

ANGELO STATE UNIVERSITY



ANNUAL FINANCIAL REPORT

FISCAL YEAR 2014

A MEMBER OF THE TEXAS TECH UNIVERSITY SYSTEM

ANNUAL FINANCIAL REPORT

OF

ANGELO STATE UNIVERSITY

FOR THE YEAR ENDED AUGUST 31, 2014

SAN ANGELO, TEXAS

A MEMBER OF THE TEXAS TECH UNIVERSITY SYSTEM

**ANGELO STATE UNIVERSITY
FY 2014 FINANCIAL REPORT**

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ANGELO STATE UNIVERSITY

Office of the President

November 20, 2014

The Honorable Rick Perry
Governor of Texas

Ms. Ursula Parks
Acting Director, Legislative Budget Board

The Honorable Susan Combs
Texas Comptroller

Mr. John Keel, CPA
State Auditor

Ladies and Gentlemen:

We are pleased to submit the Annual Financial Report of Angelo State University for the year ended August 31, 2014, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

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

If you have any questions, please contact Denise Brodnax at (325) 942-2014. Janet Coleman may be contacted at (325) 942-2014 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

A handwritten signature in black ink that reads "Brian J. May". The signature is written in a cursive, flowing style.

Brian J. May
President

November 20, 2014



ANGELO STATE UNIVERSITY

Dr. Brian J. May
President
Angelo State University
2601 West Avenue N
San Angelo, Texas 76909

Dear Dr. May:

Submitted herein is the Annual Financial Report of Angelo State University for the fiscal year ended August 31, 2014.

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's Comprehensive Annual Report; therefore, an opinion has not been expressed on the statements and related information contained in this report.

If you have any questions, please contact Denise Brodnax at (325) 942-2014. Janet Coleman may be contacted at (325) 942-2014 for questions related to the Schedule of Expenditures of Federal Awards.

Respectfully submitted,

Angie Wright
Vice President for
Finance and Administration

Denise Brodnax
Controller

Janet Coleman
Director of Accounting

Jackie Baxter
Accountant

Carrie Whitesell
Accountant

**ANGELO STATE UNIVERSITY
ORGANIZATIONAL DATA
For the Fiscal Year 2013 - 2014**

**BOARD OF REGENTS
TEXAS TECH UNIVERSITY SYSTEM**

OFFICERS

Mickey L. Long
Robert L. Duncan

Chairman
Chancellor

MEMBERS

| <u>Name</u> | <u>Residence</u> | <u>Term Expires</u> <u>February 1</u> |
|---------------------------------|-------------------------|--|
| Mr. Mickey L. Long | Midland, TX | 2015 |
| Mrs. Nancy R. Neal | Lubbock, TX | 2015 |
| Mr. John Walker | Houston, TX | 2015 |
| Mr. Larry K. Anders | Dallas, TX | 2017 |
| Mrs. Debbie Montford | San Antonio, TX | 2017 |
| Mr. John D. Steinmetz | Lubbock, TX | 2017 |
| Mr. John Esparza | Austin, TX | 2019 |
| Mr. L. Frederick "Rick" Francis | El Paso, TX | 2019 |
| Mr. Tim Lancaster | Abilene, TX | 2019 |

PRESIDENT

Dr. Brian J. May

OFFICE OF FINANCE AND ADMINISTRATION

Angelina W. Wright
Denise Brodnax

Vice President for Finance and Administration
Controller

ADMISSIONS & REGISTRAR

Sharla A. Adam
Cindy Weaks

Director of Admissions
Registrar

Angelo State University
Statement of Net Position (Unaudited)
August 31, 2014 and 2013

