

Stephen F. Austin State University

**Unaudited Financial Report
For the Year Ended
August 31, 2017**

STEPHEN F. AUSTIN STATE UNIVERSITY

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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, 2017

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

Dear Ladies and Gentlemen:

We are pleased to submit the annual financial report of Stephen F. Austin State University for the year ended August 31, 2017, in compliance with Texas Government Code Annotated, Section 2101.011 and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

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

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

Sincerely,

Baker Pattillo
President



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Office of the Controller

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

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November 20, 2017

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, 2017.

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

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

If you have any questions, please contact me.

Sincerely,

Dora Fuselier, CPA
Controller

Approved:

Danny Gallant
Vice President for Finance and Administration

**STEPHEN F. AUSTIN STATE UNIVERSITY
ORGANIZATIONAL DATA
August 31, 2017**

Board of Regents

Officers

David Alders, Chairman
Brigettee C. Henderson, Vice Chairman
Alton L. Frailey, Secretary

Members

Name	Town	Term Expires
Brigettee C. Henderson	Lufkin, Texas	January 31, 2017
Kenton E. Schaefer	Brownsville, Texas	January 31, 2017
Ralph C. Todd	Carthage, Texas	January 31, 2017
David R. Alders	Nacogdoches, Texas	January 31, 2019
John R. Garrett	Tyler, Texas	January 31, 2019
Nelda L. Blair	The Woodlands, Texas	January 31, 2021
Scott H. Coleman	Houston, Texas	January 31, 2021
Alton L. Frailey	Katy, Texas	January 31, 2021
Maggie J. Wright (student)	Flower Mound, Texas	May 31, 2018

President

Baker Pattillo, Ph.D.

Finance and Administration

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

STEPHEN F. AUSTIN STATE UNIVERSITY

Management's Discussion and Analysis Unaudited For the Year Ended August 31, 2017

INTRODUCTION

Stephen F. Austin State University (the University) is a comprehensive regional public institution of higher education and an agency of the State of Texas (State). The University was founded in 1923 and is named for the "Father of Texas," Stephen Fuller Austin. It is located in the city of Nacogdoches, a part of the East Texas forested region. The main campus has more than 400 acres, including part of the original homestead of Thomas J. Rusk, early Texas patriot and United States Senator. In fall 2016, the University enrolled 12,742 students in 34 academic units and 6 colleges. The University offers baccalaureate, masters, and doctoral degrees.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

The objective of Management's Discussion and Analysis is to help readers of the University's Financial Statements better understand the financial position and operating activities for the fiscal year ended August 31, 2017, with selected comparative information for the year ended August 31, 2016. This discussion should be read in conjunction with the Transmittal Letter, Financial Statements, and Notes to the Financial Statements. Management has prepared the Financial Statements and Notes to the Financial Statements along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the University administration.

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

FINANCIAL HIGHLIGHTS

- Enrollment for the fall 2016 semester was 12,742. This figure represents a slight increase from the enrollment of 12,606 recorded in fall 2015. Retention rates and persistence to graduation are two metrics by which the Texas Legislature evaluates state universities. The University reported the highest first-time undergraduate retention rate in University history, with the fall 2016 value of 71.4 percent representing an eight percentage point increase over the past five years.
- The University's financial position at August 31, 2017, reflected total assets and deferred outflows of \$471.1 million and total liabilities and deferred inflows of \$323.9 million. Overall, the net position of the University increased \$20.4 million.
- The Board of Regents approved a feasibility study to assess the viability of conducting a comprehensive capital fundraising campaign.
- In the fall of 2016, the University began construction of a Science, Technology, Engineering and Math (STEM) building after the approval and sale of \$46.4 million in tuition revenue bonds. The \$61.2 million bond issue also provided for the refunding of the 2008 revenue bond and 2009 revenue bond in the amount of \$10.4 million and \$13.9 million, respectively.

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Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2017

CONDENSED FINANCIAL INFORMATION AND FINANCIAL HIGHLIGHTS

Statement of Net Position

The Statement of Net Position provides a snapshot view of assets available for use in the University's continuing operations and enables readers to determine the amounts owed to others. Over time, increases or decreases in net position are indicators of the improvement or decline of the financial health of the University. The Statement of Net Position presents the assets, liabilities, deferred outflow and inflow of resources, and net position of the University at a specific point in time, in this case August 31, 2017. Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources.

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

A summarized comparison of the University's Statement of Net Position at August 31, 2017, and 2016 follows:

Statement of Net Position

	August 31, 2017	August 31, 2016
Assets		
Current Assets	\$ 163,179,103.22	\$ 136,637,438.08
Noncurrent Assets		
Other Noncurrent Assets	91,707,188.48	66,663,895.48
Capital Assets, Net of Depreciation	<u>201,903,491.09</u>	<u>202,035,277.05</u>
Total Assets	<u>456,357,901.23</u>	<u>405,336,610.61</u>
 Deferred Outflows of Resources	 <u>14,758,104.00</u>	 <u>19,222,178.00</u>
 Liabilities		
Current Liabilities	119,039,719.17	117,416,411.64
Noncurrent Liabilities	<u>194,242,217.41</u>	<u>177,385,587.45</u>
Total Liabilities	<u>313,281,936.58</u>	<u>294,801,999.09</u>
 Deferred Inflows of Resources	 <u>10,653,756.00</u>	 <u>2,935,992.00</u>

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Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2017

Net Position		
Invested in Capital Assets, Net of Related Debt	60,879,173.22	54,714,153.87
Restricted Net Position		
Expendable	24,399,207.29	23,366,325.54
Non-expendable	5,986,857.51	5,382,309.21
Unrestricted Net Position	55,915,074.63	43,340,008.90
Total Net Position	\$ <u>147,180,312.65</u>	\$ <u>126,802,797.52</u>

In fiscal year 2017, total assets of the University increased \$51 million to \$456.4 million from the previous fiscal year's \$405.3 million. Cash and cash equivalents decreased approximately \$21.7 million; however, investments increased \$61.7 million largely due to the sale of tuition revenue bonds of \$61.2 million and the change in fair market value of investments.

Total liabilities increased by \$18.5 million from significant debt activity and an adjustment to the net pension liability. The 2016 Tuition Revenue Bond proceeds of \$61.2 million and bond premiums of \$11.8 million initially increased the University's liabilities. These proceeds are being used to construct a \$46.4 million STEM building that includes a state-of-the-art planetarium. Of these proceeds, \$24.2 million of the 2016 bond issue was used to refund most of the outstanding bonded debt of the 2008 and 2009 bond issues. After paying the current debt amount of \$17.8 million, the result was that total liabilities increased by approximately \$30 million from bond activity. The implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions* in 2015 required the University to include its estimated share of the net pension liability for the State of Texas. For 2017, the net pension liability decreased \$11.3 million over the 2016 net pension liability. This large variance is mainly attributed to a return of over-reimbursed benefits in 2016. The reported deferred inflows and outflows are also associated with the GASB Statement No. 68 reporting requirements.

Significant changes in the total net position increase of \$20.4 million included an increase in net investment income of \$4.2 million, an increase of \$3.9 million in capital appropriations (Higher Education Funds), and a \$4.1 million decrease in operating expenses. Additionally, the Texas Higher Education Coordinating Board transferred \$3.6 million in accordance with House Bill 100 of the 84th Texas Legislature, Regular Session, which authorized additional funding for capital projects for institutions across the state.

Statement of Revenues, Expenses, and Changes in Net Position

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

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

A summarized comparison of the University's Statement of Revenues, Expenses, and Changes in Net Position for the years ended August 31, 2017, and 2016 follows:

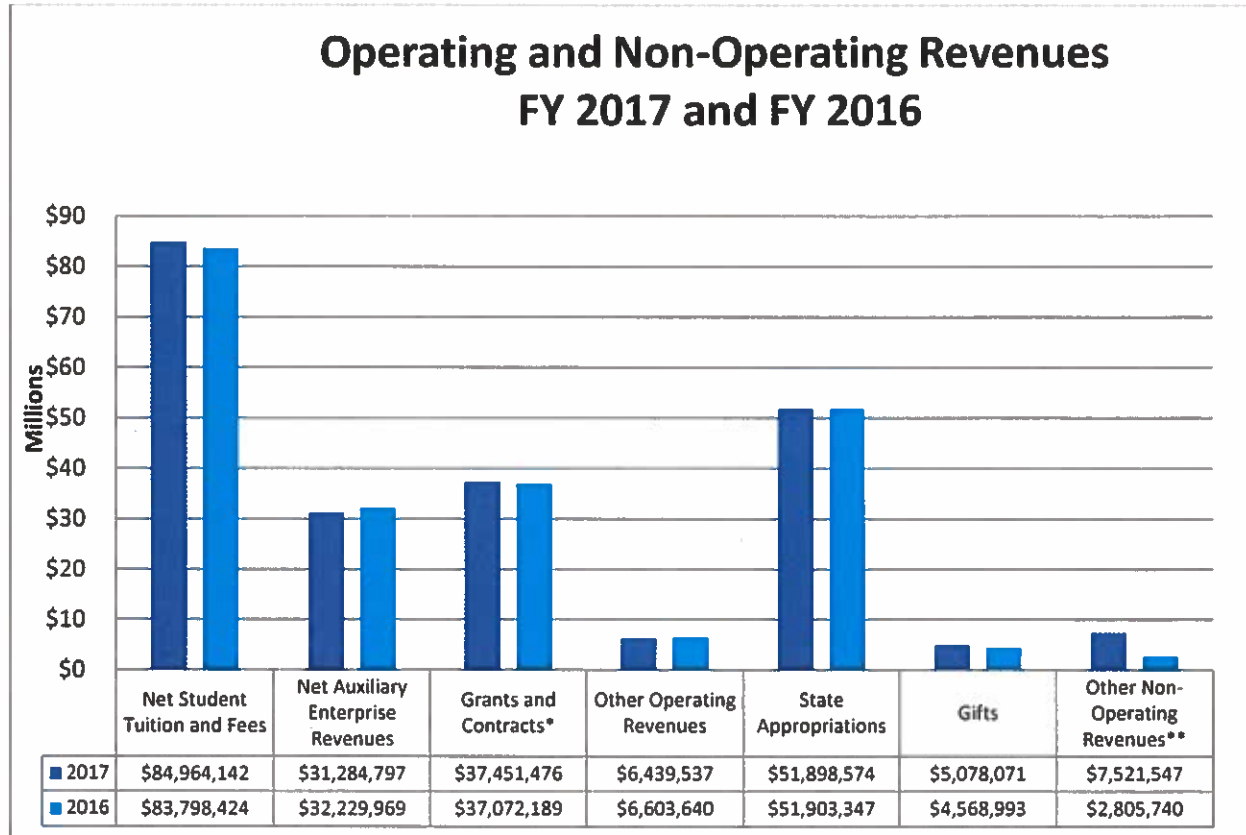
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Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2017

Statement of Revenues, Expenses, and Changes in Net Position

	2017	2016
Operating Revenues:		
Net Student Tuition and Fees	\$ 84,964,141.69	\$ 83,798,423.76
Net Auxiliary Enterprise Revenues	31,284,796.81	32,229,968.82
Grants and Contracts	15,996,719.18	16,283,741.25
Other Operating Revenues	6,439,537.23	6,603,640.18
Total Operating Revenues	138,685,194.91	138,915,774.01
Total Operating Expenses	216,292,075.47	220,364,585.66
Operating Income (Loss)	(77,606,880.56)	(81,448,811.65)
Non-Operating Revenues (Expenses):		
Legislative Revenue (State)	39,729,279.55	39,616,596.46
Additional Appropriations	12,169,293.97	12,286,750.38
Federal Revenues - Non-Operating	21,454,757.00	20,788,448.00
Gifts	5,078,071.49	4,568,992.68
Net Investment Income (Loss)	2,672,541.33	1,682,288.37
Net Increase (Decrease) in Fair Value of Investments	4,085,931.68	884,489.92
Interest Expenses and Fiscal Charges	(4,899,033.23)	(4,627,340.16)
Net Other Non-Operating Revenues (Expenses)	763,073.94	238,961.53
Total Non-Operating Revenues (Expenses)	81,053,915.73	75,439,187.18
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	3,447,035.17	(6,009,624.47)
Other Revenues, Expenses, Gains (Losses) and Transfers	16,930,479.96	10,330,502.29
Change in Net Position	20,377,515.13	4,320,877.82
Net Position, Beginning of Year	126,802,797.52	122,621,814.54
Restatements	0.00	(139,894.84)
Restated Net Position, Beginning of Year	126,802,797.52	122,481,919.70
Net Position, End of Year	\$ 147,180,312.65	\$ 126,802,797.52

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Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2017

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



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

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

Some of the fiscal year 2017 highlights presented in the Statement of Revenues, Expenses, and Changes in Net Position are as follows:

- In January 2016, the Board of Regents approved an increase in designated tuition for the 2016-17 fiscal year. With relatively stable enrollment, this resulted in an increase in net student tuition and fees of \$1.2 million, net of exemptions.
- The Board of Regents approved a negotiated increase of 2.7% in its contract with Aramark for food services. Therefore, the Board approved increasing the meal plan rates by the same percentage for the 2017 fiscal period. Although this action produced a slight increase in board revenues, room revenues decreased in auxiliary services. The allowance for doubtful accounts associated with auxiliary revenues experienced an increase of approximately \$560,000.
- Net investment income and net change in fair value of investments increased \$4.2 million over fiscal year 2016. The Texas A&M University System manages the University's endowment funds and long-term investments.

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Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2017

Discounts and allowances reported as offsets for both tuition and fees and auxiliary enterprise revenues include exemptions, tuition discounts, and the allowance for doubtful accounts, which is a calculated estimate of the uncollectible student receivables. The chart below reflects these amounts and the related variances from fiscal year 2016.

