



TEXAS STATE TECHNICAL COLLEGE

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING AUGUST 31, 2013

**ANNUAL
FINANCIAL REPORT**

TEXAS STATE TECHNICAL COLLEGE

**TSTC SYSTEM OPERATIONS
TSTC HARLINGEN
TSTC MARSHALL
TSTC WACO
TSTC WEST TEXAS**

FISCAL YEAR ENDED AUGUST 31, 2013

**Texas State Technical College
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Office Of The Chancellor

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November 20, 2013

Honorable Rick Perry, Governor
Honorable Susan Combs, Texas Comptroller
Mary Camp, Director, Legislative Reference Library
John Keel, CPA, State Auditor
Ursula Parks, Director, Legislative Budget Board

Ladies and Gentlemen:

We are pleased to submit the Annual Financial Report of Texas State Technical College for the year ended August 31, 2013, 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. Susan Vonder Hoya may be contacted at 254-867-3961 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael L. Reeser", is written over a light blue rectangular background.

Michael L. Reeser
Chancellor

TEXAS STATE TECHNICAL COLLEGE

ORGANIZATIONAL DATA
For the Fiscal Year Ended August 31, 2013

Board of Regents

Officers

Ellis M. Skinner, II	Dallas, Texas	Chairman of the Board
Joe M. Gurecky	Rosenberg, Texas	Vice Chairman
Linda McKenna	Harlingen, Texas	Executive Committee
Gene Seaman	Corpus Christi, Texas	Executive Committee

Members

Term Expires
August 31,

Michael F. Northcutt	Longview, Texas	2013
Gene Seaman	Corpus Christi, Texas	2013
Ellis M. Skinner, II	Dallas, Texas	2013
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

Key Officers

Michael L. Reeser	Chancellor
J. Gary Hendricks	Vice Chancellor for Financial and Administrative Services
Albert Srubar	Comptroller
Elton E. Stuckly, Jr.	President, Texas State Technical College Waco
Cesar Maldonado	President, Texas State Technical College Harlingen
Gail Lawrence	President, Texas State Technical College West Texas
Randy Wooten	President, Texas State Technical College Marshall

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TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Statement of Net Position
August 31, 2013

	TOTAL
ASSETS	
Current Assets:	
Cash and Cash Equivalents	
Cash on Hand	\$ 41,479.00
Cash in Bank	9,769,094.15
Cash in State Treasury	19,616,051.22
Short-term Investments	7,512,530.00
Restricted	
Cash and Cash Equivalents	
Cash on Hand	20.00
Cash in Bank	12,996,036.53
Short-term Investments	4,648,687.68
Legislative Appropriations	9,862,051.64
Accounts Receivable, Net	6,987,688.50
Federal Receivables	12,853,191.35
Accrued Interest Receivable	22,087.30
Due From Other Agencies-State	78,576.19
Due From Other Agencies-Federal	757,515.36
Consumable Inventories	1,039,642.46
Merchandise Inventories	1,690,791.41
Total Current Assets	<u>87,875,442.79</u>
Non-Current Assets:	
Restricted	
Cash in Bank	109,884.66
Short-term Investments	458,909.34
Accrued Interest Receivable	156.68
Capital Assets, Non-Depreciable or Non-Amortizable	
Land and Land Improvements	11,574,672.13
Other Capital Assets	60,000.00
Construction in Progress	4,377,221.97
Capital Assets, Depreciable or Amortizable	
Buildings and Building Improvements	185,439,376.30
Less Accumulated Depreciation	(87,273,749.77)
Infrastructure	17,313,943.98
Less Accumulated Depreciation	(6,157,315.93)
Facilities and Other Improvements	5,997,081.71
Less Accumulated Depreciation	(3,542,684.70)
Furniture and Equipment	39,135,886.44
Less Accumulated Depreciation	(27,610,711.66)
Vehicles, Boats, and Aircraft	9,596,385.05
Less Accumulated Depreciation	(6,705,028.95)
Other Capital Assets	12,872,977.99
Less Accumulated Depreciation	(2,083,002.78)
Computer Software	1,511,253.00
Less Accumulated Amortization	(1,102,014.60)
Total Non-Current Assets	<u>153,973,240.86</u>
TOTAL ASSETS	<u>\$ 241,848,683.65</u>

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TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Statement of Net Position
August 31, 2013

	<u>TOTAL</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 6,766,045.83
Payroll Payables	6,756,914.34
Federal Payables	505,956.95
Interfund Payable (LoanStar Loan Program)	819,584.72
Unearned Revenue	16,392,636.93
Employees' Compensable Leave	583,895.85
Capital Lease Obligations	618,998.28
Deposits Payable	1,307,570.43
Revenue Bonds Payable, Net	2,679,220.07
General Obligation Bonds Payable	1,760,000.00
Accrued Interest Payable-Bonds	241,306.50
Funds Held for Others	2,085,303.36
Other Current Liabilities	45,061.98
Total Current Liabilities	<u>40,562,495.24</u>
Non-Current Liabilities:	
Employees' Compensable Leave	4,624,809.70
Interfund Payable (LoanStar Loan Program)	6,818,862.29
Capital Lease Obligations	3,635,495.43
Revenue Bonds Payable, Net	59,808,729.43
General Obligation Bonds Payable	1,840,000.00
Total Non-Current Liabilities	<u>76,727,896.85</u>
TOTAL LIABILITIES	\$ <u>117,290,392.09</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	80,779,217.57
Restricted for:	
Capital Projects	339,845.32
Other	1,135,759.56
True and Other Endowments	
Non-Expendable	568,950.68
Unrestricted	41,734,518.43
TOTAL NET POSITION	\$ <u><u>124,558,291.56</u></u>

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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, 2013