| | FY 2014 | Restated FY 2013 |
|---|-------------------|-----------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 36,924,433.24 | \$ 33,292,659.16 |
| Restricted: | | |
| Cash and Cash Equivalents | (662,042.37) | (170,287.86) |
| Legislative Appropriations | 6,268,973.02 | 5,865,852.57 |
| Accounts Receivable, net: | | |
| Federal Receivables | 18,175,767.04 | 18,352,931.19 |
| Student Receivables | 11,537,328.50 | 10,088,714.18 |
| Gift Receivables | 693,396.00 | 291,190.00 |
| Accounts Receivables | 1,769,917.44 | 1,200,464.27 |
| Due From Other Agencies (Note 12) | 92,492.38 | 144,217.12 |
| Prepaid Items | 7,083,249.45 | 5,912,899.48 |
| Inventories | 286,045.06 | 249,224.33 |
| Loans and Notes Receivable, net | 591,079.72 | 714,049.08 |
| Total Current Assets | 82,760,639.48 | 75,941,913.52 |
| Non-current Assets: | | |
| Restricted: | | |
| Investments (Note 3) | 17,293,300.89 | 15,882,705.76 |
| Gift Receivables | 1,129,788.00 | 386,000.00 |
| Non-Depreciable or Non-Amortizable | 37,065,282.26 | 35,281,425.51 |
| Depreciable or Amortizable | 198,596,958.97 | 195,363,309.17 |
| Accumulated Depreciation and Amortization | (114,151,820.52) | (108,382,802.74) |
| Total Non-Current Assets | 139,933,509.60 | 138,530,637.70 |
| Total Assets | \$ 222,694,149.08 | \$ 214,472,551.22 |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 1,824,423.95 | \$ 1,761,488.78 |
| Payroll Payable | 3,196,960.93 | 3,042,143.36 |
| Unearned Revenues | 36,884,769.31 | 31,412,968.43 |
| Bonds Payable (Note 5) | 1,865,830.31 | 2,595,447.70 |
| Employees' Compensable Leave (Note 5) | 330,369.03 | 245,698.76 |
| Notes and Loans Payable (Note 5) | 3,826,200.00 | 3,132,720.00 |
| Funds Held for Others | 10,891,093.75 | 11,858,899.58 |
| Other Current Liabilities | 2,300.00 | 3,285.00 |
| Total Current Liabilities | 58,821,947.28 | 54,052,651.61 |
| Non-current Liabilities: | | |
| Employees Compensable Leave (Note 5) | 2,029,222.44 | 1,856,703.69 |
| Bonds Payable (Note 5) | 66,329,661.81 | 68,195,492.12 |
| Other Non-Current Liabilities | 430,406.36 | 455,173.21 |
| Total Non-Current Liabilities | 68,789,290.61 | 70,507,369.02 |
| Total Liabilities | \$ 127,611,237.89 | \$ 124,560,020.63 |
| NET POSITION | | |
| Invested in Capital Assets, Net of Related Debt | \$ 51,086,044.54 | \$ 49,357,837.05 |
| Restricted: | | |
| Non-Expendable: | | |
| Endowments | 17,964,567.25 | 17,200,045.69 |
| Expendable: | | |
| Higher Education Assistance Fund | 4,439,496.78 | 3,902,758.35 |
| Other | 7,415,603.35 | 9,122,142.85 |
| Unrestricted | 14,177,199.27 | 10,329,746.65 |
| Total Net Position | \$ 95,082,911.19 | \$ 89,912,530.59 |

The accompanying notes to the financial statements are an integral part of this statement.

Angelo State University
Statement of Revenues, Expenses, and Changes in Net Position (Unaudited)
For the Fiscal Years Ended August 31, 2014 and 2013

