have been issued
- Source of revenues for debt service- all legally available non-General Revenue Funds of the System.

Revenue Financing System Improvement and Refunding Bonds, Series 2016

- (1) To finance the costs of acquiring, purchasing, constructing, improving, enlarging and equipping the following projects within the TSTC System: (A) construction of an industrial technology center associated with the System's Abilene campus, (B) Phase II of the Engineering Technology Center renovation at the System's Harlingen campus, (C) construction of the Fort Bend Campus Building #2 at the System's Fort Bend campus, and (D) purchase and renovation of the North Texas Technology Center at the System's North Texas Campus; (2) to refund \$1,250,000.00 of outstanding Series 2008 Revenue Bonds and \$19,190,000.00 of outstanding Series 2009 Revenue Bonds; and (3) to pay the costs of issuing the bonds.
- Issued 04-28-2016
- \$56,915,000.00, all authorized bonds have been issued
- Sources of revenues for debt service- General Revenue Funds specifically appropriated for debt-service and all legally available non-General Revenue Funds of the System.

Advance Refunding Bonds

Refunded \$1,250,000.00 of Revenue Bonds, Series 2008 and \$19,190,000.00 of Revenue Bonds, Series 2009:

- Issued Revenue Bonds – Refunding portion of Series 2016 on 04-28-2016

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- \$19,330,000.00 – all authorized bonds have been issued. \$1,220,000.00 pertained to the Series 2008 Bonds and \$18,110,000.00 pertained to the Series 2009 Bonds
- Average interest rate of bonds refunded – 4.557684% Combined

Series 2008 Bonds – 4.453528%
Series 2009 Bonds – 4.561273%

- Net proceeds from Refunding Portion of Series 2016 – \$22,902,819.87 – after payment of \$236,971.53 in underwriting fees, insurance and other costs. The net proceeds were used to purchase \$22,902,548.69 of U. S. Government securities, with the remaining \$271.18 held in cash. These net proceeds were deposited in a special escrow account with an escrow agent to provide for all remaining future debt payments on the refunded Series 2008 and Series 2009 bonds.
- Advance refunding of the callable portions of the Series 2008 and Series 2009 Revenue Bonds reduced the System's debt service payments during fiscal years 2016 through 2030 by \$2,105,675.15. Of this amount, a total of \$98,134.72 pertained to the Series 2008 bonds and a total of \$2,007,540.43 pertained to the Series 2009 Bonds.
- Economic Gain - \$1,340,960.00 difference between the net present value of the old and new debt service payments. Of this amount, a total of \$65,385.65 pertained to the Series 2008 bonds and a total of \$1,275,574.35 pertained to the Series 2009 bonds.
- Accounting Gain - \$2,105,675.15 accounting gain resulted from the advance refunding. Of this amount, a total of \$98,134.72 pertained to the Series 2008 bonds and a total of \$2,007,540.43 pertained to the Series 2009 bonds.

Pledged Future Revenues

GASB Statement No. 48 *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*, makes a basic distinction between sales of receivables and future revenues, on the one hand, and the pledging of receivables or future revenues to repay a borrowing (a collateralized borrowing), on the other. The following table provides the pledged future revenue information for Texas State Technical College revenue bonds:

	Government Activities	Business-Type Activities	Component Units
Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds (1)		119,832,093.61	
Term of Commitment Year Ending 08/31 (2)		2036	
Percentage of Revenue Pledged (3)		100.0%	
Current Year Pledged Revenue		58,215,284.86	
Current Year Principal and Interest Paid		8,525,684.60	

Pledged revenue sources: Business-type activities – tuition and fees, auxiliary enterprises, sales and services of educational activities, contracts and grants for debt service retirement, and interest and investment income.

(1) Schedule 2C.

(2) Year of final revenue bond maturity.

(3) For gross pledge, this is 100 percent (gross pledged revenue divided by gross pledged revenue). See Sched. 2D.

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Note 7: Derivative Instruments

Not Applicable.