	<u>TOTAL</u>
OPERATING REVENUES:	
Sales of Goods and Services:	
Tuition and Fees	\$ 6,987,848.83
Tuition and Fees - Pledged	34,740,263.75
Discounts and Allowances	(21,003,174.80)
Auxiliary Enterprises	1,023,605.31
Auxiliary Enterprises - Pledged	12,577,637.36
Discounts and Allowances	(3,694,747.09)
Other Sales of Goods and Services - Pledged	4,202,619.51
Interest and Investment Income	3,462.11
Interest and Investment Income - Pledged	81,044.70
Federal Revenue	5,918,957.26
Federal Pass-Through Revenue	3,545,893.64
State Grant Pass-Through Revenue	5,092,077.29
Other Contracts and Grants	2,155,960.19
Total Operating Revenues	<u>51,631,448.06</u>
OPERATING EXPENSES:	
Instruction	52,643,153.19
Research	194,281.86
Public Service	221,952.82
Academic Support	14,160,552.76
Student Services	16,997,261.72
Institutional Support	17,127,974.51
Operations and Maintenance of Plant	17,394,523.55
Scholarships and Fellowships	14,594,119.99
Auxiliary Enterprises	12,511,608.11
Depreciation and Amortization	10,738,974.11
Total Operating Expenses	<u>156,584,402.62</u>
Operating Income (Loss)	<u>(104,952,954.56)</u>
NONOPERATING REVENUES (EXPENSES):	
Legislative Appropriation Revenue	75,720,489.72
Gifts	1,183.54
Contracts and Grants - Pledged	1,044,599.00
Investment Income	62,879.02
Investment Income - Pledged	127,411.61
Federal Revenue	28,539,610.89
Disposal of Plant Facilities	(41,218.97)
Interest Expense and Fiscal Charges	(3,282,002.45)
Other Nonoperating Revenues	45,435.58
Other Nonoperating (Expenses)	(4,439,404.09)
Total Nonoperating Revenues (Expenses)	<u>97,778,983.85</u>
Income (Loss) Before Other Revenues, Expenses, Gains/(Losses), and Transfers	<u>(7,173,970.71)</u>

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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, 2013

	<u>TOTAL</u>
OTHER REVENUES, EXPENSES, GAINS (LOSSES) AND TRANSFERS:	
Capital Contributions	251,997.43
Capital Appropriations (HEAF)	5,775,000.00
Gifts and Grants for Capital Acquisitions	133,601.08
Transfers from/(to) Other State Agencies	(458,940.77)
Legislative Appropriations Lapsed	<u>(37,218.50)</u>
Total Other Revenues, Expenses, Gains/(Losses) and Transfers	<u>5,664,439.24</u>
CHANGE IN NET POSITION	<u>(1,509,531.47)</u>
Net Position - September 1, 2012	126,160,096.32
Restatements	<u>(92,273.29)</u>
Net Position - September 1, 2012 - As Restated	<u>126,067,823.03</u>
NET POSITION - August 31, 2013	\$ <u><u>124,558,291.56</u></u>

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TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
 Matrix of Operating Expenses
 Reported by Function
 For the Fiscal Year Ended August 31, 2013

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support
Cost of Goods Sold	\$ 739.80	\$ 0.00	\$ 0.00	\$ 15,498.81	\$ 486.84	\$ 50,497.52
Salaries and Wages	33,030,629.38	130,045.39	90,724.00	6,153,720.17	9,342,974.03	10,522,558.12
Payroll Related Costs	11,719,972.04	12,258.05	28,019.42	2,051,882.10	3,313,875.49	3,599,171.56
Professional Fees and Services	192,130.52	0.00	34,109.00	37,581.17	70,004.73	132,175.08
Federal Grant Pass-Through Expenses	0.00	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	0.00
Travel	360,788.81	13,170.22	16,207.08	136,458.98	173,266.36	308,254.86
Materials and Supplies	5,005,898.94	23,549.57	12,686.29	863,614.42	1,066,242.54	796,398.34
Communications and Utilities	276,032.48	162.30	0.00	110,114.23	330,518.18	449,581.32
Repairs and Maintenance	292,388.60	0.00	0.00	134,851.59	42,021.99	138,093.04
Rentals and Leases	177,614.42	36.00	0.00	224,048.20	142,713.36	267,363.34
Printing and Reproduction	7,322.99	3,318.62	0.00	10,104.77	36,838.73	18,567.51
Depreciation and Amortization	0.00	0.00	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	0.00	0.00	0.00	0.00	0.00
Interest	186.60	1.73	3.14	231.03	56.51	130.72
Scholarships	309,544.93	0.00	3,150.00	44,670.16	577,602.81	17,085.24
Less Tuition Discounting	0.00	0.00	0.00	0.00	0.00	0.00
Claims and Judgments	0.00	0.00	0.00	0.00	0.00	8,355.00
Other Operating Expenses	1,269,903.68	11,739.98	37,053.89	4,377,777.13	1,900,660.15	819,742.86
Capital	1,979,798.95	0.00	0.00	418,067.21	46,614.55	182,437.02
Less Capital Additions	(1,979,798.95)	0.00	0.00	(418,067.21)	(46,614.55)	(182,437.02)
Total Operating Expenses	\$ 52,643,153.19	\$ 194,281.86	\$ 221,952.82	\$ 14,160,552.76	\$ 16,997,261.72	\$ 17,127,974.51

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TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Matrix of Operating Expenses
Reported by Function
For the Fiscal Year Ended August 31, 2013

Operating Expenses	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenditures
Cost of Goods Sold	\$ (43,766.51)	\$ 0.00	\$ 4,036,170.04	\$ 0.00	\$ 4,059,626.50
Salaries and Wages	6,464,503.56	0.00	3,396,587.67	0.00	69,131,742.32
Payroll Related Costs	2,724,738.19	0.00	1,156,152.37	0.00	24,606,069.22
Professional Fees and Services	154,491.45	0.00	102,426.76	0.00	722,918.71
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	91,002.57	0.00	66,213.55	0.00	1,165,362.43
Materials and Supplies	1,840,971.11	0.00	1,570,677.79	0.00	11,180,039.00
Communications and Utilities	3,228,817.01	0.00	983,163.23	0.00	5,378,388.75
Repairs and Maintenance	1,626,009.83	0.00	276,718.95	0.00	2,510,084.00
Rentals and Leases	127,721.81	0.00	266,605.99	0.00	1,206,103.12
Printing and Reproduction	395.77	0.00	10,135.62	0.00	86,684.01
Depreciation and Amortization	0.00	0.00	0.00	10,738,974.11	10,738,974.11
Bad Debt Expense	0.00	0.00	0.00	0.00	0.00
Interest	689.88	0.00	265.31	0.00	1,564.92
Scholarships	0.00	39,292,041.88	13,591.98	0.00	40,257,687.00
Less Tuition Discounting	0.00	(24,697,921.89)	0.00	0.00	(24,697,921.89)
Claims and Judgments	0.00	0.00	0.00	0.00	8,355.00
Other Operating Expenses	1,178,948.88	0.00	632,898.85	0.00	10,228,725.42
Capital	397,591.03	0.00	204,174.48	0.00	3,228,683.24
Less Capital Additions	(397,591.03)	0.00	(204,174.48)	0.00	(3,228,683.24)
Total Operating Expenses	\$ 17,394,523.55	\$ 14,594,119.99	\$ 12,511,608.11	\$ 10,738,974.11	\$ 156,584,402.62

