



TEXAS STATE TECHNICAL COLLEGE

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING AUGUST 31, 2012

**ANNUAL
FINANCIAL REPORT**

TEXAS STATE TECHNICAL COLLEGE

TSTC SYSTEM OPERATIONS

TSTC HARLINGEN

TSTC MARSHALL

TSTC WACO

TSTC WEST TEXAS

FISCAL YEAR ENDED AUGUST 31, 2012

**Texas State Technical College
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Office of the Chancellor

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November 20, 2012

The Honorable Rick Perry
Governor of Texas

The Honorable Susan Combs
Texas Comptroller

Mrs. Ursula Parks
Acting Director, Legislative Budget Board

Mr. John Keel, CPA
State Auditor

Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of Texas State Technical College for the year ended August 31, 2012, in compliance with Texas Government Code §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

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

If you have any questions, please contact Albert Srubar at 254-867-3956. Susan Vonder Hoya may be contacted at 254-867-3961 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael L. Reeser", with a long, sweeping horizontal line extending to the right.

Michael L. Reeser
Chancellor

TEXAS STATE TECHNICAL COLLEGE

ORGANIZATIONAL DATA
For the Fiscal Year Ended August 31, 2012

Board of Regents

<u>Officers</u>		
Michael F. Northcutt	Longview, Texas	Chairman of the Board
Ellis M. Skinner, II	Dallas, Texas	Vice Chairman
Linda McKenna	Harlingen, Texas	Executive Committee
Gene Seaman	Corpus Christi, Texas	Executive Committee

<u>Members</u>		Term Expires
		August 31,
Michael F. Northcutt	Longview, Texas	2013
Gene Seaman	Corpus Christi, Texas	2013
Ellis M. Skinner, II	Dallas, Texas	2013
Penny Forrest	Waco, Texas	2015
James V. (J.V.) Martin	Sweetwater, Texas	2015
Linda McKenna	Harlingen, Texas	2015
Joe M. Gurecky	Rosenberg, Texas	2017
Joe K. Hearne	Dallas, Texas	2017
John Hatchel	Woodway, Texas	2017

Key Officers

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

UNAUDITED

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Statement of Net Assets
August 31, 2012

	TOTAL
ASSETS	
Current Assets:	
Cash and Cash Equivalents	
Cash on Hand	\$ 43,303.00
Cash in Bank	10,398,737.83
Reimbursements Due from State Treasury	
Cash in State Treasury	15,314,480.67
Cash Equivalents	
Short-term Investments	8,240,467.86
Restricted	
Cash and Cash Equivalents	
Cash on Hand	35.00
Cash in Bank	11,193,595.02
Cash Equivalents	
Short-term Investments	20,655,365.24
Balance in State Appropriations	12,203,040.57
Notes Receivable, Net	
Accounts Receivable, Net	11,006,458.68
Federal Receivables	11,130,419.71
Other Intergovernmental Receivables	
Accrued Interest Receivable	72,556.84
Other Receivables	
Due from Other Funds/ Colleges	
Due From Other Agencies-State	151,237.67
Due From Other Agencies-Federal	1,912,135.06
Consumable Inventories	1,033,646.90
Merchandise Inventories	1,734,951.45
Loans and Contracts	
Other Current Assets	
Total Current Assets	<u>105,090,431.50</u>
Non-Current Assets:	
Restricted	
Cash in Bank	109,884.66
Short-term Investments	509,362.61
Investments	
Loans, Contracts and Other	
Accrued Interest Receivable	220.98
Investments	
Other Non-Current Assets	
Capital Assets, Non-Depreciable or Non-Amortizable	
Land and Land Improvements	11,574,672.13
Other Capital Assets	9,500.00
Construction in Progress	3,586,232.37
Capital Assets, Depreciable or Amortizable	
Buildings and Building Improvements	163,766,212.00
Less Accumulated Depreciation	(82,065,946.35)
Infrastructure	17,313,943.98
Less Accumulated Depreciation	(5,590,831.93)
Facilities and Other Improvements	5,997,081.71
Less Accumulated Depreciation	(3,393,921.66)
Furniture and Equipment	37,704,780.29
Less Accumulated Depreciation	(25,152,867.61)

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TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Statement of Net Assets
August 31, 2012

	TOTAL
Vehicles, Boats, and Aircraft	8,963,254.97
Less Accumulated Depreciation	(6,330,417.96)
Other Capital Assets	12,911,384.96
Less Accumulated Depreciation	(1,778,600.80)
Computer Software	1,524,252.00
Less Accumulated Amortization	(933,489.88)
Other Non-Current Assets	
Total Non-Current Assets	138,724,706.47
TOTAL ASSETS	\$ 243,815,137.97
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 5,239,612.13
Payroll Payables	6,432,396.15
Federal Payables	171,229.15
Other Intergovernmental Payables	
Due to Other Funds/Colleges	
Due to Other Agencies	
Deferred Revenue	16,446,865.89
Employees' Compensable Leave	587,587.77
Capital Lease Obligations	582,435.14
Deposits Payable	1,228,019.52
Revenue Bonds Payable, Net	2,579,220.07
General Obligation Bonds Payable	1,695,000.00
Accrued Interest Payable-Bonds	254,359.47
Funds Held for Others	1,500,900.72
Other Current Liabilities	49,498.03
Total Current Liabilities	36,767,124.04
Non-Current Liabilities:	
Employees' Compensable Leave	4,710,768.94
Interfund Payable (LoanStar Loan Program)	6,018,369.95
Capital Lease Obligations	4,070,829.22
Pollution Remediation Obligations	
Deposits Payable	
Claims and Judgements	
Revenue Bonds Payable, Net	62,487,949.50
General Obligation Bonds Payable	3,600,000.00
Other Non-Current Liabilities	
Total Non-Current Liabilities	80,887,917.61
TOTAL LIABILITIES	\$ 117,655,041.65
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	80,714,554.18
Restricted for:	
Debt Retirement	77,649.98
Capital Projects	171,581.77
Other	1,176,546.00
True and Other Endowments, and Annuities	
Non-Expendable	619,468.25
Expendable	
Unrestricted	43,400,296.14
TOTAL NET ASSETS	126,160,096.32
TOTAL LIABILITIES AND NET ASSETS	\$ 243,815,137.97

UNAUDITED

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Statement of Revenues, Expenses, and Changes in Net Assets
For The Fiscal Year Ended August 31, 2012

	<u>TOTAL</u>
OPERATING REVENUES:	
Sales of Goods and Services:	
Student Tuition and Fees - Pledged	\$ 36,954,131.27
Student Tuition and Fees	7,673,282.05
Discounts and Allowances	(22,316,132.12)
Auxiliary Enterprises - Pledged	13,185,420.41
Auxiliary Enterprises	906,952.10
Discounts and Allowances	(3,962,789.66)
Net Sales and Services of Educational Activities - Pledged	4,969,201.36
Interest and Investment Income from Operating Activities - Pledged	104,470.20
Federal Sponsored Programs	6,525,656.23
Federal Sponsored Programs Pass-Through from Other State Agencies	3,931,877.92
State Sponsored Programs	
State Sponsored Programs Pass-Through from Other State Agencies	4,828,849.90
Other Grants and Contracts	2,371,591.28
Other Grants and Contracts - Pledged	345.78
Total Operating Revenues	<u>55,172,856.72</u>
OPERATING EXPENSES:	
Instruction	54,779,878.54
Research	210,222.64
Public Service	233,439.34
Academic Support	15,394,986.54
Student Services	15,829,171.08
Institutional Support	18,467,709.23
Operations and Maintenance of Plant	11,560,897.70
Scholarships and Fellowships	11,711,559.73
Auxiliary Enterprises	13,043,075.39
Depreciation and Amortization	9,804,173.05
Total Operating Expenses	<u>151,035,113.24</u>
Operating Income (Loss)	<u>(95,862,256.52)</u>
NONOPERATING REVENUES (EXPENSES):	
State Appropriations	77,342,108.73
Gifts	
Contracts and Grants - Pledged	726,445.00
Investment Income - Pledged	156,395.37
Investment Income	99,201.56
Federal Sponsored Programs	26,611,281.12
Disposal of Plant Facilities	(114,984.92)
Settlement of Claims	
Interest Expense and Fiscal Charges	(3,378,068.06)
Other Nonoperating Revenues	18,238.48
Other Nonoperating (Expenses)	(10,159,047.97)
Net Nonoperating Revenues (Expenses)	<u>91,301,569.31</u>
Income (Loss) Before Other Revenues, Expenses, Gains/(Losses), and Transfers	<u>(4,560,687.21)</u>