Note 8: Leases

Operating Leases

Included in the expenditures reported in the financial statements is the following amount of rents paid or due under operating lease obligations:

Fund Type	Amount
Proprietary, Business-Type Activities	2,105,775.88

Capital Leases

Texas State Technical College 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 are recorded at the present value of the future minimum lease payments at the inception of the lease. A summary of original capitalized costs of all such property under lease in addition to the accumulated depreciation as of August 31, 2017 is as follows:

Assets Under Capital Leases	Business-Type Activities		
Class of Property	Assets under Capital Lease	Accumulated Depreciation	Total
Land	10,762.50		10,762.50
Buildings	5,367,583.88	(2,005,218.71)	3,362,365.17
Furniture and Equipment	197,787.85	(116,389.35)	81,398.50
Vehicles, Boats, Aircraft	129,889.89	(36,105.13)	93,784.76
Totals	5,706,024.12	(2,157,713.19)	3,548,310.93

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 lease payments	Business-Type Activities		
	Principal	Interest	Total
2018	471,985.95	59,092.20	531,078.15
2019	433,964.24	43,065.40	477,029.64
2020	419,744.98	28,169.07	447,914.05
2021	234,373.28	17,536.72	251,910.00
2022	237,180.17	10,980.79	248,160.96
2023– 2027	265,147.75	4,333.48	269,481.23
2028 – 2032	0.00	0.00	0.00
2033 – 2037	0.00	0.00	0.00
Total Minimum Lease Payments	2,062,396.37	163,177.66	2,225,574.03
Less: Amount Representing Interest at Various Rates			163,177.66
Present Value of Net Minimum Lease Payments			2,062,396.37

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2017

Note 9: Pension Plans

The state has established an Optional Retirement Program (ORP) for institutions of higher education. Participation in ORP is in lieu of participation in the Teacher Retirement System and is available to certain eligible employees. The contributions made by plan members and employer for the fiscal year ended August 31, 2017 are:

	Year ended August 31, 2017
Member Contributions	1,100,947.48
Employer Contributions	1,192,869.53
Total	2,293,817.01

Note 10: Deferred Compensation

Not Applicable.

Note 11: Post Employment Health Care and Life Insurance Benefits

Not Applicable

Note 12: Interfund Activity and Transactions

As explained in Note 1 on Interfund Activities and Balances, there are numerous transactions between funds and agencies. At year-end amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables – See Below
- Due from Other Agencies or Due to Other Agencies – See Below
- Due From Other Funds or Due to Other Funds – None

The College experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer, and as a result of various grants and contract activities. Receipt of interagency receivables and repayment of interagency payables will normally occur within one year from the date of the financial statements except for the loan from the State Energy Conservation Office for which repayment of the principal and interest will be completed over a period not to exceed 11.75 years. The grant and contract activities are recognized as revenues or expenses on the financial statements.

Individual balances and activity at August 31, 2017 follows:

<i>Current Portion</i>	Current Interfund Receivable	Current Interfund Payable	Purpose
GENERAL(01) (Agency 907, D23 Fund 2370)	0.00	712,096.32	See Below
Total Current Interfund Receivable/Payable	0.00	712,096.32	

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2017

<i>Non-Current Portion</i>	Non-Current Interfund Receivable	Non-Current Interfund Payable	Purpose
GENERAL(01) (Agency 907, D23 Fund 2370)	0.00	4,223,048.69	See Below
Total Non-Current Interfund Receivable/Payable	0.00	4,223,048.69	

The Interfund Payable is the principal amount owed to the State Energy Conservation Office at August 31, 2017, for energy retrofit projects financed through the LoanStar Loan Program.

	Due From Other Agencies	Due to Other Agencies	Source
GENERAL (01)			
State Pass Throughs			
(Agency 320, D23 Fund 0001)	341,876.36		State Pass Through
(Agency 320, D23 Fund 5128)	16,100.45		State Pass Through
(Agency 712, D23 Fund 0001)	1,522.00		State Pass Through
(Agency 902, D23 Fund 0210)	56,679.43		State Pass Through
(Agency 601, D23 Fund 0006)	23,377.34		State Pass Through
Federal Pass Throughs			
(Agency 320, D23 Fund 5026)	407.17		Federal Pass Through
(Agency 781, D23 Fund 0001)	389,476.00		Federal Pass Through
(Agency 746, D23 Fund 7999)	10,301.20		Federal Pass Through
Total Due From/To Other Agencies	\$839,739.95		

The detailed Federal and State Grant Pass Through Information is provided on Schedule 1A – *Schedule of Expenditures of Federal Awards*, and Schedule 1B – *Schedule of State Grant Pass Throughs From/To State Agencies*, respectively.