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TEXAS STATE TECHNICAL COLLEGE

(Agency 719)

Statement of Cash Flows

For the Fiscal Year Ended August 31, 2013

	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds Received from Tuition and Fees	\$ 21,228,999.70
Proceeds Received from Customers (Other Sales and Services)	4,242,368.02
Proceeds from Grants and Contracts	19,539,236.39
Proceeds from Auxiliaries	10,074,233.84
Payments to Suppliers for Goods and Services	(34,786,437.51)
Payments to Employees for Salaries and Wages	(68,807,224.13)
Payments to Employees for Benefits	(23,384,091.32)
Payments for Other Expenses	(16,142,810.98)
Net Cash Provided (Used) by Operating Activities	<u>(88,035,725.99)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from State Appropriations	83,799,260.15
Proceeds from Gifts	1,183.54
Proceeds from Grants and Contracts	28,539,610.89
Proceeds from Other Revenues	45,435.58
Payments for Other Uses	(4,000,038.33)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>108,385,451.83</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Grants and Contracts	1,044,599.00
Proceeds from Capital Grants and Gifts	133,601.08
Proceeds from Interfund Payables (LoanStar Loan Program)	2,555,764.46
Payments for Additions to Capital Assets	(25,651,741.88)
Payments of Principal on Debt Issuance	(4,764,636.95)
Payments of Interest on Debt Issuance	(3,339,375.49)
Payments of Principal on Interfund Payables (LoanStar Loan Program)	(989,158.83)
Payments of Transfers to Other State Agencies for Debt Retirement	(976,647.82)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(31,987,596.43)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	16,911,932.39
Proceeds from Interest and Investment Income	325,331.28
Payments to Acquire Investments	(126,863.70)
Net Cash Provided (Used) by Investing Activities	<u>17,110,399.97</u>

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TEXAS STATE TECHNICAL COLLEGE

(Agency 719)

Statement of Cash Flows

For the Fiscal Year Ended August 31, 2013

Increase (Decrease) in Cash and Cash Equivalents	\$ 5,472,529.38
Cash and Cash Equivalents, September 1, 2012	37,060,036.18
Restatements to Beginning Cash and Cash Equivalents	
Cash and Cash Equivalents, August 31, 2013	\$ <u>42,532,565.56</u>

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

Operating Income (Loss)	\$ (104,952,954.56)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Amortization and Depreciation	10,738,974.11
Operating Income and Cash Flow Categories Classification Differences	
Interest and Investment Income from Operating Activities	(84,506.81)
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	2,295,998.54
(Increase) Decrease in Inventories	38,164.48
(Increase) Decrease in Due from Other Agencies	1,227,281.18
Increase (Decrease) in Payables	2,185,679.69
Increase (Decrease) in Deposits Payable	79,550.91
Increase (Decrease) in Unearned Income	(54,228.96)
Increase (Decrease) in Funds Held for Others	584,402.64
Increase (Decrease) in Compensated Absence Liability	(89,651.16)
Increase (Decrease) in Other Liabilities	(4,436.05)
Total Adjustments	<u>16,917,228.57</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>(88,035,725.99)</u>

NON CASH TRANSACTIONS

Donations of Capital Assets	\$ 246,867.66
Borrowing Under Capital Lease Purchases	189,437.73
Other Additions to Capital Assets	83,471.06
Disposal of Plant Facilities	(41,218.97)
Restatement to Beginning Capital Assets Balance	(92,273.29)
Total Non Cash Transactions	\$ <u>386,284.19</u>

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2013

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 includes four colleges: TSTC Harlingen, TSTC Marshall, TSTC Waco, and TSTC West Texas, which has campuses in Abilene, Breckenridge, Brownwood, and Sweetwater. 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, 2013

Enterprise funds (proprietary funds), are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary funds principal ongoing operations. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation 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, an authorized AAAM rated government investment pool. The certificates of deposit are valued at cost. The fair value of the funds invested in TexPool is measured at the net asset value per share provided by the pool. The College may withdraw the funds from TexPool 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, 2013

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, issuance costs 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, issuance costs 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.

Invested in Capital Assets, Net of Related Debt

Invested in capital assets, net of related debt 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, 2013 is presented below:

	PRIMARY GOVERNMENT							
	Balance 9/1/12	Adjustments	Reclassifications			Additions	Deletions	Balance 8/31/13
			Completed CIP	Inc- Int'agy Trans	Dec- Int'agy Trans			
BUSINESS-TYPE ACTIVITIES								
Non-Depreciable or Non-amortizable Assets								
Land and Land Improvements	11,574,672.13							11,574,672.13
Infrastructure								0.00
Construction in Progress	3,586,232.37	(92,273.29)	(21,768,208.32)			22,651,471.21		4,377,221.97
Other Tangible Capital Assets	9,500.00					50,500.00		60,000.00
Land Use Rights								0.00
Other Intangible Capital Assets								0.00
Total Non-Depreciable or Non-amortizable Assets	15,170,404.50	(92,273.29)	(21,768,208.32)	0.00	0.00	22,701,971.21	0.00	16,011,894.10
Depreciable Assets								
Buildings & Bldg. Improvements	163,766,212.00		21,532,019.65			141,144.65		185,439,376.30
Infrastructure	17,313,943.98							17,313,943.98
Facilities & Other Improvements	5,997,081.71							5,997,081.71
Furniture and Equipment	37,704,780.29		236,188.67			2,347,909.19	(1,152,991.71)	39,135,886.44
Vehicle, Boats & Aircraft	8,963,254.97					935,973.83	(302,843.75)	9,596,385.05
Other Capital Assets	12,911,384.96					44,519.45	(82,926.42)	12,872,977.99
Total Depreciable Assets at Historical Costs	246,656,657.91	0.00	21,768,208.32	0.00	0.00	3,469,547.12	(1,538,761.88)	270,355,651.47
Less Accumulated Depreciation for:								
Buildings & Bldg. Improvements	(82,065,946.35)					(5,207,803.42)		(87,273,749.77)
Infrastructure	(5,590,831.93)					(566,484.00)		(6,157,315.93)
Facilities & Other Improvements	(3,393,921.66)					(148,763.04)		(3,542,684.70)
Furniture and Equipment	(25,152,867.61)					(3,589,099.99)	1,131,255.94	(27,610,711.66)
Vehicle, Boats & Aircraft	(6,330,417.96)					(666,564.64)	291,953.65	(6,705,028.95)
Other Capital Assets	(1,778,600.80)					(379,068.82)	74,666.84	(2,083,002.78)
Total Accumulated Depreciation	(124,312,586.31)	0.00	0.00	0.00	0.00	(10,557,783.91)	1,497,876.43	(133,372,493.79)
Depreciable Assets, Net	122,344,071.60	0.00	21,768,208.32	0.00	0.00	(7,088,236.79)	(40,885.45)	136,983,157.68

