

Stephen F. Austin State University

Unaudited Financial Report
For the Year Ended
August 31, 2008

TABLE OF CONTENTS

	Page
Letter to Oversight Agencies	1
Letter of Transmittal	2
Organizational Data	3
Management's Discussion and Analysis	4
Statement of Net Assets	11
Statement of Revenues, Expenses, and Changes in Net Assets	15
Matrix of Operating Expenses by Function	17
Statement of Cash Flows	19
Notes to the Financial Statements	22
SCHEDULES:	
1-A Schedule of Expenditures of Federal Awards.....	39
1-B State Grant Pass-Through From/To State Agency	46
2-A Miscellaneous Bond Information	48
2-B Changes in Bonded Indebtedness	49
2-C Debt Service Requirement	51
2-D Analysis of Funds Available for Debt Service-General Obligation Bonds.....	53
2-D Analysis of Funds Available for Debt Service-Revenue Bonds	54
2-E Defeased Bonds Outstanding	55
2-F Current Year Early Extinguishment and Refunding	56
3 Reconciliation of Cash in State Treasury	57



STEPHEN F. AUSTIN STATE UNIVERSITY

Office of the President

P.O. Box 6078, SFA Station • Nacogdoches, Texas 75962-6078
Phone (936) 468-2201 • Fax (936) 468-2202

November 20, 2008

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

Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of Stephen F. Austin State University for the year ended August 31, 2008, in compliance with Texas Government Code Annotated, Section 2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all 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.

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

Sincerely,

Baker Pattillo
President



STEPHEN F. AUSTIN STATE UNIVERSITY

Office of the Controller

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

November 20, 2008

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

Dear Dr. Pattillo:

Submitted herein is the Annual Financial Report of Stephen F. Austin State University for the fiscal year ended August 31, 2008.

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

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

If you have any questions, please contact me at (936) 468-2112.

Sincerely,

Dora Fuselier, C.P.A.
Controller

Approved:

Danny Gallant
Vice President for Finance and Administration

**STEPHEN F. AUSTIN STATE UNIVERSITY
ORGANIZATIONAL DATA
August 31, 2008**

Board of Regents

Officers

Joe Max Green, Chair
James A. Thompson, Vice-Chair
Melvin R. White, Secretary

Members

Name	Town	Term Expires January 31,
Valerie E. Ertz	Dallas, Texas	2009
Joe Max Green	Nacogdoches, Texas	2009
Paul G. Pond	Dallas, Texas	2009
Richard B. Boyer	The Colony, Texas	2011
James A. Thompson	Sugar Land, Texas	2011
Melvin R. White	Pflugerville, Texas	2011
Carlos Z. Amaral	Plano, Texas	2013
James H. Dickerson	New Braunfels, Texas	2013
John R. Garrett	Tyler, Texas	2013
Lacy A. Claver (student)	Nacogdoches, Texas	2009

President

Baker Pattillo, Ed.D

Finance and Administration

Vice President – Danny Gallant
Controller - Dora Fuselier, C.P.A.
Assistant Controller – Dannette Sales, C.P.A.

STEPHEN F. AUSTIN STATE UNIVERSITY

Management's Discussion and Analysis

Unaudited

For the Year Ended August 31, 2008

INTRODUCTION

Stephen F. Austin State University (the University) is a comprehensive regional public institution of higher education and an agency of the State of Texas. Named for the "Father of Texas", the University was founded in 1921. It is located in Nacogdoches in the Pineywoods area of East Texas. The University enrolls nearly 12,000 students in 6 colleges and 35 academic units and awards degrees at the bachelor's, master's and doctoral levels. The main campus includes 406 acres, part of the original homestead of Thomas J. Rusk, early Texas patriot and United States Senator.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

Stephen F. Austin State University presents in this discussion and analysis the Financial Statements for fiscal year 2008 with comparative information for 2007. This discussion, prepared by management, will focus on the University's current year data, trends in data, and overview of the financial activities for the year. It should be read in conjunction with the accompanying Financial Statements and Notes, which offer various financial definitions and accounting information.

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

FINANCIAL HIGHLIGHTS

- Tuition revenue bonds were issued for \$20.175 million for an Early Childhood Research Center in March 2008.
- Construction expenditures for new and renovated facilities totaled approximately \$16.3 million.
- An application for a University Charter School was approved by the Texas Education Agency.
- A comprehensive multi-year project to upgrade the finance, student, financial aid and human resources computer software system began in February 2008.

CONDENSED FINANCIAL INFORMATION AND FINANCIAL HIGHLIGHTS

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the University at a specific point in time, in this case August 31, 2008. Net assets are the difference between total assets and total liabilities and represent the residual interest in the University's assets after liabilities are deducted. "Net Assets" are presented in three major categories: Invested in Capital Assets, Net of Related Debt; Restricted Net assets; and Unrestricted Net Assets. The Invested in Capital Assets, Net of Related Debt category identifies the equity in property, plant and equipment owned by the University. Restricted net assets are either expendable or non-expendable. Expendable restricted net assets may be expended only for the purposes designated by the external donor or provider of the assets. Non-Expendable net assets are

comprised entirely of funds held as permanent endowments. Unrestricted net assets are available for any lawful purpose of the University. Although unrestricted net assets are not subject to externally imposed stipulations, these assets may have other commitments for various future uses in support of the University's mission. These include commitments for encumbrances outstanding at year end. Also, recognized in unrestricted net assets are unspent Higher Education Funds (HEF), which have restrictions imposed by the State of Texas. Assets and liabilities are generally measured using current values, except capital assets, which are stated at historical cost less an allowance for depreciation.

The Statement of Net Assets presents a snapshot view of assets available for use in the University's continuing operations and enables readers to determine the amounts owed to others. Over time, increases or decreases in net assets are indicators of the improvement or decline of the financial health of the University.

A summarized comparison of the University's Statement of Net Assets at August 31, 2008 and 2007 follows:

Statement of Net Assets		
	2008	2007
		(as restated)
Assets		
Current Assets	\$115,613,208.72	\$103,054,862.97
Non-Current Assets		
Other Non-Current Assets	40,466,523.46	38,689,506.06
Capital Assets, Net of Depreciation	<u>176,191,173.84</u>	<u>167,299,079.67</u>
Total Assets	<u>332,270,906.02</u>	<u>309,043,448.70</u>
Liabilities		
Current Liabilities	82,984,550.77	77,677,069.27
Non-Current Liabilities	<u>131,616,137.07</u>	<u>118,982,174.64</u>
Total Liabilities	<u>214,600,687.84</u>	<u>196,659,243.91</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	51,007,200.01	47,963,435.32
Restricted		
Expendable	19,169,309.22	19,451,117.01
Non-Expendable	6,434,474.01	6,297,795.55
Unrestricted	<u>41,059,234.94</u>	<u>38,671,856.91</u>
Total Net Assets	<u>\$117,670,218.18</u>	<u>\$112,384,204.79</u>

In fiscal year 2008, total assets of the University increased approximately \$23.2 million from the previous fiscal year. Current assets increased approximately \$12.6 million. This change is primarily attributed to the influx of cash from the proceeds of the \$20.175 million bond sale offset by expenditures related to the bond financed project of approximately \$9.6 million. Capital assets, net of depreciation increased approximately \$8.9 million. This is attributed to capital outlay expenditures, including new construction projects, of \$19 million offset by depreciation expenditures of \$9.9 million. Other non-current assets increases of \$1.8 million were primarily attributed to increased student loans receivables and student accounts receivables, net of the allowances for doubtful accounts.

Total liabilities increased by approximately \$18 million. Current liabilities increased by approximately \$5.3 million. This change is attributed to the increase in deferred revenues related to tuition and fees and room and board rate increases and increased enrollment for fall 2008. These charges to students prior to year end

are not recognized as fiscal year 2007-2008 revenues but are instead recognized as deferred revenues. The increase of approximately \$12.6 million in non-current liabilities is attributed primarily to the net change in bonds payable, which includes the \$20.175 million bond proceeds offset by current year principal payments of \$7.1 million.

Net assets, invested in capital assets, net of related debt increased approximately \$3 million. As discussed above, this is attributed to capital outlay expenditures of approximately \$19 million offset by both expensed depreciation and net changes in bonds payable.

Statement of Revenues, Expenses, and Changes in Net Assets

Changes in total net assets are based on the activity shown on the Statement of Revenues, Expenses, and Changes in Net Assets. This statement presents operating revenues and expenses, non-operating revenues and expenses, and other gains and losses.

Operating revenues are revenues received for providing goods and services to the various constituencies of the University. Operating expenses are expenses paid to acquire goods and services provided in return for operating revenues to carry out the mission of the University. Non-operating revenues are those for which no goods or services have been provided. This category includes state legislative revenue and other appropriations.

A summarized comparison of the University's Statement of Revenues, Expenses, and Changes in Net Assets at August 31, 2008 and 2007 follows:

Statement of Revenues, Expenses, and Changes in Net Assets

	<u>2008</u>	<u>2007</u>
Operating Revenues:		
Net Student Tuition and Fees	\$ 57,283,473.97	\$ 48,426,477.78
Net Auxiliary Enterprise Revenues	26,523,065.92	24,659,762.37
Grants and Contracts	26,532,117.00	24,325,322.26
Other Operating Revenues	<u>5,650,830.25</u>	<u>5,184,261.74</u>
Total Operating Revenues	115,989,487.14	102,595,824.15
Total Operating Expenses	<u>170,907,876.31</u>	<u>160,686,655.96</u>
Operating Income (Loss)	<u>(54,918,389.17)</u>	<u>(58,090,831.81)</u>
Non-Operating Revenues (Expenses):		
Legislative Revenue (State)	43,677,367.00	40,045,552.50
Additional Appropriations	10,756,380.31	9,824,597.22
Gifts	2,467,781.75	2,247,463.40
Net Investment Income (Loss)	2,534,013.79	3,061,716.91
Net Increase (Decrease) in Fair Value of Investments	(171,139.60)	167,467.21
Interest Expenses and Fiscal Charges	(5,216,737.93)	(3,487,419.12)
Net Other Non-Operating Revenues (Expenses)	<u>(127,838.09)</u>	<u>247,551.97</u>
Total Non-Operating Revenues (Expenses)	<u>53,919,827.23</u>	<u>52,106,930.09</u>
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	(998,561.94)	(5,983,901.72)
Other Revenues, Expenses, Gains (Losses) and Transfers	<u>6,284,575.33</u>	<u>6,460,080.20</u>

Change in Net Assets	<u>5,286,013.39</u>	<u>476,178.48</u>
Net Assets, Beginning of Year	113,091,719.44	112,615,540.96
Restatements	<u>(707,514.65)</u>	
Restated Net Assets, Beginning of Year	<u>112,384,204.79</u>	<u>112,615,540.96</u>
Net Assets, End of Year	<u><u>\$117,670,218.18</u></u>	<u><u>\$113,091,719.44</u></u>

Some of the fiscal year 2008 highlights presented in the Statement of Revenues, Expenses, and Changes in Net Assets are as follows:

- Net student tuition and fees increased by approximately \$8.9 million in 2008. This is due to increased tuition and fees of \$32 per semester credit hour.
- Net auxiliary enterprise revenues increased approximately \$1.9 million. This is attributed to increased room and board charges and the increased demand because of the new housing facilities.
- Grants and Contracts income increased by \$2.2 million. This is primarily attributed to an increase in Pell grants revenue of \$1 million and increased revenue for the University's Columbia Regional Geospatial Service Center.
- Legislative Revenue increased by \$3.6 million. This is primarily attributed to the additional appropriations available for payments of Tuition Revenue Bonds of \$3.2 million. \$550,000 associated with the special tuition revenue bond appropriation is included in both legislative appropriations as revenue and lapsed appropriations as an expense.
- Interest expenses and fiscal charges increased approximately \$1.7 million. While the amounts paid for bond interest did not change significantly from that paid in 2007, the difference is related to the amounts capitalized in 2007 since interest paid in that year for bonds issued to finance the recreation and student centers was included as capitalized interest.

The following data summarizes the operating expenses in the natural classification expense categories for the fiscal years ended August 31, 2008 and 2007:

Operating Expenses:	<u>2008</u>	<u>2007</u>
Cost of Goods Sold	\$7,793,097.40	\$6,570,531.92
Salaries and Wages	75,959,932.65	70,782,231.07
Payroll Related Costs	19,572,226.46	18,445,775.37
Professional Fees and Services	1,624,462.25	1,477,896.43
Travel	2,278,772.90	2,026,919.96
Materials and Supplies	15,038,190.40	17,184,358.00
Communications and Utilities	11,788,437.97	11,475,014.90
Repairs and Maintenance	3,895,941.33	3,114,488.84
Rentals and Leases	2,110,335.99	1,682,376.41
Printing and Reproduction	698,274.37	662,365.70
Federal and State Pass-Through Expenses	1,056,689.99	727,341.29
Depreciation	9,939,710.39	7,715,953.32
Bad Debt Expense	317,074.39	212,877.49
Scholarships	13,152,370.79	13,125,624.35
Other Operating Expenses	<u>5,682,359.03</u>	<u>5,482,900.91</u>
Total Operating Expenses	<u><u>\$170,907,876.31</u></u>	<u><u>\$160,686,655.96</u></u>

Some of the 2008 fiscal year highlights presented in the Operating Expenses are:

- Cost of Goods Sold increased approximately \$1.2 million. This is attributed to increased food costs for meals served to students.
- Salaries and benefits increased by approximately \$6.4 million. This increase is due to 3% merit pool raises and equity adjustments given to employees.
- Materials and supplies decreased approximately \$2.1 million. In 2007, this category included purchases of furniture and equipment related to both the new Baker Pattillo Student Center and the Student Recreation Center that did not meet capitalization thresholds. While new construction costs were incurred in 2008 associated with the Early Childhood Research Center, the project had not progressed to the stage of completion where costs are incurred associated with furniture and equipment purchases.
- Depreciation increased approximately \$2.2 million. This is attributed to completion of the Baker Pattillo Student Center and the Student Recreation Center, which were moved from the non-depreciable category of construction in progress to depreciable capital assets.