Note 13: Continuance Subject to Review

Not Applicable

Note 14: Adjustments to Net Position

During fiscal year 2017, the correction of a prior period capital asset balance required the restatement of the amounts in net position as shown.

Business Type Activities
Proprietary Funds

Net Position September 1, 2016	\$113,884,851.99
Restatements:	
Correction of Prior Year Capital Asset Balance	<u>(93,674.20)</u>
Net Position September 1, 2016, as Restated	<u>\$113,791,177.99</u>

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2017

Note 15: Contingencies and Commitments

At August 31, 2017, two lawsuits and claims involving Texas State Technical College were pending. While the ultimate liability with respect to litigation and other claims asserted against Texas State Technical College cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

Note 16: Subsequent Events

Texas State Technical College has no subsequent events to report.

Note 17: Risk Management

Texas State Technical College (TSTC) is exposed to a variety of civil claims resulting from the performance of its duties. It is TSTC's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed.

TSTC assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently, TSTC has purchased worker's compensation, auto, property, boiler & machinery, crime, director's & officer's liability, aircraft liability and inland marine insurance.

TSTC's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There were no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. Changes in the balances of TSTC's claims liabilities during fiscal years 2016 and 2017 were:

	Beginning Balance	Increases	Decreases	Ending Balance
2016	0.00	116,000.00	116,000.00	0.00
2017	0.00	12,500.00	12,500.00	0.00

Note 18: Management Discussion and Analysis

The TSTC Foundation is a non-profit organization with the sole purpose of supporting the educational and other activities of Texas State Technical College. The TSTC Foundation remitted gifts of \$1,229,502.00 during the year ended August 31, 2017. The TSTC Foundation is controlled by a separate board of directors and is not considered a component unit of the College. Neither the balance nor the transactions of this organization's fund are reflected in the financial statements during the year ended August 31, 2017.

Note 19: The Financial Reporting Entity

Not Applicable.

Note 20: Stewardship, Compliance and Accountability

No material issues were noted.

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2017

Note 21: Not Applicable to AFR

Note 22: Donor Restricted Endowments

Donor-Restricted Endowments	Amounts of Net Appreciation	Reported in Net Position
True Endowments	0.00	Restricted for Expendable
Term Endowments	0.00	Restricted for Expendable
Total	<u>0.00</u>	

The College is subject to the Uniform Prudent Management of Institutional Funds Act, Chapter 163 of the Texas Property Code. This act provides guidance and authority for the management and investment of charitable funds and for endowment spending by institutions organized for a charitable purpose, including educational purposes. The legal authority for the College to accept gifts, including endowments, is found in Chapter 135 of the Texas Education Code. The College's policy for authorizing and spending endowment earnings is addressed in System Operating Standard No. FA.3.1, Acceptance of Gifts and Bequests.

At August 31, 2017, the College had \$573,469.66 of donor restricted endowments which were classified as Non-Expendable True Endowments. These endowment funds are invested in cash accounts or certificates of deposit. Per donor restrictions, the investment income earned on these endowments is to be used for scholarship purposes.

Variances from prior year-end for expendable and nonexpendable balances:

Changes from Prior Year Balances		
Endowment Funds	Increase/Decrease	Reason for Change
Expendable Balances		
True Endowments		
Term Endowments		
Non-Expendable Balances		
True Endowments	1,199.46	Net investment income
Term Endowments		

Note 23: Extraordinary and Special Items

Not Applicable

Note 24: Disaggregation of Receivable and Payable Balances

Not Applicable.

Note 25: Termination Benefits

Not Applicable.

Note 26: Segment Information

Not Applicable.

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2017

Note 27: Service Concession Arrangements

Not Applicable.

Note 28: Deferred Outflows of Resources and Deferred Inflows of Resources

In fiscal year 2017, Texas State Technical College reported deferred outflows of resources in connection with Pensions and Bond Refunding. The deferred inflows of resources were in connection with Pensions.

August 31, 2017		
Business-Type Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions	\$2,376,074.00	\$3,436,967.00
Bond Refunding	2,121,549.43	0.00
Total	\$4,497,623.43	\$3,436,967.00

Note 29: Troubled Debt Restructuring

Not Applicable.