UNAUDITED

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Statement of Revenues, Expenses, and Changes in Net Assets
For The Fiscal Year Ended August 31, 2012

	<u>TOTAL</u>
OTHER REVENUES, EXPENSES, GAINS (LOSSES) AND TRANSFERS:	
Capital Contributions	4,054,146.06
Capital Appropriations (HEAF)	5,775,000.00
Gifts and Sponsored Programs for Capital Acquisitions	3,141,725.85
Increase Net Assets - Interagency Transfers Capital Assets	
Decrease Net Assets - Interagency Transfers Capital Assets	
Transfers from/(to) Other State Agencies	(130,683.32)
Legislative Transfers	
Legislative Appropriations Lapsed	(32,412.80)
Net Other Revenues, Expenses, Gains/(Losses) and Transfers	<u>12,807,775.79</u>
CHANGE IN NET ASSETS	<u>8,247,088.58</u>
Net Assets - September 1, 2011	117,979,474.45
Restatements	(66,466.71)
Net Assets - September 1, 2011 - As Restated	<u>117,913,007.74</u>
NET ASSETS - August 31, 2012	\$ <u><u>126,160,096.32</u></u>

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TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Matrix of Operating Expenses
Reported by Function
For the Fiscal Year Ended August 31, 2012

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support
Cost of Goods Sold	\$ (2,713.62)	\$ 0.00	\$ 0.00	\$ 8,712.79	\$ 89.35	\$ 6,568.71
Salaries and Wages	33,692,729.84	132,488.00	77,597.32	8,034,525.06	8,576,535.19	10,668,977.54
Payroll Related Costs	11,282,968.84	31,904.11	19,208.25	2,590,493.69	3,069,835.57	3,588,670.36
Professional Fees and Services	180,247.84	7,000.00	90,775.00	247,531.08	39,463.00	145,575.38
Federal Grant Pass-Through Expenses	0.00	0.00	0.00	0.00	0.00	0.00
State Grant Pass-Through Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Travel	318,260.70	5,331.47	8,771.63	186,469.50	147,261.15	309,727.18
Materials and Supplies	5,901,289.41	14,444.12	17,523.70	853,095.04	1,195,492.70	1,293,442.19
Communications and Utilities	433,707.29	28.75	71.94	255,765.40	325,193.22	498,291.63
Repairs and Maintenance	316,309.54	150.00	0.00	514,167.97	67,866.20	832,992.40
Rentals and Leases	228,848.94	0.00	51.50	202,567.21	137,113.82	345,113.91
Printing and Reproduction	8,395.55	0.00	0.00	60,429.53	14,529.06	12,597.72
Depreciation and Amortization	0.00	0.00	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	0.00	0.00	0.00	0.00	0.00
Interest	458.69	22.12	0.00	76.87	195.92	222.40
Scholarships	221,219.34	0.00	3,500.00	36,312.74	467,980.31	(11,990.00)
Less Tuition Discounting	0.00	0.00	0.00	0.00	0.00	0.00
Claims and Judgments	0.00	0.00	0.00	0.00	0.00	0.00
Other Operating Expenses	2,198,156.18	18,854.07	15,940.00	2,404,839.66	1,787,615.59	777,519.81
Capital	2,701,112.11	0.00	0.00	78,359.08	44,973.38	55,865.63
Less Capital Additions	(2,701,112.11)	0.00	0.00	(78,359.08)	(44,973.38)	(55,865.63)
Total Operating Expenses	<u>\$ 54,779,878.54</u>	<u>\$ 210,222.64</u>	<u>\$ 233,439.34</u>	<u>\$ 15,394,986.54</u>	<u>\$ 15,829,171.08</u>	<u>\$ 18,467,709.23</u>

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TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
 Matrix of Operating Expenses
 Reported by Function
 For the Fiscal Year Ended August 31, 2012

Operating Expenses	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenditures
Cost of Goods Sold	\$ 39,228.87	\$ 0.00	\$ 4,341,493.90	\$ 0.00	\$ 4,393,380.00
Salaries and Wages	3,589,950.83	0.00	3,093,282.11	0.00	67,866,085.89
Payroll Related Costs	1,582,573.91	0.00	1,031,782.62	0.00	23,197,437.35
Professional Fees and Services	10,864.65	0.00	115,294.74	0.00	836,751.69
Federal Grant Pass-Through Expenses	0.00	0.00	0.00	0.00	0.00
State Grant Pass-Through Expenses	0.00	0.00	0.00	0.00	0.00
Travel	15,211.22	0.00	73,135.31	0.00	1,064,168.16
Materials and Supplies	950,379.56	0.00	1,936,994.78	0.00	12,162,661.50
Communications and Utilities	3,769,197.17	0.00	1,170,225.67	0.00	6,452,481.07
Repairs and Maintenance	438,541.56	0.00	295,689.97	0.00	2,465,717.64
Rentals and Leases	115,461.49	0.00	315,333.54	0.00	1,344,490.41
Printing and Reproduction	100.60	0.00	3,490.95	0.00	99,543.41
Depreciation and Amortization	0.00	0.00	0.00	9,804,173.05	9,804,173.05
Bad Debt Expense	0.00	0.00	0.00	0.00	0.00
Interest	1,113.41	0.00	146.51	0.00	2,235.92
Scholarships	0.00	37,990,481.51	10,252.96	0.00	38,717,756.86
Less Tuition Discounting	0.00	(26,278,921.78)	0.00	0.00	(26,278,921.78)
Claims and Judgments	0.00	0.00	0.00	0.00	0.00
Other Operating Expenses	1,048,274.43	0.00	655,952.33	0.00	8,907,152.07
Capital	1,296,371.89	0.00	223,791.45	0.00	4,400,473.54
Less Capital Additions	(1,296,371.89)	0.00	(223,791.45)	0.00	(4,400,473.54)
Total Operating Expenses	\$ 11,560,897.70	\$ 11,711,559.73	\$ 13,043,075.39	\$ 9,804,173.05	\$ 151,035,113.24

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TEXAS STATE TECHNICAL COLLEGE

(Agency 719)

Statement of Cash Flows

For the Fiscal Year Ended August 31, 2012

	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds Received from Tuition and Fees	\$ 20,783,330.69
Proceeds Received from Customers (Other Sales and Services)	5,201,225.81
Proceeds from Grants and Contracts	18,210,455.17
Proceeds from Auxiliaries	9,934,544.58
Proceeds from Other Revenues	
Payments to Suppliers for Goods and Services	(35,960,892.14)
Payments to Employees for Salaries and Wages	(67,833,416.61)
Payments to Employees for Benefits	(25,071,530.50)
Payments for Other Expenses	<u>(13,542,976.85)</u>
Net Cash Provided (Used) by Operating Activities	<u>(88,279,259.85)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from State Appropriations	80,374,310.82
Proceeds from Gifts	
Proceeds from Grants and Contracts	26,611,281.12
Proceeds from Other Revenues	18,238.48
Payments of Transfers to Other State Agencies	
Payments for Other Uses	<u>(9,733,916.25)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>97,269,914.17</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Disposal of Capital Assets	
Proceeds from Grants and Contracts	726,445.00
Proceeds from Capital Grants and Gifts	3,141,725.85
Proceeds from Debt Issuance	32,705,675.35
Proceeds from Interfund Payables (LoanStar Loan Program)	2,523,006.90
Payments for Additions to Capital Assets	(19,929,598.59)
Payments of Principal on Debt Issuance	(10,545,537.83)
Payments of Interest on Debt Issuance	(3,391,241.59)
Payments of Other Costs of Debt Issuance	(423,508.09)
Payments of Transfers to Other State Agencies for Debt Retirement	<u>(925,520.70)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>3,881,446.30</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	10,513,303.63
Proceeds from Interest and Investment Income	316,437.53
Payments to Acquire Investments	<u>(25,801,906.26)</u>
Net Cash Provided (Used) by Investing Activities	<u>(14,972,165.10)</u>