Statement of Cash Flows

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

1. Cash Flows From Operating Activities – the net cash used by operating activities
2. Cash Flows From Non-Capital Financing Activities – the net cash received and spent for non-operating, non-capital financing and non-investing purposes
3. Cash Flows from Capital and Related Financing Activities – the net cash from capital and related financing activities that is used to acquire, construct or improve capital assets
4. Cash Flows from Investing Activities – the net cash from the acquisition and disposition of debt or equity instruments

The sum of the net cash provided (used) by these four activity types is the Increase (Decrease) in Cash and Cash Equivalents.

The final section of the Statement of Cash Flows reconciles the Net Cash Provided (Used) by Operating Activities to the Operating Income (Loss) reflected on the Statement of Revenues, Expenses, and Changes in Net Assets. A summarized comparison of the Statement of Cash Flows at August 31, 2008 and 2007 follows:

Statement of Cash Flows

	<u>2008</u>	<u>2007</u>
Net Cash Provided (Used) by:		
Operating Activities	\$(44,148,037.15)	\$(45,392,669.46)
Non-Capital Financing Activities	58,538,156.92	56,210,426.77
Capital and Related Financing Activities	(3,482,477.66)	(31,355,738.83)
Investing Activities	(8,331,429.66)	4,796,139.27
Increase (Decrease) in Cash and Cash Equivalents	2,576,212.45	(15,741,842.25)
Cash and Cash Equivalents, Beginning of Year	<u>67,639,266.16</u>	<u>83,381,108.41</u>
Cash and Cash Equivalents, End of Year	<u>\$ 70,215,478.61</u>	<u>\$ 67,639,266.16</u>

Net Cash Provided (Used) by Operating Activities should be viewed together with Net Cash Provided (Used) by Non-Capital Financing Activities. State appropriations are significant sources of recurring revenue in support of operating expenses, but under Governmental Accounting Standards Board (GASB) Statement No. 35, they must be classified as Non-Capital Financing Activities instead of Operating Activities.

While there was not a significant change in cash used for Operating Activities or Non-Capital Financing Activities, there was a change of approximately \$27.8 million in Capital and Related Financing Activities. The change in this category is primarily attributed to the proceeds from the 2008 bond sale of \$20.175 million for the Early Childhood Research Center. Also, a portion of this change can be attributed to the reduction in capital outlay expenditures of approximately \$10.3 million from that of 2007, since both the student and recreation centers were substantially completed in 2007. In addition, the state capital appropriations for Higher Education Funds (HEF) increased in 2008 by \$2.3 million.

The \$13.1 million change reported in cash used for investing activities is primarily attributed to the balance of the investment of the unspent 2008 bond proceeds offset by the use of the balance of the invested bond proceeds from the 2005 issue for completion of the Student Recreation Center.

CAPITAL ASSET AND DEBT ADMINISTRATION

The University continues to improve its campus through development and renewal of its facilities and other capital assets. Capital additions totaled approximately \$19 million in fiscal year 2008 and approximately \$29.3 million in fiscal year 2007.

In fiscal year 2007, the Texas Legislature approved tuition revenue bond funding for \$30.178 million for University educational projects previously authorized but not funded in the 2005 legislative session. These projects included funding for the Early Childhood Research Center and deferred maintenance projects. Tuition revenue bonds of \$20.175 million were issued in March 2008 partially to finance the Early Childhood Research Center. The University anticipates issuing the balance of the approved funding of \$10 million for the deferred maintenance projects in fiscal year 2009. Debt was structured to use approximately \$2.6 million of appropriations committed to this issue with the payment made in April 2008. The University was able to structure the first bond payment of the 2008 issue to use \$2.6 million of these appropriated amounts.

Credit ratings assigned to the bonds issued in March 2008 were Aaa from Moody's Corporation (unchanged from the previous issues) and AAA from Fitch Ratings. The outlook from Fitch Ratings was upgraded from negative to stable.

In addition, during 2007, the Texas Legislature authorized \$13 million of special tuition revenue bond funding for the University to construct the Richard and Lucille Dewitt School of Nursing facility on property donated by the family to the University. The gift was formally acknowledged by the University on June 20, 2007, but as a condition of the gift, the business remained on the property until October 1, 2008. Because of the timing of the business relocation and construction program requirements, bonds were not issued in fiscal year 2008. In 2008, \$550,000 of appropriations that could be used only for debt service for these bonds lapsed because the bonds were not issued prior to year end and no debt service expenses were incurred. The University anticipates issuing tuition revenue bonds for this project in fiscal year 2009.

In fiscal year 2005, the University hired an architect to design a multi-million dollar baseball and softball stadium complex. The project was re-evaluated in January 2008 based on donations received at that time, and the decision was made not to construct the stadium. Donors were given the option to have their donations applied to other University projects or have their money returned. Because amounts spent on the project of \$707,514 were previously capitalized, a restatement of the prior fund balance was made to adjust the net assets, invested in capital assets, net of related debt and the construction in progress asset accounts.

Two parcels of real estate adjacent to the University campus were purchased during the year. Total cost for these additions was approximately \$500,000.

Other gifts and pledges of approximately \$400,000 will be used to enhance the City of Nacogdoches baseball park and were used to make renovations to the Department of Accounting. Pledges made in previous years of \$400,000 were used to build a field house at the tennis complex in 2008.

ECONOMIC OUTLOOK

Management is not aware of any known facts, decisions, or conditions that are expected to have a material effect on the financial position or results of operations during the fiscal year 2009. The University plans to issue HEF General Obligation bonds in December 2008 for approximately \$10.6 million for completion of the Early Childhood Research Center. Additionally, in spring 2009, the University plans to issue \$23 million of tuition revenue bonds, combining the commitments for the nursing facility and deferred maintenance projects.

Initial indicators for fall 2008 looked positive with fall enrollment showing an increase in reported semester credit hours. The fall 2008 enrollment of 11,990 was the highest headcount in ten years. Campus improvements and increased marketing efforts are expected to have a continued positive impact on enrollment.

SIGNIFICANT EVENTS

Mr. Danny Gallant was named Vice President of Finance and Administration in 2008.

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 765
 Statement of Net Assets
 For the Fiscal Year Ended August 31, 2008

ASSETS	2008	2007 as restated
Current Assets		
Cash and Cash Equivalents:		
Cash on Hand	\$ 871,812.74	\$ 520,001.50
Cash in Bank	4,233,332.56	7,087,516.93
Cash in Transit/Reimburse from Treasury	99,271.31	487,706.52
Cash in State Treasury	481,282.27	430,903.08
Cash Equivalents	54,445,434.09	45,732,078.12
Short Term Investments	0.00	83,350.58
Restricted:		
Cash and Cash Equivalents		
Cash in Bank	6,986,059.24	7,777,773.26
Cash Equivalents	2,807,476.80	5,293,513.28
Short Term Investments:		
Proceeds from Bond Sales	9,707,334.88	0.00
Legislative Appropriations	3,610,014.16	5,802,594.98
Receivables:		
Intergovernmental Receivables:		
Federal	1,222,141.47	1,889,221.41
State	996,177.47	910,913.04
Interest and Dividends	252,750.28	167,034.69
Student Receivable	8,038,232.97	7,621,658.46
Accounts Receivable	2,289,664.02	1,848,481.92
Gifts/Pledges Receivables	253,550.00	450,000.00
Due From Other Agencies:		
Federal	1,425,621.96	0.00
State	0.00	72,211.89
Consumable Inventories	544,637.83	498,488.59
Prepaid Items	14,739,801.17	13,539,851.55
Student Loans Receivables	2,608,613.50	2,841,563.17
Total Current Assets	115,613,208.72	103,054,862.97

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Statement of Net Assets
 For the Fiscal Year Ended August 31, 2008

	2008	2007 as restated
Noncurrent Assets		
Restricted:		
Cash Equivalents	290,809.60	309,773.47
Investments		
Endowments	9,181,498.97	9,752,936.66
Student Loans Receivables	6,086,764.84	5,277,188.75
Allowance for Doubtful Accounts	(704,718.49)	(387,644.10)
Unrestricted:		
Investments:		
Operating	20,114,261.56	19,117,412.45
Quasi-Endowments	4,082,180.20	3,841,688.73
Student Accounts Receivables	5,426,100.84	4,364,905.21
Allowance for Doubtful Accounts	(4,010,374.06)	(3,586,755.11)
Capital Assets, Non-depreciable:		
Land and Land Improvements	6,928,322.11	6,692,351.91
Construction in Progress	11,415,080.37	48,326,253.57
Other Capital Assets	650,144.27	650,144.27
Capital Assets, Depreciable:		
Buildings and Building Improvements	283,414,626.65	230,725,818.00
Less Accumulated Depreciation	(142,589,339.97)	(136,048,182.71)
Infrastructure	10,183,040.07	10,183,040.07
Less Accumulated Depreciation	(4,635,297.38)	(4,049,557.94)
Facilities and Other Improvements	6,393,859.30	6,607,889.30
Less Accumulated Depreciation	(3,612,359.40)	(3,524,502.84)
Furniture and Equipment	18,567,887.95	17,440,931.86
Less Accumulated Depreciation	(13,769,787.70)	(13,059,908.44)
Vehicles, Boats, and Aircraft	4,330,492.63	4,286,074.68
Less Accumulated Depreciation	(3,406,301.20)	(3,415,081.66)
Other Capital Assets	15,220,787.14	15,076,416.59
Less Accumulated Depreciation	(12,899,981.00)	(12,592,606.99)
Total Noncurrent Assets	216,657,697.30	205,988,585.73
Total Assets	\$ 332,270,906.02	\$ 309,043,448.70

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Statement of Net Assets
 For the Fiscal Year Ended August 31, 2008

	2008	2007 as restated
LIABILITIES		
Current Liabilities:		
Payables:		
Accounts Payable	2,989,728.36	4,215,953.96
Payroll Payable	5,784,403.74	5,610,550.55
Deposits	385,862.00	284,100.85
Benefits Payable	1,592,852.47	1,388,898.55
Due to Other Agencies	75,472.87	0.00
Deferred Revenues:		
Tuition and Fees	33,546,338.91	31,557,048.09
Sales and Services	16,332,284.24	14,810,081.63
Grants and Contracts	664,907.87	547,008.34
Employees' Compensable Leave	397,563.43	323,897.38
Capital Lease Obligations	18,175.27	73,577.38
Revenue Bonds Payable	4,000,000.00	3,705,000.00
Tuition Revenue Bonds Payable	1,475,000.00	820,000.00
Accrued Bond Interest Payable	2,205,051.12	1,996,701.10
Funds Held for Others	10,609,743.24	10,155,974.48
Payable From Restricted Assets	2,907,167.25	2,188,276.96
Total Current Liabilities	<u>82,984,550.77</u>	<u>77,677,069.27</u>
Noncurrent Liabilities:		
Deposits	1,031,018.99	709,163.37
Capital Lease Obligations	27,798.35	38,216.94
Employees' Compensable Leave	2,797,319.73	2,604,794.33
Revenue Bonds Payable	96,575,000.00	100,575,000.00
Tuition Revenue Bonds Payable	31,185,000.00	15,055,000.00
Total Noncurrent Liabilities	<u>131,616,137.07</u>	<u>118,982,174.64</u>
Total Liabilities	\$ <u>214,600,687.84</u>	\$ <u>196,659,243.91</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	51,007,200.01	47,963,435.32
Restricted for:		
Capital Projects	2,620,479.94	2,218,218.42
Funds Held as Permanent Investments:		
Non-Expendable	6,434,474.01	6,297,795.55
Expendable	2,719,692.56	3,465,590.84
Other	13,829,136.72	13,767,307.75
Unrestricted	41,059,234.94	38,671,856.91
Total Net Assets	\$ <u>117,670,218.18</u>	\$ <u>112,384,204.79</u>

THIS PAGE LEFT INTENTIONALLY BLANK

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended August 31, 2008

	<u>2008</u>	<u>2007</u>
Operating Revenues:		
Sales of Goods and Services		
Tuition & Fees - Pledged	\$ 67,239,335.84	\$ 57,443,265.35
Tuition & Fees - Non-Pledged	3,436,715.83	3,294,241.01
Discounts and Allowances	(13,392,577.70)	(12,311,028.58)
Auxiliary Enterprise - Pledged	30,791,331.57	28,323,272.44
Auxiliary Enterprise - Non-Pledged	1,152,566.59	1,411,209.41
Discounts and Allowances	(5,420,832.24)	(5,074,719.48)
Other Sales of Goods and Svcs - Pledged	4,428,406.35	3,754,490.44
Other Sales of Goods and Svcs - Non-Pledged	1,028,787.38	1,230,398.42
Interest and Investment Income	189,528.85	188,607.69
Federal Revenue	17,431,335.02	15,503,619.93
Federal Pass-Through Revenue	3,321,741.43	3,237,153.76
State Grant Revenue	837,983.13	786,906.25
State Grant Pass-Through Revenue	4,042,864.40	3,878,375.45
Local Contracts and Grants	595,523.14	502,474.77
Other Contracts and Grants	302,669.88	416,792.10
Other Operating Revenues - Pledged	4,107.67	10,765.19
Total Operating Revenues	<u>115,989,487.14</u>	<u>102,595,824.15</u>
Operating Expenses:		
Cost of Goods Sold	7,793,097.40	6,570,531.92
Salaries and Wages	75,959,932.65	70,782,231.07
Payroll Related Costs	19,572,226.46	18,445,775.37
Professional Fees and Services	1,624,462.25	1,477,896.43
Travel	2,278,772.90	2,026,919.96
Materials and Supplies	15,038,190.40	17,184,358.00
Communication and Utilities	11,788,437.97	11,475,014.90
Repairs and Maintenance	3,895,941.33	3,114,488.84
Rentals and Leases	2,110,335.99	1,882,376.41
Printing and Reproduction	698,274.37	662,365.70
Federal Pass-Through Expenditure	1,056,689.99	663,594.88
State Pass-Through Expenditure	0.00	63,746.41
Depreciation	9,939,710.39	7,715,953.32
Bad Debt Expense	317,074.39	212,877.49
Interest Expense	476.06	943.66
Scholarships	13,152,370.79	13,125,624.35
Claims and Settlements	250.00	45.00
Other Operating Expenses	5,681,632.97	5,481,912.25
Total Operating Expenses	<u>170,907,876.31</u>	<u>160,686,655.96</u>
Operating Income (Loss)	<u>(54,918,389.17)</u>	<u>(58,090,831.81)</u>