Note 30: Non-Exchange Financial Guarantees

Not Applicable.

Note 31: Tax Abatements

Not Applicable.

Note 32: Fund Balances

Not Applicable.

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TEXAS STATE TECHNICAL COLLEGE (Agency 719)
 Schedule 1A - Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2017

Certified

Federal Grantor / Pass-through Grantor / Program Title	CFDA Number	NSE Name / Identifying Number	Agy Univ No	Pass-through From	
				Agencies or Universities Amount	Non-State Entities Amount
U.S. Department of Education					
<u>Direct Programs:</u>					
Migrant Education_High School Equivalency Program	84.141			\$ -	\$ -
<u>TRIO Cluster</u>					
TRIO_Talent Search	84.044			-	-
TRIO_Upward Bound	84.047			-	-
Totals - TRIO Cluster				-	-
<u>Student Financial Assistance Cluster</u>					
Federal Supplemental Educational Opportunity Grants	84.007			-	-
Federal Work-Study Program	84.033			-	-
Federal Pell Grant Program	84.063			-	-
Federal Direct Student Loans	84.268			-	-
Totals - Student Financial Assistance Cluster				-	-
<u>Pass-Through From:</u>					
Career and Technical Education - Basic Grants to States					
<i>Pass-Through From:</i>					
<i>Texas Higher Education Coordinating Board</i>	84.048		781	1,968,067.00	-
Totals - U.S. Department of Education				\$ 1,968,067.00	\$ -
U.S. Department of Labor					
<u>Direct Programs:</u>					
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282			-	-
<u>WIA / WIOA Cluster</u>					
<u>Pass-Through From:</u>					
WIA / WIOA Adult Program					
<i>Pass-Through From:</i>					
<i>Texas Workforce Commission</i>	17.258		320	407.17	-
WIA / WIOA Dislocated Worker Formula Grants					
<i>Pass-Through From:</i>					
<i>Texas Workforce Commission</i>	17.278		320	85,599.03	-
Totals - WIA / WIOA Cluster				86,006.20	-
Totals - U.S. Department of Labor				\$ 86,006.20	\$ -

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Direct Program Amount	Total PT From and Direct Program Amount	Agy Univ No	Pass-through To		Expenditures Amount	Total PT To and Expenditures Amount
			Agencies or Universities Amount	Non-State Entities Amount		
\$ 454,371.53	\$ 454,371.53		\$ -	\$ -	\$ 454,371.53	\$ 454,371.53
242,446.47	242,446.47		-	-	242,446.47	242,446.47
308,905.59	308,905.59		-	-	308,905.59	308,905.59
<u>551,352.06</u>	<u>551,352.06</u>		<u>-</u>	<u>-</u>	<u>551,352.06</u>	<u>551,352.06</u>
245,600.80	245,600.80		-	-	245,600.80	245,600.80
317,541.12	317,541.12		-	-	317,541.12	317,541.12
23,421,222.60	23,421,222.60		-	-	23,421,222.60	23,421,222.60
28,489,418.78	28,489,418.78		-	-	28,489,418.78	28,489,418.78
<u>52,473,783.30</u>	<u>52,473,783.30</u>		<u>-</u>	<u>-</u>	<u>52,473,783.30</u>	<u>52,473,783.30</u>
-	1,968,067.00		-	-	1,968,067.00	1,968,067.00
<u>\$ 53,479,506.89</u>	<u>\$ 55,447,573.89</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,447,573.89</u>	<u>\$ 55,447,573.89</u>
498,608.32	498,608.32		-	-	498,608.32	498,608.32
-	407.17		-	-	407.17	407.17
-	85,599.03		-	-	85,599.03	85,599.03
<u>-</u>	<u>86,006.20</u>		<u>-</u>	<u>-</u>	<u>86,006.20</u>	<u>86,006.20</u>
<u>\$ 498,608.32</u>	<u>\$ 584,614.52</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 584,614.52</u>	<u>\$ 584,614.52</u>

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TEXAS STATE TECHNICAL COLLEGE (Agency 719)
 Schedule 1A - Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2017