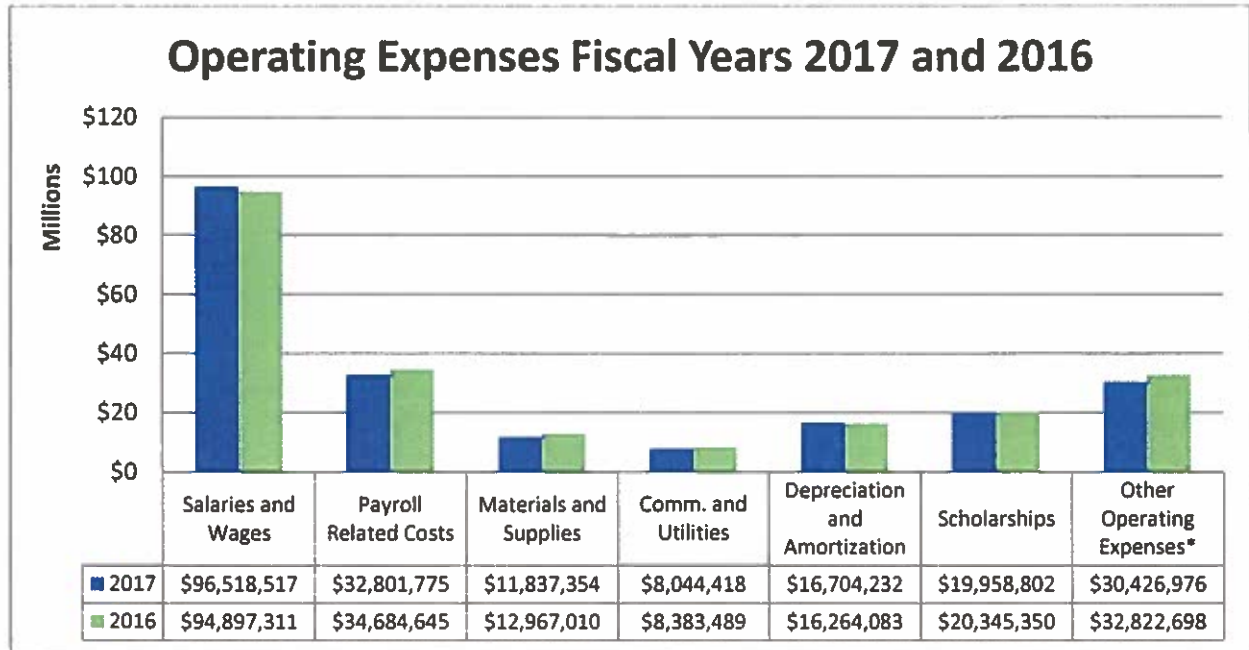
Gross Student Revenues, Exemptions, Discounts and Allowances			
	2017	2016	Net Change
Tuition and Fees - Pledged	\$111,148,989.37	\$107,820,935.46	\$3,328,053.91
Tuition and Fees - Non-Pledged	4,123,074.98	4,072,712.45	50,362.53
Exemptions	(7,830,304.89)	(6,900,000.23)	(930,304.66)
Tuition Discounts	(22,141,915.22)	(21,394,200.93)	(747,714.29)
Allowances for Doubtful Accounts	(335,702.55)	198,977.01	(534,679.56)
Net Student Tuition and Fees	\$84,964,141.69	\$83,798,423.76	\$1,165,717.93
Auxiliary Enterprises - Pledged	\$39,761,896.70	\$39,528,072.68	\$233,824.02
Auxiliary Enterprises - Non-Pledged	2,158,604.60	2,248,742.71	(90,138.11)
Discounts	(10,277,343.69)	(9,745,961.24)	(531,382.45)
Allowances for Doubtful Accounts	(358,360.80)	199,114.67	(557,475.47)
Net Auxiliary Enterprise Revenues	\$31,284,796.81	\$32,229,968.82	\$(945,172.01)

The following data summarizes the operating expenses in the natural classification expense categories for the fiscal years ended August 31, 2017, and 2016:

	2017	2016
Cost of Goods Sold	\$ 10,089,637.06	\$ 9,787,747.01
Salaries and Wages	96,518,517.24	94,897,310.50
Payroll Related Costs	32,801,775.49	34,684,645.05
Professional Fees and Services	1,470,749.20	1,788,165.57
Travel	2,910,527.19	3,133,296.92
Materials and Supplies	11,837,354.39	12,967,009.75
Communication and Utilities	8,044,418.37	8,383,488.77
Repairs and Maintenance	4,924,776.95	6,489,661.51
Rentals and Leases	2,910,082.14	3,070,709.04
Printing and Reproduction	465,527.03	450,348.78
Federal and State Pass-Through Expenditures	614,979.63	541,212.91
Amortization	89,963.09	280,484.17
Depreciation	16,614,268.61	15,983,599.24
Scholarships	19,958,802.35	20,345,349.87
Other Operating Expenses	7,040,696.73	7,561,556.57
	\$ 216,292,075.47	\$ 220,364,585.66

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Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2017

The following is a graphic presentation of the major operating expense categories for the fiscal years ended August 31, 2017, and 2016:



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

Reported net scholarships decreased by approximately \$386,500. However, the gross amount of scholarships actually awarded to students increased by approximately \$892,500. A portion of scholarships has been reclassified as either tuition discounts or auxiliary discounts using the NACUBO discount formula. The discount calculation takes into account various types of aid to the student as shown below:

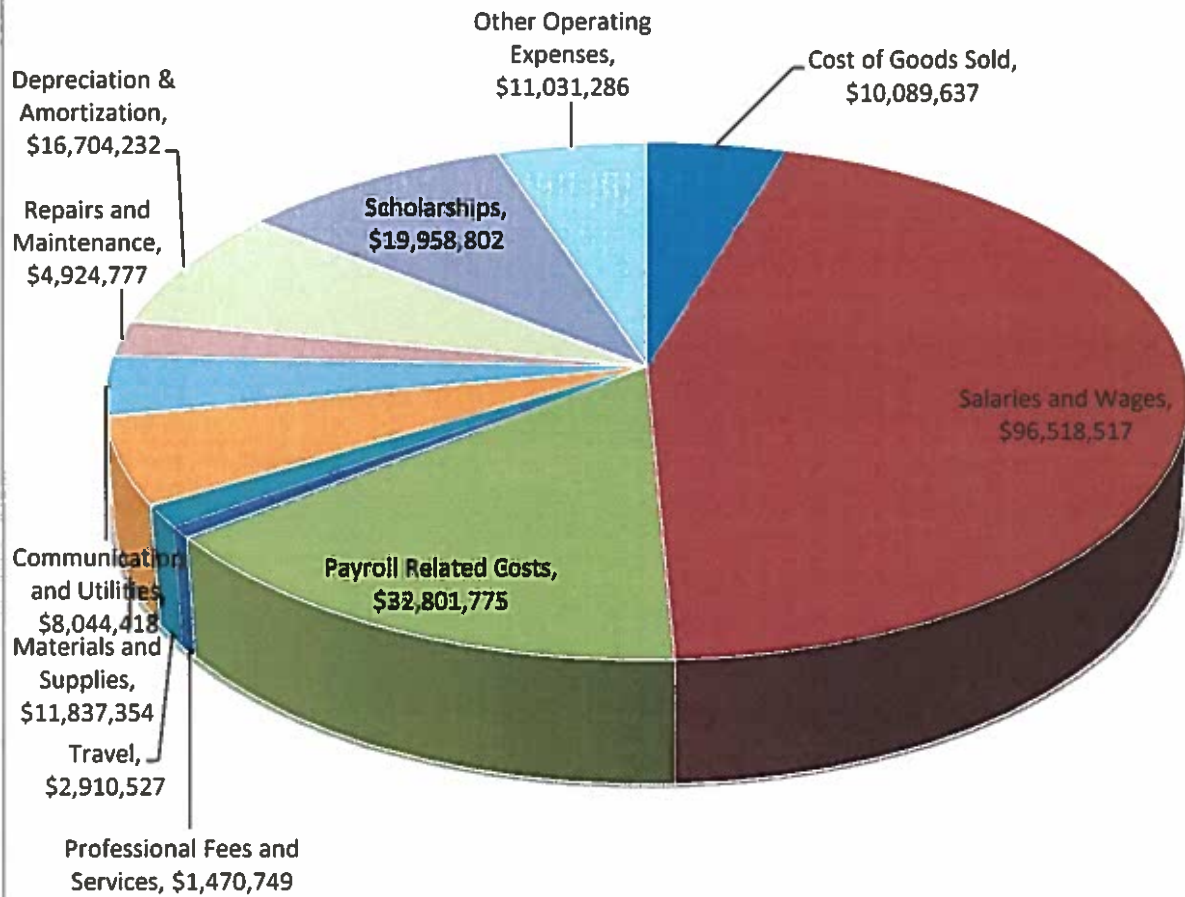
<i>Gross Scholarships and Related Discounts Applied to Revenues</i>			
	2017	2016	Net Change
State and federal student loans	\$ 82,256,807.31	\$ 88,743,715.53	\$ (6,486,908.22)
Gross Scholarships	52,378,061.26	51,485,512.04	892,549.22
Scholarships - Reclassified to Tuition/Fee Discounts	(22,141,915.22)	(21,394,200.93)	(747,714.29)
Scholarships - Reclassified to Auxiliary Enterprises	(10,277,343.69)	(9,745,961.24)	(531,382.45)
Scholarships (as reported)	\$ 19,958,802.35	\$ 20,345,349.87	\$ (\$386,547.52)

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 Management's Discussion and Analysis
 UNAUDITED
 For the Year Ended August 31, 2017

Some of the fiscal year 2017 significant changes from the prior year for operating expenses are:

- Included in the overall payroll costs is a \$1.6 million increase in salaries and wages, a decrease of \$1.9 million decrease in payroll related costs and a \$3.4 million decrease in net pension expense related to the GASB 68 requirements. As indicated in the chart below, salaries and wages and payroll related costs account for more than half of the University's operating expenses.
- Repairs and maintenance costs decreased approximately \$1.6 million. In large part, this variance is related to upgrades required for the final phase of the energy conservation project in fiscal year 2016.
- Materials and supplies decreased \$1.1 million due predominately to the 2016 upgrade to networking capabilities and technology upgrades at the Charter School.

Fiscal Year 2017 Operating Expenses by Category



**Other Operating Expenses includes Rentals and Leases, Federal Pass-Thru Expenditures and Printing and Reproduction costs.*

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Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2017

Statement of Cash Flows

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

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

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

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

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

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

Stephen F. Austin State University-755
Management's Discussion and Analysis
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For the Year Ended August 31, 2017

A summarized comparison of the Statement of Cash Flows at August 31, 2017, and 2016 follows:

	2017	2016
Net Cash Provided (Used) by:		
Operating Activities	\$ (58,533,798.32)	\$ (54,543,121.19)
Non-Capital Financing Activities	75,126,824.59	70,959,729.35
Capital and Related Financing Activities	18,353,336.58	(21,269,978.26)
Investing Activities	(19,768,313.92)	4,161,664.73
Increase (Decrease) in Cash and Cash Equivalents	15,178,048.93	(691,705.37)
 Cash and Cash Equivalents, Beginning of Year	 85,653,465.34	 86,345,170.71
 Cash and Cash Equivalents, End of Year	 \$ 100,831,514.27	 \$ 85,653,465.34

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

Cash used by operating activities increased by approximately \$4 million. The decrease of tuition and fees and auxiliary enterprise revenues of \$4.1 million, offset by a decrease in payment for supplies of \$7.2 million, was the main factor in this variance.

Cash flows provided by non-capital financing activities in fiscal year 2017 increased \$4.2 million over the prior year. The event contributing to this variance was a \$3.6 million legislative transfer from the State for the first payment on the University's tuition revenue bond related to the STEM building.

Net cash provided for capital and related financing activities increased by \$39.6 million due in large part to the issuance of the \$61.2 million 2016 series TRB that refunded two other outstanding issues in addition to providing funding for the construction of the STEM building.

Net cash provided from investing activities decreased by approximately \$23.9 million. This was primarily a result of the University's investment of bond proceeds with government investment pools.

CAPITAL ASSET AND DEBT ADMINISTRATION

The University continues to renovate its campus buildings and upgrade technology for systems used in operations and academic areas. Capital additions totaled approximately \$16.6 million in fiscal year 2017 and \$14.2 million in fiscal year 2016.

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Management's Discussion and Analysis
UNAUDITED
For the Year Ended August 31, 2017

As part of the University's capital plan for 2017, the Board of Regents approved Phase 1 of the renovation of the Baker Pattillo Student Center Grand Ballroom, various roof replacements, and air handler replacement of the Steen Library. The construction of a new housing operations and printing services facility was completed in fiscal year 2017. The groundbreaking of the Ed and Gwen Cole STEM building in October 2016 commenced the start of the \$46.2 million project. An ongoing project of updating the safety and security of classrooms and buildings continues along with the technology upgrades of those classrooms.

For the upcoming fiscal year, the Board of Regents adopted a capital plan of approximately \$9.2 million. Projects will include residence hall renovations, classroom security and technological upgrades, and various lighting and air handler projects. Phase 2 of the Baker Pattillo Student Center remodel was approved for a cost of approximately \$2.4 million.

ECONOMIC OUTLOOK

Total enrollment for fall 2017 decreased by 1% when compared to the previous fall, although the University saw another increase in the retention rate of first-time freshmen to their sophomore year.

The University has taken numerous steps to increase enrollment through the creation of an outreach program designed to attract more transfer students, additional online programs and degrees, expanding academic programs and facilities, and an aggressive marketing campaign.

For fiscal year 2018, the Board of Regents and the administration made a concerted effort to limit increases to tuition and fees, approving only changes to some lab and course fees. They also adopted a 1.7 percent increase in meal rates and a small increase of .5 percent in room rates.