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Statement of Revenues, Expenses, and Changes in Net Assets
 For the Fiscal Year Ended August 31, 2008

	<u>2008</u>	<u>2007</u>
Non-Operating Revenues (Expenses):		
Legislative Revenue	43,677,367.00	40,045,552.50
Additional Appropriations	10,756,380.31	9,824,597.22
Federal Pass Through Revenue	0.00	13,611.22
Gifts - Nonpledged	2,431,849.99	2,247,463.40
Gifts - Pledged	35,931.76	0.00
Land Income	3,200.00	100.00
Other Rental Income	2,767.59	0.00
Investment Income - Pledged	2,405,550.47	2,370,880.14
Investment Income - Non-Pledged	290,619.25	369,273.39
Net Increase (Decrease) Fair Value - Pledged	325,691.67	167,467.21
Net Increase (Decrease) Fair Value - Nonpledged	(496,831.27)	0.00
Investing Activities Expenses	(80,558.91)	(16,753.30)
Income on Loans Receivable	(115,694.24)	217,006.40
Interest Income on Capital Investments-Pledged	34,097.22	121,310.28
Interest Expenses and Fiscal Charges	(5,216,737.93)	(3,487,419.12)
Gain (Loss) on Sale of Capital Assets	(119,971.47)	(16,040.01)
Settlement of Claims	(12,219.21)	260,510.76
Other Non-Operating Expenses	(1,615.00)	(10,630.00)
Total Non-Operating Revenues (Expenses)	<u>53,919,827.23</u>	<u>52,106,930.09</u>
Income (Loss) Before Other Revenues, Expenses, Gains/Losses and Transfers	<u>(998,561.94)</u>	<u>(5,983,901.72)</u>
Other Revenues, Expenses, Gains/Losses and Transfers		
Capital Contributions	372,360.77	1,795,674.26
Capital Appropriations (Higher Education Fund)	7,025,771.00	4,683,847.00
Additions to Permanent and Term Endowments	136,678.46	835,173.22
Lapsed Appropriations	(550,000.00)	0.00
Transfers In	0.00	0.00
Transfers Out	(700,234.90)	(854,614.28)
Total Other Revenue, Expenses, Gain/Losses and Transfers	<u>6,284,575.33</u>	<u>6,460,080.20</u>
Change in Net Assets	<u>5,286,013.39</u>	<u>476,178.48</u>
Net Assets, Beginning of Year	113,091,719.44	112,615,540.96
Restatements	(707,514.65)	0.00
Net Assets, Beginning of Year, as Restated	<u>112,384,204.79</u>	<u>112,615,540.96</u>
Net Assets, August 31, 2008	<u>\$ 117,670,218.18</u>	<u>\$ 113,091,719.44</u>

See accompanying Notes to the Financial Statements

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Matrix of Operating Expenses by Function
 For the Fiscal Year Ended August 31, 2008

<u>Operating Expenses</u>	<u>Instruction</u>	<u>Research</u>	<u>Public Service</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Institutional Support</u>
Cost of Goods Sold	\$ 632.95	\$ 0.00	\$ 2,221.58	\$ 65,546.92	\$ 15,850.12	\$ (327.84)
Salaries and Wages	38,751,660.13	3,561,451.75	426,096.06	6,184,632.04	4,951,944.81	6,869,671.79
Payroll Related Costs	8,274,255.47	723,032.59	71,343.08	1,377,327.52	1,013,592.58	3,663,892.87
Professional Fees and Services	293,669.40	248,577.76	101,491.06	124,841.68	170,650.55	119,195.79
Travel	508,973.48	216,292.08	24,370.95	360,387.19	181,292.48	125,012.29
Materials and Supplies	3,066,852.43	817,931.94	254,737.10	1,532,608.31	1,484,551.10	2,101,364.69
Communications and Utilities	134,197.94	18,179.96	1,756.32	905,217.43	84,341.02	(199,603.44)
Repairs and Maintenance	281,790.42	90,980.71	12,037.60	177,565.78	148,930.33	715,037.35
Rentals and Leases	533,408.90	211,008.86	105,079.35	47,284.76	267,832.48	170,717.31
Printing and Reproduction	147,978.04	14,567.48	97,639.40	99,476.89	339,214.67	(255,815.65)
Federal Pass-Through Expense	0.00	1,055,193.64	1,496.35	0.00	0.00	0.00
State Pass-Through Expense	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	0.00	0.00	0.00	317,074.39	0.00
Interest	0.00	0.00	0.00	0.00	0.00	360.26
Scholarships	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	0.00
Other Operating Expenses	1,441,749.40	182,741.05	75,014.26	350,613.72	350,160.86	1,382,462.99
	<u>\$ 53,415,168.56</u>	<u>\$ 7,139,957.82</u>	<u>\$ 1,173,283.11</u>	<u>\$ 11,225,502.24</u>	<u>\$ 9,325,435.37</u>	<u>\$ 14,691,968.41</u>

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Matrix of Operating Expenses by Function
 For the Fiscal Year Ended August 31, 2008

<u>Operating Expenses</u>	<u>Operation and Maintenance of Plant</u>	<u>Scholarships and Fellowships</u>	<u>Auxiliary Enterprises</u>	<u>Depreciation and Amortization</u>	<u>Total Expenses</u>
Cost of Goods Sold	\$ 6,970.20	\$ 0.00	\$ 7,702,203.47	\$ 0.00	\$ 7,793,097.40
Salaries and Wages	4,611,217.50	0.00	10,603,258.57	0.00	75,959,932.65
Payroll Related Costs	1,352,069.43	0.00	3,096,712.92	0.00	19,572,226.46
Professional Fees and Services	225,171.80	0.00	340,864.41	0.00	1,624,462.25
Travel	11,641.37	0.00	850,803.06	0.00	2,278,772.90
Materials and Supplies	2,862,928.61	0.00	2,917,216.22	0.00	15,038,190.40
Communications and Utilities	6,057,401.31	0.00	4,786,947.43	0.00	11,788,437.97
Repairs and Maintenance	46,211.70	0.00	2,443,387.44	0.00	3,895,941.33
Rentals and Leases	54,253.31	0.00	720,751.04	0.00	2,110,335.99
Printing and Reproduction	1,964.65	0.00	253,248.89	0.00	698,274.37
Federal Pass-Through Expense	0.00	0.00	0.00	0.00	1,058,689.99
State Pass-Through Expense	0.00	0.00	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00	9,939,710.39	9,939,710.39
Bad Debt Expense	0.00	0.00	0.00	0.00	317,074.39
Interest	115.80	0.00	0.00	0.00	476.06
Scholarships	0.00	13,152,370.79	0.00	0.00	13,152,370.79
Claims and Judgments	0.00	0.00	250.00	0.00	250.00
Other Operating Expenses	686,829.50	0.00	1,212,061.19	0.00	5,681,632.97
	<u>\$ 15,916,774.98</u>	<u>\$ 13,152,370.79</u>	<u>\$ 34,927,704.64</u>	<u>\$ 9,939,710.39</u>	<u>\$ 170,807,876.31</u>

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Statement of Cash Flows
 For the Fiscal Year Ended August 31, 2008

	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities		
Proceeds Received from Tuition and Fees	\$ 58,218,613.60	\$ 51,280,878.87
Proceeds Received from Auxiliary Services	28,045,268.53	26,257,550.71
Proceeds Received from Other Sales and Services	5,411,044.49	4,986,997.57
Proceeds from Grants and Contracts	25,616,095.14	23,982,124.28
Proceeds from Interest Income	189,528.85	631,202.73
Proceeds from Other Revenues	4,107.67	10,765.19
Payments to Suppliers for Goods and Services	(52,576,553.28)	(50,138,407.58)
Payments to Employees for Salaries	(75,519,888.01)	(70,502,991.55)
Payments to Employees for Benefits	(19,368,272.54)	(18,429,018.97)
Payments for Loans Issued to Students and Employees	(692,320.66)	1,692,826.38
Proceeds from Other Activities	321,605.62	(58,097.28)
Payments to Students for Scholarships	(13,796,790.50)	(15,105,556.15)
Payments for Interest Expense	(476.06)	(943.66)
Net Cash Provided (Used) by Operating Activities	<u>(44,148,037.15)</u>	<u>(45,392,669.46)</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	56,076,328.13	54,627,928.24
Proceeds from Gifts	2,467,781.75	2,247,463.40
Payments of Transfers to Other Agencies	(700,234.90)	(540,080.44)
Payments for Claims and Settlements	(12,219.21)	260,510.76
Payments for Other Expenses	(1,615.00)	(10,630.00)
Proceeds from the Sale of Endowment Investments	708,116.15	(374,765.19)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>58,538,156.92</u>	<u>56,210,426.77</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	43,142.50	-
Proceeds from Debt Issuance	20,182,756.68	-
Proceeds from State Appropriations-Higher Education Funds (HEF)	7,025,771.00	4,683,847.00
Proceeds from Capital Grants and Gifts	568,810.77	39,285.48
Proceeds from Other Financing Activities	3,200.00	100.00
Proceeds from Other Rental Income	2,767.59	-
Payments for Net Increase (Decrease) in Fair Value	(171,139.60)	-
Proceeds from Interest on Capital Investments	34,097.22	121,310.28
Payments for Additions to Capital Assets	(18,994,918.53)	(27,900,800.66)
Payments of Principal on Capital Debt	(7,168,577.38)	(4,734,970.23)
Payments of Interest on Capital Debt	(5,008,387.91)	(3,584,510.70)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,482,477.66)</u>	<u>(31,355,738.83)</u>
Cash Flows from Investing Activities		
Payments for the Purchase of Investments	(1,153,990.00)	912,186.83
Proceeds from Interest Income from Investments	2,529,895.22	2,890,867.44
Payments for the Purchase of Investments with Bond Proceeds	(9,707,334.88)	993,085.00
Net Cash Provided (Used) by Investing Activities	<u>(8,331,429.66)</u>	<u>4,796,139.27</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 2,576,212.45</u>	<u>\$ (15,741,842.25)</u>

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2008

	<u>2008</u>	<u>2007</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (54,918,389.17)	\$ (58,090,831.81)
Amorization and Depreciation	9,939,710.39	7,715,953.32
Bad Debt Expense	317,074.39	212,877.49
Operating Income and Cash Flow Categories		
Changes in Current Assets and Liabilities		
(Increase) Decrease in Legislative Appropriations	2,192,580.82	4,757,778.52
(Increase) Decrease in Receivables	(79,491.01)	(4,146,657.01)
(Increase) Decrease in Inventories	(46,149.24)	2,108.71
(Increase) Decrease in Loans to Students	117,255.43	516,536.99
(Increase) Decrease in Prepaid Expenses	(1,199,949.62)	(1,427,256.26)
(Increase) Decrease in Due from Other Agencies	(1,353,410.16)	30,408.94
Increase (Decrease) in Payables	(27,767.05)	1,282,819.26
Increase (Decrease) in Due to Other Agencies	75,472.87	-
Increase (Decrease) in Deferred Income	3,629,392.96	5,997,652.40
Increase (Decrease) in Compensated Absences	73,666.05	33,813.56
Increase (Decrease) in Current Portion of Bonds Payable	1,158,350.02	106,438.04
Increase (Decrease) in Assets Held for Others	453,768.76	(594,708.23)
Changes in Non-Current Assets and Liabilities		
Increase (Decrease) in Compensated Absences	192,525.40	203,209.24
Increase (Decrease) in Deposits Payable	321,855.62	(58,052.28)
(Increase) Decrease in Student Receivables	(637,576.68)	1,303,166.83
(Increase) Decrease in Loans to Students	(809,576.09)	1,176,289.39
Cash Reported in Other Categories		
Increase (Decrease) in Legislative Appropriations	(2,192,580.82)	(4,757,778.52)
Increase (Decrease) of Gifts Receivable	(196,450.00)	450,000.00
(Increase) Decrease in Current Portion of Bonds Payable	(1,158,350.02)	(106,438.04)
Net Cash Provided (Used) by Operating Activities	<u>\$ (44,148,037.15)</u>	<u>\$ (45,392,669.46)</u>
Cash and Cash Equivalents, August 31, 2007	\$ 67,639,266.16	\$ 83,381,108.41
Increase (Decrease) in Cash and Cash Equivalents	<u>2,576,212.45</u>	<u>(15,741,842.25)</u>
Cash and Cash Equivalents, August 31, 2008	<u>\$ 70,215,478.61</u>	<u>\$ 67,639,266.16</u>
Displayed as:		
Cash on Hand	\$ 871,812.74	\$ 520,001.50
Cash in Bank	4,233,332.56	7,087,516.93
Cash in Transit/Reimb. Due from Treasury	99,271.31	487,706.52
Cash in State Treasury	481,282.27	430,903.08
Cash Equivalents	54,445,434.09	45,732,078.12
Cash in Bank, Restricted	6,986,059.24	7,777,773.26
Cash Equivalents, Restricted	2,807,476.80	5,293,513.28
Non-Current Cash Equivalents, Restricted	290,809.60	309,773.47
	<u>\$ 70,215,478.61</u>	<u>\$ 67,639,266.16</u>

THIS PAGE LEFT INTENTIONALLY BLANK

NOTE 1: Summary of Significant Accounting Policies

Entity

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

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

The University has six related entities. The University has determined no related entity is a reportable component unit of Stephen F. Austin State University. These related entities are listed in Note 15.