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PRIMARY GOVERNMENT								
	Balance 9/1/12	Adjustments	Reclassifications			Additions	Deletions	Balance 8/31/13
			Completed CIP	Inc- Int'agy Trans	Dec- Int'agy Trans			
Amortizable Assets-Intangible								
Land Use Rights								0.00
Computer Software	1,524,252.00						(12,999.00)	1,511,253.00
Other Capital Intangible Assts								0.00
Total Amortizable Assets - Intangible	1,524,252.00	0.00	0.00	0.00	0.00	0.00	(12,999.00)	1,511,253.00
Less Accumulated Amortization for:								
Land Use Rights								0.00
Computer Software	(933,489.88)					(181,190.20)	12,665.48	(1,102,014.60)
Other Intangible Capital Assets								0.00
Total Accumulated Amortization	(933,489.88)	0.00	0.00	0.00	0.00	(181,190.20)	12,665.48	(1,102,014.60)
Amortizable Assets - Intangible, Net	590,762.12	0.00	0.00	0.00	0.00	(181,190.20)	(333.52)	409,238.40
Business-Type Activities Capital Assets, Net	138,105,238.22	(92,273.29)	0.00	0.00	0.00	15,432,544.22	(41,218.97)	153,404,290.18
		(A)				(B)	(A) (B)	

(A) A total of (\$82,926.42) of adjustments pertaining to deletion of library books during FY 2013 has been reported in the "Deletions" column above. This differs from the "Capital Assets Note 2" generated by the State Property Accounting (SPA) where these deletions are reported in the "Adjustments" column. (B) A total of \$74,666.84 of adjustments pertaining to depreciation expense/accumulated depreciation for library book deletions has been reported in the "Additions" and "Deletions" columns above. This differs from the "Capital Assets Note 2" generated by the State Property Accounting (SPA) where this was reported in the "Additions" 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, 2013, the carrying amount of deposits was \$35,484,578.15 as presented below.

Business-Type Activities	
CASH IN BANK – CARRYING AMOUNT	35,484,578.15
Less: Certificates of Deposit included in carrying amount and reported as Current Short-term Investments	7,512,529.00
Less: Certificates of Deposit included in carrying amount and reported as Current Restricted Short-term Investments	4,638,124.47
Less: Certificates of Deposit included in carrying amount and reported as Non-Current Restricted Short-term Investments	458,909.34
Total Cash in Bank per AFR	22,875,015.34
Proprietary Funds Current Assets Cash in Bank	9,769,094.15
Proprietary Funds Current Assets Restricted Cash in Bank	12,996,036.53
Proprietary Funds Non-Current Assets Restricted Cash in Bank	109,884.66
Cash in Bank per AFR	22,875,015.34

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, 2013, the total bank balance was as follows:

Business-Type Activities	36,352,264.32
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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 the possession of an outside party. The College's investment policy requires that all deposits above the level of federal insurance be fully collateralized. During the last 4 days of August, 2013, a total of \$4,297.35 of deposits at one bank was uninsured. This was due to the bank balance never exceeding the \$250,000.00 uninsured limit. However, during late August registration, funds were left in the bank without transferring the uninsured balance. Once detected, the excess deposits were transferred. Also, in the prior year, one bank was uninsured/under-collateralized as of August, 2012, by \$719,926.00. This deposit was collateralized after 9 days in the current year.

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As of August 31, 2013, the fair value of investments is as presented below.

Business-Type Activities	Fair 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	
International Other Commingled Funds	
Other Commingled Funds (TexPool)	10,564.21
Commercial Paper	
Real Estate	
Derivatives	
Alternative Investments	
Misc. (Political subdivision, bankers' acceptance, negotiable CD)	
Total Investments	10,564.21
Reconciliation of Investments per Exhibits – Business – Type Activities	
Proprietary Funds Current Assets Short-term Investments	1.00
Proprietary Funds Current Assets Restricted Short-term Investments	10,563.21
Add: Certificates of Deposit disclosed as deposits but reported as Current Short-term Investments	7,512,529.00
Add: Certificates of Deposit disclosed as deposits but reported as Current Restricted Short-term Investments	4,638,124.47
Add: Certificates of Deposit disclosed as deposits but reported as Non-Current Restricted Short-term Investments	458,909.34
Investments per Exhibits	12,620,127.02

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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, 2013, the following changes occurred in liabilities.

Business-Type Activities	Balance 09-01-12	Additions	Reductions	Other Changes	Balance 08-31-13	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	5,298,356.71	3,851,521.65	3,941,172.81	0.00	5,208,705.55	583,895.85	4,624,809.70
General Obligation Bonds Payable	5,295,000.00	0.00	1,695,000.00	0.00	3,600,000.00	1,760,000.00	1,840,000.00
Revenue Bonds Payable	65,067,169.57	0.00	2,481,428.57	(97,791.50)	62,487,949.50	2,679,220.07	59,808,729.43
Capital Lease Obligations	4,653,264.36	189,437.73	588,208.38	0.00	4,254,493.71	618,998.28	3,635,495.43
Total Business-Type Activities	80,313,790.64	4,040,959.38	8,705,809.76	(97,791.50)	75,551,148.76	5,642,114.20	69,909,034.56

Claims and Judgments

TSTC has no claims or judgments.