Certified

Federal Grantor / Pass-through Grantor / Program Title	CFDA Number	NSE Name / Identifying Number	Agy Univ No	Pass-through From	
				Agencies or Universities Amount	Non-State Entities Amount
U.S. Department of Agriculture					
<u>Pass-Through From:</u>					
Hispanic Serving Institutions Education Grants					
<u>Pass-Through From:</u>					
<i>Texas A&M University - Corpus Christi</i>	10.223		760	3,000.00	-
<u>Research & Development Cluster</u>					
<u>Pass-Through From:</u>					
Hispanic Serving Institutions Education Grants					
<u>Pass-Through From:</u>					
<i>University of Texas Rio Grande Valley</i>	10.223		746	37,600.70	-
Totals - Research & Development Cluster				<u>37,600.70</u>	<u>-</u>
Totals - U.S. Department of Agriculture				\$ 40,600.70	\$ -
National Science Foundation					
<u>Pass-Through From:</u>					
Education and Human Resources					
<u>Pass-Through From:</u>					
<i>University of Central Florida</i>	47.076	61036046		-	50,951.86
Totals - National Science Foundation				\$ -	\$ 50,951.86
Total Expenditures of Federal Awards				\$ 2,094,673.90	\$ 50,951.86

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Direct Program Amount	Total PT From and Direct Program Amount	Agy Univ No	Pass-through To		Expenditures Amount	Total PT To and Expenditures Amount
			Agencies or Universities Amount	Non-State Entities Amount		
-	3,000.00		-	-	3,000.00	3,000.00
-	37,600.70		-	-	37,600.70	37,600.70
<u>-</u>	<u>37,600.70</u>		<u>-</u>	<u>-</u>	<u>37,600.70</u>	<u>37,600.70</u>
<u>\$ -</u>	<u>\$ 40,600.70</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,600.70</u>	<u>\$ 40,600.70</u>
-	50,951.86		-	-	50,951.86	50,951.86
<u>\$ -</u>	<u>\$ 50,951.86</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,951.86</u>	<u>\$ 50,951.86</u>
<u>\$ 53,978,115.21</u>	<u>\$ 56,123,740.97</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,123,740.97</u>	<u>\$ 56,123,740.97</u>

TEXAS STATE TECHNICAL COLLEGE (Agency 719)
 Schedule 1A - Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2017

Note 1: Non-Monetary Assistance

Not Applicable

Note 2: Reconciliation:

<u>Federal Revenue</u>	
Federal Grants and Contracts Operating	\$ 1,872,824.89
Federal Grants and Contracts Non-operating	<u>23,666,823.40</u>
Total Federal Revenue	<u>25,539,648.29</u>
<u>Federal Pass-Through Revenue from Other State Agencies -</u>	
Federal Pass-Through Revenue Operating	2,094,673.90
Federal Pass-Through Revenue Non-operating	<u>-</u>
Total Federal Pass-Through Revenue from Other State Agencies	<u>2,094,673.90</u>
Total Federal Revenue and Federal Pass-Through Revenue	<u>27,634,322.19</u>
<u>Reconciliation Items:</u>	
Non-monetary Assistance	-
New Loans Processed:	
Federal Direct Student Loans	28,489,418.78
Total Reconciliation Items	<u>28,489,418.78</u>
Total Per Note 2	56,123,740.97
Total Pass-Through To and Expenditures per Federal Schedule	<u>56,123,740.97</u>
Difference	<u>\$ -</u>

Note 3a: Student Loans Processed and Administrative Costs Recovered

Federal Grantor/ CFDA Number/Program Name	New Loans Processed	Admin Costs	Total Loans Processed & Admin Costs	Ending Bal. of Prev. Yr. Loan
U.S. Department of Education				
84.268 Federal Direct Student Loans	\$28,489,418.78	-	\$ 28,489,418.78	-
Total	<u>\$28,489,418.78</u>	<u>-</u>	<u>\$ 28,489,418.78</u>	

Note 3b: Federally Funded Loans Processed and Administrative Costs Recovered

Not Applicable

Note 4: Depository Libraries for Governmental Publications

Not Applicable

Note 5: Unemployment Insurance Funds

Not Applicable

Note 6: Rebates from the Special Supplemental Food Program for Women, Infant and Children (WIC)