Blended Component Units

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

Discretely Presented Component Units

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

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

Fund Structure

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity.

Proprietary Fund Type

Enterprise Funds

Enterprise Funds are used to account for any activity for which a fee is charged to external users for goods or services. Activities must be reported as Enterprise Funds if any one of the following criteria is met.

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

Fiduciary Fund Types

Fiduciary Funds account for assets held by the University in a trustee capacity or as an agent for individuals, private organizations, and/or other governments.

Agency Funds

Agency Funds are used to account for assets the University 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. These funds are recognized on the Statement of Net Assets in Restricted Cash and Funds Held for Others.

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.

Austin State Un:
UNAUDITED
Notes to the Financial Statements
August 31, 2008

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, subject to materiality. 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 include the cost of sales and services, administrative expenses, and depreciation on capital assets, and other expenses.

Budget and Budgetary Accounting

The State of Texas budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor through the General Appropriations Act. Additionally, the University prepares an annual budget which represents anticipated sources of revenue and authorized uses. This budget is approved by the Board of Regents. 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 Assets

ASSETS

Cash and Cash Equivalents

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

Restricted Assets

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

Inventories

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost. The cost of these items is expensed when the items are sold or consumed.

Deferred Charges

Deferred charges include prepaid expenses attributable to a subsequent fiscal year, including scholarships attributed to the 2008 fall semester.

Capital Assets

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

Current Receivables

Current receivables are specified in the Statement of Net Assets. They include amounts that are reasonably expected to be received in fiscal year 2009.

Non-current Receivables

Non-current receivables are those receivables that are not expected to be collected within one year. Included in this category are student accounts receivables and loan receivables that are not expected to be received during fiscal year 2009.

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.

Other Payables

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

Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the Statement of Net Assets. These obligations are normally paid from the same funding source from which the 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 continued appropriation funding by the Legislature. Liabilities are reported separately in the Statement of Net Assets as either current, for the amounts due within one year, or non-current, for the amounts due thereafter.

Bonds Payable - Revenue Bonds

The principal of revenue bonds is reported separately in the Statement of Net Assets as either current, for the amounts due within one year, or non-current, for the amounts due thereafter. Bonds payable are recorded at par. Interest expense is reported on the accrual basis.

Bonds Payable - Tuition Revenue Bonds

The principal of tuition revenue bonds is reported separately in the Statement of Net Assets as either current, for the amounts due within one year, or non-current, for the amounts due thereafter. Bonds payable are recorded at par. Interest expense is reported on the accrual basis.

Bonds Payable - General Obligation Bonds

The principal of general obligation bonds is reported separately in the Statement of Net Assets as either current, for the amounts due within one year, or non-current, for the amounts due thereafter. Bonds payable are recorded at par. Interest expense is reported on the accrual basis.

NET ASSETS

The difference between fund assets and liabilities is "Net Assets" 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 and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

Restricted Net Assets

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

Unrestricted Net Assets

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

INTERFUND ACTIVITIES AND BALANCES

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

- Transfers: Legally required transfers that are reported when incurred as "Transfers In" by the recipient fund or state agency and as "Transfers Out" by the disbursing fund or state agency.

Austin State Uni
UNAUDITED
Notes to the Financial Statements
August 31, 2008

- Reimbursements: Repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.
- Interfund Receivables and Payables: Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, it is classified as "Current"; repayment for two or more years is classified as "Non-current."
- Interfund Sales and Purchases: Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

The composition of the University's Interfund activities and balances are presented in Note 8.

NOTE 2: Capital Assets

Revenue received from the sale of surplus property has been transferred to Unappropriated General Revenue in accordance with HB7, Sec. 20.

A summary of changes in Capital Assets for the year ended August 31, 2008, is presented below:

	Balance 09/01/07	Adj.	Reclassifications Completed CIP	Additions	Deletions	Balance 08/31/08
BUSINESS-TYPE ACTIVITIES						
Non-Depreciable Assets						
Land and Land Improvements	\$ 6,692,351.91	\$ -	\$ -	\$ 235,970.20	\$ -	\$ 6,928,322.11
Construction in Progress	49,033,768.22	(707,514.65)	(53,257,760.21)	16,346,587.01	-	11,415,080.37
Other Assets	650,144.27	-	-	-	-	650,144.27
Total Non-Depreciable Assets	56,376,264.40	(707,514.65)	(53,257,760.21)	16,582,557.21	-	18,993,546.75
Depreciable Assets						
Buildings and Bldg Improvements	230,725,818.00	-	53,257,760.21	198,923.44	(767,875.00)	283,414,626.65
Infrastructure	10,183,040.07	-	-	-	-	10,183,040.07
Facilities & Other Improvements	6,607,889.30	-	-	-	(214,030.00)	6,393,859.30
Furniture and Equipment	17,440,931.86	-	-	1,680,716.13	(553,760.04)	18,567,887.95
Vehicle, Boats & Aircraft	4,286,074.68	-	-	345,195.67	(300,777.72)	4,330,492.63
Other Assets	15,076,416.59	-	-	187,526.08	(43,155.53)	15,220,787.14
Total Depreciable Assets at Historical Costs	284,320,170.50	-	53,257,760.21	2,412,361.32	(1,879,598.29)	338,110,693.74
Less Accumulated Depreciation for:						
Buildings and Improvements	(136,048,182.71)	-	-	(7,270,638.51)	729,481.25	(142,589,339.97)
Infrastructure	(4,049,557.94)	-	-	(585,739.44)	-	(4,635,297.38)
Facilities & Other Improvements	(3,524,502.84)	-	-	(205,409.51)	117,552.95	(3,612,359.40)
Furniture and Equipment	(13,059,908.44)	-	-	(1,255,930.56)	546,051.30	(13,769,787.70)
Vehicles, Boats & Aircraft	(3,415,081.66)	-	-	(279,320.11)	288,100.57	(3,406,301.20)
Other Capital Assets	(12,592,606.99)	-	-	(342,672.26)	35,298.25	(12,899,981.00)
Total Accumulated Depreciation	(172,689,840.58)	-	-	(9,939,710.39)	1,716,484.32	(180,913,066.65)
Depreciable Assets, Net	111,630,329.92	-	53,257,760.21	(7,527,349.07)	(163,113.97)	157,197,627.09
Business-Type Activities Capital Assets, Net	\$ 168,006,594.32	\$(707,514.65)	\$ -	\$ 9,055,208.14	\$ (163,113.97)	\$ 176,191,173.84

Austin State Univ
UNAUDITED
Notes to the Financial Statements
August 31, 2008

NOTE 3: Deposits, Investments and Repurchase Agreements

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

Deposits of Cash in Bank

As of August 31, 2008, the carrying amount of deposits was \$19,185,820.37 as presented below:

Business-Type Activities

CASH IN BANK – CARRYING VALUE	\$19,185,820.37
Less: Certificates of Deposit included in carrying value and reported as non-current investments	7,966,428.57
Less: Uninvested Securities Lending Cash Collateral included in carrying value and reported as Securities Lending Collateral	0.00
Less: Securities Lending CD Collateral included in carrying value and reported as Securities Lending Collateral	0.00
Cash in Bank per AFR	\$11,219,391.80
Proprietary Funds Current Assets Cash in Bank	\$4,233,332.56
Proprietary Funds Current Assets Restricted Cash in Bank	6,986,059.24
Proprietary Funds Non-Current Restricted Cash in Bank	0.00
Cash in Bank per AFR	\$11,219,391.80

These amounts consist of all cash in local banks. These amounts are included on the Statement of Net Assets as part of the "Cash and Cash Equivalents" accounts, except for the certificates of deposit which are included in non-current investments.

As of August 31, 2008, the total bank balance was as follows:

Business-Type Activities	\$20,539,358.15	Fiduciary Funds	\$0.00
--------------------------	-----------------	-----------------	--------

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the University will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Stephen F. Austin State University Board Policy C-41, *Investments*, states that all deposits shall be secured by a pledge or collateral with a market value equal to no less than 100% of the deposits less any amount insured by the FDIC or FSLIC and pursuant to Article 2529d, the Public Funds Collateral Act. Evidence of the pledged collateral associated with bank demand accounts shall be maintained by the University Controller.

Amounts insured by the FDIC were \$517,216.81. Although there were no significant violations of legal provisions during the fiscal year, in April, 2008 \$35,736 of the University's deposits were briefly uninsured and uncollateralized. The bank balances at August 31, 2008 that are exposed to custodial credit risks are as follows:

Uninsured and uncollateralized	Uninsured and collateralized with securities held by the pledging financial institution	Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the University's name
\$0.00	\$20,022,141.34	\$0.00

Austin State Uni
 UNAUDITED
 Notes to the Financial Statements
 August 31, 2008

Investments

The fair value of the University's investments as of August 31, 2008 is presented below:

Business-Type Activities	Fair Value
U.S. Government	
U.S. Treasury Securities	\$17,766,464.23
U.S. Treasury Strips	0.00
U.S. Treasury TIPS	0.00
U.S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Sallie Mae, etc)	9,550,131.16
U.S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co)	0.00
Corporate Obligations	1,911,328.59
Corporate Asset and Mortgage Backed Securities	0.00
Equity	3,426,106.00
International Obligations (Government and Corp)	103,930.00
International Equity	930,741.03
Repurchase Agreement	0.00
Repurchase Agreement (Texas Treasury Safekeeping Trust Co)	0.00
Fixed Income Money Market and Bond Mutual Fund	3,591,888.07
Other Commingled Funds	0.00
International Other Commingled Funds	0.00
Other Commingled Funds (Texpool)	25,109,242.35
Commercial Paper	0.00
Securities Lending Collateral Investment Pool	0.00
Real Estate	0.00
Alternative Investments	1,430,146.33
Miscellaneous (political subdivision, bankers' acceptance, negotiable CD)	0.00
Total	\$63,819,977.76

Displayed on Statement of Net Assets as:	
Current Assets:	
Cash Equivalents	\$54,445,434.09
Short-Term Investments: Proceeds from Bond Sales	9,707,334.88
Restricted Cash Equivalents	2,807,476.80
Non-Current Assets:	
Restricted:	
Cash Equivalents	290,809.60
Investments: Endowments	9,181,498.97
Unrestricted:	
Investments: Quasi-Endowments	4,082,180.20
Investments: Operating	20,114,261.56
Subtotal	100,628,996.10
Less: Certificates of Deposit	7,966,428.57
Less: Sweep accounts reported as current cash equivalents	28,842,589.77
Total	\$63,819,977.76

Austin State Univ
 UNAUDITED
 Notes to the Financial Statements
 August 31, 2008

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Stephen F. Austin State University Board Policy C-41, *Investments*, limits investments in the following: bankers acceptances must be rated not less than A-1 or P-1 or equivalent by at least one nationally recognized credit rating agency; commercial paper must be rated not less than A-1 or P-1 or equivalent by at least two nationally recognized credit rating agencies or one nationally recognized credit rating agency and fully secured by an irrevocable letter of credit issued by a bank.

As of August 31, 2008, the University's credit quality distribution for securities with credit risk exposure was as follows:

Standard & Poor's

Investment Type	AAA	AA	A	NR
U.S. Government Agency Obligations (Excludes obligations explicitly guaranteed by the U.S. Government)	\$9,550,131.16	\$0.00	\$0.00	\$0.00
U.S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co)	0.00	0.00	0.00	0.00
Corporate Obligations	1,636,864.00	171,599.12	102,865.47	0.00
Corporate Asset and Mortgage Backed Securities	0.00	0.00	0.00	0.00
International Obligations	0.00	103,930.00	0.00	0.00
Repurchase Agreements	0.00	0.00	0.00	0.00
Alternative Investments	0.00	0.00	0.00	1,430,146.33
	AAAf	AAf	Unrated	
Fixed Income Money Market and Bond Mutual Fund	\$0.00	\$0.00	\$3,591,888.07	
	A-1	A-2	A-3	
Commercial Paper	\$0.00	\$0.00	\$0.00	

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2008, the University's concentration of credit risk is immaterial to any single issuer.

Reverse Repurchase Agreements

The University, by statute, is authorized to enter into reverse repurchase agreements. A reverse repurchase agreement is a transaction in which a broker-dealer or financial institution transfers cash to the University and the University transfers securities to the broker-dealer and promises to repay the cash plus interest in exchange for the same or similar securities. Credit risk exposure for the University arises when a broker-dealer does not return the securities or their value at the conclusion of the reverse repurchase agreement. There were no significant violations of legal or contractual provisions during the year.

As of August 31, 2008, the University was not participating in reverse repurchase agreements.

Securities Lending

The University did not participate in securities lending transactions during fiscal year 2008.

Derivative Investing

The University did not participate in derivative investing transactions during fiscal year 2008.

NOTE 4: Short-Term Debt

The University had no short-term debt as of August 31, 2008.