SIGNIFICANT EVENTS

In October 2017, the Board of Regents approved contracting with a consulting firm to assist the University with a multi-million dollar capital fundraising campaign. The process is expected to begin in early 2018 and finish by the University's 100th anniversary in 2023.

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Net Position
For the Fiscal Year Ended August 31, 2017

	<u>2017</u>	<u>2016</u>
Noncurrent Assets		
Restricted:		
Investments		
Endowments	12,484,731.56	11,578,848.71
Student Loans Receivables	4,855,781.80	4,964,177.85
Allowance for Doubtful Accounts	(1,321,015.28)	(1,366,615.41)
Unrestricted:		
Investments		
Operating	67,525,604.70	44,380,906.68
Quasi-Endowments	6,024,041.77	5,560,739.91
Student Accounts Receivables	11,054,356.53	10,199,968.55
Allowance for Doubtful Accounts	(9,348,194.16)	(8,654,130.81)
Capital Assets		
Non-Depreciable or Non-Amortizable	23,370,170.79	11,685,157.01
Depreciable or Amortizable, Net	178,533,320.30	190,350,120.04
Total Noncurrent Assets	<u>293,178,798.01</u>	<u>268,699,172.53</u>
Total Assets	<u>456,357,901.23</u>	<u>405,336,610.61</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources (Note 28)	<u>14,758,104.00</u>	<u>19,222,178.00</u>

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STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended August 31, 2017

	2017	2016
Operating Revenues:		
Sales of Goods and Services		
Tuition & Fees - Pledged	\$ 111,148,989.37	\$ 107,820,935.46
Tuition & Fees - Non-Pledged	4,123,074.98	4,072,712.45
Discounts and Allowances	(30,307,922.66)	(28,095,224.15)
Auxiliary Enterprise - Pledged	39,761,896.70	39,528,072.68
Auxiliary Enterprise - Non-Pledged	2,158,604.60	2,248,742.71
Discounts and Allowances	(10,635,704.49)	(9,546,846.57)
Other Sales of Goods and Svcs - Pledged	5,441,005.48	5,600,212.05
Other Sales of Goods and Svcs - Non-Pledged	954,384.73	943,861.68
Federal Revenue	2,960,800.84	3,504,733.36
Federal Pass-Through Rev from Non-State Entities	96,051.71	71,454.78
Federal Pass-Through Revenue	897,110.94	1,087,001.69
State Pass-Through Revenue	10,841,496.07	10,602,102.03
Local Contracts and Grants	571,241.50	503,023.83
Other Contracts and Grants	630,018.12	515,425.56
Other Operating Revenues - Pledged	43,897.02	59,566.45
Other Operating Revenues - Non-Pledged	250.00	0.00
Total Operating Revenues	138,685,194.91	138,915,774.01
Operating Expenses:		
Cost of Goods Sold	10,089,637.06	9,787,747.01
Salaries and Wages	96,518,517.24	94,897,310.50
Payroll Related Costs	32,801,775.49	34,684,645.05 *
Professional Fees and Services	1,470,749.20	1,788,165.57
Travel	2,910,527.19	3,133,296.92
Materials and Supplies	11,837,354.39	12,967,009.75
Communication and Utilities	8,044,418.37	8,383,488.77
Repairs and Maintenance	4,924,776.95	6,489,661.51
Rentals and Leases	2,910,082.14	3,070,709.04
Printing and Reproduction	465,527.03	450,348.78
Federal Pass-Through Expenditure to Non-State Entities	614,979.63	541,212.91
Amortization	89,963.09	280,484.17
Depreciation	16,614,268.61	15,983,599.24
Interest Expense	(1,121.81)	2,541.04
Scholarships	19,958,802.35	20,345,349.87
Claims and Judgments	101,250.00	3,481.05
Other Operating Expenses	6,940,568.54	7,555,534.48
Total Operating Expenses	216,292,075.47	220,364,585.66
Operating Income (Loss)	(77,606,880.56)	(81,448,811.65)

See accompanying Notes to the Financial Statements

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STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended August 31, 2017

	<u>2017</u>	<u>2016</u>
Non-Operating Revenues (Expenses):		
Legislative Revenue	39,729,279.55	39,616,596.46
Additional Appropriations	12,169,293.97	12,286,750.38
Federal Revenue	21,454,757.00	20,788,448.00
Gifts - Non-Pledged	5,078,071.49	4,568,992.68
Other Rental Income	233,532.52	133,438.57
Investment Income - Pledged	1,553,430.27	1,276,215.20
Investment Income - Non-Pledged	1,013,227.74	595,383.33
Net Increase (Decrease) Fair Value - Pledged	3,804,562.81	935,269.49
Net Increase (Decrease) Fair Value - Non-Pledged	281,368.87	(50,779.57)
Investing Activities Expenses	(294,190.19)	(246,389.58)
Income on Loans Receivable	26,698.62	56,679.21
Interest Income on Capital Investments-Pledged	373,374.89	400.21
Interest Expenses and Fiscal Charges	(4,899,033.23)	(4,627,340.16)
Gain (Loss) on Sale of Capital Assets	(30,687.72)	(186,179.10)
Settlement of Claims	155,015.16	153,110.69
Other Non-Operating Revenues (Expenses)	405,213.98	138,591.37
Total Non-Operating Revenues (Expenses)	<u>81,053,915.73</u>	<u>75,439,187.18</u>
Income (Loss) Before Other Revenues, Expenses, Gains/Losses and Transfers	<u>3,447,035.17</u>	<u>(6,009,624.47)</u>
Other Revenues, Expenses, Gains/Losses and Transfers		
Capital Contributions	692,624.66	1,808,334.30
Capital Appropriations (Higher Education Fund)	11,636,163.00	7,757,442.00
Additions to Permanent and Term Endowments	604,548.30	34,856.99
Lapsed Appropriations	(215,309.00)	0.00
Legislative Transfers In	3,984,192.00	414,822.00
Transfers In	228,261.00	315,047.00
Total Other Revenue, Expenses, Gain/Losses and Transfers	<u>16,930,479.96</u>	<u>10,330,502.29</u>
Change in Net Position	<u>20,377,515.13</u>	<u>4,320,877.82</u> *
Net Position, Beginning of Year	126,802,797.52	122,621,814.54
Restatements	0.00	(139,894.84)
Net Position, Beginning of Year, as Restated	<u>126,802,797.52</u>	<u>122,481,919.70</u>
Net Position, August 31, 2017	<u>\$ 147,180,312.65</u>	<u>\$ 126,802,797.52</u> *

* Includes adjustment made by the State of Texas for the pension contribution offset after the University's 2016 annual report was published. These amounts were included on the State of Texas Comprehensive Annual Financial Report.

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Matrix of Operating Expenses by Function
 For the Fiscal Year Ended August 31, 2017

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Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support
Cost of Goods Sold	\$ 12,384.12	0.00	21,183.89	162,819.18	38,516.17	1,039.87
Salaries and Wages	48,750,369.10	1,827,568.98	976,538.92	9,249,344.07	11,096,405.11	10,601,387.94
Payroll Related Costs	12,902,605.88	389,984.01	228,383.36	2,481,745.58	3,188,817.78	7,569,015.10
Professional Fees and Services	211,367.78	132,815.35	206,098.02	232,517.74	(76,240.82)	257,116.05
Travel	384,703.65	167,553.94	36,647.05	558,431.12	1,549,539.17	159,832.81
Materials and Supplies	2,575,871.25	307,997.36	389,001.31	1,336,006.28	2,572,588.80	1,496,284.92
Communication and Utilities	458,383.91	14,921.63	5,868.56	1,368,644.38	199,725.84	(131,575.68)
Repairs and Maintenance	329,152.65	3,745.98	2,741.43	162,879.75	453,071.14	1,933,018.92
Rentals and Leases	534,403.33	82,444.16	158,286.63	155,298.08	861,794.88	722,051.48
Printing and Reproduction	118,432.83	6,018.74	58,534.38	91,652.37	324,593.24	(264,194.47)
Federal Pass-Through Expenditures		2,218.79	612,760.84			
Depreciation and Amortization						
Interest Expense	(256.95)	0.00	(13.92)	0.41		(851.35)
Scholarships						
Claims and Judgments						101,250.00
Other Operating Expenses	435,236.02	53,367.45	129,616.42	523,619.51	2,258,596.74	2,078,802.94
Total Operating Expenses	\$ 66,710,653.57	\$ 2,988,636.39	\$ 2,825,642.89	\$ 16,322,958.47	\$ 22,467,408.05	\$ 24,523,178.53

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Matrix of Operating Expenses by Function
 For the Fiscal Year Ended August 31, 2017

UNAUDITED

<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			9,853,693.83		\$ 10,089,637.06
Salaries and Wages	5,103,377.94		8,913,527.18		96,518,517.24
Payroll Related Costs	1,895,981.26		4,145,242.52		32,801,775.49
Professional Fees and Services	181,369.34		325,705.74		1,470,749.20
Travel	(159,459.68)		213,279.13		2,910,527.19
Materials and Supplies	1,223,672.92		1,935,931.55		11,837,354.39
Communication and Utilities	2,741,153.84		3,387,297.89		8,044,418.37
Repairs and Maintenance	844,067.72		1,196,101.36		4,924,776.95
Rentals and Leases	44,979.96		350,823.62		2,910,082.14
Printing and Reproduction	1,223.12		131,266.82		465,527.03
Federal Pass-Through Expenditure:					614,979.63
Depreciation and Amortization				16,704,231.70	16,704,231.70
Interest Expense					(1,121.81)
Scholarships		19,958,802.35			19,958,802.35
Claims and Judgments					101,250.00
Other Operating Expenses	929,146.18		532,183.28		6,940,568.54
Total Operating Expenses	\$ 12,805,512.60	\$ 19,958,802.35	\$ 30,985,052.92	\$ 16,704,231.70	\$ 216,292,075.47

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STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Statement of Cash Flows
 For the Fiscal Year Ended August 31, 2017

	2017	2016
Cash Flows from Operating Activities		
Proceeds from Tuition and Fees	\$ 83,162,665.63	\$ 86,012,859.03
Proceeds from Auxiliary Services	31,425,535.54	32,666,063.58
Proceeds from Other Sales and Services	6,357,586.87	6,553,184.69
Proceeds from Grants and Contracts	12,603,631.58	16,227,730.09
Proceeds from Other Revenues	44,147.02	59,566.45
Proceeds from Loan Programs	254,170.03	100,695.06
Payments to Suppliers for Goods and Services	(50,134,534.53)	(57,326,547.43)
Payments to Employees for Salaries and Benefits *	(119,886,313.12)	(116,119,436.67)
Payments to Students for Scholarships	(22,260,559.15)	(22,711,213.90)
Payments for Other Expenses	(100,128.19)	(6,022.09)
Net Cash Provided (Used) by Operating Activities	<u>(58,533,798.32)</u>	<u>(54,543,121.19)</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	42,801,353.28	43,788,341.12
Proceeds from Non-Operating Grants and Contracts	21,359,067.00	20,788,448.00
Proceeds from Gifts	5,078,071.49	4,568,992.68
Proceeds from Student Loan Interest	122,388.62	56,679.21
Proceeds of Transfers from Other Agencies	4,212,453.00	729,869.00
Proceeds from Claims and Settlements	155,015.16	153,110.69
Proceeds from Other Revenue (Expense)	405,213.98	138,591.37
Proceeds from Endowment Investments	993,262.06	735,697.28
Net Cash Provided (Used) by Noncapital Financing Activities	<u>75,126,824.59</u>	<u>70,959,729.35</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	42,624.86	22,095.80
Proceeds from Debt Issuance	61,205,000.00	-
Proceeds from State Appropriations-Higher Education Funds (HEF)	7,450,538.93	8,757,195.31
Proceeds from Capital Contributions	477,541.39	1,256,334.30
Proceeds from Other Financing Activities	-	348,552.44
Proceeds from Other Rental Income	233,532.52	133,438.57
Proceeds from Interest on Capital Investments	373,374.89	400.21
Payments for Additions to Capital Assets	(16,426,675.05)	(13,944,680.71)
Payments for Interfund Payables	(1,506,436.00)	(1,357,253.33)
Payments of Principal on Capital Debt	(28,235,396.47)	(11,382,367.40)
Payments for Capital Leases	(58,361.82)	(43,335.09)
Payments of Interest on Capital Debt	(4,694,842.66)	(5,060,358.36)
Payments on Other Costs on Debt Issuance	(507,564.01)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>18,353,336.58</u>	<u>(21,269,978.26)</u>
Cash Flows from Investing Activities		
Payments for Investments	(20,095,214.93)	2,564,929.09
Proceeds from Interest Income from Investments	326,901.01	1,596,735.64
Net Cash Provided (Used) by Investing Activities	<u>(19,768,313.92)</u>	<u>4,161,664.73</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 15,178,048.93</u>	<u>\$ (691,705.37)</u>
Cash and Cash Equivalents, August 31, 2016	\$ 85,653,465.34	\$ 86,345,170.71
Increase (Decrease) in Cash and Cash Equivalents	<u>15,178,048.93</u>	<u>(691,705.37)</u>
Cash and Cash Equivalents, August 31, 2017	<u>\$ 100,831,514.27</u>	<u>\$ 85,653,465.34</u>

See accompanying Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

Entity

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

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

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

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

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

Blended Component Units

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

Discretely Presented Component Units

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

Fund Structure

Basis of Accounting – Proprietary Fund Accounting

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

Four essential elements of accrual accounting:

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

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

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

Stephen F. Austin State University-755
UNAUDITED
Notes to the Financial Statements
August 31, 2017

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

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

Budget and Budgetary Accounting

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

Assets, Liabilities, and Net Position

Assets

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

Cash and Cash Equivalents

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

Restricted Assets

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

Inventories

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

Prepaid Items

Prepaid items include prepaid expenses attributable to a subsequent fiscal year, including scholarships attributed to the 2017 fall semester. The cost of these items is expensed when the items are used or consumed.