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, 2013, the accrued liability totaled \$5,208,705.55.

The College made lump sum payments totaling \$606,025.10 for accrued vacation and/or compensatory time to employees who separated from state service during fiscal year ending August 31, 2013.

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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.

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, and Schedule 2D, Analysis of Funds Available for Debt Service.

General information related to bonds payable is summarized below:

Business – Type Activities

General Obligation Bonds

Constitutional Appropriation Bonds, Series 2005

- ☐ To construct buildings or other permanent improvements, and for major repair and rehabilitation of buildings or other permanent improvements, all at the TSTC System's campuses located in the cities of Harlingen, Marshall, Sweetwater and Waco, Texas, and to pay costs of issuance of the bonds.
- ☐ Issued 11-16-2005
- ☐ \$15,695,000.00, 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

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- ☐ 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
- ☐ \$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

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- ☐ Source of revenues for debt service- all legally available non-General Revenue Funds of the System.

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)		91,215,060.88	
Term of Commitment Year Ending 08/31 (2)		2036	
Percentage of Revenue Pledged (3)		100.0%	
Current Year Pledged Revenue		53,868,081.93	
Current Year Principal and Interest Paid		5,292,870.55	

Pledged revenue sources: Business-type activities – tuition and fees, auxiliary enterprises, sales and services of educational activities, interest and investment income, and appropriations for tuition revenue bonds.

(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 Schedule 2D.

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	1,320,992.25

TSTC has no non-cancelable operating leases having an initial term in excess of one year.

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, 2013 is as follows:

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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	7,282,334.58	(1,725,155.48)	5,557,179.10
Furniture and Equipment	185,863.73	(3,976.92)	181,886.81
Totals	7,478,960.81	(1,729,132.40)	5,749,828.41

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
2014	618,998.28	162,187.80	781,186.08
2015	644,844.98	136,341.10	781,186.08
2016	543,634.23	110,863.62	654,497.85
2017	420,673.06	92,103.26	512,776.32
2018	434,825.78	74,515.09	509,340.87
2019– 2023	1,569,620.06	147,018.45	1,716,638.51
2024 – 2028	21,897.32	78.67	21,975.99
Total Minimum Lease Payments	4,254,493.71	723,107.99	4,977,601.70

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, 2013 are:

		<u>Year ended August 31, 2013</u>
Member Contributions		1,352,868.37
Employer Contributions		1,408,886.89
Total		<u>2,761,755.26</u>

Note 10: Deferred Compensation

Not Applicable.

Note 11: Post Employment Health Care and Life Insurance Benefits

Not Applicable

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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 Schedule 1A – *Schedule of Expenditures of Federal Awards*, and Schedule 1B – *Schedule of State Grant Pass Throughs From/To State Agencies*
- 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, 2013 follows:

<i>Current Portion</i>	Current Interfund Receivable	Current Interfund Payable	Purpose
GENERAL(01) (Agency 907, D23 Fund 2370)	0.00	819,584.72	See Below
Total Current Interfund Receivable/Payable	0.00	819,584.72	

<i>Non-Current Portion</i>	Non-Current Interfund Receivable	Non-Current Interfund Payable	Purpose
GENERAL(01) (Agency 907, D23 Fund 2370)	0.00	6,818,862.29	See Below
Total Non-Current Interfund Receivable/Payable	0.00	6,818,862.29	

	Due From Other Agencies	Due to Other Agencies	Source
GENERAL (01)			
State Pass Throughs			
(Agency 320, D23 Fund 0001)	36,762.95		State Pass Through
(Agency 300, D23 Fund 5124)	41,813.24		State Pass Through
Federal Pass Throughs			
(Agency 320, D23 Fund 5026)	23,050.90		Federal Pass Through
(Agency 732, D23 Fund 7999)	49,543.44		Federal Pass Through
(Agency 781, D23 Fund 0001)	679,955.57		Federal Pass Through
(Agency 306, D23 Fund 0118)	4,965.45		Federal Pass Through
Total Due From/To Other Agencies	836,091.55		

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.

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The Interfund Payable is the principal amount owed to the State Energy Conservation Office at August 31, 2013, for energy retrofit projects financed through the LoanStar Loan Program.

Note 13: Continuance Subject to Review

Not Applicable

Note 14: Adjustments to Net Position

During fiscal year 2013, the correction of errors in the financial statements of a prior period required the restatement of the amounts in net position as shown.

Business Type Activities
Proprietary Funds

Net Position August 31, 2012	\$126,160,096.32
Restatements:	
Correction of Prior Year Capital Asset Balance	<u>(\$92,273.29)</u>
Net Position September 1, 2012 as Restated	<u>\$126,067,823.03</u>

Note 15: Contingencies and Commitments

At August 31, 2013, six 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, and director's & officer's liability insurance. TSTC is not involved in any risk pools with other government entities.

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 2012 and 2013 were:

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2013

	Beginning Balance	Increases	Decreases	Ending Balance
2012	0.00	0.00	0.00	0.00
2013	0.00	0.00	0.00	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 \$824,905.00 during the year ended August 31, 2013. 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, 2013.

Note 19: The Financial Reporting Entity

Not Applicable.

Note 20: Stewardship, Compliance and Accountability

No material issues were noted.

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	0.00	

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, 2013, the College had \$568,950.68 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.

Note 23: Extraordinary and Special Items

Not Applicable

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2013

Note 24: Disaggregation of Receivable and Payable Balances

Not Applicable.

Note 25: Termination Benefits

Not Applicable.

Note 26: Segment Information

Not Applicable.

Note 27: Service Concession Arrangements

Not Applicable.

Note 28: Troubled Debt Restructuring

Not Applicable.

Note 29: Deferred Outflows and Deferred Inflows of Resources

Not Applicable.