Austin State Uni
UNAUDITED
Notes to the Financial Statements
August 31, 2008

NOTE 5: Summary of Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2008, the following changes occurred in liabilities:

Business-Type Activities	Balance 09/01/07	Additions	Reductions	Balance 08/31/08	Amounts Due Within One Year	Amounts Due Thereafter
Revenue Bonds Payable	\$104,280,000.00	\$0.00	\$3,705,000.00	\$100,575,000.00	\$4,000,000.00	\$96,575,000.00
Tuition Revenue Bonds Payable	15,875,000.00	20,175,000.00	3,390,000.00	32,660,000.00	1,475,000.00	31,185,000.00
Capital Lease Obligations	111,794.32	7,756.68	73,577.38	45,973.62	18,175.27	27,798.35
Employees' Compensable Leave	2,928,691.71	549,984.32	283,792.87	3,194,883.16	397,563.43	2,797,319.73
Total Business-Type Activities	\$123,195,486.03	\$20,732,741.00	\$7,452,370.25	\$136,475,856.78	\$5,890,738.70	\$130,585,118.08

Deposits Payable

Deposits payable are also included in long term liabilities, but are not presented on this table. This liability includes both students' general deposits and housing deposits. A calculation is made of the estimated amounts that will be refunded within the next year. The portion that is estimated to be paid within one year is included in current liabilities.

Claims and Judgments

The University had no unpaid settlements or judgments as of August 31, 2008.

Employees' Compensable Leave

A State employee is entitled to be paid for all unused vacation time (annual leave) accrued in the event of the employee's resignation, dismissal or separation from state employment, provided the employee has had continuous employment with the State for six months. The University reports the liability for the unpaid annual leave in the Statement of Net Assets. No liability is recorded for sick pay benefits.

NOTE 6: Capital Leases

The University has entered into long-term leases for financing the purchase of certain capital assets. Such leases are classified as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments at the inception of the lease. The following is a summary of original capitalized costs of all such property under lease as well as the accumulated depreciation as of August 31, 2008:

Assets Under Capital Leases	Business-Type Activities
Furniture and Equipment	\$889,917.94
Less: Accumulated Depreciation	810,763.10
Vehicles	375,000.00
Less: Accumulated Depreciation	193,750.00
Total	\$260,404.84

Austin State Univ
 UNAUDITED
 Notes to the Financial Statements
 August 31, 2008

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
2009	\$18,175.27	\$1,581.16	\$19,756.43
2010	13,982.81	1272.87	15,255.68
2011	10,474.83	568.87	11,043.70
2012	1,625.11	130.13	1,755.24
2013	1,715.60	46.99	1,762.59
2014-2018	0.00	0.00	0.00
Total Minimum Lease Payments	\$45,973.62	\$3,600.02	\$49,573.64
Less: Amount Representing Interest at Various Rates			3,600.02
Present Value of Net Minimum Lease Payments			\$45,973.62

NOTE 7: Operating Lease Obligations

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

<u>Fund Type</u>	<u>Amount</u>
Enterprise Fund	\$392,681.61

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

Year Ended August 31	
2009	\$331,439.39
2010	260,183.66
2011	157,308.08
2012	101,101.96
2013	24,469.50
2014-2018	0.00

NOTE 8: Interfund Balances/Activities

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
- Due From Other Agencies or Due To Other Agencies
- Due From Other Funds or Due To Other Funds
- Transfers In or Transfers Out
- Legislative Transfers In or Legislative Transfers Out

The University experienced routine transfers with other State agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statement.

Austin State Uni
UNAUDITED
Notes to the Financial Statements
August 31, 2008

Individual balances and activity at August 31, 2008, follows:

	Due From Other Agencies	Due To Other Agencies	Source
ENTERPRISE FUND (05)			
Appd Fund 5015, D23 Fund 5015			
Agency 601, D23 Fund 5015	\$3,807.73		State Pass Through
ENTERPRISE FUND (05)			
Appd Fund 9999, D23 Fund 7999			
Agency 721, D23 Fund 7999		\$5,564.08	Federal Pass Through
Agency 781, D23 Fund 0001		41,759.68	State Pass Through
Agency 781, D23 Fund 0001		28,149.11	Federal Pass Through
Agency 771, D23 Fund 0148	86,744.97		Federal Pass Through
Agency 723, D23 Fund 7999	16,822.96		Federal Pass Through
Agency 401, D23 Fund 0449	1,186,720.31		Federal Pass Through
Agency 530, D23 Fund 0001	90,598.66		Federal Pass Through
Agency 580, D23 Fund 4831	8,224.13		State Pass Through
Agency 582, D23 Fund 1531	1,064.82		State Pass Through
Agency 701, D23 Fund 0148	11,239.42		Federal Pass Through
Agency 721, D23 Fund 7999	3,973.45		Federal Pass Through
Agency 781, D23 Fund 0824	3,566.78		State Pass Through
Agency 802, D23 Fund 0920	10,414.86		State Pass Through
Agency 907, D23 Fund 0224	2,443.87		Federal Pass Through
Total Due From/To Other Agencies	\$1,425,621.96	\$75,472.87	

	Transfer In	Transfer out	Purpose (Disclosure Required)
ENTERPRISE FUND (05)			
Agency 781, D23 Fund 0001		\$1,786.00	Doctoral Set-Aside
Total Transfers for Fund 0261		1,786.00	
ENTERPRISE FUND (05)			
Appd Fund 5103, D23 Fund 5103			
Agency 781, D23 Fund 5103		698,448.90	Texas B-On-Time
Total Transfers for Fund 5103		698,448.90	
Total Transfers		\$700,234.90	

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

NOTE 9: Contingent Liabilities

As of August 31, 2008, there were no lawsuits pending; however, some miscellaneous claims involving the University were pending. While the ultimate liability with respect to pending claims asserted against the University 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 University.

NOTE 10: Continuance Subject to Review (Not Applicable)

NOTE 11: Risk Financing and Related Insurance

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

Austin State Un
UNAUDITED
Notes to the Financial Statements
August 31, 2008

Injuries to Employees: Employees of the University are covered by a workers' compensation insurance policy provided by the State Office of Risk Management (SORM). SORM assesses the University an amount for the insurance coverage in accordance with 28 T.A.C. 251.507. An Interagency Contract in the amount of \$274,608.20 was executed on behalf of the University for Worker's Compensation Insurance during the year ended August 31, 2008. A mid-year assessment adjustment in the amount of \$12,911.49 for 2008 was paid in April 2008 and recorded as an increase in current year expenditures.

Provision for Health and Other Medical Benefits: Employees of the University are eligible for health insurance and optional coverage(s) if they are employed at least 50 percent time. The coverages are provided through the State, under the Texas Employees Group Benefits Program (GBP), which is administered by Blue Cross Blue Shield of Texas. Eligible employees may select health, dental, life, accidental death and dismemberment, dependent life, and long and short-term disability coverage. All risks associated with these benefits are passed to the GBP. The costs of health insurance coverage are jointly paid by the State and the University as follows: 100% for full-time employees and 50% for their dependents; 50% for part-time employees and 25% for their dependents. Employees hired on or after September 1, 2003 have a 90-day waiting period to participate in health insurance coverage. Contributions made by the State on behalf of the University for health and other medical benefits were \$5,582,606.27 for the year ended August 31, 2008.

Damage to Property: The University is required by certain bond covenants to carry fire and extended coverage and boiler insurance on buildings financed through the issuance of bonds. The insurance protects the bondholders from a disruption to the revenue stream that is being utilized to make the bond interest and principal payments. In fiscal year 2008, there were no damage claims.

The Texas Motor Vehicle Safety Responsibility Act requires that every non-governmental vehicle operated on a State highway be insured for minimum limits of liability in the amount of \$25,000 per injured person, up to a total of \$50,000 for everyone injured in an accident (bodily injury) and \$25,000 for property damage. However, the University has chosen to carry liability insurance on its licensed vehicles in the amount of \$500,000 combined single limit for bodily injury and property damage. One vehicle, a 56-passenger bus, carries a \$1,000,000 limit per contractual requirements. The annual premium was \$67,131.00 with a deductible paid of \$5,187.16.

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

NOTE 12: Segment Information (Not Applicable)
--

NOTE 13: Bonded Indebtedness

Bonds Payable

Detailed supplemental bond information is disclosed in Schedule 2A, Miscellaneous Bond Information; Schedule 2B, Changes in Bonded Indebtedness; Schedule 2C, Debt Service Requirements; Schedule 2D, Analysis of Funds Available for Debt Service; Schedule 2E, Defeased Bonds Outstanding; and Schedule 2F, Early Extinguishment and Refunding.

General information related to bonds payable is summarized below:

Board of Regents of Stephen F. Austin State University Revenue Financing System, Texas Public Finance Authority Revenue Bonds - Series 1998

- To provide funds for renovations to Miller Science Building.
- Issued 9-1-98.
- \$6,000,000; all authorized bonds have been issued.
- Source of revenue for debt service:
 - Pledged Student Tuition
 - Other Pledged Revenues
- Changes in Debt: Paid during fiscal year \$270,000; Outstanding at year end \$3,965,000.

Board of Regents of Stephen F. Austin State University Revenue Financing System, Texas Public Finance Authority Revenue Bonds - Series 2000

- To provide funds for improvements to residence halls and student apartments.
- Issued 3-1-00.
- \$7,000,000; all authorized bonds have been issued.
- Source of revenue for debt service:
 - Pledged Student Tuition
 - Other Pledged Revenues
- Changes in Debt: Paid during fiscal year \$1,000,000; Outstanding at year end \$2,000,000.

Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2002

- To provide funds for construction of a facility to replace the Birdwell Building, construction of a new Telecommunications and Networking building, renovations to Power Plant, and renovations to existing structures at the University.
- Issued 7-9-02.
- \$14,070,000; all authorized bonds have been issued.
- Source of revenue for debt service:
 - Pledged Student Tuition
 - Other Pledged Revenues
- Changes in Debt: Paid during fiscal year \$550,000; Outstanding at year end \$11,090,000.

Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2002(A)

- To provide funds for renovation of the stadium press box.
- Issued 12-19-02.
- \$1,320,000; all authorized bonds have been issued.
- Source of revenue for debt service:
 - Pledged Student Tuition
 - Other Pledged Revenues
- Changes in Debt: Paid during fiscal year \$170,000; Outstanding at year end \$555,000.

Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2004

- To provide funds for renovation and expansion, and equipment for, the Student Center.
- Issued 2-18-04.
- \$26,030,000; all authorized bonds have been issued.
- Source of revenue for debt service:
 - Pledged Student Tuition
 - Pledged Student Center Fees
 - Other Pledged Revenues
- Changes in Debt: Paid during fiscal year \$965,000; Outstanding at year end \$23,195,000.

Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2004(A)

- To provide funds to construct a 400-space parking garage adjacent to the Student Center.
- Issued 8-17-04.
- \$5,460,000; all authorized bonds have been issued.
- Source of revenue for debt service:
 - Pledged Student Tuition
 - Pledged Student Center Fees
 - Other Pledged Revenues
- Changes in Debt: Paid during fiscal year \$195,000; Outstanding at year end \$4,895,000.

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

- To provide funds to construct a new student residence hall and associated parking garage; and to pay the costs related to the issuance of the Bonds.

Austin State Un
UNAUDITED
Notes to the Financial Statements
August 31, 2008

- Issued 6-23-05.
- \$17,215,000; all authorized bonds have been issued.
- Source of revenue for debt service: Pledged Revenues consisting of Unrestricted Current Funds Revenues excluding; remissions, governmental appropriations and gifts, grants and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Paid during fiscal year \$610,000; Outstanding at year end \$16,020,000.

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

- To provide funds to construct a new student residence hall and associated parking garage; to construct a new student recreational center and to pay the costs related to the issuance of the Bonds.
- Issued 11-02-05.
- \$55,365,000; all authorized bonds have been issued.
- Source of revenue for debt service: Pledged Recreational Sports Fee
- Other Pledged Revenues consisting of Unrestricted Current Funds Revenues excluding; remissions, governmental appropriations and gifts, grants and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Paid during fiscal year \$765,000; Outstanding at year end \$53,910,000.

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

- To provide funds to construct a new educational resource center facility which will provide an Early Childhood laboratory for the College of Education and a charter school campus.
- Issued 03-04-08.
- \$20,175,000; all authorized bonds have been issued.
- Source of revenue for debt service: Pledged revenues consisting of Unrestricted Current Fund Revenues excluding; remissions, governmental appropriations and gifts, grants and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Issued during fiscal year \$20,175,000; Paid during fiscal year \$2,570,000; Outstanding at year end \$17,605,000.

Advance Refunding Bonds

No bonds were advance refunded during the year.

NOTE 14: Subsequent Events

During the 80th regular session of the Texas Legislature, legislators approved \$30,178,000 in funding for the University for Tuition Revenue Bonds for projects previously approved but not funded during the 79th legislative session. These projects included requests for funding for the Education Research Center and deferred maintenance projects. The Board of Regents asked for authorization to build an Education Research Center at a project cost not to exceed \$28,000,000. Bonds were issued in 2008 for \$20,175,000 for the Education Research Center. The balance of the project will be funded with general obligation (HEF) bonds. The University plans to issue those remaining bonds in December 2008.

Also, during the 80th regular session, legislators authorized \$13,000,000 of additional Tuition Revenue Bond funding for the University to construct a nursing facility on property donated to the University. This gift is contingent on the University's ability to use the building as a nursing facility within three years after the donor vacates the property. In October, 2007, the Board of Regents authorized the University to seek approval from the Texas Higher Education Coordinating Board for the construction of a nursing facility at a project cost not to exceed \$13,000,000. The University plans to issue those bonds with the balance of the \$10,000,000 approved for deferred maintenance projects in 2009.