Capital Assets

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

Other Receivables - Current and Noncurrent

Current receivables are specified in the Statement of Net Position. They include amounts that are reasonably expected to be received in fiscal year 2018. Noncurrent receivables are those receivables that are not expected to be collected within one year. Included in this category are student accounts receivable

Stephen F. Austin State University-755
UNAUDITED
Notes to the Financial Statements
August 31, 2017

and loan receivables that are not expected to be received during fiscal year 2018. The disaggregation of other receivables as reported in the financial statements is shown in Note 24, "Disaggregation of Receivable and Payable Balances."

Liabilities

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

Accounts Payable

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

Other Payables – Current and Noncurrent

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

Employees' Compensable Leave

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

Capital Lease Obligations

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

Bonds Payable - Revenue Bonds

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

Bonds Payable - Tuition Revenue Bonds

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

Bonds Payable - General Obligation Bonds

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

Deferred Outflows of Resources

Deferred Outflows of Resources represent the University's net asset consumption that is applicable to a future fiscal year.

Deferred Inflows of Resources

Deferred Inflows of Resources represent the University's net asset acquisition that is applicable to a future fiscal year.

Net Position

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

Invested in Capital Assets, Net of Related Debt

Net investment in capital assets, 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 Position

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

Unrestricted Net Position

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

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

Interfund Activities and Transactions

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

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

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

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Notes to the Financial Statements
August 31, 2017

NOTE 2: Capital Assets

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

	Balance		Reclassifications			Balance
	09/01/2016	Adjustments	Completed CIP	Additions	Deletions	08/31/2017
BUSINESS-TYPE ACTIVITIES						
Non-depreciable or Non-amortizable Assets						
Land and Land Improvements	\$8,084,124.18	-	-	\$207,500.00	-	\$8,291,624.18
Construction in Progress	2,894,763.56	-	(3,736,408.80)	15,103,922.58	-	14,262,277.34
Other Tangible Capital Assets	706,269.27	-	-	110,000.00	-	816,269.27
Total Non-depreciable Assets	11,685,157.01	-	(3,736,408.80)	15,421,422.58	-	23,370,170.79
Depreciable Assets						
Buildings and Building Improvements	377,559,109.02	-	3,736,408.80	275,000.00	-	381,570,517.82
Infrastructure	15,539,815.91	-	-	-	-	15,539,815.91
Facilities and Other Improvements	33,945,005.98	-	-	-	-	33,945,005.98
Furniture and Equipment	20,735,888.80	-	-	653,262.57	(901,208.71)	20,488,155.47
Vehicle, Boats and Aircraft	5,624,806.71	-	-	250,099.51	(153,687.48)	5,721,218.74
Other Capital Assets	13,964,297.19	-	-	36,973.66	(86,307.16)	13,914,963.69
Total Depreciable Assets	467,368,923.61	-	3,736,408.80	1,215,548.55	(1,141,203.35)	471,179,677.61
Less Accumulated Depreciation for:						
Buildings and Building Improvements	(221,312,584.30)	-	-	(12,130,245.55)	-	(233,442,829.85)
Infrastructure	(9,383,633.50)	-	-	(677,699.40)	-	(10,061,332.90)
Facilities and Other Improvements	(14,028,896.24)	-	-	(1,911,609.10)	-	(15,940,505.34)
Furniture and Equipment	(15,163,577.66)	-	-	(1,399,110.54)	842,093.14	(15,720,595.06)
Vehicles, Boats and Aircraft	(4,370,993.37)	-	-	(314,380.23)	148,277.66	(4,537,095.94)
Other Capital Assets	(12,849,081.59)	-	-	(181,223.79)	86,307.16	(12,943,998.22)
Total Accumulated Depreciation	(277,108,766.66)	-	-	(16,614,268.61)	1,076,677.96	(292,646,357.31)
Depreciable Assets, Net	190,260,156.95	-	3,736,408.80	(15,398,720.06)	(64,525.39)	178,533,320.30
Amortizable Assets - Intangible						
Computer Software	4,559,332.21	-	-	-	(49,408.48)	4,509,423.73
Total Amortizable Assets - Intangible	4,559,332.21	-	-	-	(49,408.48)	4,509,423.73
Less Accumulated Amortization for:						
Computer Software	(4,469,369.12)	-	-	(89,963.09)	49,408.48	(4,509,423.73)
Total Accumulated Amortization	(4,469,369.12)	-	-	(89,963.09)	49,408.48	(4,509,423.73)
Amortizable Assets - Intangible, Net	89,963.09	-	-	(89,963.09)	-	-
Business-Type Activities Capital Assets, Net	\$202,035,277.05	-	-	(\$67,260.57)	(\$64,525.39)	\$201,903,491.09

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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, 2017, the carrying amount of deposits was \$61,650,018.25 as presented below:

CASH IN BANK – CARRYING AMOUNT	\$61,650,018.25
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalents	(5,060,343.36)
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral	-
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral	-
Total Cash in Bank per AFR	\$56,589,674.89

Proprietary Funds Current Assets Cash in Bank	\$44,180,222.04
Proprietary Funds Current Assets Restricted Cash in Bank	12,409,452.85
Proprietary Funds Noncurrent Restricted Cash in Bank	-
Cash in Bank per AFR	\$56,589,674.89

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

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

Business-Type Activities	\$63,065,796.77	Fiduciary Funds	-
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Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the university will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Stephen F. Austin State University Board Policy 3.21, *Investments*, states that all deposits shall be secured by a pledge of collateral with a market value equal to no less than 100 percent of the deposits plus accrued interest less any amount insured by the FDIC. Pledged collateral must conform to Chapter 2257 of the Government Code, Collateral for Public Funds.

At August 31, 2017, amounts insured by the FDIC were \$1,750,000.00. The bank balances at August 31, 2017 that were exposed to custodial credit risks were as follows:

Fund Type	Uninsured and uncollateralized	Uninsured and collateralized with securities held by the pledging financial institution	Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the University's name
05	-	\$61,315,796.77	-

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Investments

As of August 31, 2017, the fair value of investments was:

	Fair Value Hierarchy					Fair Value
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	
U.S. Treasury Securities	\$4,343,300.50	-	-	-	-	\$4,343,300.50
U.S. Treasury TIPS	340,546.82	-	-	-	-	340,546.82
U.S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, etc.)	-	2,026,464.16	-	-	-	2,026,464.16
Corporate Obligations	-	6,533,447.67	-	-	-	6,533,447.67
Corporate Asset and Mortgage Backed Securities	-	2,775,833.83	-	-	-	2,775,833.83
Equity (Domestic)	11,217,635.22	-	-	-	-	11,217,635.22
International Obligations (Govt and Corp)	-	2,354,002.12	-	-	-	2,354,002.12
International Equity	9,001,579.60	-	-	-	-	9,001,579.60
Fixed Income Money Market and Bond Mutual Funds	-	-	-	1,519,093.43	-	1,519,093.43
Mutual Funds - International Equity (registered with SEC)	8,364,450.50	-	-	-	-	8,364,450.50
Other Commingled Funds - Equity	-	-	340,406.54	-	-	340,406.54
Other Commingled Funds - Fixed Income	409,924.40	-	592,968.32	-	56,638,193.09	57,641,085.81
Derivatives	-	1,256.02	-	-	-	1,256.02
Alternative Investments	-	-	-	-	16,751,167.62	16,751,167.62
Miscellaneous	-	15,268.90	-	-	-	15,268.90
TOTAL INVESTMENTS						\$123,225,538.74

Reconciliation of Investments per Exhibit – Business-Type Activities

Proprietary Funds Current Assets Restricted Investments	\$36,832,966.26
Proprietary Funds Current Assets Restricted Endowments	936,845.01
Proprietary Funds Noncurrent Assets Restricted Endowments	12,484,731.56
Proprietary Funds Noncurrent Assets Unrestricted Investments	72,970,995.91
Investments per Exhibit	\$123,225,538.74

Displayed on Statement of Net Position as:	
Current Assets:	
Restricted:	
Short-Term Investments	\$936,845.01
Cash Equivalents	36,832,966.26
Unrestricted:	
Short-Term Investments	431,881.56
Cash Equivalents	4,049,811.24

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Noncurrent Assets:		
Restricted:		
Investments: Endowments		\$12,484,731.56
Unrestricted:		
Investments: Quasi-Endowments		6,024,041.77
Investments: Operating		67,525,604.70
Subtotal		128,285,882.10
Less: Certificates of Deposit		(5,060,343.36)
Total		\$123,225,538.74

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. In order to mitigate this risk, Stephen F. Austin State University Board Policy 3.20, *Investments-Endowment Funds*, limits foreign equity investments to a maximum of 30% of the equity portfolio. The exposure to foreign currency risk as of August 31, 2017 was:

Fund Type	GAAP Fund	Foreign Currency	International Obligations (Govt and Corp and MF)	International Equity	International Equity Mutual Funds	International Alternative Investments			
						International Hedge Funds	International Other Private Equity	International Energy, Natural Resources	International Other Real Estate Funds
05	9999	U.S. Dollar Denominated Foreign Securities	\$2,152,019.50	\$3,307,454.40	\$8,364,450.50	\$6,482,883.49	\$785,638.56	\$65,539.74	\$22,944.92
05	9999	Australian Dollar	-	146,437.32	-	-	-	-	-
05	9999	Brazil Real	-	170,331.01	-	-	-	-	-
05	9999	British Pound Sterling	15,016.81	1,090,226.16	-	-	-	-	-
05	9999	Canadian Dollar	-	399,331.53	-	-	-	-	-
05	9999	Danish Krone	-	140,158.79	-	-	-	-	-
05	9999	Euro Currency Unit	2,591.61	1,439,144.61	-	-	168,180.62	-	-
05	9999	Hong Kong Dollar	-	170,804.18	-	-	-	-	-
05	9999	Japanese Yen	-	971,358.47	-	-	-	-	-
05	9999	New Taiwan Dollar	-	80,953.49	-	-	-	-	-
05	9999	New Zealand Dollar	184,374.20	-	-	-	-	-	-
05	9999	Singapore Dollar	-	51,612.35	-	-	-	-	-
05	9999	South Korean Won	-	80,010.95	-	-	-	-	-
05	9999	Swedish Krona	-	115,877.49	-	-	-	-	-
05	9999	Swiss Franc	-	690,847.67	-	-	-	-	-
05	9999	Thailand Baht	-	110,942.46	-	-	-	-	-
05	9999	New Turkish Lira	-	36,088.72	-	-	-	-	-
TOTAL			\$2,354,002.12	\$9,001,579.60	\$8,364,450.50	\$6,482,883.49	\$953,819.18	\$65,539.74	\$22,944.92

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

As of August 31, 2017, the Standard & Poor's credit quality ratings of the University's investments by type of securities with credit risk exposure were as follows:

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Investment Type	AAA	AA	A	BBB	BB	B	CCC	NR
U.S. Government Agency Obligations	-	\$1,869,979.04	-	-	-	-	-	\$156,485.12
Corporate Obligations	195,295.93	601,935.36	839,169.89	3,805,040.31	606,034.65	344,340.96	-	141,630.57
Corporate Asset and Mortgage Backed Securities	428,088.11	328,987.46	351,710.78	529,700.74	-	-	57,645.83	1,079,700.91
International Obligations	168,717.70	386,892.63	458,492.50	932,574.16	149,753.72	11,526.53	-	246,044.88
Fixed Income Money Market and Bond Mutual Fund	1,519,093.43	-	-	-	-	-	-	-
Other Commingled Funds - Fixed Income	-	-	-	-	-	-	-	1,002,892.72
Miscellaneous (municipals and CDs)	-	-	-	-	-	-	-	15,268.90

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Stephen F. Austin State University Board Policy 3.21, *Investments*, addresses interest rate risk by limiting the maximum duration of any security to ten years and limiting the weighted average duration of the portfolio to five years as follows:

Investment Types	Effective Duration (in years)	Unaccrued Market Value System Total
U.S. Treasury Securities	4.593	\$ 4,343,300.50
U.S. Treasury TIPS	3.409	340,546.82
U.S. Government Agency Obligations	2.051	2,026,464.16
Corporate Obligations	6.041	6,533,447.67
Corporate Asset and Mortgage Backed Securities	3.583	2,775,833.83
International Obligations	4.797	2,354,002.12
Other Commingled Funds - Fixed Income	1.832	1,002,892.72
Miscellaneous (political subdivision)	1.772	15,268.90
Total Fair Value		\$ 19,391,756.72

The University invests funds in the Texas A & M University System's (A&M System) investment pool, which includes investment derivatives in the form of forward currency exchange contracts used for the purchase or sale of a specific foreign currency at a fixed quantity and price on a future date as a hedge against either specific transactions or portfolio positions. Additional information on these contracts can be found in the Texas A & M System's financial statement note disclosures.

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The following table summarizes the University's share of the pending foreign exchange contracts as of August 31, 2017:

Foreign Exchange Contracts					
				Unrealized Gain on:	Unrealized Loss on:
Currency	Sell	Buy	Foreign Exchange Contract		Foreign Exchange Contract
British Pound Sterling	\$24,082.70	-	\$25.08	\$22.39	
Canadian Dollar	10,175.16	-	39.44	-	
Euro	6,950.84	14,708.33	4.10	50.22	
New Zealand Dollar	181,590.26	-	1,249.12	-	
Swiss Franc	9,701.42	-	11.78	0.89	
Total	\$232,500.38	\$14,708.33	\$1,329.52	\$73.50	

The University's share of the fair value of open foreign currency exchange contracts as of August 31, 2017, was \$1,256.02, which is included in the net increase (decrease) in fair value of investments on the Statement of Revenues, Expenses and Changes in Net Position.