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TEXAS STATE TECHNICAL COLLEGE

(Agency 719)

Statement of Cash Flows

For the Fiscal Year Ended August 31, 2012

Increase (Decrease) in Cash and Cash Equivalents	\$ (2,100,064.48)
Cash and Cash Equivalents, September 1, 2011	39,160,100.66
Restatements to Beginning Cash and Cash Equivalents	
Cash and Cash Equivalents, August 31, 2012	\$ <u>37,060,036.18</u>

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

Operating Income (Loss)	\$ (95,862,256.52)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Amortization and Depreciation	9,804,173.05
Bad Debt Expense	
Operating Income and Cash Flow Categories Classification Differences	
Interest and Investment Income from Operating Activities	(104,470.20)
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(624,383.55)
(Increase) Decrease in Inventories	335,795.47
(Increase) Decrease in Loans and Contracts	
(Increase) Decrease in Due from Other Agencies	888,790.40
(Increase) Decrease in Other Assets	1,000.00
(Increase) Decrease in Prepaid Expenses	
Increase (Decrease) in Payables	(1,042,517.89)
Increase (Decrease) in Deposits Payable	277,080.46
Increase (Decrease) in Due to Other Agencies	
Increase (Decrease) in Deferred Income	(1,477,612.22)
Increase (Decrease) in Funds Held for Others	(69,051.20)
Increase (Decrease) in Compensated Absence Liability	(431,179.88)
Increase (Decrease) in Other Liabilities	25,372.23
Total Adjustments	<u>7,582,996.67</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>(88,279,259.85)</u>

NON CASH TRANSACTIONS

Donations of Capital Assets	\$ 4,051,911.67
Borrowing Under Capital Lease Purchases	4,981.24
Interest Applied to Interfund Payable (LoanStar Loan Program)	92,005.68
Other Additions to Capital Assets	797,071.77
Disposal of Plant Facilities	(114,984.92)
Restatement to Beginning Capital Assets Balance	(66,466.71)
Total Non Cash Transactions	\$ <u>4,764,518.73</u>

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2012

Note 1: Summary of Significant Accounting Policies

Entity

Texas State Technical College (TSTC) System is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*.

TSTC System includes four colleges: TSTC Harlingen, TSTC Marshall, TSTC Waco, and TSTC West Texas, which has campuses in Abilene, Breckenridge, Brownwood, and Sweetwater. TSTC is the only state-supported technical college system in Texas. With a statewide role and mission, TSTC is efficiently and effectively helping Texas meet the high-tech challenges of today's global economy, in partnership with business and industry, government agencies, and other educational institutions. TSTC has high graduation rates, exceptional postgraduate success rates, and an outstanding record in graduating individuals from diverse cultural and socioeconomic backgrounds.

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

Fund Structure

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

Proprietary Fund Types**Enterprise Funds**

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

Agency Funds

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

Component Units

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

Basis of Accounting

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

Enterprise funds (proprietary funds), are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary funds principal ongoing operations.

TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2012

Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Budget and Budgetary Accounting

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

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

Assets, Liabilities, and Net Assets

Assets

Cash and Cash Equivalents

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

Restricted Assets

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

Inventories and Prepaid Items

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

Capital Assets

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

Other Receivables – Current and Non-Current

The disaggregation of other receivables as reported in the financial statements is shown in Note 24, "Disaggregation of Receivables and Payables Balances."

Liabilities

Accounts Payable

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

Other Payables – Current and Non-Current

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

Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported

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separately as either current or non-current in the statement of net assets. These obligations are normally paid from the same funding source(s) from which each employee's salary or wage compensation was paid.

Capital Lease Obligations

Capital Lease Obligations represent the liability for future lease payments under capital lease contracts contingent upon the appropriation of funding by the Legislature. Liabilities are reported separately as either current or non-current in the statement of net assets.

Bonds Payable – General Obligation Bonds

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

Bonds Payable – Revenue Bonds

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

Net Assets

The difference between fund assets and liabilities is "net assets" on the proprietary fund statements.

Invested in Capital Assets, Net of Related Debt

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

Restricted Net Assets

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

Unrestricted Net Assets

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

Interfund Activities and Balances

The agency has the following types of transactions among funds:

- (1) Transfers: Legally required transfers that are reported when incurred as 'Transfers In' by the recipient fund and as 'Transfers Out' by the disbursing fund.
- (2) Reimbursements: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.
- (3) Interfund receivables and payables: Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, the balance is classified as "Current". Balances for repayment due in two (or more) years are classified as "Non-Current".

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- (4) Interfund Sales and Purchases: Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund. The composition of Texas State Technical College's Interfund activities and balances are presented in Note 12.

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Note 2: Capital Assets

A summary of changes in capital assets for the year ended August 31, 2012 is presented below:

	PRIMARY GOVERNMENT							
			Reclassifications					
	Balance 9/1/11	Adjustments	Completed CIP	Inc- Int'agy Trans	Dec- Int'agy Trans	Additions	Deletions	Balance 8/31/12
BUSINESS-TYPE ACTIVITIES								
Non-Depreciable or Non-amortizable Assets								
Land and Land Improvements	7,636,470.13					3,938,202.00		11,574,672.13
Infrastructure								0.00
Construction in Progress	14,129,053.06		(23,962,738.95)			13,419,918.26		3,586,232.37
Other Tangible Capital Assets	9,500.00							9,500.00
Land Use Rights								0.00
Other Intangible Capital Assets								0.00
Total Non-Depreciable or Non-amortizable Assets	21,775,023.19	0.00	(23,962,738.95)	0.00	0.00	17,358,120.26	0.00	15,170,404.50
Depreciable Assets								
Buildings & Bldg. Improvements	145,215,301.55	(1,309,978.83)	17,765,810.28			2,673,000.00	(577,921.00)	163,766,212.00
Infrastructure	11,944,739.98		5,369,204.00					17,313,943.98
Facilities & Other Improvements	5,177,309.49		819,772.22					5,997,081.71
Furniture and Equipment	35,462,804.39	18,650.35				3,942,332.79	(1,719,007.24)	37,704,780.29
Vehicle, Boats & Aircraft	8,884,443.01					567,744.68	(488,932.72)	8,963,254.97
Other Capital Assets	11,553,317.79	1,309,978.83	7,952.45			89,747.59	(49,611.70)	12,911,384.96
Total Depreciable Assets at Historical Costs	218,237,916.21	18,650.35	23,962,738.95	0.00	0.00	7,272,825.06	(2,835,472.66)	246,656,657.91
Less Accumulated Depreciation for:								
Buildings & Bldg. Improvements	(77,994,324.64)	4,713.93				(4,625,360.59)	549,024.95	(82,065,946.35)
Infrastructure	(5,213,646.71)					(377,185.22)		(5,590,831.93)
Facilities & Other Improvements	(3,251,162.54)					(142,759.12)		(3,393,921.66)
Furniture and Equipment	(23,263,261.69)	(20,884.75)				(3,556,266.21)	1,687,545.04	(25,152,867.61)
Vehicle, Boats & Aircraft	(6,207,082.30)					(606,309.83)	482,974.17	(6,330,417.96)
Other Capital Assets	(1,364,624.00)	(68,946.24)				(345,974.14)	943.58	(1,778,600.80)
Total Accumulated Depreciation	(117,294,101.88)	(85,117.06)	0.00	0.00	0.00	(9,653,855.11)	2,720,487.74	(124,312,586.31)
Depreciable Assets, Net	100,943,814.33	(66,466.71)	23,962,738.95	0.00	0.00	(2,381,030.05)	(114,984.92)	122,344,071.60