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Agency 719 - Texas State Technical College System
Schedule 1A
For the Fiscal Year Ended August 31, 2013

Certified

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name/ Identifying Number	Agy/ Univ No	Pass-through From		Direct Program Amount	Total PT From and Direct Prog. Amount	Pass-through To		Expenditures Amount	Total PT To and Expenditures Amount	
				Agencies or Universities Amount	Non-State Entities Amount			Agy/ Univ No.	Agencies or Universities Amount			Non- State Entities Amount
U.S. Department of Agriculture												
Direct Programs:												
Hispanic Serving Institutions Education Grants	10.223					-41,899.35	-41,899.35			-41,899.35	-41,899.35	
Pass-Through From:												
Hispanic Serving Institutions Education Grants	10.223						132,748.94			132,748.94	132,748.94	
Pass-Through From:												
Texas A&M University - Kingsville			732	132,748.94								
Totals - U.S. Department of Agriculture				132,748.94	0.00	-41,899.35	90,849.59		0.00	0.00	90,849.59	90,849.59
U.S. Department of Labor												
Incentive Grants - WIA Section 503	17.267						14,411.61			14,411.61	14,411.61	
Pass-Through From:												
Texas Workforce Commission			320	14,411.61								
Totals - U.S. Department of Labor				14,411.61	0.00	0.00	14,411.61		0.00	0.00	14,411.61	14,411.61
National Endowment For The Humanities												
Grants to States	45.310						10,000.00			10,000.00	10,000.00	
Pass-Through From:												
Texas State Library and Archives Commission			306	10,000.00								
Totals - National Endowment For The Humanities				10,000.00	0.00	0.00	10,000.00		0.00	0.00	10,000.00	10,000.00
National Science Foundation												
Education and Human Resources	47.076	Missouri Univweairy/ 11052-017			74,180.51		74,180.51			74,180.51	74,180.51	
Direct Programs:												
Education and Human Resources	47.076					132,478.36	132,478.36			132,478.36	132,478.36	

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Totals - National Science Foundation			0.00	74,180.51	132,478.36	206,658.87	0.00	0.00	206,658.87	206,658.87
Nuclear Regulatory Commission										
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008				48,830.88	48,830.88			48,830.88	48,830.88
Totals - Nuclear Regulatory Commission			0.00	0.00	48,830.88	48,830.88	0.00	0.00	48,830.88	48,830.88
U.S. Department of Energy										
ARRA - State Energy Program	81.041				-854,690.45	-854,690.45			-854,690.45	-854,690.45
ARRA - Conservation Research and Development	81.086				4,310,798.47	4,310,798.47	3,994,790.73		316,007.74	4,310,798.47
Renewable Energy Research and Development	81.087				816.23	816.23			816.23	816.23
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122				77,123.93	77,123.93			77,123.93	77,123.93
<u>Pass-Through From:</u>										
ARRA - State Energy Program	81.041					846,382.48			846,382.48	846,382.48
<u>Pass-Through From:</u>										
Comptroller - State Energy Conservation Office		907		846,382.48						
Totals - U.S. Department of Energy			846,382.48	0.00	3,534,048.18	4,380,430.66	0.00	3,994,790.73	385,639.93	4,380,430.66
U.S. Department of Education										
Twenty-First Century Community Learning Centers	84.287	La Vega ISD/ 161906		20,298.94		20,298.94			20,298.94	20,298.94
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	Baylor University/ P334A060157		58,460.24		58,460.24			58,460.24	58,460.24
<u>Direct Programs:</u>										
Higher Education_Institutional Aid	84.031				173,296.87	173,296.87			173,296.87	173,296.87
Career and Technical Education - Basic Grants to States	84.048				29,330.70	29,330.70			29,330.70	29,330.70
Migrant Education_High School Equivalency Program	84.141				454,650.41	454,650.41			454,650.41	454,650.41
Migrant Education_College Assistance Migrant Program	84.149				390,804.84	390,804.84			390,804.84	390,804.84
Tech-Prep Education	84.243				315.89	315.89			315.89	315.89
<u>Pass-Through From:</u>										
Career and Technical Education - Basic Grants to States	84.048					2,269,009.40			2,269,009.40	2,269,009.40
<u>Pass-Through From:</u>										
Texas Higher Education Coordinating Board			781	2,269,009.40						
Tech-Prep Education	84.243					-315.89			-315.89	-315.89
<u>Pass-Through From:</u>										
Texas Higher Education Coordinating Board			781	-315.89						

Pass-Through From:

Texas Higher Education Coordinating Board

781 157,961.17

Totals - U.S. Department of Education

2,426,654.68 78,759.18 1,048,398.71 3,553,812.57

0.00 0.00 3,553,812.57 3,553,812.57

Employment Service Cluster

U.S. Department of Labor

Pass-Through From:

Employment Service/Wagner-Peyser Funded Activities

17.207

61,408.20

61,408.20

61,408.20

Pass-Through From:

Texas Workforce Commission

320 61,408.20

Totals - U.S. Department of Labor

61,408.20 0.00 0.00 61,408.20

0.00 0.00 61,408.20 61,408.20

Student Financial Assistance Cluster

U.S. Department of Education

Direct Programs:

Federal Supplemental Educational Opportunity Grants

84.007

507,143.04 507,143.04

507,143.04 507,143.04

Federal Work-Study Program

84.033

565,674.31 565,674.31

565,674.31 565,674.31

Federal Pell Grant Program

84.063

28,032,467.85 28,032,467.85

28,032,467.85 28,032,467.85

Federal Direct Student Loans

84.268

27,578,597.00 27,578,597.00

27,578,597.00 27,578,597.00

Totals - U.S. Department of Education

0.00 0.00 56,683,882.20 56,683,882.20

0.00 0.00 56,683,882.20 56,683,882.20

TANF Cluster

U.S. Department of Health and Human Services

Pass-Through From:

Temporary Assistance for Needy Families

93.558

36,990.03

36,990.03

36,990.03

Pass-Through From:

Texas Workforce Commission

320 36,990.03

Totals - U.S. Department of Health and Human Services

36,990.03 0.00 0.00 36,990.03

0.00 0.00 36,990.03 36,990.03

TRIO Cluster

U.S. Department of Education

Direct Programs:

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Direct Programs:

TRIO_Talent Search	84.044			214,430.98	214,430.98			214,430.98	214,430.98
TRIO_Upward Bound	84.047			264,055.50	264,055.50			264,055.50	264,055.50
Totals - U.S. Department of Education		0.00	0.00	478,486.48	478,486.48	0.00	0.00	478,486.48	478,486.48