The gross counterparty exposure related to the University's share of these contracts as of August 31, 2017, is presented below.

Foreign Exchange Contract Exposure to Counterparty Risk			
Notional	Assets Fair Value	Liabilities Fair Value	S&P Counterparty Rating
\$ 181,590.26	\$ 1,249.12	-	A+
17,968.75	61.95	0.89	A+
27,769.84	11.78	52.55	A-
850.12	2.57	-	A+
19,029.76	4.10	20.06	A
\$ 247,208.73	\$ 1,329.52	\$ 73.50	

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2017, the University's concentration of credit risk is immaterial to any single issuer.

Reverse Repurchase Agreements

The University, by statute, is authorized to enter into reverse repurchase agreements. A reverse repurchase agreement is a transaction in which a broker-dealer or financial institution transfers cash to the University and the University transfers securities to the broker-dealer and promises to repay the cash plus interest in exchange for the same or similar securities. Credit risk exposure for the University arises when a broker-dealer does not return the securities or their value at the conclusion of the reverse repurchase agreement. As of August 31, 2017, the University was not participating in reverse repurchase agreements.

Securities Lending

In securities lending transactions, the University would transfer its securities to broker-dealers and other entities for collateral – which may be cash or securities – and simultaneously agrees to return the collateral for cash or the same securities in the future. The University invests the cash received as collateral and, if the returns on those investments exceed the "rebate" paid to the borrowers of the securities, the securities lending transactions generate income for the University. The University did not participate in securities lending transactions during fiscal year 2017.

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NOTE 4: Short-Term Debt

There was no reportable activity for short-term debt during the year ended August 31, 2017.

NOTE 5: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2017, the following changes occurred in long-term liabilities:

Business-Type Activities	Balance 09/01/16	Additions	Reductions	Restatement/ Adjustment	Balance 08/31/17	Amounts Due Within One Year	Amounts Due Thereafter
Revenue Bonds Payable	\$89,021,228.40	-	\$7,040,000.00	(\$404,654.31)	\$81,576,574.09	\$6,530,591.81	\$75,045,982.28
Tuition Revenue Bonds Payable	33,762,145.15	61,205,000.00	30,290,000.00	10,815,209.57	75,492,354.72	5,955,776.98	69,536,577.74
General Obligation Bonds Payable	3,450,000.00	-	1,105,000.00	-	2,345,000.00	1,150,000.00	1,195,000.00
Capital Lease Obligations	325,756.41	-	58,361.82	-	267,394.59	60,585.85	206,808.74
Employees' Compensable Leave	4,496,545.34	169,403.46	288,100.03	-	4,377,848.77	396,013.26	3,981,835.51
Notes & Loans Payable	13,493,385.60	-	1,119,588.23	-	12,373,797.37	1,165,517.06	11,208,280.31
Total Business-Type Activities	\$144,549,060.90	\$61,374,403.46	\$39,901,050.08	\$10,410,555.26	\$176,432,969.54	\$15,258,484.96	\$161,174,484.58

Notes and Loans Payable

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

Note Payments for Fiscal Year Ended August 31st	Principal	Interest	Total
2018	\$ 1,165,517.06	\$ 327,404.22	\$ 1,492,921.28
2019	1,216,206.73	296,571.36	1,512,778.09
2020	1,268,700.89	264,388.42	1,533,089.31
2021	722,078.33	234,658.72	956,737.05
2022	762,756.42	215,234.82	977,991.24
2023-2027	4,481,303.94	744,995.34	5,226,299.28
2028-2030	2,757,234.00	136,992.11	2,894,226.11
Total Payments	\$ 12,373,797.37	\$ 2,220,244.99	\$ 14,594,042.36

Claims and Judgments

The University had no unpaid settlements or judgments as of August 31, 2017.

Employees' Compensable Leave

Annual Leave

Full-time employees earn eight to twenty-one hours per month vacation leave (annual leave) depending on years of State employment. The State's policy is that employees may carry accrued vacation leave forward from one fiscal year to the next up to a maximum number of hours allowed based on their years of service. Employees with at least six months of State service who terminate employment are entitled to payment for all accumulated annual leave. The University accrues the dollar value of annual leave benefits which are payable upon retirement, termination, or death of its employees. The amounts of these liabilities are reported in the Statement of Net Position. The estimated liability, \$4,377,848.77 as of August 31, 2017, is based on outstanding balances reported in the leave reporting system multiplied by the employee's respective salary rate. The University made lump sum payments of \$288,100.03 for accrued leave to employees who separated from State service during the fiscal year ended August 31, 2017.

Sick Leave

Sick leave is earned at the rate of eight hours per month and is paid only when an employee is absent due to illness or to the estate of an employee in the event of his/her death. The maximum sick leave payment to an employee's estate is the lesser of one-half of the employee's accumulated entitlement or 336 hours. Sick leave accumulation from one fiscal year to the next is not limited. The University recognizes the cost of sick leave when paid. The liability is not shown in the financial statements since historical payouts of sick leave have been minimal.

Overtime and Compensatory Leave for FLSA Non-Exempt and Exempt Employees

Under the federal Fair Labor Standards Act and State laws, overtime can be accumulated in lieu of immediate payment as compensatory leave for non-exempt, non-emergency employees up to a maximum of 240 hours. For emergency personnel (e.g., University police officers), overtime can be accumulated up to a maximum of 480 hours. Overtime is calculated at a rate of 1.5 times an employee's normal rate of pay. Non-exempt employees may earn compensatory leave when they work additional hours but the number of hours worked in the work week does not exceed 40 hours. Compensatory time is calculated on an hour-for-hour basis. Unpaid overtime and compensatory time for non-exempt employees is included in the calculation of current and long-term liabilities because these employees are eligible to be paid for these accruals upon death or termination.

Compensatory leave is allowed for exempt employees who are not eligible for overtime pay. This leave is accumulated on an hour-for-hour basis and must be taken within one year from date earned or it lapses, up to a maximum of 80 hours in a fiscal year. There is no death or termination benefit for compensatory leave for exempt employees and it is non-transferable. For these reasons, no liability is reported in the financial statements for compensatory leave earned by exempt employees.

NOTE 6: Bonded Indebtedness

Bonds Payable

Detailed supplemental bond information is disclosed in:

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

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General information related to bonds is summarized below:

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

- To provide funds to construct a new Early Childhood Research Center which will provide an early childhood laboratory for the College of Education and a charter school campus.
- Issued 03-04-08.
- \$20,175,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged revenues consisting of Unrestricted Current Fund Revenues excluding: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$11,180,000.00 (includes advance refunding of \$10,375,000.00); Outstanding at year end \$835,000.00.

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

- To provide a portion of the funds to complete construction and equip the Early Childhood Research Center and pay certain costs related to the issuance of the bonds.
- Issued 12-18-08.
- \$10,200,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged revenues consisting of Higher Education Funds.
- Changes in Debt: Principal paid during fiscal year \$1,105,000.00; Outstanding at year end \$2,345,000.00.

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

- To provide funds to construct a new nursing facility expansion and provide campus-wide deferred maintenance to multiple buildings.
- Issued 02-04-09.
- \$23,615,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged revenues consisting of Unrestricted Current Fund Revenues excluding: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$14,830,000.00 (includes advance refunding of \$13,870,000.00); Outstanding at year end \$990,000.00.
- Revenue Financing System Bonds issued include a Serial Bond of \$1,715,000.00, a Capital Appreciation Bond (CAB) of \$209,575.00, and Current Interest Serial Bonds of \$21,070,000.00.

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

- To provide funds to construct a new freshman residence hall and adjacent parking garage.
- Issued 04-01-10.
- \$35,035,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged unappropriated fund balances available at the beginning of the year. Pledged revenues consisting of Unrestricted Current Fund Revenues excluding: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$1,455,000.00; Outstanding at year end \$25,520,000.00.

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

- To refund outstanding Board of Regents of Stephen F. Austin State University Revenue Financing System, Texas Public Finance Authority Revenue Bonds - Series 1998.
- Issued 04-01-10.
- \$3,415,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged unappropriated fund balances available at the beginning of the year. Pledged revenues consisting of Unrestricted Current Fund Revenues excluding: remissions,

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governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; and student service fees and private gifts in the Auxiliary Fund Group.

- Changes in Debt: Principal paid during fiscal year \$435,000.00; Outstanding at year end \$0.00.

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

- To refund outstanding Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2002 and Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2004.
- Issued 9-11-13.
- \$22,255,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged Student Tuition; Pledged Student Center Fees; and Other Pledged Revenues.
- Changes in Debt: Principal paid during fiscal year \$1,990,000.00; Outstanding at year end \$16,370,000.00.

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

- To refund outstanding Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2005 and Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2005(A).
- Issued 5-01-15.
- \$48,410,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged Revenues consisting of Unrestricted Current Funds Revenues excluding: remissions, governmental appropriations and gifts, grants, and contracts within the Educational and General Fund Group; Higher Education Funds; and student service fees and private gifts in the Auxiliary Fund Group.
- Changes in Debt: Principal paid during fiscal year \$4,355,000.00; Outstanding at year end \$43,425,000.00.

Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Refunding Bonds – Series 2016 (Tuition Revenue Bonds)

- To refund outstanding Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2008 and Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2009, and provide funds to construct a new STEM building to house the University's Science, Technology, Engineering and Math departments.
- Issued 9-07-16.
- \$61,205,000.00; All authorized bonds have been issued.
- Source of revenue for debt service: Pledged Student Tuition; Pledged Student Center Fees; and Other Pledged Revenues.
- Changes in Debt: Principal paid during fiscal year \$3,085,000.00; Outstanding at year end \$58,120,000.00.

Summary of Refunding Activity

- Advance refunding of \$10,375,000.00 of Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2008 and \$13,870,000.00 of Texas Public Finance Authority Stephen F. Austin State University Revenue Financing System Revenue Bonds - Series 2009 to allow the Board of Regents of Stephen F. Austin State University to restructure its debt service requirements and realize a present value debt service savings.
- Refunded by Board of Regents of Stephen F. Austin State University Revenue Financing System Revenue Refunding Bonds – Series 2016 issued 9-07-16.
- After distribution to the escrow agent of \$25,611,431.52, bond proceeds (par value and premium on sale) of \$175,971.46 remained to cover issuance costs related to the refunding.
- Advance refunding of the bonds reduced Stephen F. Austin State University's debt service payments over ten years by \$3,451,310.28.
- Economic gain was \$3,043,419.98, the difference between the net present value of the old and new debt service payments.
- Advance refunding resulted in the removal of \$24,245,000.00 of bond liability from the balance sheet and the addition of \$25,787,402.98 of bond liability, the net of which is \$542,402.98. This amount is the

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accounting loss reported for this refunding. This loss of \$542,402.98 is reported as interest expense this fiscal year.

- Premium of \$11,319,191.76 is amortized using the effective interest rate method over the outstanding term of the bonds.

NOTE 7: Derivatives

A derivative security is a financial instrument which derives its value from another security, currency, commodity or index. Investment derivatives are entered into with the intention of managing transaction or currency exchange risk in purchasing, selling or holding investments. These include futures contracts and forward contracts.

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

	Changes in Fair Value		Fair Value as of 8/31/2017		Notional Amount
	Classification	Amount	Classification	Amount	
Investment Derivatives					
Foreign Currency Exchange Contracts	Investment Income	\$1,256.02	Investment	\$1,256.02	\$247,208.73

NOTE 8: Leases

Operating Leases

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

<u>Fund Type</u>	<u>Amount</u>
Proprietary Fund	\$622,155.21

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

Future Minimum Operating Lease Payments Year Ending August 31	
2018	\$555,489.63
2019	464,344.01
2020	131,850.50
2021	67,932.50
2022	16,074.04
2023-2027	6,618.12
Total Future Minimum Lease Rental Payments	\$1,242,308.80

Capital Leases

The University has entered into long-term leases for financing the purchase of certain capital assets. Such leases are classified as capital leases for accounting purposes and, therefore, are recorded at the present value of the future minimum lease payments at the inception of the lease. Following is a summary of original capitalized costs of all such property under lease as well as the accumulated depreciation as of August 31, 2017:

Assets Under Capital Leases Year Ended Aug. 31, 2017	Business-Type Activities
Furniture and Equipment	\$441,552.44
Less: Accumulated Depreciation	89,917.02
Vehicles	-
Less: Accumulated Depreciation	-
Total	\$351,635.42

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

Future Minimum Capital Lease Payments Year Ending August 31	Business-Type Activities		
	Principal	Interest	Total
2018	\$60,585.85	\$8,006.15	\$68,592.00
2019	58,159.89	5,896.11	64,056.00
2020	60,090.47	3,965.53	64,056.00
2021	62,085.17	1,970.83	64,056.00
2022	26,473.21	216.79	26,690.00
2023-2026	-	-	-
Total Future Minimum Lease Payments	\$267,394.59	\$20,055.41	\$287,450.00
Less: Amount Representing Interest at Various Rates			20,055.41
Present Value of Net Minimum Lease Payments			\$267,394.59

NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan

The State of Texas has joint contributory retirement plans for all of its benefits-eligible employees. One of the plans in which the University participates is administered by the Teacher Retirement System of Texas (TRS). The TRS defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. The contributory percentages of participant salaries currently provided by the State and by each participant are 6.8% and 7.7%, respectively, of annual compensation. Further information regarding actuarial assumptions and conclusions, together with audited financial statements, are included in TRS' annual financial report. Deferred outflows of resources and deferred inflows of resources related to the pension plan administered by TRS are disclosed in Note 28.