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PRIMARY GOVERNMENT								
Reclassifications								
	Balance 9/1/11	Adjustments	Completed CIP	Inc- Int'agy Trans	Dec- Int'agy Trans	Additions	Deletions	Balance 8/31/12
Amortizable Assets-Intangible								
Land Use Rights								0.00
Computer Software	1,317,206.94					243,000.00	(35,954.94)	1,524,252.00
Other Capital Intangible Assts								0.00
Total Amortizable Assets - Intangible	1,317,206.94	0.00	0.00	0.00	0.00	243,000.00	(35,954.94)	1,524,252.00
Less Accumulated Amortization for:								
Land Use Rights								0.00
Computer Software	(819,126.88)					(150,317.94)	35,954.94	(933,489.88)
Other Intangible Capital Assets								0.00
Total Accumulated Amortization	(819,126.88)	0.00	0.00	0.00	0.00	(150,317.94)	35,954.94	(933,489.88)
Amortizable Assets – Intangible, Net	498,080.06	0.00	0.00	0.00	0.00	92,682.06	0.00	590,762.12
Business-Type Activities Capital Assets, Net	123,216,917.58	(66,466.71)	0.00	0.00	0.00	15,069,772.27	(114,984.92)	138,105,238.22

(A)

(A)

(A) A total of (\$48,668.12) of adjustments pertaining to deletion of library books during FY 2012 has been reported in the “Deletions” column above. This differs from the “Capital Assets Note 2” generated by the State Property Accounting (SPA) where these deletions are reported in the “Adjustments” column.

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Note 3: Deposits, Investments, & Repurchase Agreements

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

Deposits of Cash in Bank

As of August 31, 2012, the carrying amount of deposits was \$51,096,859.96 as presented below.

Business-Type Activities	
CASH IN BANK – CARRYING AMOUNT	51,096,859.96
Less: Certificates of Deposit included in carrying amount and reported as Current Short-term Investments	8,240,466.86
Less: Certificates of Deposit included in carrying amount and reported as Current Restricted Short-term Investments	20,644,812.98
Less: Certificates of Deposit included in carrying amount and reported as Non-Current Restricted Short-term Investments	509,362.61
Total Cash in Bank per AFR	21,702,217.51
Proprietary Funds Current Assets Cash in Bank	10,398,737.83
Proprietary Funds Current Assets Restricted Cash in Bank	11,193,595.02
Proprietary Funds Non-Current Assets Restricted Cash in Bank	109,884.66
Cash in Bank per AFR	21,702,217.51

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

As of August 31, 2012, the total bank balance was as follows:

Business-Type Activities	52,201,103.24
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Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the College will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The College's investment policy requires that all deposits above the level of federal insurance be fully collateralized. During the last ten days of August 2012, a total of \$719,926.00 of deposits at one bank were uninsured/under-collateralized. This resulted from a call option being partially executed on a government security pledged to the College as collateral and the bank not immediately recognizing that this left some of the College's deposits unsecured. Once detected in early September 2012, the bank immediately pledged sufficient collateral to the College to adequately secure the College's deposits.

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As of August 31, 2012, the fair value of investments is as presented below.

Business-Type Activities	Fair Value
U.S. Government	
U. S. Treasury Securities	
U. S. Treasury Strips	
U. S. Treasury TIPS	
U.S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, etc)	
U.S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co)	
Corporate Obligations	
Corporate Asset and Mortgage Backed Securities	
Equity	
International Obligations (Govt. and Corp)	
International Equity	
Repurchase Agreement	
Repurchase Agreement (Texas Treasury Safekeeping Trust Co)	
Fixed Income Money Market and Bond Mutual Fund	
Other Commingled Funds	
International Other Commingled Funds	
Other Commingled Funds (TexPool)	10,553.26
Commercial Paper	
Real Estate	
Derivatives	
Alternative Investments	
Misc. (Political subdivision, bankers' acceptance, negotiable CD)	
Total Investments	10,553.26
Reconciliation of Investments per Exhibits – Business – Type Activities	
Proprietary Funds Current Assets Short-term Investments	1.00
Proprietary Funds Current Assets Restricted Short-term Investments	10,552.26
Add: Certificates of Deposit disclosed as deposits but reported as Current Short-term Investments	8,240,466.86
Add: Certificates of Deposit disclosed as deposits but reported as Current Restricted Short-term Investments	20,644,812.98
Add: Certificates of Deposit disclosed as deposits but reported as Non-Current Restricted Short-term Investments	509,362.61
Investments per Exhibits	29,405,195.71

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Note 4: Short Term Debt

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

Note 5: Long Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2012, the following changes occurred in liabilities.

	Balance 09-01-11	Additions	Reductions	Balance 08-31-12	Amounts Due Within One Year	Amounts Due Thereafter
Claims and Judgments	0.00	0.00	0.00	0.00	0.00	0.00
Employees' Compensable Leave	5,729,536.59	2,814,683.91	3,245,863.79	5,298,356.71	587,587.77	4,710,768.94
General Obligation Bonds Payable	6,925,000.00	0.00	1,630,000.00	5,295,000.00	1,695,000.00	3,600,000.00
Revenue Bonds Payable	40,750,714.29	32,607,883.85	8,291,428.57	65,067,169.57	2,579,220.07	62,487,949.50
Capital Lease Obligations	5,272,392.38	4,981.23	624,109.25	4,653,264.36	582,435.14	4,070,829.22
Total Business-Type Activities	58,677,643.26	35,427,548.99	13,791,401.61	80,313,790.64	5,444,242.98	74,869,547.66

Claims and Judgments

TSTC has no claims or judgments.

Employees' Compensable Leave

Full-time State employees earn annual leave from eight to twenty one hours per month depending on the respective employee's years of State employment. The State's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 532 for those employees with 35 or more years of State service. Employees with at least six months of State service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The College recognizes the accrued liability for the unpaid annual leave in the Statement of Net Assets. This obligation is usually paid from the same funding source(s) from which the employee's salary or wage compensation was paid. For the year ended August 31, 2012, the accrued liability totaled \$5,298,356.71.

The College made lump sum payments totaling \$565,261.81 for accrued vacation and/or compensatory time to employees who separated from state service during fiscal year ending August 31, 2012.

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

Bonds Payable

Bonds Payable obligations are described in Note 6.

Capital Lease Obligations

Capital Lease obligations are described in Note 8.

Note 6: Bonded Indebtedness

Bonds Payable

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

General information related to bonds payable is summarized below:

Business – Type Activities

General Obligation Bonds

Constitutional Appropriation Bonds, Series 2005

- ☐ To construct buildings or other permanent improvements, and for major repair and rehabilitation of buildings or other permanent improvements, all at the TSTC System's campuses located in the cities of Harlingen, Marshall, Sweetwater and Waco, Texas, and to pay costs of issuance of the bonds.
- ☐ Issued 11-16-2005
- ☐ \$15,695,000.00, all authorized bonds have been issued
- ☐ Source of revenues for debt service-General Revenue Funds (HEAF) Appropriations

Revenue Bonds

Revenue Financing System Bonds, Series 2002

- ☐ To construct a Learning Resource and Distance Learning facility at TSTC Harlingen; to construct a Library and Administrative Activities facility at TSTC Marshall; to construct a Transportation Technologies Building at TSTC West Texas Sweetwater; to renovate the Industrial Technology Center at TSTC Waco; to pay costs of issuing the bonds; and to renovate existing structures and facilities for any portion of the proceeds not required for the specified projects at the institution.

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- ☐ Issued 11-14-2002
- ☐ \$10,880,000.00, all authorized bonds have been issued
- ☐ Source of revenues for debt service – General Revenue Funds specifically appropriated for debt service and all other available non-General Revenue Funds.

Revenue Financing System Bonds, Series 2008

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

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

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

Revenue Financing System Bonds, Series 2009

- ☐ To acquire, purchase, construct, improve, renovate, enlarge or equip property, buildings, structures, facilities, road or related infrastructure at Texas State Technical College campuses, and paying the costs of issuance associated with the issuance of the bonds.
- ☐ Issued 12-17-2009
- ☐ \$31,555,000.00, all authorized bonds have been issued
- ☐ Source of revenues for debt service – all legally available non-General Revenue Funds of the System.