| | FY 2014 | Restated FY 2013 |
|--|-------------------------|-------------------------|
| OPERATING REVENUES | | |
| Sales of Goods and Services | | |
| Tuition and Fees - Pledged | \$ 44,512,615.71 | \$ 45,771,196.04 |
| Tuition and Fees - Unpledged | 2,982,391.02 | 3,519,619.16 |
| Discounts and Allowances | (10,719,809.46) | (10,001,010.71) |
| Auxiliary Enterprises - Pledged | 16,944,188.78 | 16,783,767.32 |
| Discounts and Allowances | (4,153,936.39) | (3,204,142.46) |
| Other Sales of Goods and Services - Pledged | 1,181,079.55 | 1,285,785.35 |
| Federal Revenue-Operating (Sch 1A) | 4,135,187.94 | 4,144,949.16 |
| Federal Pass Through Revenue (Sch 1A) | 205,558.70 | 475,221.51 |
| State Grant Pass Through Revenue (Sch 1B) | 5,206,823.63 | 4,917,636.88 |
| Nongovernmental Grants and Contracts | <u>576,876.55</u> | <u>1,007,334.22</u> |
| Total Operating Revenues | <u>60,870,976.03</u> | <u>64,700,356.47</u> |
| OPERATING EXPENSES | | |
| Salaries and Wages | 46,022,971.40 | 46,128,322.19 |
| Payroll Related Costs | 14,069,734.32 | 13,461,867.46 |
| Professional Fees and Services | 751,292.57 | 674,933.50 |
| Travel | 1,531,950.79 | 1,516,170.82 |
| Materials and Supplies | 7,029,888.98 | 6,556,559.68 |
| Communications and Utilities | 3,462,016.54 | 5,153,520.75 |
| Repairs and Maintenance | 2,857,203.88 | 2,897,457.20 |
| Rentals and Leases | 699,200.41 | 687,516.27 |
| Printing and Reproduction | 347,141.75 | 313,399.38 |
| Depreciation and Amortization | 6,687,200.34 | 6,832,905.10 |
| Bad Debt Expense | 339,409.08 | 441,107.11 |
| Interest | 7.27 | - |
| Scholarships | 12,872,419.64 | 14,698,300.87 |
| Other Operating Expenses | <u>7,411,471.08</u> | <u>6,296,374.70</u> |
| Total Operating Expenses | <u>104,081,908.05</u> | <u>105,658,435.03</u> |
| Operating Income (Loss) | <u>(43,210,932.02)</u> | <u>(40,958,078.56)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Legislative Revenue | 33,866,544.45 | 29,100,649.92 |
| Federal Revenue-Non-operating (Sch 1A) | 9,283,908.96 | 9,400,287.40 |
| Gifts | 5,005,942.72 | 2,616,808.77 |
| Investment Income | 8,473,335.23 | 6,538,868.01 |
| Interest Expense on Capital Asset Financing | (3,091,554.69) | (3,033,915.39) |
| Gain (Loss) on Sale and Disposal of Capital Assets | (103,730.89) | (19,348.82) |
| Net Increase (Decrease) in Fair Value of Investments | 742,770.13 | 524,729.56 |
| Other Non-operating Revenues/(Expenses) - Pledged | <u>(3,476,044.38)</u> | <u>(1,020,641.36)</u> |
| Total Non-operating Revenues (Expenses) | 50,701,171.53 | 44,107,438.09 |
| Income (Loss) before Other Revenues, Expenses, Gains/Losses and Transfers | 7,490,239.51 | 3,149,359.53 |
| OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS | | |
| Capital Appropriations (HEAF) | 3,743,027.00 | 3,743,027.00 |
| Capital Contributions - Gifts | 9,600.00 | 77,500.00 |
| Transfers Out - TTU System Admin (Note 12) | (410,084.00) | (42,103.85) |
| Transfers Out - TTUHSC (Note 12) | (19,849.00) | - |
| Transfers In - TTU Foundation, Inc. (Note 12) | - | 11,261.57 |
| Transfers In - TTUSA Foundation, Inc. (Note 12) | 20,765.00 | 29,765.00 |
| Transfers Out - Other State Agencies (Note 12) | (2,770,693.15) | (2,874,890.09) |
| Legislative Transfers-Out (Note 12) | (2,889,644.63) | (2,827,503.77) |
| Legislative Appropriations Lapsed | <u>(2,980.13)</u> | <u>(516.02)</u> |
| Total Other Revenues, Expenses, Gains, Losses, and Transfers | <u>(2,319,858.91)</u> | <u>(1,883,460.16)</u> |
| Total Changes in Net Position | <u>\$ 5,170,380.60</u> | <u>\$ 1,265,899.37</u> |
| Beginning Net Position (September 1, 2013) | 89,912,530.59 | 88,646,631.22 |
| Ending Net Position (August 31, 2014) | <u>\$ 95,082,911.19</u> | <u>\$ 89,912,530.59</u> |

The accompanying notes to the financial statements are an integral part of this statement.

Angelo State University
Statement of Cash Flows (Unaudited)
For the Years Ended August 31, 2014 and 2013