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

GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, paragraph 27(d) requires universities that administer the ORP to disclose the amounts contributed by members and by the employer for that plan. Following are the ORP contributions made for the 2017 fiscal year:

Contributions	Year Ended Aug. 31, 2017
Member Contributions	\$ 1,971,773.66
Employer Contributions	2,103,954.50
Total	\$ 4,075,728.16

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NOTE 10: Deferred Compensation

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

NOTE 11: Postemployment Health Care and Life Insurance Benefits - Not Applicable

NOTE 12: Interfund Activity and Transactions

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

Following are individual balances and activity reported as Due From and Due To Other State Agencies as of August 31, 2017:

	Legislative Financing Sources	Legislative Financing Uses
ENTERPRISE FUND (05)		
Appd Fund 0001, D23 Fund 0001		
Agency 781, D23 Fund 0001	\$3,984,192.00	
	Transfer In	Transfer Out
Appd Fund 0210, D23 Fund 0210		
Agency 902, D23 Fund 0210	\$228,261.00	

	Due From Other Agencies	Due To Other Agencies	Source
ENTERPRISE FUND (05)			
Appd Fund 0802, D23 Fund 0802			
Agency 608, D23 Fund 0802	\$18,265.42		State Pass Through
Appd Fund 9999, D23 Fund 7999			
Agency 802, D23 Fund 0014	86,959.56		State Pass Through
Agency 720, D23 Fund 7999		\$7,979.47	State Pass Through
Agency 781, D23 Fund 0001		464,549.52	State Pass Through
Total Due From/To Other Agencies - State	\$105,224.98	\$472,528.99	
Agency 802, D23 Fund 0951	19,290.58		Federal Pass Through
Agency 556, D23 Fund 7999	4,904.91		Federal Pass Through
Agency 701, D23 Fund 0148	9,760.85		Federal Pass Through
Agency 771, D23 Fund 0001	189,177.17		Federal Pass Through
Agency 802, D23 Fund 0931	48,511.88		Federal Pass Through
Total Due From/To Other Agencies - Federal	\$271,645.39		
Total Interagency Balances	\$376,870.37	\$472,528.99	

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

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

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Current Portion	Interfund Payable	Purpose
Agency 907, D23 Fund 2370	\$ 663,481.00	Interfund Loan
Agency 907, D23 Fund 2370	842,955.00	Interfund Loan
Total Current Interfund Payable	\$ 1,506,436.00	
Non-Current Portion	Interfund Payable	Purpose
Agency 907, D23 Fund 2370	\$ 2,033,084.61	Interfund Loan
Agency 907, D23 Fund 2370	2,481,642.22	Interfund Loan
Total Non-Current Interfund Payable	\$ 4,514,726.83	

NOTE 13: Continuance Subject to Review - Not Applicable

NOTE 14: Adjustments to Fund Balances and Net Position

There were no adjustment to fund balance and net position for the fiscal year ended August 31, 2017.

NOTE 15: Contingencies and Commitments

Unpaid Claims and Lawsuits

As of August 31, 2017, certain lawsuits were pending against the University and/or its officers. The lawsuits, which may present contingent liabilities, are displayed below:

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

Description of the Case

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

Claimant/ Plaintiff	Defendant Name	Type of Litigation	Damages Sought	Probability of Liability	Possible Loss
Cortnay Christensen	SFASU	Sexual harassment	Compensatory; liquidated damages; reinstatement; back pay and front pay; attorney's fees; costs and prejudgment/post- judgment interest	Reasonably Possible*	Unknown

Description of the Case

The plaintiff alleges she was subject to hostile work environment sexual harassment and retaliation in violation of Title VII of the Civil Rights Act of 1964.

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

* Probable indicates the event is likely to occur.

NOTE 16: Subsequent Events

In October 2017, the Board of Regents approved contracting with a consulting firm to assist the University with a multi-million dollar capital campaign. The process is expected to begin in early 2018 and finish by the University's 100th anniversary in 2023.

NOTE 17: Risk Management

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

Injuries to Employees: Employees of the University are covered by a workers' compensation insurance policy provided by the State Office of Risk Management (SORM). SORM assesses the University an amount for the insurance coverage in accordance with 28 T.A.C. 251.507. An Interagency Contract in the amount of \$268,738.40 was executed on behalf of the University for Worker's Compensation Insurance during the year ended August 31, 2017. A mid-year assessment adjustment in the amount of \$67,184.60 for 2017 was paid in May 2017 and recorded as an increase in current year expenditures.

Provision for Health and Other Medical Benefits: Employees of the University are eligible for health insurance and optional coverage(s) if they are employed at least 50% time. The coverage is provided through the State, under the Texas Employees Group Benefits Program (GBP), which was administered by HealthSelect. Eligible employees may select health, dental, vision, life, TexFlex, accidental death and dismemberment, dependent life, 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, 2014, have a 60-day waiting period to participate in health insurance coverage. Contributions made by the State on behalf of the University for health and other medical benefits were \$7,626,550.00 for the year ended August 31, 2017.

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 2017, there were no significant damages to the University's buildings or property that resulted in a claim.

The Texas Motor Vehicle Safety Responsibility Act requires that every non-governmental vehicle operated on a State highway be insured for minimum limits of liability in the amount of \$30,000 per injured person, up to a total of \$60,000 for everyone injured in an accident (bodily injury) and \$25,000 for property damage. However, through the SORM Auto Insurance Program the University has chosen to carry liability insurance on its licensed vehicles in the amount of \$250,000/\$500,000/\$100,000. The University also carries physical damage for vehicles ten years and newer. The annual premium was \$83,845.00 with a deductible paid of \$2,700.14.

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

Claims and Judgments: Changes in the balances of the University's claims liabilities for 2017 are noted in the table below:

	Beginning Balance	Increases	Decreases	Ending Balance
Claims & Judgments	-	\$101,250.00	\$101,250.00	-

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

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

NOTE 19: The Financial Reporting Entity

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

NOTE 20: Stewardship, Compliance and Accountability

Note 1, *Summary of Significant Accounting Policies*, discusses the generally accepted accounting principles upon which the financial statements are based and addresses any changes in accounting principles. The University had no material violations of finance-related legal or contractual provisions. Per the laws of the State of Texas, the University cannot spend amounts in excess of appropriations granted by the Texas Legislature. There are no deficits reported in Net Position.

NOTE 21: Not Applicable

NOTE 22: Donor Restricted Endowments

The University endowments are invested to maximize returns yet preserve principal. The long-term objective of maintaining the purchasing power of the endowments coupled with the goal of providing a reasonable, predictable, stable and sustainable level of income to support current needs guide the management of these funds. Distributions from the earnings and cumulative net appreciation are made annually to fund scholarships, professorships, and for other uses as stipulated by the donors. The Vice President for Finance and Administration reviews the total return on endowment accounts and recommends an annual distribution. The distribution to spending accounts was 3.78% for 2017.

The tables below presents the amount of net appreciation for donor restricted true endowments for fiscal year 2017 and the changes from the prior year amounts for expendable and non-expendable balances.

Donor Restricted Endowments	Amounts of Cumulative Net Appreciation	Reported in Net Position
True Endowments	\$ 2,864,400.45	Restricted for Expendable
Term Endowments	6,471.86	Restricted for Expendable
Total	\$ 2,870,872.31	Restricted for Expendable

Endowment Funds	Increase/(Decrease)	Reason for Change
Expendable Balances		
True Endowments	\$413,325.12	Fair value increase in portfolio, offset by use of contingency reserves
Term Endowments	1,620.04	Fair value increase in portfolio
Non-Expendable Balances		
True Endowments	\$604,548.30	Donor gifts and bequests
Term Endowments	-	

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NOTE 23: Extraordinary and Special Items - Not Applicable

NOTE 24: Disaggregation of Receivable and Payable Balances

Accounts Receivables

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

Accounts Receivable Category	Current Amount
3 rd Party Contracts for Student Payments	\$2,347,073.88
Travel Advances	88,790.00
Food Services	131,115.85
Clinic Receivables	116,776.88
Miscellaneous Receivables	58,797.98
Total	\$2,742,554.59

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

Accounts Payables

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

Accounts Payable Category	Current Amount
Utility Payables	\$434,475.01
Procurement Card Payables	640,495.30
Food Service Payables	72,128.56
Payables for Supplies	1,979,768.84
Payables for Services	129,253.71
Miscellaneous Payables	146,902.92
Total	\$3,403,024.34

NOTE 25: Termination Benefits – Not Applicable

NOTE 26: Segment Information - Not Applicable

NOTE 27: Service Concession Arrangements – Not Applicable

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

In fiscal year 2017, the University reported deferred outflows of resources and deferred inflows of resources in connection with GASB 68 requirements related to pension reporting. The requirements include that affected State agencies disclose the proportional share of the net pension liability, pension expense, deferred outflows and inflows related to pensions if those amounts are not identifiable in the financial statements.

Business-Type Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
TRS Pension (Note 9)	\$14,758,104.00	\$10,653,756.00
Total	\$14,758,104.00	\$10,653,756.00

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

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NOTE 29: Troubled Debt Restructuring – Not Applicable

NOTE 30: Non-Exchange Financial Guarantees – Not Applicable

NOTE 31: Tax Abatements – Not Applicable

NOTE 32: Fund Balances – Not Applicable

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 Schedule 1A-Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	NSE Name/ Identifying Number	Pass-through From		
			Agy/ Univ No.	Agencies or Universities Amount	Non-State Entities Amount
Institute of Museum and Library Services					
<u>Direct Programs:</u>					
21st Century Museum Professionals	45.307				
<u>Pass-Through From:</u>					
Grants to States	45.310				
<u>Pass-Through From:</u>					
Texas State Library and Archives Commission			306	14,377.87	
Totals - Institute of Museum and Library Services				<u>14,377.87</u>	<u>0.00</u>
U.S. Department of Agriculture					
<u>Direct Programs:</u>					
Forestry Research	10.652				
Totals - U. S. Department of Agriculture				<u>0.00</u>	<u>0.00</u>
U.S. Department of Defense					
<u>Direct Programs:</u>					
Mathematical Sciences Grants Program	12.901	Mathematical Sciences Research Institute/205901			1,000.00
Totals - U.S. Department of Defense				<u>0.00</u>	<u>1,000.00</u>
U.S. Department of Education					
<u>Direct Programs:</u>					
Rehabilitation Long-Term Training	84.129				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334				
<u>Pass-Through From:</u>					
Career and Technical Education – Basic Grants to States	84.048				
<u>Pass-Through From:</u>					
Texas Education Agency			701	46,813.99	
Totals - U.S. Department of Education				<u>46,813.99</u>	<u>0.00</u>
U.S. Department of Health and Human Services					
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - financed in part by the Prevention and Public Health Fund (PPHF)	93.733	National AHEC Organization/ NH23IP000960			10,867.62
		National AHEC Organization/ 1H23IP000960			2,392.17
<u>Pass-Through From:</u>					
Area Health Education Centers	93.107				
<u>Pass-Through From:</u>					
University of Texas Medical Branch Galveston			723	94,000.00	
Foster Care--Title IV-E	93.658				
<u>Pass-Through From:</u>					
Department of Family and Protective Services			530	(29,279.37)	
Totals - U.S. Department of Health & Human Services				<u>64,720.63</u>	<u>13,259.79</u>

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Direct Program Amount	Total PT From & Direct Program Amount	Pass-through To			Expenditures Amount	Total PT To & Expenditures Amount
		Agy/ Univ No.	Agencies or Universities Amount	Non-State Entities Amount		
115.19	115.19				115.19	115.19
	14,377.87				14,377.87	14,377.87
<u>115.19</u>	<u>14,493.06</u>	<u>0.00</u>	<u>0.00</u>	<u>14,493.06</u>	<u>14,493.06</u>	
553.36	553.36				553.36	553.36
<u>553.36</u>	<u>553.36</u>	<u>0.00</u>	<u>0.00</u>	<u>553.36</u>	<u>553.36</u>	
	1,000.00				1,000.00	1,000.00
<u>0.00</u>	<u>1,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,000.00</u>	<u>1,000.00</u>	
150,984.76	150,984.76				150,984.76	150,984.76
1,161,971.14	1,161,971.14			612,760.84	549,210.30	1,161,971.14
	46,813.99				46,813.99	46,813.99
<u>1,312,955.90</u>	<u>1,359,769.89</u>	<u>0.00</u>	<u>612,760.84</u>	<u>747,009.05</u>	<u>1,359,769.89</u>	
	10,867.62				10,867.62	10,867.62
	2,392.17				2,392.17	2,392.17
	94,000.00				94,000.00	94,000.00
	(29,279.37)				(29,279.37)	(29,279.37)
<u>0.00</u>	<u>77,980.42</u>	<u>0.00</u>	<u>0.00</u>	<u>77,980.42</u>	<u>77,980.42</u>	

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 Schedule 1A-Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	NSE Name/ Identifying Number	Pass-through From		
			Agy/ Univ No.	Agencies or Universities Amount	Non-State Entites Amount
<u>RESEARCH & DEVELOPMENT CLUSTER</u>					
Environmental Protection Agency					
<u>Pass-Through From:</u>					
Nonpoint Source Implementation Grants	66.460				
<u>Pass-Through From:</u>					
Texas A&M AgriLife Research			556	11,182.34	
Totals - Environmental Protection Agency				<u>11,182.34</u>	<u>0.00</u>
National Science Foundation					
<u>Direct Programs:</u>					
Education and Human Resources	47.076				
<u>Pass-Through From:</u>					
Engineering Grants	47.041				
<u>Pass-Through From:</u>					
Texas A&M Engineering Experiment Station			712	4,480.00	
Totals - National Science Foundation				<u>4,480.00</u>	<u>0.00</u>
U.S. Department of the Interior					
Fish and Wildlife Management Assistance	15.608	Gulf States Marine Fisheries Comm/FWS-800-037-2016-SFASU			24,635.62
National Center for Preservation Technology and Training	15.923	Caddo Nation of Oklahoma/ P16AP00375			3,903.57
National Heritage Area Federal Financial Assistance	15.939	Cane River National Heritage Area/ CA2012-04			3,105.36
<u>Direct Programs:</u>					
Science and Technology Projects Related to Coal Mining and Reclamation	15.255				
Migratory Bird Monitoring, Assessment and Conservation	15.655				
Cooperative Research and Training Programs-Resources of the National Park System	15.945				
<u>Pass-Through From:</u>					
Wildlife Restoration and Basic Hunter Education	15.611				
<u>Pass-Through From:</u>					
Parks and Wildlife Department			802	109,586.91	
Cooperative Endangered Species Conservation Fund	15.615				
<u>Pass-Through From:</u>					
Parks and Wildlife Department			802	22,147.37	
State Wildlife Grants	15.634				
<u>Pass-Through From:</u>					
Parks and Wildlife Department			802	(4,442.17)	
Totals - U.S. Department of the Interior				<u>127,292.11</u>	<u>31,644.55</u>
U.S. Department of Agriculture					
Specialty Crop Block Grant Program - Farm Bill	10.170	Nacogdoches Economic Development Corporation/SC-1617-035			13,976.63
<u>Direct Programs:</u>					
Cooperative Forestry Research	10.202				
Forestry Research	10.652				
Plant Materials for Conservation	10.905				
Totals - U. S. Department of Agriculture				<u>0.00</u>	<u>13,976.63</u>