WIA Cluster

U.S. Department of Labor

Pass-Through From:

WIA Dislocated Worker Formula Grants	17.278				17,297.70			17,297.70	17,297.70
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Pass-Through From:

Texas Workforce Commission		320	17,297.70						
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Totals - U.S. Department of Labor		17,297.70	0.00	0.00	17,297.70	0.00	0.00	17,297.70	17,297.70
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Total Expenditures of Federal Awards		3,545,893.64	152,939.69	61,884,225.46	65,583,058.79	0.00	3,994,790.73	61,588,268.06	65,583,058.79
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TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Schedule 1A
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2013

Note 1: Non-Monetary Assistance
Not Applicable

Note 2: Reconciliation:

Federal Revenues -		
Federal Grants and Contracts Operating	\$	5,918,957.26
Federal Grants and Contracts Non-operating		28,539,610.89
Total Federal Revenue		<u>34,458,568.15</u>
Federal Pass-Through Revenue from Other State Agencies -		
Federal Pass-Through Revenue Operating		3,545,893.64
Federal Pass-Through Revenue Non-operating		0.00
Total Federal Pass-Through Revenue from Other State Agencies		<u>3,545,893.64</u>
TOTAL Federal Revenue and Federal Pass-Through Revenue		<u>38,004,461.79</u>
Reconciling Items:		
ADD:		
Non-monetary Assistance		0.00
Federal Direct Student Loans	84.268	27,578,597.00
TOTAL Reconciling Items		<u>27,578,597.00</u>
Total Pass-Through and Expenditures per Federal Schedule		<u>\$ 65,583,058.79</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	\$ 27,578,597.00	0	\$ 27,578,597.00	0.00
Total	<u>\$ 27,578,597.00</u>	<u>0</u>	<u>\$ 27,578,597.00</u>	

Note 3b: Federally Funded Loans Process and Administrative Cost Reversed
Not Applicable

Note 4: Depository Libraries for Government Publications
Not Applicable

Note 5: Unemployment Insurance Funds
Not Applicable

Note 6: Rebate from the Special Supplemental Food Program for Women, Infant and Children (WIC)
Not Applicable

Note 7: Federal Deferred Revenue	Fed. Deferred Rev. Sept. 1, 2012	Increase / (Decrease)	Fed. Deferred Rev. Aug. 31, 2013
CFDA 81.087	\$816.23	(\$816.23)	\$0.00

Note 8: Supplemental Nutrition Assistance Program (SNAP)
Not Applicable

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Texas State Technical College
 (Agency 719)
 Schedule 1B Schedule of State Grant Pass Throughs From/To State Agencies
 For the Fiscal Year Ended August 31, 2013

Pass Through From:

<u>Grant Title</u>	<u>Grant ID</u>	<u>Agency</u>	<u>Agency Number</u>	<u>Amount</u>
Defense Economic Adjustment Assistance Grants	300.0002	Governor's Office	300	\$ 217,077.00
Emerging Technology	300.0006	Governor's Office	300	\$ 148,090.04
Apprenticeship	320.0001	Texas Workforce Commission	320	20,430.30
Skills Development	320.0003	Texas Workforce Commission	320	410,406.80
Nuclear Power Institute-TSTC	712.0002	Texas A&M Engineering Experimental Stat.	712	19,336.41
TEXAS Grant Program	781.0008	Texas Higher Education Coordinating Board	781	1,419,700.00
Texas Education Opportunity Grant Program	781.0015	Texas Higher Education Coordinating Board	781	826,775.00
College Work Study Program	781.0023	Texas Higher Education Coordinating Board	781	74,631.33
College Readiness Initiative	781.0026	Texas Higher Education Coordinating Board	781	10,000.00
Top 10% Scholarships	781.0028	Texas Higher Education Coordinating Board	781	38,000.00
Work Study Mentorship Program	781.0029	Texas Higher Education Coordinating Board	781	199,291.74
ABE Community College Grants	781.0031	Texas Higher Education Coordinating Board	781	285,102.33
Developmental Education Program	781.0040	Texas Higher Education Coordinating Board	781	348,750.00
T-Stem Scholarship Program	781.0052	Texas Higher Education Coordinating Board	781	993,800.00
CCA-DE Math	781.0053	Texas Higher Education Coordinating Board	781	20,025.00
State Energy Plan (SEP)	907.0001	Comptroller-State Energy Conservation Office	907	60,661.34

Total Pass Through From Other Agencies

\$ 5,092,077.29

(Statement of Revenue, Expenses, and Changes in Net Position)

Pass Through To:

0.00

Total Pass Through To Other Agencies

\$ -

(Statement of Revenue, Expenses, and Changes in Net Position)

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TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Schedule 2A - Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2013

Business-Type Activities

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Terms of Variable Interest Rates	Scheduled Maturities		First Call Date
					First Year	Last Year	
General Obligation Bonds							
Constitutional Appropriation Bonds Series 2005	\$ 15,695,000.00	4.0000%	4.5000%		2006	2015	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	<u>5,160,000.00</u>	3.0000%	4.0000%		2012	2031	08/01/2021
Total	<u>\$ 82,550,000.00</u>						

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TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Schedule 2B - Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2013

Business-Type Activities

Description of Issue	Bonds Outstanding 09/01/2012	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/2013
General Obligation Bonds					
Constitutional Appropriation Bonds, Series 2005	\$ 5,295,000.00	\$	\$ 1,695,000.00	\$	\$ 3,600,000.00
Revenue Bonds					
Revenue Financing System Bonds, Series 2008	2,395,000.00		165,000.00		2,230,000.00
Revenue Financing System Bonds, Taxable Series 2008A	714,285.72		71,428.57		642,857.15
Revenue Financing System Bonds, Series 2009	29,500,000.00		1,100,000.00		28,400,000.00
Revenue Financing System Improvement and Refunding Bonds, Series 2011	26,015,000.00		950,000.00		25,065,000.00
Revenue Financing System Bonds, Series 2011A	5,010,000.00		195,000.00		4,815,000.00
Total	\$ <u>68,929,285.72</u>	\$	\$ <u>4,176,428.57</u>	\$	\$ <u>64,752,857.15</u>