Revenue Financing System Improvement and Refunding Bonds, Series 2011

- ☐ To refund \$6,355,000.00 of outstanding Series 2002 Revenue Bonds; to finance the costs of acquiring, purchasing, constructing, improving, enlarging and equipping the property and facilities within the System; and paying the costs of issuing the bonds.

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- ☐ Issued 09-14-2011
- ☐ \$26,015,000.00, all authorized bonds have been issued
- ☐ Source of revenues for debt service- General Revenue Funds specifically appropriated for debt service and all legally available non-General Revenue Funds of the System.

Revenue Financing System Bonds, Series 2011A

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

Advance Refunding Bonds

Refunded \$6,355,000.00 of Revenue Bonds- Series 2002:

- ☐ Issued Revenue Bonds - Refunding portion of Series 2011 on 9-14-2011
- ☐ \$5,990,000.00 - all authorized bonds have been issued
- ☐ Average interest rate of bonds refunded - 4.7405 percent
- ☐ Net proceeds from Refunding portion of Series 2011- \$6,641,707.37- after payment of \$90,259.27 in underwriting fees and other issuance costs. The net proceeds were used to purchase \$6,641,707.00 of U.S. Government securities, with the remaining \$0.37 held in cash. These net proceeds were deposited in a special escrow account with an escrow agent to provide for the final debt service payment on the Refunded Bonds which was made on 08-01-2012.
- ☐ Advance refunding of the Series 2002 Revenue Bonds-The Refunding portion of the Series 2011 Revenue Bonds reduced the System's debt service payments during fiscal years 2012 through 2022 by \$411,779.30.
- ☐ Economic Gain - \$344,084.01 difference between the net present value of the old and new debt service payments
- ☐ Accounting Gain - \$411,779.30 accounting gain resulted from the advance refunding

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Pledged Future Revenues

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

	Government Activities	Business-Type Activities	Component Units
Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds (1)		96,507,931.43	
Term of Commitment Year Ending 08/31 (2)		2036	
Percentage of Revenue Pledged (3)		100.0%	
Current Year Pledged Revenue		57,310,616.73	
Current Year Principal and Interest Paid		5,004,806.67	

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

(1) Schedule 2C.

(2) Year of final revenue bond maturity.

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

Note 7: Derivative Instruments

Not Applicable.

Note 8: Leases**Operating Leases**

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

<u>Fund Type</u>	<u>Amount</u>
Proprietary, Business-Type Activities	1,320,992.25

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

Capital Leases

Texas State Technical College has entered into long-term leases for financing the purchase of certain capital assets. Such leases are classified as capital leases for accounting purposes and are recorded at the present value of the future minimum lease payments at the inception of the lease. A summary of original capitalized costs of all such property under lease in addition to the accumulated depreciation as of August 31, 2012 is as follows:

Assets Under Capital Leases	Business-Type Activities		
Class of Property	Assets under Capital Lease	Accumulated Depreciation	Total
Land	10,762.50		10,762.50
Buildings	7,282,334.58	(1,485,683.48)	5,796,651.10
Furniture and Equipment	246,435.79	(129,142.88)	117,292.91
Totals	7,539,532.87	(1,614,826.36)	5,924,706.51

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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 lease payments	Business-Type Activities		
	Principal	Interest	Total
2013	582,435.14	178,760.83	761,195.97
2014	584,777.40	155,171.28	739,948.68
2015	609,161.59	130,787.09	739,948.68
2016	505,693.95	106,834.64	612,528.59
2017	381,874.41	89,664.51	471,538.92
2018– 2022	1,710,369.47	214,179.13	1,924,548.60
2023 – 2027	278,952.40	6,649.20	285,601.60
2028 – 2032	0.00	0.00	0.00
Total Minimum Lease Payments	4,653,264.36	882,046.68	5,535,311.04

Note 9: Pension Plans

The state has established an Optional Retirement Program (ORP) for institutions of higher education. Participation in ORP is in lieu of participation in the Teacher Retirement System and is available to certain eligible employees. The contributions made by plan members and employer for the fiscal year ended August 31, 2012 are:

	<u>Year ended August 31, 2012</u>
Member Contributions	1,633,272.24
Employer Contributions	1,473,629.09
Total	<u>3,106,901.33</u>

Note 10: Deferred Compensation

Not Applicable.

Note 11: Post Employment Health Care and Life Insurance Benefits

Not Applicable

Note 12: Interfund Activity and Transactions

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

- ☐ Interfund Receivables or Interfund Payables – See Below
- ☐ Due from Other Agencies or Due to Other Agencies – See Schedule 1A – *Schedule of Expenditures of Federal Awards*, and Schedule 1B – *Schedule of State Grant Pass Throughs From/To State Agencies*
- ☐ Due From Other Funds or Due to Other Funds – None

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The agency experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfers. Individual balances and activity at August 31, 2012 follows:

<i>Current Portion</i>	Current Interfund Receivable	Current Interagency Payable
GENERAL (01)	0.00	0.00
Total Interfund Receivable/Payable	0.00	0.00

<i>Non-Current Portion</i>	Non-Current Interfund Receivable	Non-Current Interfund Payable	Purpose (Disclosure Required)
GENERAL(01) (Agency 907, D23 Fund 2370)	0.00	6,018,369.95	See Below
Total Interfund Receivable/Payable	0.00	6,018,369.95	See Below

	Due From Other Agencies	Due to Other Agencies	Source
GENERAL (01)			
State Pass Throughs			
(Agency 320, D23 Fund 0001)	75,177.83		State Pass Through
(Agency 781, D23 Fund 0001)	64,897.67		State Pass Through
(Agency 907, D23 Fund 0510)	11,162.17		State Pass Through
Federal Pass Throughs			
(Agency 320, D23 Fund 5026)	74,203.79		Federal Pass Through
(Agency 781, D23 Fund 0001)	793,123.30		Federal Pass Through
(Agency 907, D23 Fund 2369)	1,044,807.97		Federal Pass Through
Total Due From/To Other Agencies	2,063,372.73		

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

The Interfund Payable is the principal amount owed to the Comptroller's State Energy Conservation Office at August 31, 2012, for energy retrofit projects financed through the LoanStar Loan Program.

Note 13: Continuance Subject to Review

Not Applicable

TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2012

Note 14: Adjustments to Fund Balances and Net Assets

During fiscal year 2012, the correction of errors in the financial statements of a prior period required the restatement of the amounts in net assets as shown.

Business Type Activities

Proprietary Funds

Net Assets August 31, 2011 (Per Hard Copy of Annual Financial Report)	\$118,006,352.18
Adjustment Processed by State Comptroller's Office after Issuance of the Annual Financial Report	<u>(\$26,877.73)</u>
Net Assets August 31, 2011 (Per State's Uniform Statewide Accounting System)	\$117,979,474.45
Restatements:	
Correction of Prior Year Capital Asset Balance	<u>(\$66,466.71)</u>
Net Assets September 1, 2011 as Restated	<u>\$117,913,007.74</u>

The adjustment processed by the State Comptroller's Office after the issuance of the hard copy of the Annual Financial Report pertained to accrued interest added to the Interfund Payable principal amount (LoanStar Loan Program) as of August 31, 2011, which was not reflected in the hard copy Annual Financial Report for the fiscal year ended August 31, 2011

Note 15: Contingencies and Commitments

At August 31, 2012, two lawsuits and claims involving Texas State Technical College were pending. While the ultimate liability with respect to litigation and other claims asserted against Texas State Technical College cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

Note 16: Subsequent Events

Texas State Technical College has no subsequent events to report.

Note 17: Risk Management

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

TSTC assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently, TSTC has purchased worker's compensation, auto, property, boiler & machinery, crime, and director's & officer's liability insurance. TSTC is not involved in any risk pools with other government entities.