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Direct Program Amount	Total PT From & Direct Program Amount	Pass-through To			Expenditures Amount	Total PT To & Expenditures Amount
		Agy/ Univ No.	Agencies or Universities Amount	Non-State Entities Amount		
	11,182.34				11,182.34	11,182.34
<u>0.00</u>	<u>11,182.34</u>	<u>0.00</u>	<u>0.00</u>	<u>11,182.34</u>	<u>11,182.34</u>	
402,625.14	402,625.14			402,625.14	402,625.14	
	4,480.00			4,480.00	4,480.00	
<u>402,625.14</u>	<u>407,105.14</u>	<u>0.00</u>	<u>0.00</u>	<u>407,105.14</u>	<u>407,105.14</u>	
	24,635.62			24,635.62	24,635.62	
	3,903.57			3,903.57	3,903.57	
	3,105.36			3,105.36	3,105.36	
20,980.67	20,980.67			20,980.67	20,980.67	
8,973.80	8,973.80			8,973.80	8,973.80	
49,503.01	49,503.01			47,284.22	49,503.01	2,218.79
	109,586.91			109,586.91	109,586.91	
	22,147.37			22,147.37	22,147.37	
	(4,442.17)			(4,442.17)	(4,442.17)	
<u>79,457.48</u>	<u>238,394.14</u>	<u>0.00</u>	<u>2,218.79</u>	<u>236,175.35</u>	<u>238,394.14</u>	
	13,976.63			13,976.63	13,976.63	
517,635.36	517,635.36			517,635.36	517,635.36	
40,963.70	40,963.70			40,963.70	40,963.70	
1,970.61	1,970.61			1,970.61	1,970.61	
<u>560,569.67</u>	<u>574,546.30</u>	<u>0.00</u>	<u>0.00</u>	<u>574,546.30</u>	<u>574,546.30</u>	

UNAUDITED

Stephen F. Austin State University
 Agency 755
 Schedule 1A-Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	NSE Name/ Identifying Number	Pass-through From		
			Agy/ Univ No.	Agencies or Universities Amount	Non-State Entitles Amount
U.S. Department of Defense					
Information Security Grant	12.902	Mississippi State University/ 193500 360648 01			2,922.79
Totals - U.S. Department of Defense				<u>0.00</u>	<u>2,922.79</u>
U.S. Department of Education					
<u>Direct Programs:</u>					
English Language Acquisition State Grants	84.365				
Totals - U.S. Department of Education				<u>0.00</u>	<u>0.00</u>
U.S. Department of Health and Human Services					
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	Houston Regional HIV/AIDS Resource Group, Inc./205741			20,049.83
		Houston Regional HIV/AIDS Resource Group, Inc./206171			13,198.12
Totals - U.S. Department of Health and Human Services				<u>0.00</u>	<u>33,247.95</u>
<u>SPECIAL EDUCATION (IDEA) Cluster</u>					
U.S. Department of Education					
<u>Pass-Through From:</u>					
Special Education-Grants to States	84.027				
<u>Pass-Through From:</u>					
Texas Education Agency			701	26,244.00	
Special Education-Grants to States	84.027				
<u>Pass-Through From:</u>					
Texas School for the Blind & Visually Impaired			771	602,000.00	
Totals - U.S. Department of Education				<u>628,244.00</u>	<u>0.00</u>
<u>Student Financial Assistance Cluster</u>					
U.S. Department of Education					
<u>Direct Programs:</u>					
Federal Supplemental Educational Opportunity Grants	84.007				
Federal Work-Study Program	84.033				
Federal Perkins Loan Program Federal Capital Contributions	84.038				
Federal Pell Grant Program	84.063				
Federal Direct Student Loans	84.268				
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379				
Totals - U.S. Department of Education				<u>0.00</u>	<u>0.00</u>
Total Expenditures of Federal Awards				<u>\$ 897,110.94</u>	<u>\$ 96,051.71</u>

UNAUDITED

Direct Program Amount	Total PT From & Direct Program Amount	Pass-through To		Expenditures Amount	Total PT To & Expenditures Amount
		Agy/ Univ No.	Agencies or Universities Amount		
	2,922.79			2,922.79	2,922.79
<u>0.00</u>	<u>2,922.79</u>	<u>0.00</u>	<u>0.00</u>	<u>2,922.79</u>	<u>2,922.79</u>
4,607.88	4,607.88			4,607.88	4,607.88
<u>4,607.88</u>	<u>4,607.88</u>	<u>0.00</u>	<u>0.00</u>	<u>4,607.88</u>	<u>4,607.88</u>
	20,049.83			20,049.83	20,049.83
	13,198.12			13,198.12	13,198.12
<u>0.00</u>	<u>33,247.95</u>	<u>0.00</u>	<u>0.00</u>	<u>33,247.95</u>	<u>33,247.95</u>
	26,244.00			26,244.00	26,244.00
	602,000.00			602,000.00	602,000.00
<u>0.00</u>	<u>628,244.00</u>	<u>0.00</u>	<u>0.00</u>	<u>628,244.00</u>	<u>628,244.00</u>
324,204.00	324,204.00			324,204.00	324,204.00
581,137.22	581,137.22			581,137.22	581,137.22
638,770.00	638,770.00			638,770.00	638,770.00
20,673,496.00	20,673,496.00			20,673,496.00	20,673,496.00
77,415,389.00	77,415,389.00			77,415,389.00	77,415,389.00
380,146.00	380,146.00			380,146.00	380,146.00
<u>100,013,142.22</u>	<u>100,013,142.22</u>	<u>0.00</u>	<u>0.00</u>	<u>100,013,142.22</u>	<u>100,013,142.22</u>
\$ <u>102,374,026.84</u>	\$ <u>103,367,189.49</u>	\$ <u>0.00</u>	\$ <u>614,979.63</u>	\$ <u>102,752,209.86</u>	\$ <u>103,367,189.49</u>

STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Schedule 1A-Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2017

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 Statement of Revenues, Expenses and Changes in Net Position

Federal Revenue			
Operating		\$3,056,852.55	
Non-Operating		21,454,757.00	
Total Federal Revenue			\$24,511,609.55
Federal Pass-Through Revenue		<u>897,110.94</u>	
Total Federal Pass-Through Revenue			<u>\$897,110.94</u>
Total Federal Revenue and Federal Pass-Through Revenue			\$25,408,720.49
Reconciliation Items:			
Non-monetary Items:			\$0.00
New Loans Processed: (Amounts are from Note 3a)			
Federal Perkins Loan Program (Perkins)	84.038	543,080.00	
Federal Direct Student Loans (Direct Loans)	84.268	<u>77,415,389.00</u>	
Total New Loans Processed		\$77,958,469.00	
Total reconciliation items:			\$77,958,469.00
Total per Note 2:			\$103,367,189.49
Total Pass-Through and Expenditures per Federal Schedule:			<u>\$103,367,189.49</u>
Difference:			\$0.00

Note 3: Student Loans

Program Name / CFDA Number	Beginning Balance of Outstanding Loans as of 8/31/16	New Loans Processed, does not include Admin Cost Recovered	*CY Admin Cost Recovered, PY's only if applicable	Total Loans Processed and Admin Cost Recovered	Repayment/ Adjustment Activity (PY+CY)	**Outstanding Balance of Loans as of 8/31/17, Includes all FYs
Department of Education 84.038 Federal Perkins Loans	\$ 4,287,518.20	\$ 543,080.00	\$ 95,690.00	\$ 638,770.00	\$ 864,156.75	\$ 4,062,131.45
Department of Education 84.268 Federal Direct Student Loans (Direct Loans)		77,415,389.00		\$ 77,415,389.00	77,415,389.00	
Total Department of Education	\$ 4,287,518.20	\$ 77,958,469.00	\$ 95,690.00	\$ 78,054,159.00	\$ 78,279,545.75	\$ 4,062,131.45

- * Administrative Cost Recovered includes administration cost and any interest subsidy related to student loans processed.
- ** Confirmed on Servicer Report

Note 5: Unemployment Insurance Funds - N/A

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

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

Note 8: Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA 97.036) Not applicable. Our agency did not receive FEMA approval this current reporting fiscal year for eligible expenditures incurred in previous reporting fiscal year.

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY (755)
 Schedule 1B
 Schedule of State Grant Pass-Throughs From/To State Agencies
 For The Year Ended August 31, 2017

Pass Through From:	Grant ID	Agency Number	Amount
Fifth Year Accounting Student Scholarship Program TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY	457.0001	457	\$ 11,243.00 <u>11,243.00</u>
Available School Fund - Per Capita TEXAS EDUCATION AGENCY	701.0007	701	<u>92,391.00</u> 92,391.00
Foundation School Program (FSP)-Formula TEXAS EDUCATION AGENCY	701.0015	701	<u>1,793,329.00</u> 1,793,329.00
Instructional Materials Allotment TEXAS EDUCATION AGENCY	701.0048	701	<u>15,668.66</u> 15,668.66
Joint Admission Medical Program (JAMP) UNIVERSITY OF TEXAS SYSTEM	720.0002	720	<u>16,724.11</u> 16,724.11
Nursing & Allied Health TX HIGHER EDUCATION COORDINATING BOARD	781.0006	781	<u>14,152.82</u> 14,152.82
TEXAS Grant Program TX HIGHER EDUCATION COORDINATING BOARD	781.0008	781	<u>8,451,078.00</u> 8,451,078.00
Professional Nursing Shortage Reduction Program TX HIGHER EDUCATION COORDINATING BOARD	781.0013	781	<u>105,716.83</u> 105,716.83
Engineering Recruitment Program TX HIGHER EDUCATION COORDINATING BOARD	781.0020	781	<u>11,719.01</u> 11,719.01
College Work Study Program TX HIGHER EDUCATION COORDINATING BOARD	781.0023	781	<u>84,451.00</u> 84,451.00
Top 10% Scholarships TX HIGHER EDUCATION COORDINATING BOARD	781.0028	781	<u>146,000.00</u> 146,000.00
470635 Control of Giant Salvinia (Salvinia molesta) with an Endocide PARKS & WILDLIFE DEPARTMENT	802.0110	802	<u>332.82</u> 332.82
469859 Pilot-scale Implementation of North American Bat Monitoring Program in Texas PARKS & WILDLIFE DEPARTMENT	802.0111	802	<u>7,230.26</u> 7,230.26
496333 Control of Giant Salvinia (Salvinia molesta) with an Endocide PARKS & WILDLIFE DEPARTMENT	802.0137	802	<u>86,959.56</u> 86,959.56
Arts Create TEXAS COMMISSION ON THE ARTS	813.0002	813	<u>4,500.00</u> 4,500.00
Total Operating Pass-Through From Other Agencies			<u>\$ 10,841,496.07</u>
Pass Through To	Grant ID	Agency Number	Amount
Total Pass-Through to Other Agencies			<u>\$ -</u>

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STEPHEN F. AUSTIN STATE UNIVERSITY
 Agency No. 755
 Schedule 2A - Miscellaneous Bond Information
 For the Fiscal Year Ended August 31, 2017

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Scheduled Maturities		First Call Date	Net Bonds Outstanding
				First Year	Final Maturity Date		
Business-Type Activities							
Revenue Bonds - Self Supporting							
Rev Fin Sys Bonds Ser '10	\$ 35,035,000.00	2.0000	5.0000	2010	10/15/2029	10/15/2020	25,520,000.00
Rev Fin Sys Bonds Ser '13	15,610,000.00	1.0000	5.0000	2014	10/15/2024	n/a	12,631,574.09
Rev Fin Sys Bonds Ser '15	48,410,000.00	2.0100	2.0100	2015	10/15/2025	n/a	43,425,000.00
	<u>99,055,000.00</u>						
Tuition Revenue Bonds - Self-Supporting							
Rev Fin Sys Bonds Ser '08	20,175,000.00	3.5000	5.0000	2008	10/25/2027	10/15/2017	835,000.00
Rev Fin Sys Bonds Ser '09	23,615,000.00	3.7500	5.0000	2009	10/15/2029	10/15/2017	990,000.00
Rev Fin Sys Bonds Ser '10 (A)	3,415,000.00	2.0000	3.0000	2010	10/15/2016	n/a	0.00
Rev Fin Sys Bonds Ser '13	6,645,000.00	1.0000	5.0000	2014	10/15/2021	n/a	4,946,478.82
Rev Fin Sys Bonds Ser '16	61,205,000.00	4.0000	5.0000	2017	10/15/2036	10/15/2016	68,720,875.90
	<u>115,055,000.00</u>						
Total Revenue Bonds	<u>214,110,000.00</u>						
General Obligation Bonds - Not Self-Supporting							
Constitutional Appn Bonds Ser '0	10,200,000.00	4.0000	5.0000	2009	10/15/2018	n/a	2,345,000.00
Total General Obligation Bonds	<u>10,200,000.00</u>						
Grand Total of Bonds	<u>\$ 224,310,000.00</u>						