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TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
 Schedule 2B - Changes in Bonded Indebtedness
 For the Fiscal Year Ended August 31, 2013

Business-Type Activities

Description of Issue	Unamortized Premium	Unamortized Discount	Unamortized Gain/(Loss) on Refunding	Net Bonds Outstanding 08/31/2013	Amounts Due Within One Year
General Obligation Bonds					
Constitutional Appropriation Bonds, Series 2005	\$	\$	\$	\$ 3,600,000.00	\$ 1,760,000.00
Revenue Bonds					
Revenue Financing System Bonds, Series 2008				2,230,000.00	175,000.00
Revenue Financing System Bonds, Taxable Series 2008A				642,857.15	71,428.57
Revenue Financing System Bonds, Series 2009				28,400,000.00	1,150,000.00
Revenue Financing System Improvement and Refunding Bonds, Series 2011	1,335,092.35			26,400,092.35	1,087,791.50
Revenue Financing System Bonds, Series 2011A				4,815,000.00	195,000.00
Total	\$ 1,335,092.35	\$	\$	\$ 66,087,949.50	\$ 4,439,220.07

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TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2013

Business-Type Activities

Description of Issue	Year	Principal	Interest
General Obligation Bonds			
Constitutional Appropriation Bonds			
Series 2005	2014	\$ 1,760,000.00	\$ 162,000.00
	2015	1,840,000.00	82,800.00
Total		<u>\$ 3,600,000.00</u>	<u>\$ 244,800.00</u>
Revenue Bonds			
Revenue Financing System Bonds			
Series 2008	2014	\$ 175,000.00	\$ 104,387.50
	2015	185,000.00	95,637.50
	2016	195,000.00	86,387.50
	2017	205,000.00	76,637.50
	2018	220,000.00	66,387.50
	2019-2023	1,250,000.00	172,987.50
Total		<u>\$ 2,230,000.00</u>	<u>\$ 602,425.00</u>
Revenue Financing System Bonds			
Taxable Series 2008A	2014	\$ 71,428.57	\$ 6,071.43
	2015	71,428.57	5,357.14
	2016	71,428.57	4,642.86
	2017	71,428.57	3,928.57
	2018	71,428.57	3,214.28
	2019-2022	285,714.30	5,714.29
Total		<u>\$ 642,857.15</u>	<u>\$ 28,928.57</u>
Revenue Financing System Bonds			
Series 2009	2014	\$ 1,150,000.00	\$ 1,225,050.00
	2015	1,200,000.00	1,190,550.00
	2016	1,255,000.00	1,142,550.00
	2017	1,310,000.00	1,092,350.00
	2018	1,370,000.00	1,039,950.00
	2019-2023	7,820,000.00	4,270,350.00
	2024-2028	9,755,000.00	2,508,031.26
	2029-2030	4,540,000.00	343,000.00
		<u>\$ 28,400,000.00</u>	<u>\$ 12,811,831.26</u>

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TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2013

Business-Type Activities

Description of Issue	Year	Principal	Interest
Revenue Bonds			
Revenue Financing System			
Improvement and Refunding Bonds			
Series 2011			
	2014	\$ 990,000.00	\$ 1,220,581.26
	2015	1,035,000.00	1,171,081.26
	2016	1,090,000.00	1,119,331.26
	2017	1,140,000.00	1,064,831.26
	2018	1,195,000.00	1,007,831.26
	2019-2023	6,150,000.00	4,081,656.30
	2024-2028	4,235,000.00	2,914,068.78
	2029-2033	5,340,000.00	1,799,750.00
	2034-2036	3,890,000.00	395,250.00
		<u>\$ 25,065,000.00</u>	<u>\$ 14,774,381.38</u>
Revenue Financing System Bonds			
Series 2011A			
	2014	\$ 195,000.00	\$ 167,587.50
	2015	200,000.00	159,787.50
	2016	205,000.00	153,787.50
	2017	215,000.00	147,637.50
	2018	220,000.00	141,187.50
	2019-2023	1,225,000.00	602,437.50
	2024-2028	1,490,000.00	385,812.52
	2029-2031	1,065,000.00	86,400.00
		<u>\$ 4,815,000.00</u>	<u>\$ 1,844,637.52</u>

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TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Schedule 2D - Analysis of Funds Available for Debt Service
For the Fiscal Year Ended August 31, 2013

Business-Type Activities

Description of Issue	Application of Funds	
	Principal	Interest
General Obligation Bonds		
Constitutional Appropriation Bonds		
Series 2005	\$ 1,695,000.00	\$ 229,800.00
Total	<u>\$ 1,695,000.00</u>	<u>\$ 229,800.00</u>

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2013			
	Net Available for Debt Service			
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Debt Service	
			Principal	Interest
Revenue Bonds				
Revenue Financing System				
Bonds, Series 2008	\$ 53,868,081.93	\$ (A)	\$ 165,000.00	\$ 112,637.50
Revenue Financing System				
Bonds, Taxable Series 2008A	(B)	(B)	71,428.57	6,785.72
Revenue Financing System				
Bonds, Series 2009	(B)	(B)	1,100,000.00	1,258,050.00
Revenue Financing System				
Improvement and Refunding				
Bonds, Series 2011	(B)	(B)	950,000.00	1,258,581.26
Revenue Financing System				
Bonds, Series 2011A	(B)	(B)	195,000.00	175,387.50
Total	<u>\$ 53,868,081.93</u>	<u>\$ 0.00</u>	<u>\$ 2,481,428.57</u>	<u>\$ 2,811,441.98</u>

(A) Expenditures associated with pledged sources were approximately \$48,297,409.20. (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, and Revenue Financing System Bonds, Series 2011A, were issued as parity obligations with the Revenue Financing System Bonds, Series 2008. As such, the Taxable Series 2008A, Series 2009, Series 2011, and Series 2011A 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.

UNAUDITED

TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
 Schedule 3
 Reconciliation of Cash in State Treasury
August 31, 2013

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Local Revenue Fund 0237	\$ 19,616,051.22	\$	\$ 19,616,051.22
Departmental Suspense Fund Fund 0900			
Total Cash in State Treasury (Stmnt of Net Position)	\$ <u>19,616,051.22</u>	\$ <u></u>	\$ <u>19,616,051.22</u>