NOTE 15: Related Parties

Six entities exist to benefit the University: Stephen F. Austin State University Foundation, Inc.; SFA Real Estate Foundation, Inc.; Stephen F. Austin State University Alumni Association, Inc.; Stephen F. Austin State University Alumni Foundation, Inc.; Stephen F. Austin State University Tip-In Club; and, Stephen F. Austin State University

Austin State Uni
UNAUDITED
Notes to the Financial Statements
August 31, 2008

Quarterjack Club. Since the University's Board of Regents is not financially accountable for these entities and does not appoint their board members, they are not considered Related Parties per GASB Statement 14, *The Financial Reporting Entity*, and GASB Statement 39, *Determining Whether Certain Organizations Are Component Units*. Accordingly, their financial data are not included in this financial report.

The Stephen F. Austin State University Foundation, Inc. is a non-profit organization with the sole purpose of supporting the educational and other activities of the University. The Foundation solicits donations and acts as coordinator of gifts made by other parties for the use and benefit of the University. The University's Vice President for Development serves as the Executive Director of the Foundation and the University's President may serve as an ex officio, non-voting member of the Foundation's Board of Trustees. The University provides personnel, office space, equipment and supplies as necessary for the Foundation to carry out its responsibilities and activities.

The SFA Real Estate Foundation, Inc. is a non-profit organization with the sole purpose of supporting the mission of the University. It receives, holds, manages, and controls real property gifts or acquisitions which benefit the University. The University's Vice President for Development serves as the Executive Director of the Foundation and the University's President may serve as an ex officio, non-voting member of the Foundation's Board of Trustees. The University furnishes certain services, such as office space, utilities, and some staff assistance, to the Foundation.

The Stephen F. Austin State University Alumni Association, Inc. is a non-profit organization dedicated to serving the alumni, friends, and current students of the University through programs, scholarships, and activities that create an attitude of continued loyalty and support. The University's Executive Director for Alumni Affairs serves as the Executive Director of the Alumni Association. The Alumni Association compensates the University for a portion of their employee support costs. The University provides certain services, such as office space, utilities, some staff assistance, and custodial services, to the Association.

The Stephen F. Austin State University Alumni Foundation, Inc. is a non-profit organization which exists to award scholarships to students at the University. The Alumni Foundation is housed within the Alumni Association. Therefore, the University provides the same office space, utilities, staff assistance and custodial services for the Alumni Foundation as it does for the Alumni Association.

The Stephen F. Austin Tip-In Club is a non-profit organization which exists with the sole purpose of supporting the Lumberjack Basketball program. It solicits donations, manages and holds gifts for the sole benefit of the intercollegiate men's basketball program. The University's Athletic Director serves as an ex officio, non-voting member of the Club's Board of Directors and reviews and approves activity to ensure compliance with National Collegiate Athletic Association's (NCAA) requirements.

The Stephen F. Austin Quarterjack Club is a non-profit organization which exists with the sole purpose of supporting the Lumberjack Football program. It solicits donations, manages and holds gifts for the sole benefit of the men's intercollegiate football program. The University's Athletic Director serves as an ex officio, non-voting member of the Club's Board of Directors and reviews and approves activity to ensure compliance with National Collegiate Athletic Association's (NCAA) requirements.

NOTE 16: Stewardship, Compliance, and Accountability

The University administration is unaware of any non-compliance items.

NOTE 17: The Financial Reporting Entity and Joint Ventures

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

NOTE 18: Restatement of Net Assets

In 2008, the University discontinued plans to construct a baseball stadium. Capitalized costs of \$707,514.65 associated with architect fees and flood plain studies included in the prior year Construction in Progress were reclassified as a restatement of Net Assets, Invested in Capital Assets, Net of Related Debt.

NOTE 19: Employees Retirement Plans

The State of Texas has joint contributory retirement plans for all of its benefits-eligible employees. One of the primary plans in which the University participates is administered by the Teacher Retirement System of Texas (TRS). The contributory percentages of participant salaries currently provided by the State and by each participant are 6.58% and 6.4 %, respectively, of annual compensation. TRS does not separately account for each of its component government agencies, since the Retirement System itself bears sole responsibility for retirement commitments beyond contributions fixed by the State Legislature. Further information regarding actuarial assumptions and conclusions, together with audited financial statements, are included in TRS' annual financial report.

The State has also established an optional retirement program (ORP) for institutions of higher education for certain administrative personnel and faculty. Participation in the optional retirement program is in lieu of participation in TRS, and the selection to participate in ORP must be made in the first 90 days of eligibility. The optional retirement program allows participants to select from a variety of companies for the purchase of annuity contracts or to invest in mutual funds. The contributory percentages on salaries for participants entering the program prior to September 1995 are 8.5% and 6.65% by the State and each participant, respectively. The State's contribution is comprised of 6.58% from the ORP appropriation and 1.92% from other funding sources. The 6.58% contribution is mandatory with the other 1.92% being at the discretion of the Board. The Board has approved the additional contributions for these employees. The contributory percentages on salaries for participants entering the program after August 31, 1995, are 6.58% and 6.65% by the State and each participant, respectively. Since these are individual annuity contracts or mutual fund investments, the University has no additional or unfunded liability for this program.

GASB 27, paragraph 27(d) requires that university system offices and independent universities that administer the ORP must disclose the amounts contributed by members and by the employer for that plan. The amount contributed by the University employees for the 2008 fiscal year was \$1,930,515.00 and the amount contributed by the University was \$2,177,789.00.

NOTE 20: Deferred Compensation

University employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the TEX. GOV'T. CODE ANN., sec 609.001. Two plans are available for employees: the 403(b) Tax Sheltered Annuity (TSA) plan and the Texasaver 457(b) plan. The TSA is administered by Stephen F. Austin State University. The 457(b) plan is administered by the Employees Retirement System of Texas.

NOTE 21: Donor-Restricted Endowments

Donor-Restricted Endowment	Amounts of Net Appreciation	Reported in Net Assets
True Endowments	\$2,712,406.86	Funds Held as Permanent Endowments, Expendable
Term Endowments	7,285.70	Funds Held as Permanent Endowments, Expendable
Total	\$2,719,692.56	

The University spending policy was revised in 2007. The policy provides for a target distribution rate of between 4 and 5 percent. If returns permit, an amount equal to the rate of inflation will be added back to each endowment principal balance. Additionally if there are any returns beyond the inflation rate, then this amount will be added to a contingency reserve that may be distributed during years of poor investment performance. In 2008, 4% of total earnings was distributed to scholarship accounts and 2.4% was added back to the balance of each individual endowment account. No amounts were added to the contingency reserve account.

NOTE 22: Management Discussion and Analysis

See Pages 4-10.

Austin State Uni
UNAUDITED
Notes to the Financial Statements
August 31, 2008

NOTE 23: Post Employment Health Care and Life Insurance Benefits (Not Applicable)

NOTE 24: Special or Extraordinary Items (Not Applicable)

NOTE 25: Disaggregation of Receivable and Payable Balances

Accounts Receivables

The components of Current Accounts Receivables, as reported in the Statement of Net Assets, are as follows:

Accounts Receivables Category	Current Amount
3 rd Party Contracts on Student Receivables	\$1,598,974.06
Private Grants and Contracts Receivables	191,360.26
Miscellaneous Receivables	499,329.70
Total	\$2,289,664.02

There are no significant receivable balances that the University does not expect to collect within the next fiscal year.

Accounts Payables

The components of Current Accounts Payables, as reported in the Statement of Net Assets, are as follows:

Accounts Payables Category	Current Amount
Payables on Construction Activity	\$62,629.41
Utility Payables	762,892.39
Bookstore Payables	576,955.81
Procurement Card Payables	503,180.17
Miscellaneous	1,084,070.58
Total	\$2,989,728.36

NOTE 26: Termination Benefits – Not Applicable

THIS PAGE LEFT INTENTIONALLY BLANK

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Schedule 1-A-Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2008

Federal Grantor/ Pass-Through Grantor Program Title	CFDA Number	Pass-Through From		
		Agy/ Univ #	Agencies Or Univ Amount	Non-State Entites Amount
U.S. Department of Agriculture				
Direct Programs:				
Forestry Research	10.652		\$ 0.00	\$ 0.00
Cooperative Forestry Assistance	10.664			
Total U. S. Department of Agriculture			<u>0.00</u>	<u>0.00</u>
U.S. Department of Defense				
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113			
Pass-Through From:				
Readiness Sustainment Maintenance Program	12.402			
Pass-Through From:				
Adjutant General's Department		401	1,480,320.64	
Readiness Sustainment Maintenance Program	12.402			
Pass-Through From:				
Adjutant General's Department		401	935,502.06	
Pass Through To:				
University of Texas at El Paso				
Readiness Sustainment Maintenance Program	12.402			
Pass-Through From:				
Adjutant General's Department		401	99,998.11	
Pass Through To:				
Texas Tech University				
Total U.S. Department of Defense			<u>2,525,820.81</u>	<u>0.00</u>
U.S. Department of the Interior				
Direct Programs:				
National Natural Landmarks Program	15.910			
Total U.S. Department of the Interior			<u>0.00</u>	<u>0.00</u>
U.S. Department of State				
Educational Exchange Scholar-in-Residence	19.431			
Total U.S. Department of State			<u>0.00</u>	<u>0.00</u>
Office of Personnel Management				
Intergovernmental Personnel Act (IPA) Mobility Program	27.011			
Total Office of Personnel Management			<u>0.00</u>	<u>0.00</u>
National Foundation on the Arts and the Humanities				
Promotion of the Arts-Partnership Agreements	45.025			
Promotion of the Humanities-Division of Preservation and Access	45.149			
National Leadership Grants	45.312			
Total National Foundation on the Arts and the Humanities			<u>0.00</u>	<u>0.00</u>
National Science Foundation				
Education and Human Resources	47.078			
Total National Science Foundation			<u>0.00</u>	<u>0.00</u>
Environmental Protection Agency				
Pass-Through From:				
Water Protection Coordination Grants to States	66.474			
Pass-Through From:				
Texas Commission on Environmental Quality		582	177.81	
Water Protection Coordination Grants to States	66.474			
Texas Commission on Environmental Quality		582	1,496.35	
Pass-Through To:				
University of Texas at El Paso				
Total Environmental Protection Agency			<u>1,674.16</u>	<u>0.00</u>
U.S. Department of Energy				
Renewable Energy Research and Development	81.087			1,092.83
Pass-Through From:				
State Energy Program	81.041			
Pass-Through From:				
Comptroller-State Energy Conservation Office		907	21,624.88	
Total U.S. Department of Energy			<u>21,624.88</u>	<u>1,092.83</u>

UNAUDITED

Direct Program Amount	Total PT From & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agy #/ Univ. #	State Agy Or Univ. Amount	Non-State Entities Amount		
\$ 45,967.88	\$ 45,967.88		\$ 0.00	\$ 0.00	\$ 45,967.88	\$ 45,967.88
4,970.14	4,970.14				4,970.14	4,970.14
<u>50,938.02</u>	<u>50,938.02</u>		<u>0.00</u>	<u>0.00</u>	<u>50,938.02</u>	<u>50,938.02</u>
20,966.03	20,966.03				20,966.03	20,966.03
	1,490,320.64				1,490,320.64	1,490,320.64
	935,502.06					935,502.06
						0.00
		724	935,502.06			
	99,998.11					99,998.11
		733	99,998.11		0.00	
<u>20,966.03</u>	<u>2,546,786.84</u>		<u>1,035,500.17</u>	<u>0.00</u>	<u>1,511,286.67</u>	<u>2,546,786.84</u>
4,997.70	4,997.70				4,997.70	4,997.70
<u>4,997.70</u>	<u>4,997.70</u>		<u>0.00</u>	<u>0.00</u>	<u>4,997.70</u>	<u>4,997.70</u>
81,376.73	81,376.73		0.00	0.00	81,376.73	81,376.73
<u>81,376.73</u>	<u>81,376.73</u>		<u>0.00</u>	<u>0.00</u>	<u>81,376.73</u>	<u>81,376.73</u>
13,249.34	13,249.34				13,249.34	13,249.34
<u>13,249.34</u>	<u>13,249.34</u>		<u>0.00</u>	<u>0.00</u>	<u>13,249.34</u>	<u>13,249.34</u>
1,500.00	1,500.00				1,500.00	1,500.00
5,000.00	5,000.00				5,000.00	5,000.00
233,543.41	233,543.41				233,543.41	233,543.41
<u>240,043.41</u>	<u>240,043.41</u>		<u>0.00</u>	<u>0.00</u>	<u>240,043.41</u>	<u>240,043.41</u>
227,299.97	227,299.97				227,299.97	227,299.97
<u>227,299.97</u>	<u>227,299.97</u>		<u>0.00</u>	<u>0.00</u>	<u>227,299.97</u>	<u>227,299.97</u>
	177.81				177.81	177.81
	1,496.35					1,496.35
					0.00	0.00
		724	1,496.35		0.00	
<u>0.00</u>	<u>1,674.16</u>		<u>1,496.35</u>	<u>0.00</u>	<u>177.81</u>	<u>1,674.16</u>
	1,092.83				1,092.83	1,092.83
	0.00				0.00	0.00
	0.00				0.00	0.00
	0.00				0.00	0.00
	21,624.88				21,624.88	21,624.88
<u>0.00</u>	<u>22,717.71</u>		<u>0.00</u>	<u>0.00</u>	<u>22,717.71</u>	<u>22,717.71</u>

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Schedule 1-A-Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2008