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2B-Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2017

Description of Issue	Bonds Outstanding 9/1/16	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Par Value Adjustments	Bonds Outstanding 8/31/17
Business-Type Activities						
Revenue Bonds - Self Supporting						
Rev Fin Sys Bonds Ser '10	\$ 26,975,000.00	\$ -	\$ 1,455,000.00	\$ -	\$ -	\$ 25,520,000.00
Rev Fin Sys Bonds Ser '13	13,270,000.00	-	1,230,000.00	-	(269,147.00)	11,770,853.00
Rev Fin Sys Bonds Ser '15	47,780,000.00	-	4,355,000.00	-	-	43,425,000.00
	<u>88,025,000.00</u>	<u>-</u>	<u>7,040,000.00</u>	<u>-</u>	<u>(269,147.00)</u>	<u>80,715,853.00</u>
Tuition Revenue Bonds - Self-Supporting						
Rev Fin Sys Bonds Ser '08	12,015,000.00	-	805,000.00	10,375,000.00	-	835,000.00
Rev Fin Sys Bonds Ser '09	15,820,000.00	-	960,000.00	13,870,000.00	-	990,000.00
Rev Fin Sys Bonds Ser '10 (A)	435,000.00	-	435,000.00	-	-	-
Rev Fin Sys Bonds Ser '13	5,090,000.00	-	760,000.00	-	269,147.00	4,599,147.00
Rev Fin Sys Bonds Ser '16	-	61,205,000.00	3,085,000.00	-	-	58,120,000.00
	<u>33,360,000.00</u>	<u>61,205,000.00</u>	<u>6,045,000.00</u>	<u>24,245,000.00</u>	<u>269,147.00</u>	<u>64,544,147.00</u>
Total Revenue Bonds	<u>121,385,000.00</u>	<u>61,205,000.00</u>	<u>13,085,000.00</u>	<u>24,245,000.00</u>	<u>-</u>	<u>145,260,000.00</u>
General Obligation Bonds - Not Self-Supporting						
Constitutional Appn Bonds Ser '08	3,450,000.00	-	1,105,000.00	-	-	2,345,000.00
Total General Obligation Bonds	<u>3,450,000.00</u>	<u>-</u>	<u>1,105,000.00</u>	<u>-</u>	<u>-</u>	<u>2,345,000.00</u>
Grand Total	<u>\$ 124,835,000.00</u>	<u>\$ 61,205,000.00</u>	<u>\$ 14,190,000.00</u>	<u>\$ 24,245,000.00</u>	<u>\$ -</u>	<u>\$ 147,605,000.00</u>

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2B-Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2017

<u>Description of Issue</u>	<u>Unamortized Premium</u>	<u>Unamortized Discount</u>	<u>Other Adjustments</u>	<u>Net Bonds Outstanding 8/31/17</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities					
Revenue Bonds - Self Supporting					
Rev Fin Sys Bonds Ser '10	\$ -	\$ -	\$ -	\$ 25,520,000.00	\$ 1,505,000.00
Rev Fin Sys Bonds Ser '13	860,721.09	-	-	12,631,574.09	580,591.81
Rev Fin Sys Bonds Ser '15	-	-	-	43,425,000.00	4,445,000.00
	<u>860,721.09</u>	<u>-</u>	<u>-</u>	<u>81,576,574.09</u>	<u>6,530,591.81</u>
Tuition Revenue Bonds - Self-Supporting					
Rev Fin Sys Bonds Ser '08	-	-	-	835,000.00	835,000.00
Rev Fin Sys Bonds Ser '09	-	-	-	990,000.00	990,000.00
Rev Fin Sys Bonds Ser '10 (A)	-	-	-	-	-
Rev Fin Sys Bonds Ser '13	347,331.82	-	-	4,946,476.82	1,748,103.73
Rev Fin Sys Bonds Ser '16	10,600,875.90	-	-	68,720,675.90	2,382,673.25
	<u>10,948,207.72</u>	<u>-</u>	<u>-</u>	<u>75,492,354.72</u>	<u>5,955,776.98</u>
Total Revenue Bonds	<u>11,808,928.81</u>	<u>-</u>	<u>-</u>	<u>157,068,928.81</u>	<u>12,486,368.79</u>
General Obligation Bonds - Not Self-Supporting					
Constitutional Appn Bonds Ser '08	-	-	-	2,345,000.00	1,150,000.00
Total General Obligation Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,345,000.00</u>	<u>1,150,000.00</u>
Grand Total	<u>\$ 11,808,928.81</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,413,928.81</u>	<u>\$ 13,636,368.79</u>

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2017

<u>Description of Issue</u>	<u>FY</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Business-Type Activities				
Revenue Bonds - Self Supporting				
Rev Fin Sys Bonds Ser '10	2018	\$ 1,505,000.00	\$ 1,075,000.00	\$ 2,580,000.00
Rev Fin Sys Bonds Ser '10	2019	1,560,000.00	1,021,362.50	2,581,362.50
Rev Fin Sys Bonds Ser '10	2020	1,615,000.00	965,800.00	2,580,800.00
Rev Fin Sys Bonds Ser '10	2021	1,675,000.00	906,131.25	2,581,131.25
Rev Fin Sys Bonds Ser '10	2022	1,750,000.00	830,975.00	2,580,975.00
Rev Fin Sys Bonds Ser '10	2023-2027	10,160,000.00	2,750,156.25	12,910,156.25
Rev Fin Sys Bonds Ser '10	2028-2030	7,255,000.00	483,850.01	7,738,850.01
		<u>25,520,000.00</u>	<u>8,033,275.01</u>	<u>33,553,275.01</u>
Rev Fin Sys Bonds Ser '13	2018	465,829.00	538,255.04	1,004,084.04
Rev Fin Sys Bonds Ser '13	2019	202,432.00	524,889.82	727,321.82
Rev Fin Sys Bonds Ser '13	2020	1,222,592.00	496,389.34	1,718,981.34
Rev Fin Sys Bonds Ser '13	2021	2,350,000.00	413,187.50	2,763,187.50
Rev Fin Sys Bonds Ser '13	2022	2,470,000.00	292,687.50	2,762,687.50
Rev Fin Sys Bonds Ser '13	2023-2025	5,060,000.00	332,343.75	5,392,343.75
		<u>11,770,853.00</u>	<u>2,597,752.95</u>	<u>14,368,605.95</u>
Rev Fin Sys Bonds Ser '15	2018	4,445,000.00	828,170.25	5,273,170.25
Rev Fin Sys Bonds Ser '15	2019	4,535,000.00	737,921.25	5,272,921.25
Rev Fin Sys Bonds Ser '15	2020	4,630,000.00	645,813.00	5,275,813.00
Rev Fin Sys Bonds Ser '15	2021	4,720,000.00	551,845.50	5,271,845.50
Rev Fin Sys Bonds Ser '15	2022	4,820,000.00	455,968.50	5,275,968.50
Rev Fin Sys Bonds Ser '15	2023-2026	20,275,000.00	825,155.25	21,100,155.25
		<u>43,425,000.00</u>	<u>4,044,873.75</u>	<u>47,469,873.75</u>
Total Revenue Bonds - Self Supporting		<u>\$ 80,715,853.00</u>	<u>\$ 14,675,901.71</u>	<u>\$ 95,391,754.71</u>

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2017

<u>Description of Issue</u>	<u>FY</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Tuition Revenue Bonds - Self-Supporting				
Rev Fin Sys Bonds Ser '08	2018	\$ 835,000.00	\$ 20,875.00	\$ 855,875.00
		835,000.00	20,875.00	855,875.00
Rev Fin Sys Bonds Ser '09	2018	990,000.00	16,087.50	1,006,087.50
		990,000.00	16,087.50	1,006,087.50
Rev Fin Sys Bonds Ser '13	2018	1,609,171.00	151,782.46	1,760,953.46
Rev Fin Sys Bonds Ser '13	2019	1,962,568.00	80,347.68	2,042,915.68
Rev Fin Sys Bonds Ser '13	2020	1,027,408.00	20,548.16	1,047,956.16
		4,599,147.00	252,678.30	4,851,825.30
Rev Fin Sys Bonds Ser '16	2018	1,165,000.00	2,657,200.00	3,822,200.00
Rev Fin Sys Bonds Ser '16	2019	2,820,000.00	2,577,500.00	5,397,500.00
Rev Fin Sys Bonds Ser '16	2020	2,930,000.00	2,462,500.00	5,392,500.00
Rev Fin Sys Bonds Ser '16	2021	3,045,000.00	2,343,000.00	5,388,000.00
Rev Fin Sys Bonds Ser '16	2022	3,165,000.00	2,218,800.00	5,383,800.00
Rev Fin Sys Bonds Ser '16	2023-2027	18,360,000.00	8,575,500.00	26,935,500.00
Rev Fin Sys Bonds Ser '16	2028-2032	13,940,000.00	4,222,925.00	18,162,925.00
Rev Fin Sys Bonds Ser '16	2033-2037	12,695,000.00	1,510,525.00	14,205,525.00
		58,120,000.00	26,567,950.00	84,687,950.00
Total Tuition Revenue Bonds - Self-Supporting		<u>64,544,147.00</u>	<u>26,857,590.80</u>	<u>91,401,737.80</u>
Total Revenue Bonds		<u>145,260,000.00</u>	<u>41,533,492.51</u>	<u>186,793,492.51</u>
General Obligation Bonds				
Constitutional Appn Bonds Ser '08	2018	1,150,000.00	78,500.00	1,228,500.00
Constitutional Appn Bonds Ser '08	2019	1,195,000.00	26,887.50	1,221,887.50
Total General Obligation Bonds		<u>2,345,000.00</u>	<u>105,387.50</u>	<u>2,450,387.50</u>
Total Debt Service		<u>\$ 147,605,000.00</u>	<u>\$ 41,638,880.01</u>	<u>\$ 189,243,880.01</u>

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, 2017

<u>Description of Issue</u>	<u>Application of Funds</u>		<u>Accrual Basis</u>
	<u>2017 Principal</u>	<u>2017 Interest</u>	<u>Int Exp</u>
Constitutional Appn Bonds Series 2008	\$ 1,105,000.00	\$ 125,325.00	\$ 108,750.00
General Obligation Bonds - Not Self-Supporting	<u>\$ 1,105,000.00</u>	<u>\$ 125,325.00</u>	<u>\$ 108,750.00</u>

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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, 2017

Description of Issue	Net Available for Debt Service		Debt Service		Accrual Basis	
	Total Pledged and Other Sources	Operating Expenses and Capital Outlay	2017 Principal	2017 Interest	Interest Expense	Interest Capitalized
Business-Type Activities						
Revenue Bonds - Self Supporting						
Rev Fin Sys Bonds Ser '10	*	-	\$ 1,455,000.00	\$ 1,123,162.52	\$ 1,106,793.77	\$ -
Rev Fin Sys Bonds Ser '13	*	-	1,230,000.00	564,487.50	548,919.05	-
Rev Fin Sys Bonds Ser '15	*	-	4,355,000.00	916,610.25	883,784.44	-
Tuition Revenue Bonds - Self-Supporting						
Rev Fin Sys Bonds Ser '08	*	-	805,000.00	61,875.00	46,781.25	-
Rev Fin Sys Bonds Ser '09	*	-	960,000.00	46,575.00	35,775.00	-
Rev Fin Sys Bonds Ser '10 (A)	*	-	435,000.00	6,525.00	1,631.25	-
Rev Fin Sys Bonds Ser '13	*	-	760,000.00	206,850.00	192,568.46	-
Rev Fin Sys Bonds Ser '16	*	-	3,085,000.00	545,608.47	2,531,755.28	1,617,503.06
			<u>\$ 13,085,000.00</u>	<u>\$ 3,471,693.74</u>	<u>\$ 5,348,008.50</u>	<u>\$ 1,617,503.06</u>

Analysis of Pledged and Other Sources:

Pledged Sources:	
Tuition and Fees	\$ 111,148,989.37
Sales and Services	39,761,896.70
Other Sources	<u>3,826,487.37</u>
Total Revenues	154,737,373.44
Unrestricted Fund Balances	55,915,074.63
Less State Appropriated Fund Balances with Restrictions	<u>(6,131,926.23)</u>
Total Pledged Revenues	<u>\$ 204,520,521.84</u>
Expenditures associated with operations which generated the pledged revenues	<u>\$ 179,972,708.48</u>

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2017

<u>Description of Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
Revenue Bonds		
		\$ <u> -</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, 2017

Description of Issue	Category	For Refunding Only			
		Amount Extinguished or Refunded	Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/Loss
Rev Fin Sys Bonds Ser '08	Advanced Refunding	\$ 10,375,000.00	\$ 9,213,800.00	\$ 1,306,861.41	\$ 1,163,858.76
Rev Fin Sys Bonds Ser '09	Advanced Refunding	13,870,000.00	\$ 12,283,400.00	\$ 2,144,448.87	\$ 1,879,561.22

UNAUDITED

STEPHEN F. AUSTIN STATE UNIVERSITY
Agency No. 755
Schedule 3 - Reconciliation of Cash in State Treasury
August 31, 2017

Cash in State Treasury	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Special Mineral Fund 0241	\$ 0.00	\$ 0.00	\$ 0.00
Local Revenue Fund 0261	<u>2,551,863.71</u>	<u>0.00</u>	<u>2,551,863.71</u>
 Total Cash in State Treasury (Stmnt of Net Position)	 <u>\$ 2,551,863.71</u>	 <u>\$ 0.00</u>	 <u>\$ 2,551,863.71</u>