Not Applicable

Note 7: Federal Deferred Revenue

Not Applicable

Note 8: Disaster Grants-Public Assistance

Not Applicable

Note 9: Economic Adjustment Assistance

Not Applicable

Note 10: 10% de Minimis Indirect Cost Rate

Not Applicable

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TEXAS STATE TECHNICAL COLLEGE (Agency 719)
 Schedule 1B - State Grant Pass Throughs From/To State Agencies
 For the Fiscal Year Ended August 31, 2017

Pass Through From:

Grantor Agency	Grant ID	Grant Title	Amount
320-Texas Workforce Commission	320.0001	Apprenticeship	\$ 16,266.00
320-Texas Workforce Commission	320.0002	Workforce Development	119,523.00
320-Texas Workforce Commission	320.0003	Skills Development	1,940,371.72
320-Texas Workforce Commission	320.0006	Texas Fast Start II Program	496,819.31
		State Assisted Airport Routine	
601-Texas Department of Transportation	601.0030	Maintenance at the TSTC Waco Airport	50,000.00
712-Texas A&M Engineering Experiment Station	712.0002	Nuclear Power Institute - TSTC	25,209.43
781-Texas Higher Education Coordinating Board	781.0008	TEXAS Grant Program	13,716.00
781-Texas Higher Education Coordinating Board	781.0013	Professional Nursing Shortage Reduction Program	259,464.84
781-Texas Higher Education Coordinating Board	781.0023	College Work Study Program	81,502.00
781-Texas Higher Education Coordinating Board	781.0026	College Readiness Initiative	25,000.00
781-Texas Higher Education Coordinating Board	781.0029	Work Study Mentorship Program	218,885.00
781-Texas Higher Education Coordinating Board	781.0040	Developmental Education Program	56,000.00
781-Texas Higher Education Coordinating Board	781.0052	T-Stem Scholarship Program	1,455,987.00
781-Texas Higher Education Coordinating Board	781.0074	TEOG Public State/Tech Colleges	2,135,116.00
781-Texas Higher Education Coordinating Board	781.0075	Educational Aide Program	8,046.90
Total Pass Through From Other Agencies			<u><u>\$ 6,901,907.20</u></u>

Pass Through To:

Total Pass Through To Other Agencies	<u><u>\$ -</u></u>
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TEXAS STATE TECHNICAL COLLEGE (Agency 719)
 Schedule 2A - Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2017

Business-Type Activities

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Terms of Variable Interest Rates	<u>Scheduled Maturities</u>		
					First Year	Last Year	First Call Date
General Obligation Bonds							
Constitutional Appropriation Bonds Series 2016	\$ 23,680,000.00	4.0000%	5.0000%		2016	2025	N/A
Revenue Bonds							
Revenue Financing System Bonds Series 2008	3,125,000.00	4.2500%	5.0000%		2008	2023	08/01/2018
Revenue Financing System Bonds Taxable Series 2008A	1,000,000.00	1.0000%	1.0000%		2008	2021	12/15/2008
Revenue Financing System Bonds Series 2009	31,555,000.00	3.0000%	5.0000%		2011	2030	08/01/2019
Revenue Financing System Improvement and Refunding Bonds Series 2011	26,015,000.00	3.7500%	5.0000%		2013	2036	08/01/2021
Revenue Financing System Bonds Series 2011A	5,160,000.00	3.0000%	4.0000%		2012	2031	08/01/2021
Revenue Financing System Improvement and Refunding Bonds Series 2016	<u>56,915,000.00</u>	2.0000%	5.0000%		2016	2035	10/15/2026
Total	\$ <u><u>147,450,000.00</u></u>						

TEXAS STATE TECHNICAL COLLEGE (Agency 719)
 Schedule 2B - Changes in Bonded Indebtedness
 For the Fiscal Year Ended August 31, 2017