Federal Grantor/ Pass-Through Grantor Program Title	CFDA Number	Pass-Through From		
		Agy/ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount
U.S. Department of Education				
Tech-Prep Education	84.243			3,751.92
Direct Programs:				
Undergraduation International Studies and Foreign Language Program	84.016			
Perkins Loan Cancellations	84.037			
Rehabilitation Long-Term Training	84.129			
Special Education--Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334			
Transition Teaching	84.350			
School Leadership	84.363			
Pass-Through From:				
Vocational Education--Basic Grants to States	84.048			
Pass-Through From:				
Texas Education Agency		701	112,238.36	
Vocational Education--Basic Grants to States	84.048			
Pass-Through From:				
Texas Higher Education Coordinating Board		781	(895.07)	
Improving Teacher Quality State Grants	84.367			
Pass-Through From:				
University of Texas at Austin		721	52,895.19	
Improving Teacher Quality State Grants	84.367			
Pass-Through From:				
Texas Higher Education Coordinating Board		781	19,677.54	
Total U.S. Department of Education			<u>183,916.02</u>	<u>3,751.92</u>
U.S. Department of Health and Human Services				
Direct Programs:				
Geriatric Education Centers	93.969			
Pass-Through From:				
Model State-Supported Area Health Education Centers	93.107			
Pass-Through From:				
University of Texas Medical Branch Galveston		723	82,330.20	
Foster Care--Title IV-E	93.658			
Pass-Through From:				
Department of Family and Protective Services		630	159,060.75	
Geriatric Education Centers	93.969			
Pass-Through From:				
University of Texas Medical Branch at Galveston		723	6,779.52	
Total U.S. Department of Health & Human Services			<u>248,170.47</u>	<u>0.00</u>
RESEARCH & DEVELOPMENT CLUSTER				
U.S. Department of Agriculture				
Direct Programs:				
Agricultural Research--Basic and Applied Research	10.001			
Forestry Research	10.652			
Plant Materials for Conservation	10.905			
Wildlife Habitat Incentive Program	10.914			
Total U. S. Department of Agriculture			<u>0.00</u>	<u>0.00</u>
U.S. Department of Defense				
Military Medical Research and Development	12.420			
Total U.S. Department of Defense			<u>0.00</u>	<u>0.00</u>
U.S. Department of the Interior				
Fish and Wildlife Management Assistance	15.608			
Migratory Bird Joint Ventures	15.637			
Migratory Bird Conservation	15.647			
U.S. Geological Survey--Research and Data Acquisition	15.808			
U.S. Geological Survey--Research and Data Acquisition	15.808			
Pass-Through To:				
University of Texas at Austin				

UNAUDITED

Direct Program Amount	Total PT From & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agy #/ Univ. #	State Agy. Or Univ Amount	Non-State Entities Amount		
	3,751.92				3,751.92	3,751.92
34,023.91	34,023.91				34,023.91	34,023.91
165,113.00	165,113.00				165,113.00	165,113.00
316,118.22	316,118.22				316,118.22	316,118.22
					0.00	0.00
132,094.19	132,094.19				132,094.19	132,094.19
1,009,399.75	1,009,399.75				1,009,399.75	1,009,399.75
579,929.59	579,929.59				579,929.59	579,929.59
239,905.49	239,905.49				239,905.49	239,905.49
	112,238.36				112,238.36	112,238.36
	(895.07)				(895.07)	(895.07)
	52,895.19				52,895.19	52,895.19
	19,677.54				19,677.54	19,677.54
				0.00		
<u>2,476,584.15</u>	<u>2,864,252.09</u>		<u>0.00</u>	<u>0.00</u>	<u>2,664,252.09</u>	<u>2,664,252.09</u>
0.09	0.09				0.09	0.09
	82,330.20				82,330.20	82,330.20
	159,060.75				159,060.75	159,060.75
	6,779.52				6,779.52	6,779.52
					0.00	0.00
<u>0.09</u>	<u>248,170.56</u>		<u>0.00</u>	<u>0.00</u>	<u>248,170.56</u>	<u>248,170.56</u>
115,491.72	115,491.72				115,491.72	115,491.72
495,952.01	495,952.01				495,952.01	495,952.01
2,490.19	2,490.19				2,490.19	2,490.19
(157.89)	(157.89)				(157.89)	(157.89)
<u>613,776.03</u>	<u>613,776.03</u>		<u>0.00</u>	<u>0.00</u>	<u>613,776.03</u>	<u>613,776.03</u>
19,219.58	19,219.58				19,219.58	19,219.58
<u>19,219.58</u>	<u>19,219.58</u>		<u>0.00</u>	<u>0.00</u>	<u>19,219.58</u>	<u>19,219.58</u>
1,662.73	1,662.73				1,662.73	1,662.73
18,813.23	18,813.23				18,813.23	18,813.23
5,393.27	5,393.27				5,393.27	5,393.27
65,649.62	65,649.62				65,649.62	65,649.62
5,564.08	5,564.08					
		721	5,564.08			5,564.08

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 765
 Schedule 7-A-Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2008

Federal Grantor/ Pass-Through Grantor Program Title	CFDA Number	Pass-Through From		
		Agy/ Univ #	Agencies Or Univ. Amount	Non-State Entities Amount
U.S. Geological Survey--Research and Data Acquisition Pass-Through To: University of Texas at El Paso	15.808			
U.S. Geological Survey--Research and Data Acquisition Pass-Through To: University of Houston	15.808			
U.S. Geological Survey--Research and Data Acquisition Pass-Through To: Texas Tech University	15.808			
U.S. Geological Survey--Research and Data Acquisition Pass-Through To: University of Texas at San Antonio	15.808			
U.S. Geological Survey--Research and Data Acquisition Pass-Through To: Texas State University - San Marcos	15.808			
Total U.S. Department of the Interior			<u>0.00</u>	<u>0.00</u>
National Science Foundation				
Biological Sciences	47.074			
Social, Behavioral, and Economic Sciences	47.075			
Education and Human Resources	47.076			
Total National Science Foundation			<u>0.00</u>	<u>0.00</u>
Environmental Protection Agency				
Congressionally Mandated Projects	66.202			
Total Environmental Protection Agency			<u>0.00</u>	<u>0.00</u>
U.S. Department of Education				
Fund for the Improvement of Postsecondary Education	84.116			
Fund for the Improvement of Postsecondary Education Pass-Through To: Lamar State College-Orange	84.116			
Bilingual Education-Professional Development School Leadership	84.195 84.363			
Total U.S. Department of Education			<u>0.00</u>	<u>0.00</u>
CHILD CARE CLUSTER				
U.S. Department of Health and Human Services				
Child Care and Development Block Grant	93.575			40,471.30
Total U.S. Department of Health & Human Services			<u>0.00</u>	<u>40,471.30</u>
SPECIAL EDUCATION CLUSTER				
U.S. Department of Education				
Pass-Through From: Special Education--Grants to States	84.027			
Pass-Through From: Texas A&M University - Texarkana Special Education--Grants to States	84.027	764	23,892.00	
Pass-Through From: Texas School for the Blind & Visually Impaired		771	316,643.09	
Total U.S. Department of Education			<u>340,535.09</u>	<u>0.00</u>
STUDENT FINANCIAL ASSISTANCE CLUSTER				
U.S. Department of Education				
Direct Programs:				
Federal Supplemental Educational Opportunity Grants	84.007			
Federal Family Education Loans	84.032			
Federal Work-Study Program	84.033			
Federal Perkins Loan Program--Federal Capital Contributions	84.038			
Federal Pell Grant Program	84.063			
Academic Competitiveness Grants	84.375			
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376			
Total U.S. Department of Education			<u>0.00</u>	<u>0.00</u>
Total Expenditures of Federal Awards			<u>\$ 3,321,741.43</u>	<u>\$ 45,316.05</u>

UNAUDITED

Direct Program Amount	Total PT From & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agy #/ Univ. #	State Agy. Or Univ. Amount	Non-State Entities Amount		
2,978.95	2,978.95					
		724	2,978.95		2,978.95	
2,415.55	2,415.55					
		730	2,415.55		2,415.55	
2,635.33	2,635.33					
		733	2,635.33		2,635.33	
2,099.56	2,099.56					
		743	2,099.56		2,099.56	
3,000.00	3,000.00					
		754	3,000.00		3,000.00	
<u>110,212.32</u>	<u>110,212.32</u>		<u>18,693.47</u>	<u>0.00</u>	<u>110,212.32</u>	
2,583.06	2,583.06			2,583.06	2,583.06	
24,865.33	24,865.33			24,865.33	24,865.33	
71,740.66	71,740.66			71,740.66	71,740.66	
<u>99,189.05</u>	<u>99,189.05</u>		<u>0.00</u>	<u>99,189.05</u>	<u>99,189.05</u>	
16,887.84	16,887.84			16,887.84	16,887.84	
<u>16,887.84</u>	<u>16,887.84</u>		<u>0.00</u>	<u>16,887.84</u>	<u>16,887.84</u>	
176,950.67	176,950.67			176,950.67	176,950.67	
1,000.00	1,000.00				1,000.00	
		787	1,000.00			
264,419.47	264,419.47			264,419.47	264,419.47	
75,910.92	75,910.92			75,910.92	75,910.92	
<u>518,281.06</u>	<u>518,281.06</u>		<u>1,000.00</u>	<u>517,281.06</u>	<u>518,281.06</u>	
	40,471.30			40,471.30	40,471.30	
<u>0.00</u>	<u>40,471.30</u>		<u>0.00</u>	<u>40,471.30</u>	<u>40,471.30</u>	
	23,892.00			23,892.00	23,892.00	
	316,643.09			316,643.09	316,643.09	
<u>0.00</u>	<u>340,535.09</u>		<u>0.00</u>	<u>340,535.09</u>	<u>340,535.09</u>	
369,122.00	369,122.00			369,122.00	369,122.00	
52,525,580.83	52,525,580.83			52,525,580.83	52,525,580.83	
593,241.52	593,241.52			593,241.52	593,241.52	
1,154,246.00	1,154,246.00			1,154,246.00	1,154,246.00	
11,223,594.13	11,223,594.13			11,223,594.13	11,223,594.13	
600,343.00	600,343.00			600,343.00	600,343.00	
106,697.00	106,697.00			106,697.00	106,697.00	
<u>66,572,824.48</u>	<u>66,572,824.48</u>		<u>0.00</u>	<u>66,572,824.48</u>	<u>66,572,824.48</u>	
\$ 71,065,845.80	\$ 74,432,903.28	\$ 1,056,689.99	\$ 0.00	\$ 73,376,213.29	\$ 74,432,903.28	

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 1-A-Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2008

Note 1 - Nonmonetary Assistance - N/A

Note 2 - Reconciliation

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

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

Federal Revenue Operating	\$17,431,395.02
Federal Pass-Through Revenue	3,321,741.43
Federal Pass-Through Non-Operating	0.00
Subtotal	<u>20,753,136.45</u>
Reconciling Items:	
Non-monetary:	0.00
New Loans Processed:	
GSL/SLS/PLUS Loans	52,525,580.83
Federal Perkins Loans	<u>1,154,246.00</u>
Total Pass-Through and Expenditures per Federal Schedule	<u><u>\$74,432,963.28</u></u>

Note 3 - Student Loans Processed and Administrative Costs Recovered

Federal Grantor/CFDA Number/ Program Name	New Loans Processed	Admin Costs Recovered	Total Loans Processed & Admin Costs Recovered	End Balances of Previous Year's Loans
Department of Education 84.038 Federal Perkins Loans	\$1,154,246.00	\$89,059.00	\$1,243,305.00	\$5,534,457.90
Department of Education 84.032 GSL/SLS/Plus Loans	52,525,580.83		52,525,580.83	
Total Department of Education	<u>\$53,679,826.83</u>	<u>\$89,059.00</u>	<u>\$53,768,885.83</u>	<u>\$5,534,457.90</u>

Note 4 - Depository Libraries for Government Publications - N/A

Note 5 - Unemployment Insurance - N/A

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

Note 7 - Federal Deferred Revenue

Federal Deferred Revenue 9-1-07	\$129,515.83
Increase (Decrease)	31,291.28
Federal Deferred Revenue 8-31-08	<u><u>\$160,807.11</u></u>

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY

Agency No. 755

**Schedule 1-B - Schedule of State Grant Pass-Through From/To State Agencies
For The Fiscal Year Ended August 31, 2008**

Pass Through From:

Operating:

Texas Commission on Environmental Quality (Agy #582)	
Deep-Rooted Sedge	\$6,663.41
Texas Water Development Board (Agy #580)	
Large Woody Debris	3,245.03
Texas Parks & Wildlife (Agy #802)	
Contaminant Levels	10,414.86
Texas Higher Ed. Coord. Board (Agy #781)	
At Risk Nursing Students	61,589.78
Deep E TX P16 Council	7,889.15
P-16 Special Advisor	5,351.17
Professional Nursing	6,639.00
TEXAS Grant Program	3,846,480.00
College Work Study Program	84,592.00
Engineering Scholarships	5,000.00
5th Year Accounting Scholarships	5,000.00
	<hr/>
Total Operating Pass-Through From Other Agencies	<u><u>\$4,042,864.40</u></u>

THIS PAGE LEFT INTENTIONALLY BLANK

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2A - Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2008

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Scheduled Maturities		First Call Date
				First Year	Last Year	
Business-Type Activities						
Revenue Bonds - Self Supporting						
Rev Fin Sys Bds Ser '00	\$ 7,000,000.00	5.125	5.375	2003	2009	n/a
Rev Fin Sys Bds Ser '02 (A)	1,320,000.00	3.590	3.590	2003	2010	n/a
Rev Fin Sys Bds Ser '04	26,030,000.00	2.000	4.375	2005	2024	10/15/2013
Rev Fin Sys Bds Ser '04 (A)	5,460,000.00	4.000	4.625	2005	2024	10/15/2013
Rev Fin Sys Bds Ser '05	17,215,000.00	4.000	5.250	2006	2026	10/15/2015
Rev Fin Sys Bds Ser '05 (A)	55,365,000.00	3.500	5.000	2006	2026	10/15/2015
	<u>\$ 112,390,000.00</u>					
Tuition Revenue Bonds - Self-Supporting						
Rev Fin Sys Bds Ser '98	\$ 6,000,000.00	3.650	5.250	1999	2018	10/15/2008
Rev Fin Sys Bds Ser '02	14,070,000.00	4.000	5.000	2002	2021	10/15/2012
Rev Fin Sys Bds Ser '08	20,175,000.00	3.500	5.000	2008	2027	10/15/2017
	<u>\$ 40,245,000.00</u>					
General Obligation Bonds - Not Self-Supporting						
N/A	\$ 0.00					
	<u>\$ 0.00</u>					