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2012

TSTC's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There were no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. Changes in the balances of TSTC's claims liabilities during fiscal years 2011 and 2012 were:

	Beginning Balance	Increases	Decreases	Ending Balance
2011	0.00	0.00	0.00	0.00
2012	0.00	0.00	0.00	0.00

Note 18: Management Discussion and Analysis

The TSTC Foundation is a non-profit organization with the sole purpose of supporting the educational and other activities of Texas State Technical College, it was renamed from the TSTC Regents Circle on October 12, 2011. The TSTC Foundation remitted gifts of \$696,655.00 during the year ended August 31, 2012. Neither the balance nor the transactions of this organization's fund are reflected in the financial statements during the year ended August 31, 2012.

The Rolling Plains Technical Foundation is a non-profit organization with the sole purpose of supporting the educational and other activities of Texas State Technical College. The Rolling Plains Technical Foundation remitted restricted gifts of \$13,998.00 during the year ended August 31, 2012. Neither the balance nor the transactions of this organization's fund are reflected in the financial statements during the year ended August 31, 2012. Rolling Plains Technical Foundation merged with the TSTC Foundation as of January 1, 2012.

Note 19: The Financial Reporting Entity

Not Applicable.

Note 20: Stewardship, Compliance and Accountability

No material issues were noted.

Note 21: Not Applicable to AFR

Note 22: Donor Restricted Endowments

Donor-Restricted Endowments	Amounts of Net Appreciation	Reported in Net Assets
True Endowments	0.00	Restricted for Expendable
Term Endowments	0.00	Restricted for Expendable
Total	0.00	

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

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2012

At August 31, 2012 the College had \$619,468.25 of donor restricted endowments which were classified as Non-Expendable True Endowments. These endowment funds are invested in cash accounts or certificates of deposit. Per donor restrictions, the investment income earned on these endowments is to be used for scholarship purpose.

Note 23: Extraordinary and Special Items

Not Applicable

Note 24: Disaggregation of Receivable and Payable Balances

Not Applicable.

Note 25: Termination Benefits

Not Applicable.

Note 26: Segment Information

Not Applicable.

Agency 719 - Texas State Technical College System
Schedule 1A
For the Fiscal Year Ended August 31, 2012

Certified

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name/ Identifying Number	Agy/ Univ No	Pass-through From		Direct Program Amount	Total PT From and Direct Prog. Amount	Pass-through To		Expenditures Amount	Total PT To and Expenditures Amount
				Agencies or Universities Amount	Non-State Entities Amount			Agy/ Univ No.	Agencies or Universities Amount		
U.S. Department of Agriculture											
Direct Programs:											
Hispanic Serving Institutions Education Grants	10.223					41,899.35	41,899.35			41,899.35	41,899.35
Totals - U.S. Department of Agriculture				0.00	0.00	41,899.35	41,899.35	0.00	0.00	41,899.35	41,899.35
U.S. Department of Justice											
Pass-Through From:											
Bulletproof Vest Partnership Program	16.607						1,613.09			1,613.09	1,613.09
Pass-Through From: Governor - Fiscal			300	1,613.09							
Totals - U.S. Department of Justice				1,613.09	0.00	0.00	1,613.09	0.00	0.00	1,613.09	1,613.09
U.S. Department of Labor											
Direct Programs:											
Community Based Job Training Grants	17.269					53,844.77	53,844.77			53,844.77	53,844.77
Totals - U.S. Department of Labor				0.00	0.00	53,844.77	53,844.77	0.00	0.00	53,844.77	53,844.77
National Science Foundation											
Education and Human Resources	47.076	Missouri University/ 11052-017			19,504.93		19,504.93			19,504.93	19,504.93
Direct Programs:											
Education and Human Resources	47.076					72,794.84	72,794.84			72,794.84	72,794.84
Totals - National Science Foundation				0.00	19,504.93	72,794.84	92,299.77	0.00	0.00	92,299.77	92,299.77
U.S. Department of Energy											
State Energy Program	81.041					855,767.00	855,767.00			855,767.00	855,767.00

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Federal Schedule 1A - Agency 719

ARRA - Conservation Research and Development	81.086		2,336,632.64	2,336,632.64		2,336,632.64	2,336,632.64
Renewable Energy Research and Development	81.087		38,575.33	38,575.33		38,575.33	38,575.33
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122		111,408.55	111,408.55		111,408.55	111,408.55
<u>Pass-Through From:</u>							
State Energy Program	81.041			16,194.20		16,194.20	16,194.20
<u>Pass-Through From:</u>							
Comptroller - State Energy Conservation Office		907	16,194.20				
ARRA - State Energy Program	81.041			706,502.76		706,502.76	706,502.76
<u>Pass-Through From:</u>							
Comptroller - State Energy Conservation Office		907	706,502.76				
Totals - U.S. Department of Energy			722,696.96	0.00	3,342,383.52	4,065,080.48	0.00 0.00 4,065,080.48 4,065,080.48
U.S. Department of Education							
Career and Technical Education -- Basic Grants to States	84.048	Amarillo College/ 121101	1,145.75		1,145.75		1,145.75 1,145.75
		Dell Mar College/ 121104	14,000.00		14,000.00		14,000.00 14,000.00
Twenty-First Century Community Learning Centers	84.287	La Vega ISD/ 161906	25,148.69		25,148.69		25,148.69 25,148.69
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	Baylor University/ P334A060157	162,448.84		162,448.84		162,448.84 162,448.84
<u>Direct Programs:</u>							
Higher Education_Institutional Aid	84.031		771,033.97	771,033.97		771,033.97	771,033.97
Career and Technical Education -- Basic Grants to States	84.048		-16,124.27	-16,124.27		-16,124.27	-16,124.27
Migrant Education_High School Equivalency Program	84.141		475,060.84	475,060.84		475,060.84	475,060.84
Migrant Education_College Assistance Migrant Program	84.149		427,229.44	427,229.44		427,229.44	427,229.44
Tech-Prep Education	84.243		-759.36	-759.36		-759.36	-759.36
<u>Pass-Through From:</u>							
Career and Technical Education -- Basic Grants to States	84.048			2,364,363.46		2,364,363.46	2,364,363.46
<u>Pass-Through From:</u>							
Texas Higher Education Coordinating Board		781	2,364,363.46				
Tech-Prep Education	84.243			61,779.36		61,779.36	61,779.36
<u>Pass-Through From:</u>							
Texas Higher Education Coordinating Board		781	61,779.36				
College Access Challenge Grant Program	84.378			66,995.14		66,995.14	66,995.14
<u>Pass-Through From:</u>							
		781	66,995.14				

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Federal Schedule 1A - Agency 719

Texas Higher Education Coordinating Board

Totals - U.S. Department of Education	2,493,137.96	202,743.28	1,656,440.62	4,352,321.86	0.00	0.00	4,352,321.86	4,352,321.86
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U. S. Agency for International Development

Direct Programs:

USAID Development Partnerships for University Cooperation and Development	98.012		1,827.49	1,827.49			1,827.49	1,827.49
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Totals - U. S. Agency for International Development	0.00	0.00	1,827.49	1,827.49	0.00	0.00	1,827.49	1,827.49
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Employment Service Cluster

U.S. Department of Labor

Pass-Through From:

Employment Service/Wagner-Peyser Funded Activities	17.207			640,202.84			640,202.84	640,202.84
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Pass-Through From:

Texas Workforce Commission		320	640,202.84					
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Totals - U.S. Department of Labor		640,202.84	0.00	0.00	640,202.84	0.00	0.00	640,202.84
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Student Financial Assistance Cluster

U.S. Department of Education

Direct Programs:

Federal Supplemental Educational Opportunity Grants	84.007		388,310.40	388,310.40			388,310.40	388,310.40
Federal Work-Study Program	84.033		597,827.72	597,827.72			597,827.72	597,827.72
Federal Pell Grant Program	84.063		26,222,970.72	26,222,970.72			26,222,970.72	26,222,970.72
Federal Direct Student Loans	84.268		32,049,464.00	32,049,464.00			32,049,464.00	32,049,464.00
Academic Competitiveness Grants	84.375		-375.00	-375.00			-375.00	-375.00

Totals - U.S. Department of Education		0.00	0.00	59,258,197.84	59,258,197.84	0.00	0.00	59,258,197.84
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TANF Cluster

U.S. Department of Health and Human Services

Pass-Through From:

Temporary Assistance for Needy Families	93.558			46,620.00			46,620.00	46,620.00
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Pass-Through From:

Texas Workforce Commission		320	46,620.00					
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Federal Schedule 1A - Agency 719

Totals - U.S. Department of Health and Human Services	46,620.00	0.00	0.00	46,620.00	0.00	0.00	46,620.00	46,620.00
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TRIO Cluster**U.S. Department of Education**Direct Programs:

TRIO_Talent Search	84.044		223,854.04	223,854.04			223,854.04	223,854.04
TRIO_Upward Bound	84.047		304,009.29	304,009.29			304,009.29	304,009.29
TRIO_Educational Opportunity Centers	84.066		7,187.61	7,187.61			7,187.61	7,187.61
Totals - U.S. Department of Education		0.00	0.00	535,050.94	535,050.94	0.00	0.00	535,050.94

WIA Cluster**U.S. Department of Labor**Direct Programs:

WIA Dislocated Workers	17.260		1,713.77	1,713.77			1,713.77	1,713.77
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Pass-Through From:

WIA Adult Program	17.258			3,668.77			3,668.77	3,668.77
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Pass-Through From:

Texas Workforce Commission		320	3,668.77					
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WIA Dislocated Workers	17.260			5,415.00			5,415.00	5,415.00
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Pass-Through From:

Texas Tech University		733	5,415.00					
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WIA Dislocated Worker Formula Grants	17.278			18,523.30			18,523.30	18,523.30
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Pass-Through From:

Texas Workforce Commission		320	18,523.30					
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Totals - U.S. Department of Labor		27,607.07	0.00	1,713.77	29,320.84	0.00	0.00	29,320.84
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Total Expenditures of Federal Awards		3,931,877.92	222,248.21	64,964,153.14	69,118,279.27	0.00	0.00	69,118,279.27
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TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
 Schedule 1A
 Schedule of Expenditures of Federal Awards
 For the Year Ended August 31, 2012

Note 1: Non-Monetary Assistance
 Not Applicable

Note 2: Reconciliation:

Federal Revenues -		
Federal Grants and Contracts Operating	\$	6,525,656.23
Federal Grants and Contracts Non-operating		26,611,281.12
Total Federal Revenue		<u>33,136,937.35</u>
Federal Pass-Through Revenue from Other State Agencies -		
Federal Pass-Through Revenue Operating		3,931,877.92
Federal Pass-Through Revenue Non-operating		0.00
Total Federal Pass-Through Revenue from Other State Agencies		<u>3,931,877.92</u>
TOTAL Federal Revenue and Federal Pass-Through Revenue		<u>37,068,815.27</u>
Reconciling Items:		
ADD:		
Non-monetary Assistance		0.00
Federal Direct Student Loans	84.268	32,049,464.00
TOTAL Reconciling Items		<u>32,049,464.00</u>
Total Pass-Through and Expenditures per Federal Schedule		<u>\$ 69,118,279.27</u>

Note 3a: Student Loans Processed and Administrative Costs Recovered

Federal Grantor/ CFDA Number/Program Name	New Loans Processed	Admin Costs	Total Loans Processed & Admin Costs	Ending Bal. of Prev. Yr. Loan
U.S. Department of Education				
84.268 Federal Direct Student Loans	\$ 32,049,464.00	0	\$ 32,049,464.00	0.00
Total	<u>\$ 32,049,464.00</u>	<u>0</u>	<u>\$ 32,049,464.00</u>	

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

Note 4: Depository Libraries for Government Publications
 Not Applicable

Note 5: Unemployment Insurance Funds
 Not Applicable

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

Note 7: Federal Deferred Revenue	Fed. Deferred Rev. Sept. 1, 2011	Increase / (Decrease)	Fed. Deferred Rev. Aug. 31, 2012
CFDA 81.087	\$0.00	\$816.23	\$816.23

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

Texas State Technical College

(Agency 719)

Schedule 1B Schedule of State Grant Pass Throughs From/To State Agencies

For the Fiscal Year Ended August 31, 2012

Pass Through From:

Grant Title	Grant ID	Agency	Agency Number	Amount
Emerging Technology	300.0005	Governor's Office	300	\$ 250,000.00
Apprenticeship	320.0001	Texas Workforce Commission	320	36,213.70
Skills Development	320.0003	Texas Workforce Commission	320	968,359.26
TEXAS Grant Program	781.0008	Texas Higher Education Coordinating Board	781	1,751,500.00
Prof. Nursing Shortage Reduction Program	781.0013	Texas Higher Education Coordinating Board	781	(134,958.00)
Texas Education Opportunity Grant Program	781.0015	Texas Higher Education Coordinating Board	781	835,740.00
College Work Study Program	781.0023	Texas Higher Education Coordinating Board	781	88,780.82
College Readiness Initiative	781.0026	Texas Higher Education Coordinating Board	781	5,969.63
Top 10% Scholarships	781.0028	Texas Higher Education Coordinating Board	781	52,000.00
Work Study Mentorship Program	781.0029	Texas Higher Education Coordinating Board	781	184,708.26
ABE Community College Grants	781.0031	Texas Higher Education Coordinating Board	781	214,897.67
Combat Exemption Program SB297	781.0033	Texas Higher Education Coordinating Board	781	(1,716.00)
Early High School Program HB1479	781.0036	Texas Higher Education Coordinating Board	781	47,789.82
Outreach and Success	781.0039	Texas Higher Education Coordinating Board	781	(2,500.00)
Developmental Education Program	781.0040	Texas Higher Education Coordinating Board	781	400.00
T-Stem Scholarship Program	781.0052	Texas Higher Education Coordinating Board	781	428,000.00
State Energy Plan (SEP)	907.0001	Comptroller-State Energy Conservation Office	907	103,664.74

Total Pass Through From Other Agencies**\$ 4,828,849.90**

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

Pass Through To:

0.00

Total Pass Through To Other Agencies**\$ -**

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

TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
 Schedule 2A - Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2012

Business-Type Activities

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Terms of Variable Interest Rates	Scheduled Maturities		First Call Date
					First Year	Last Year	
General Obligation Bonds							
Constitutional Appropriation Bonds Series 2005	\$ 15,695,000.00	4.0000%	4.5000%		2006	2015	N/A
Revenue Bonds							
Revenue Financing System Bonds Series 2002	10,880,000.00	4.0000%	5.0000%		2003	2022	08/01/2012
Revenue Financing System Bonds Series 2008	3,125,000.00	4.2500%	5.0000%		2008	2023	08/01/2018
Revenue Financing System Bonds Taxable Series 2008A	1,000,000.00	1.0000%	1.0000%		2008	2021	12/15/2008
Revenue Financing System Bonds Series 2009	31,555,000.00	3.0000%	5.0000%		2011	2030	08/01/2019
Revenue Financing System Improvement and Refunding Bonds Series 2011	26,015,000.00	3.7500%	5.0000%		2013	2036	08/01/2021
Revenue Financing System Bonds Series 2011A	<u>5,160,000.00</u>	3.0000%	4.0000%		2012	2031	08/01/2021
Total	<u>\$ 93,430,000.00</u>						

TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
 Schedule 2B - Changes in Bonded Indebtedness
 For the Fiscal Year Ended August 31, 2012

Business-Type Activities

Description of Issue	Bonds Outstanding 09/01/2011	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/2012
General Obligation Bonds					
Constitutional Appropriation Bonds, Series 2005	\$ 6,925,000.00	\$	\$ 1,630,000.00	\$	\$ 5,295,000.00
Revenue Bonds					
Revenue Financing System Bonds, Series 2002	6,860,000.00		505,000.00	6,355,000.00	
Revenue Financing System Bonds, Series 2008	2,555,000.00		160,000.00		2,395,000.00
Revenue Financing System Bonds, Taxable Series 2008A	785,714.29		71,428.57		714,285.72
Revenue Financing System Bonds, Series 2009	30,550,000.00		1,050,000.00		29,500,000.00
Revenue Financing System Improvement and Refunding Bonds, Series 2011		26,015,000.00			26,015,000.00
Revenue Financing System Bonds, Series 2011A		5,160,000.00	150,000.00		5,010,000.00
Total	\$ 47,675,714.29	\$ 31,175,000.00	\$ 3,566,428.57	\$ 6,355,000.00	\$ 68,929,285.72