Business-Type Activities

Description of Issue	Bonds Outstanding 09/01/2016	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Par Value Adjustments
General Obligation Bonds					
Constitutional Appropriation Bonds, Series 2016	\$ 23,680,000.00	\$	\$ 1,910,000.00	\$	\$
Revenue Bonds					
Revenue Financing System Bonds, Series 2008	425,000.00		205,000.00		
Revenue Financing System Bonds, Taxable Series 2008A	428,571.44		71,428.57		
Revenue Financing System Bonds, Series 2009	5,605,000.00		1,310,000.00		
Revenue Financing System Improvement and Refunding Bonds, Series 2011	21,950,000.00		1,140,000.00		
Revenue Financing System Bonds, Series 2011A	4,215,000.00		215,000.00		
Revenue Financing System Improvement and Refunding Bonds, Series 2016	56,890,000.00		1,775,000.00		
Total	\$ <u>113,193,571.44</u>	\$ <u> </u>	\$ <u>6,626,428.57</u>	\$ <u> </u>	\$ <u> </u>

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Bonds Outstanding 08/31/2017	Reconciliation			Net Bonds Outstanding 08/31/2017	Amounts Due Within One Year	Bonds Outstanding 08/31/2017
	Unamortized Premium	Unamortized Discount	Adjustments			
\$ 21,770,000.00	3,217,914.73	\$	\$	\$ 24,987,914.73	\$ 2,367,239.36	\$ 21,770,000.00
220,000.00				220,000.00	220,000.00	220,000.00
357,142.87				357,142.87	71,428.57	357,142.87
4,295,000.00				4,295,000.00	1,370,000.00	4,295,000.00
20,810,000.00	943,926.35			21,753,926.35	1,292,791.50	20,810,000.00
4,000,000.00				4,000,000.00	220,000.00	4,000,000.00
55,115,000.00	7,424,085.20			62,539,085.20	1,733,212.35	55,115,000.00
<u>\$ 106,567,142.87</u>	<u>11,585,926.28</u>	<u>\$</u>	<u>\$</u>	<u>\$ 118,153,069.15</u>	<u>\$ 7,274,671.78</u>	<u>\$ 106,567,142.87</u>

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TEXAS STATE TECHNICAL COLLEGE (Agency 719)
 Schedule 2C - Debt Service Requirements
 For the Fiscal Year Ended August 31, 2017

Business-Type Activities

Description of Issue	Year	Principal	Interest
General Obligation Bonds			
Constitutional Appropriation Bonds			
Series 2016	2018	\$ 1,965,000.00	\$ 1,010,225.00
	2019	2,065,000.00	909,475.00
	2020	2,180,000.00	803,350.00
	2021	2,285,000.00	691,725.00
	2021	2,400,000.00	574,600.00
	2022-2026	<u>10,875,000.00</u>	<u>1,018,350.00</u>
Total		<u>\$ 21,770,000.00</u>	<u>\$ 5,007,725.00</u>
Revenue Bonds			
Revenue Financing System Bonds			
Series 2008	2018	\$ 220,000.00	\$ 11,000.00
Total		<u>\$ 220,000.00</u>	<u>\$ 11,000.00</u>
Revenue Financing System Bonds			
Taxable Series 2008A	2018	\$ 71,428.57	\$ 3,214.28
	2019	71,428.57	2,500.00
	2020	71,428.57	1,785.72
	2021	71,428.57	1,071.43
	2022	<u>71,428.59</u>	<u>357.14</u>
Total		<u>\$ 357,142.87</u>	<u>\$ 8,928.57</u>
Revenue Financing System Bonds			
Series 2009	2018	\$ 1,370,000.00	\$ 186,100.00
	2019	1,430,000.00	131,300.00
	2020	<u>1,495,000.00</u>	<u>59,800.00</u>
Total		<u>\$ 4,295,000.00</u>	<u>\$ 377,200.00</u>

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TEXAS STATE TECHNICAL COLLEGE (Agency 719)
 Schedule 2C - Debt Service Requirements
 For the Fiscal Year Ended August 31, 2017