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Schedule 2B-Changes in Bonded Indebtedness
 For the Fiscal Year Ended August 31, 2008

Description of Issue	Bonds Outstanding 9/1/07	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/08
Business-Type Activities					
Revenue Bonds - Self Supporting					
Rev Fin Sys Bds Ser '00	\$ 3,000,000.00	\$ -	\$ 1,000,000.00	\$ -	\$ 2,000,000.00
Rev Fin Sys Bds Ser '02 (A)	725,000.00	-	170,000.00	-	555,000.00
Rev Fin Sys Bds Ser '04	24,160,000.00	-	965,000.00	-	23,195,000.00
Rev Fin Sys Bds Ser '04 (A)	5,090,000.00	-	195,000.00	-	4,895,000.00
Rev Fin Sys Bds Ser '05	16,630,000.00	-	610,000.00	-	16,020,000.00
Rev Fin Sys Bds Ser '05 (A)	54,675,000.00	-	765,000.00	-	53,910,000.00
Tuition Revenue Bonds - Self-Supporting					
Rev Fin Sys Bds Ser '98	4,235,000.00	-	270,000.00	-	3,965,000.00
Rev Fin Sys Bds Ser '02	11,840,000.00	-	550,000.00	-	11,090,000.00
Rev Fin Sys Bds Ser '08	-	20,175,000.00	2,570,000.00	-	17,605,000.00
General Obligation Bonds - Not Self-Supporting					
N/A	-	-	-	-	-
	<u>\$ 120,155,000.00</u>	<u>\$ 20,175,000.00</u>	<u>\$ 7,085,000.00</u>	<u>\$ -</u>	<u>\$ 133,235,000.00</u>

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Schedule 2B-Changes In Bonded Indebtedness
 For the Fiscal Year Ended August 31, 2008

(For Proprietary Funds only: Reconciliation)

Description of Issue	Unamortized Premium	Unamortized Discount	Issuance Costs	Gain/(Loss) on Refunding	Net Bonds Outstanding 8/31/08	Amounts Due Within One Year
Business-Type Activities						
Revenue Bonds - Self Supporting						
Rev Fin Sys Bds Ser '00	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000.00	\$ 1,000,000.00
Rev Fin Sys Bds Ser '02 (A)	-	-	-	-	555,000.00	180,000.00
Rev Fin Sys Bds Ser '04	-	-	-	-	23,195,000.00	990,000.00
Rev Fin Sys Bds Ser '04 (A)	-	-	-	-	4,895,000.00	205,000.00
Rev Fin Sys Bds Ser '05	-	-	-	-	16,020,000.00	630,000.00
Rev Fin Sys Bds Ser '05 (A)	-	-	-	-	53,910,000.00	995,000.00
Tuition Revenue Bonds - Self-Supporting						
Rev Fin Sys Bds Ser '98	-	-	-	-	3,965,000.00	280,000.00
Rev Fin Sys Bds Ser '02	-	-	-	-	11,090,000.00	575,000.00
Rev Fin Sys Bds Ser '08	-	-	-	-	17,605,000.00	620,000.00
General Obligation Bonds - Not Self-Support						
N/A	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,235,000.00</u>	<u>\$ 5,475,000.00</u>

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Schedule 2C - Debt Service Requirements
 For the Fiscal Year Ended August 31, 2008

Description of Issue	FY	Principal	Interest
Business-Type Activities			
Revenue Bonds - Self Supporting			
Rev Fin Sys Bds Ser '00	2009	\$ 1,000,000.00	\$ 80,000.00
Rev Fin Sys Bds Ser '00	2010	1,000,000.00	26,875.00
		2,000,000.00	106,875.00
Rev Fin Sys Bds Ser '02 (A)	2009	180,000.00	16,693.50
Rev Fin Sys Bds Ser '02 (A)	2010	185,000.00	10,141.75
Rev Fin Sys Bds Ser '02 (A)	2011	190,000.00	3,410.50
		555,000.00	30,245.75
Rev Fin Sys Bds Ser '04	2009	990,000.00	905,956.26
Rev Fin Sys Bds Ser '04	2010	1,015,000.00	878,387.51
Rev Fin Sys Bds Ser '04	2011	1,050,000.00	843,431.26
Rev Fin Sys Bds Ser '04	2012	1,095,000.00	800,531.26
Rev Fin Sys Bds Ser '04	2013	1,140,000.00	755,831.26
Rev Fin Sys Bds Ser '04	2014-2018	6,430,000.00	3,042,556.30
Rev Fin Sys Bds Ser '04	2019-2023	7,845,000.00	1,615,300.05
Rev Fin Sys Bds Ser '04	2024-2025	3,630,000.00	159,453.14
		23,195,000.00	9,001,447.04
Rev Fin Sys Bds Ser '04 (A)	2009	205,000.00	202,878.76
Rev Fin Sys Bds Ser '04 (A)	2010	210,000.00	194,578.76
Rev Fin Sys Bds Ser '04 (A)	2011	220,000.00	185,978.76
Rev Fin Sys Bds Ser '04 (A)	2012	230,000.00	176,978.76
Rev Fin Sys Bds Ser '04 (A)	2013	240,000.00	167,578.76
Rev Fin Sys Bds Ser '04 (A)	2014-2018	1,350,000.00	682,748.80
Rev Fin Sys Bds Ser '04 (A)	2019-2023	1,665,000.00	370,291.30
Rev Fin Sys Bds Ser '04 (A)	2024-2025	775,000.00	36,190.64
		4,895,000.00	2,017,224.54
Rev Fin Sys Bds Ser '05	2009	630,000.00	710,300.00
Rev Fin Sys Bds Ser '05	2010	655,000.00	676,568.75
Rev Fin Sys Bds Ser '05	2011	675,000.00	641,656.25
Rev Fin Sys Bds Ser '05	2012	700,000.00	605,562.50
Rev Fin Sys Bds Ser '05	2013	725,000.00	568,156.25
Rev Fin Sys Bds Ser '05	2014-2018	4,075,000.00	2,247,843.75
Rev Fin Sys Bds Ser '05	2019-2023	4,960,000.00	1,299,418.75
Rev Fin Sys Bds Ser '05	2024-2026	3,600,000.00	234,600.00
		16,020,000.00	6,984,106.25

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2008

Description of Issue	FY	Principal	Interest
Rev Fin Sys Bds Ser '05 (A)	2009	995,000.00	2,458,081.26
Rev Fin Sys Bds Ser '05 (A)	2010	1,100,000.00	2,421,418.76
Rev Fin Sys Bds Ser '05 (A)	2011	2,195,000.00	2,362,384.38
Rev Fin Sys Bds Ser '05 (A)	2012	2,290,000.00	2,279,662.50
Rev Fin Sys Bds Ser '05 (A)	2013	2,395,000.00	2,188,825.00
Rev Fin Sys Bds Ser '05 (A)	2014-2018	14,025,000.00	9,026,250.00
Rev Fin Sys Bds Ser '05 (A)	2019-2023	18,010,000.00	5,115,112.50
Rev Fin Sys Bds Ser '05 (A)	2024-2026	12,900,000.00	887,175.00
		53,910,000.00	26,738,909.40
Tuition Revenue Bonds - Self-Supporting			
Rev Fin Sys Bds Ser '98	2009	280,000.00	185,147.50
Rev Fin Sys Bds Ser '98	2010	295,000.00	172,350.00
Rev Fin Sys Bds Ser '98	2011	310,000.00	158,582.50
Rev Fin Sys Bds Ser '98	2012	320,000.00	143,932.50
Rev Fin Sys Bds Ser '98	2013	340,000.00	128,252.50
Rev Fin Sys Bds Ser '98	2014-2018	1,965,000.00	368,296.25
Rev Fin Sys Bds Ser '98	2019	455,000.00	11,375.00
		3,965,000.00	1,167,936.25
Rev Fin Sys Bds Ser '02	2009	575,000.00	493,775.00
Rev Fin Sys Bds Ser '02	2010	605,000.00	469,418.75
Rev Fin Sys Bds Ser '02	2011	635,000.00	443,068.75
Rev Fin Sys Bds Ser '02	2012	665,000.00	414,612.50
Rev Fin Sys Bds Ser '02	2013	695,000.00	384,012.50
Rev Fin Sys Bds Ser '02	2014-2018	3,980,000.00	1,425,773.75
Rev Fin Sys Bds Ser '02	2019-2022	3,935,000.00	400,381.25
		11,090,000.00	4,031,042.50
Rev Fin Sys Bds Ser '08	2009	620,000.00	716,100.00
Rev Fin Sys Bds Ser '08	2010	645,000.00	690,800.00
Rev Fin Sys Bds Ser '08	2011	665,000.00	664,600.00
Rev Fin Sys Bds Ser '08	2012	685,000.00	637,600.00
Rev Fin Sys Bds Ser '08	2013	710,000.00	609,700.00
Rev Fin Sys Bds Ser '08	2014-2018	3,905,000.00	2,594,362.50
Rev Fin Sys Bds Ser '08	2019-2023	4,660,000.00	1,681,375.00
Rev Fin Sys Bds Ser '08	2024-2028	5,715,000.00	628,012.50
		17,605,000.00	8,222,550.00
Total Debt Service		\$ 133,235,000.00	\$ 58,300,336.73

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY

Agency No. 755

Schedule 2D - Analysis of Funds Available for Debt Service - General Obligation Bonds
For the Fiscal Year Ended August 31, 2008

<u>Description of Issue</u>	<u>Application of Funds</u>		<u>Comment</u>
	<u>2008 Principal</u>	<u>2008 Interest</u>	
Not Applicable			

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY

Agency No. 755

Schedule 2D - Analysis of Funds Available for Debt Service - Revenue Bonds
For the Fiscal Year Ended August 31, 2008

Description of Issue	Net Available for Debt Service		Debt Service		Comment
	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	2008 Principal	2008 Interest	
Business-Type Activities					
Revenue Bonds - Self Supporting					
Rev Fin Sys Bds Ser '00	*	\$ -	\$ 1,000,000.00	\$ 132,500.00	\$ 112,812.50 **
Rev Fin Sys Bds Ser '02 (A)	*	-	170,000.00	22,976.00	20,687.38 **
Rev Fin Sys Bds Ser '04	*	-	965,000.00	930,425.01	922,282.83 **
Rev Fin Sys Bds Ser '04 (A)	*	-	195,000.00	210,878.76	207,953.76 **
Rev Fin Sys Bds Ser '05	*	-	610,000.00	739,037.50	744,887.50 **
Rev Fin Sys Bds Ser '05 (A)	*	-	765,000.00	2,488,881.26	2,478,840.64 **
Tuition Revenue Bonds - Self-Supporting					
Rev Fin Sys Bds Ser '98	*	-	270,000.00	197,112.50	192,758.75 **
Rev Fin Sys Bds Ser '02	*	-	550,000.00	516,275.00	508,025.00 **
Rev Fin Sys Bds Ser '08	*	-	2,570,000.00	94,675.83	367,863.33 **
			<u>\$ 7,095,000.00</u>	<u>\$ 5,332,761.86</u>	5,556,111.69
		Interest Capitalized			(367,863.33) ***
		Interest Expensed			<u>\$ 5,188,248.36</u>

Note: Expenditures associated with operations which generated the pledged revenues are \$ 68,191,746.68 for fiscal year 2008.

* The \$105,264,452.56 represents the total available pledged revenue and other sources for parity issues for fiscal year 2008.

Analysis of Pledged and Other Sources:	Pledged Sources	
	Tuition	\$ 18,181,030.90
	Designated Tuition	30,495,007.40
	Student Center Fees	2,108,796.00
	Lab Fees	319,778.50
	Other Fees	16,134,723.04
	Sales & Services	35,219,737.92
	Investment Income	2,765,339.36
	Gifts	35,931.76
	Other Income	4,107.68
		<u>\$105,264,452.56</u>

** Amounts represent interest expense on accrual basis as reported on the financial statements

*** Capitalized interest.

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2008

<u>Description of Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
Revenue Bonds		
Building Revenue Bonds, Series 1965-B	1991	\$1,215,000.00
Housing System Revenue Bonds, Series 1962-D	1991	962,000.00
Housing System Revenue Bonds, Series 1963-A	1991	424,000.00
Housing System Revenue Bonds, Series 1964	1991	420,000.00
		<u>\$3,021,000.00</u>

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2F - Current Year Early Extinguishment and Refunding
For the Fiscal Year Ended August 31, 2008

For Refunding Only

<u>Description of Issue</u>	<u>Category</u>	<u>Amount Extinguished or Refunded</u>	<u>Refunding Issue Par Value</u>	<u>Cash Flow Increase (Decrease)</u>	<u>Economic Gain/Loss</u>
-----------------------------	-----------------	--	--------------------------------------	--	-------------------------------

Not Applicable

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 3 - Reconciliation of Cash in State Treasury
August 31, 2008

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	Current Year <u>Total</u>
Special Mineral Fund 0241	\$ 3,200.00	\$ 0.00	\$ 3,200.00
Local Revenue Fund 0261	<u>478,082.27</u>	<u>0.00</u>	<u>478,082.27</u>
Total Cash in State Treasury (Stmt of Net Assets)	<u>\$ 481,282.27</u>	<u>\$ 0.00</u>	<u>\$ 481,282.27</u>