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Schedule 2B - Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2012

Business-Type Activities

Description of Issue	Unamortized Premium	Unamortized Discount	Unamortized Gain/(Loss) on Refunding	Net Bonds Outstanding 08/31/2012	Amounts Due Within One Year
General Obligation Bonds					
Constitutional Appropriation Bonds, Series 2005	\$	\$	\$	\$ 5,295,000.00	\$ 1,695,000.00
Revenue Bonds					
Revenue Financing System Bonds, Series 2002					
Revenue Financing System Bonds, Series 2008				2,395,000.00	165,000.00
Revenue Financing System Bonds, Taxable Series 2008A				714,285.72	71,428.57
Revenue Financing System Bonds, Series 2009				29,500,000.00	1,100,000.00
Revenue Financing System Improvement and Refunding Bonds, Series 2011	1,432,883.85			27,447,883.85	1,047,791.50
Revenue Financing System Bonds, Series 2011A				5,010,000.00	195,000.00
Total	\$ 1,432,883.85	\$	\$	\$ 70,362,169.57	\$ 4,274,220.07

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TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
 Schedule 2C - Debt Service Requirements
 For the Fiscal Year Ended August 31, 2012

Business-Type Activities

Description of Issue	Year	Principal	Interest
General Obligation Bonds			
Constitutional Appropriation Bonds			
Series 2005	2013	\$ 1,695,000.00	229,800.00
	2014	1,760,000.00	162,000.00
	2015	1,840,000.00	82,800.00
Total		\$ <u>5,295,000.00</u>	\$ <u>474,600.00</u>
Revenue Bonds			
Revenue Financing System Bonds			
Series 2008	2013	\$ 165,000.00	\$ 112,637.50
	2014	175,000.00	104,387.50
	2015	185,000.00	95,637.50
	2016	195,000.00	86,387.50
	2017	205,000.00	76,637.50
	2018-2022	1,195,000.00	227,000.00
	2023	275,000.00	12,375.00
Total		\$ <u>2,395,000.00</u>	\$ <u>715,062.50</u>
Revenue Financing System Bonds			
Taxable Series 2008A	2013	\$ 71,428.57	\$ 6,785.72
	2014	71,428.57	6,071.43
	2015	71,428.57	5,357.14
	2016	71,428.57	4,642.86
	2017	71,428.57	3,928.57
	2018-2022	357,142.87	8,928.57
Total		\$ <u>714,285.72</u>	\$ <u>35,714.29</u>
Revenue Financing System Bonds			
Series 2009	2013	\$ 1,100,000.00	\$ 1,258,050.00
	2014	1,150,000.00	1,225,050.00
	2015	1,200,000.00	1,190,550.00
	2016	1,255,000.00	1,142,550.00
	2017	1,310,000.00	1,092,350.00
	2018-2022	7,485,000.00	4,584,050.00
	2023-2027	9,335,000.00	2,901,031.26
	2028-2030	6,665,000.00	676,250.00
		\$ <u>29,500,000.00</u>	\$ <u>14,069,881.26</u>

TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
 Schedule 2C - Debt Service Requirements
 For the Fiscal Year Ended August 31, 2012

Business-Type Activities

Description of Issue	Year	Principal	Interest
Revenue Bonds			
Revenue Financing System			
Improvement and Refunding Bonds			
Series 2011			
	2013	\$ 950,000.00	\$ 1,258,581.26
	2014	990,000.00	1,220,581.26
	2015	1,035,000.00	1,171,081.26
	2016	1,090,000.00	1,119,331.26
	2017	1,140,000.00	1,064,831.26
	2018-2022	6,595,000.00	4,411,406.30
	2023-2027	4,065,000.00	3,084,650.04
	2028-2032	5,085,000.00	2,054,000.00
	2033-2036	5,065,000.00	648,500.00
		<u>\$ 26,015,000.00</u>	<u>\$ 16,032,962.64</u>
Revenue Financing System Bonds			
Series 2011A			
	2013	\$ 195,000.00	\$ 175,387.50
	2014	195,000.00	167,587.50
	2015	200,000.00	159,787.50
	2016	205,000.00	153,787.50
	2017	215,000.00	147,637.50
	2018-2022	1,180,000.00	637,837.50
	2023-2027	1,430,000.00	436,000.02
	2028-2031	1,390,000.00	142,000.00
		<u>\$ 5,010,000.00</u>	<u>\$ 2,020,025.02</u>

TEXAS STATE TECHNICAL COLLEGE

(Agency 719)

Schedule 2D - Analysis of Funds Available for Debt Service

For the Fiscal Year Ended August 31, 2012

Business-Type Activities

Description of Issue	Application of Funds	
	Principal	Interest
General Obligation Bonds		
Constitutional Appropriation Bonds		
Series 2005	\$ 1,630,000.00	\$ 295,000.00
Total	\$ 1,630,000.00	\$ 295,000.00

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2012			
	Net Available for Debt Service			
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Debt Service	
			Principal	Interest
Revenue Bonds				
Revenue Financing System Bonds, Series 2002	\$ 57,310,616.73	\$ (A)	\$ 505,000.00	\$ 312,067.50
Revenue Financing System Bonds, Series 2008	(B)	(B)	160,000.00	120,637.50
Revenue Financing System Bonds, Taxable Series 2008A	(B)	(B)	71,428.57	7,500.00
Revenue Financing System Bonds, Series 2009	(B)	(B)	1,050,000.00	1,289,550.00
Revenue Financing System Improvement and Refunding Bonds, Series 2011	(B)	(B)		1,209,636.43
Revenue Financing System Bonds, Series 2011A	(B)	(B)	150,000.00	128,986.67
Total	\$ 57,310,616.73	\$ 0.00	\$ 1,936,428.57	\$ 3,068,378.10

(A) Expenditures associated with pledged sources totaled \$46,332,497.59. (Footnote disclosure for Gross Revenue Pledges only.)

(B) The Revenue Financing System Bonds, Series 2008, Revenue Financing System Bonds, Taxable Series 2008A, Revenue Financing System Bonds, Series 2009, Revenue Financing System Improvement and Refunding Bonds, Series 2011, and Revenue Financing System Bonds, Series 2011A, were issued as parity obligations with the Revenue Financing System Bonds, Series 2002. As such, the Series 2008, Taxable Series 2008A, Series 2009, Series 2011, and Series 2011A issues have an equal claim to the pledged sources reported above for the Series 2002 issue and and share the same expenditures that are associated with the pledged sources disclosed in footnote (A) above.

TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
 Schedule 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2012

Business-Type Activities

Description of Issue	Year Refunded	Par Value Outstanding
Revenue Bonds		
Revenue Financing System Bonds		
Series 2002	2012	\$ 0.00
Total		\$ 0.00

UNAUDITED

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Schedule 2F - Early Extinguishment and Refunding
For the Fiscal Year Ended August 31, 2012

Business-Type Activities

Description of Issue	Category	Amount Extinguished or Refunded	For Refundings Only		
			Refunding Issued Par Value	Cash Flow Increase (Decrease)	Economic Gain / (Loss)
Revenue Bonds					
Revenue Financing System Improvement and Refunding Bonds, Series 2011	Advance Refunding	\$ 6,355,000.00	\$ 5,990,000.00	\$ 411,779.30	\$ 344,084.01
Total		\$ 6,355,000.00	\$ 5,990,000.00	\$ 411,779.30	\$ 344,084.01

UNAUDITED

TEXAS STATE TECHNICAL COLLEGE
 (Agency 719)
 Schedule 3
 Reconciliation of Cash in State Treasury
August 31, 2012

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Local Revenue Fund 0237	\$ 15,314,480.67	\$	\$ 15,314,480.67
Departmental Suspense Fund Fund 0900			
Total Cash in State Treasury (Stmnt of Net Assets)	\$ <u>15,314,480.67</u>	\$ <u></u>	\$ <u>15,314,480.67</u>