Business-Type Activities

Description of Issue	Year	Principal	Interest
Revenue Bonds			
Revenue Financing System			
Improvement and Refunding Bonds			
Series 2011	2018	\$ 1,195,000.00	\$ 1,007,831.26
	2019	1,255,000.00	948,081.26
	2020	1,315,000.00	885,331.26
	2021	1,380,000.00	819,581.26
	2022	1,450,000.00	750,581.26
	2023-2027	4,065,000.00	3,084,650.04
	2028-2032	5,085,000.00	2,054,000.00
	2033-2036	5,065,000.00	648,500.00
Total		<u>\$ 20,810,000.00</u>	<u>\$ 10,198,556.34</u>
Revenue Financing System Bonds			
Series 2011A	2018	\$ 220,000.00	\$ 141,187.50
	2019	225,000.00	134,587.50
	2020	235,000.00	127,837.50
	2021	245,000.00	120,787.50
	2022	255,000.00	113,437.50
	2023-2027	1,430,000.00	436,000.02
	2028-2031	1,390,000.00	142,000.00
Total		<u>\$ 4,000,000.00</u>	<u>\$ 1,215,837.52</u>
Revenue Financing System			
Improvement and Refunding Bonds			
Series 2016	2018	\$ 1,240,000.00	\$ 2,391,031.26
	2019	1,485,000.00	2,356,356.26
	2020	1,555,000.00	2,302,981.26
	2021	3,025,000.00	2,211,381.26
	2022	3,170,000.00	2,071,631.26
	2023-2027	17,425,000.00	7,846,281.30
	2028-2032	17,060,000.00	3,360,031.30
	2033-2036	10,155,000.00	683,734.41
Total		<u>\$ 55,115,000.00</u>	<u>\$ 23,223,428.31</u>

TEXAS STATE TECHNICAL COLLEGE (Agency 719)
 Schedule 2D - Analysis of Funds Available for Debt Service
 For the Fiscal Year Ended August 31, 2017

Business-Type Activities

Description of Issue	Application of Funds	
	Principal	Interest
General Obligation Bonds		
Constitutional Appropriation Bonds Series 2016	\$ 1,910,000.00	\$ 1,068,604.99
Total	\$ 1,910,000.00	\$ 1,068,604.99

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2017			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest
Revenue Bonds				
Revenue Financing System Bonds, Series 2008	\$ 58,215,284.86	\$ (A)	\$ 205,000.00	\$ 21,250.00
Revenue Financing System Bonds, Taxable Series 2008A	(B)	(B)	71,428.57	3,928.54
Revenue Financing System Bonds, Series 2009	(B)	(B)	1,310,000.00	238,500.00
Revenue Financing System Improvement and Refunding Bonds, Series 2011	(B)	(B)	1,140,000.00	1,064,831.26
Revenue Financing System Bonds, Series 2011A	(B)	(B)	215,000.00	147,637.50
Revenue Financing System Improvement and Refunding Bonds, Series 2016	(B)	(B)	1,775,000.00	2,333,108.73
Total	\$ 58,215,284.86	\$ 0.00	\$ 4,716,428.57	\$ 3,809,256.03

(A) Expenditures associated with pledged sources were approximately \$56,985,008.71. (Footnote disclosure for Gross Revenue Pledges only.)

(B) The Revenue Financing System Bonds, Taxable Series 2008A; Revenue Financing System Bonds, Series 2009; Revenue Financing System Improvement and Refunding Bonds, Series 2011; Revenue Financing System Bonds, Series 2011A; and Revenue Financing System Improvement and Refunding Bonds, Series 2016; were issued as parity obligations with the Revenue Financing System Bonds, Series 2008. As such, the Taxable Series 2008A, Series 2009, Series 2011, Series 2011A, and Series 2016 issues have an equal claim to the pledged sources reported above for the Series 2008 issue and share the same expenditures that are associated with the pledged sources disclosed in footnote (A) above.

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TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
 Schedule 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2017

Business-Type Activities

<u>Description of Issue</u>	<u>Year Defeased</u>	<u>Par Value Outstanding</u>
Revenue Bonds		
Revenue Financing System Bonds Series 2008	2016	\$ 1,250,000.00
Revenue Financing System Bonds Series 2009	2016	<u>19,190,000.00</u>
Total		<u><u>\$ 20,440,000.00</u></u>

UNAUDITED

TEXAS STATE TECHNICAL COLLEGE (Agency 719)
 Schedule 3 - Reconciliation of Cash in State Treasury
 For the Fiscal Year Ended August 31, 2017

Cash in State Treasury	Unrestricted	Restricted	Current Year Total
Local Revenue Fund 0237	\$ 24,315,760.97	\$	\$ 24,315,760.97
Departmental Suspense Fund Fund 0900	_____	_____	_____
Total Cash in State Treasury (Stmt of Net Position)	\$ 24,315,760.97	\$	\$ 24,315,760.97

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