| | FY 2014 | FY 2013 |
|--|-------------------------|--------------------------|
| Cash Flows from Operating Activities | | |
| Tuition and Fees | \$ 33,452,368.36 | \$ 36,900,288.20 |
| Grants and Contracts | 9,654,824.71 | 11,036,156.80 |
| Sales and Services of Auxiliary Enterprises | 15,752,467.21 | 13,585,570.11 |
| Other Sales and Services | 4,657,423.29 | 1,013,126.96 |
| Collections for Loans Issued to Students | 389,693.93 | 414,033.16 |
| Payments to Suppliers for Goods and Services | (16,766,033.78) | (14,532,860.52) |
| Payments for Loans Issued to Students | (297,477.85) | (363,293.18) |
| Payments to Employees - Salaries | (46,232,794.26) | (46,099,151.16) |
| Payments to Employees - Benefits | (13,447,904.87) | (13,629,684.00) |
| Payments for Other Operating Activities | (22,248,580.48) | (24,868,663.94) |
| Net Cash Provided (Used) by Operating Activities | <u>(35,086,013.74)</u> | <u>(36,544,477.57)</u> |
| Cash Flows from Noncapital Financing Activities | | |
| State Appropriations | 33,463,424.00 | 27,925,532.28 |
| Noncapital Gifts | 5,005,942.72 | 2,616,808.77 |
| Noncapital Grants | 9,283,908.96 | 9,400,287.40 |
| Proceeds from Agency Transactions | 31,991,193.43 | 33,284,261.99 |
| Transfers to/from Other State Agencies: | | |
| TTU System Admin | (410,084.00) | (42,103.85) |
| TTU HSC | (19,849.00) | - |
| TTU System Admin - Legislative Transfer | (125,128.00) | (120,628.00) |
| TTU | - | 11,261.57 |
| TTU System Admin Foundation, Inc | 20,765.00 | 29,765.00 |
| Texas B-on-Time | (410,461.13) | (526,833.48) |
| TPFA | (545,852.85) | (531,379.86) |
| Other Noncapital Financing Activities | <u>(40,898,706.25)</u> | <u>(48,428,317.64)</u> |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>37,355,152.88</u> | <u>23,618,654.18</u> |
| Cash Flows from Capital and Related Financing Activities | | |
| Proceeds from Capital Debt Issuance | 1,500,000.00 | 615.56 |
| Capital Appropriations | 3,743,027.00 | 3,743,027.00 |
| Purchases of Capital Assets | (5,909,582.11) | (2,438,518.96) |
| Principal Paid on Capital Debt | (3,176,520.00) | (3,194,755.00) |
| Payments of Interest on Debt Issuance | <u>(3,091,554.69)</u> | <u>(3,033,915.39)</u> |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(6,934,629.80)</u> | <u>(4,923,546.79)</u> |
| Cash Flows from Investing Activities | | |
| Interest and Dividends Received | 8,473,335.23 | 13,493,441.05 |
| Purchases of Investments | <u>(667,825.00)</u> | <u>220.90</u> |
| Net Cash Provided by Investing Activities | <u>7,805,510.23</u> | <u>13,493,661.95</u> |
| TOTAL NET CASH FLOWS | <u>\$ 3,140,019.57</u> | <u>\$ (4,355,708.23)</u> |
| Beginning Cash and Cash Equivalents, September 1 | 33,122,371.30 | 37,478,079.53 |
| Ending Cash and Cash Equivalents, August 31 | <u>\$ 36,262,390.87</u> | <u>\$ 33,122,371.30</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | |
| Operating Income (Loss) | \$ (43,210,932.02) | \$ (40,958,078.56) |
| Adjustments: | | |
| Depreciation Expense | 6,687,200.34 | 6,832,905.10 |
| Bad Debt Expense | 339,409.08 | 441,107.11 |
| Changes in Assets and Liabilities: | | |
| (Increase) Decrease in Accounts Receivables | (4,023,412.08) | (1,330,253.64) |
| Increase (Decrease) in Due from Other Agency | 51,724.74 | (1,032.46) |
| (Increase) Decrease in Loans and Notes Receivable | 122,969.36 | 56,396.51 |
| (Increase) Decrease in Inventory | (36,820.73) | 11,662.23 |
| (Increase) Decrease in Prepaid Items | (959,756.87) | (250,997.84) |
| Increase (Decrease) in Accounts Payable | 85,548.82 | (119,385.55) |
| Increase (Decrease) in Payrolls Payable | (209,822.86) | 46,082.07 |
| Increase (Decrease) in Unearned Revenue | 5,471,800.88 | (1,074,928.30) |
| Increase (Decrease) in Compensable Leave | 257,189.02 | 44,532.34 |
| Increase (Decrease) in Benefits Payable | 364,640.43 | (229,259.92) |
| Increase (Decrease) in Other Liabilities | (25,751.85) | (13,226.66) |
| Net Cash Used for Operating Activities | <u>(35,086,013.74)</u> | <u>(36,544,477.57)</u> |
| Non-Cash Transactions | | |
| Donation of Capital Assets | \$ 9,600.00 | \$ 77,500.00 |
| Net Change in Fair Value of Investments | 742,770.13 | 524,729.56 |
| Disposal of Plant Facilities | (918,182.56) | (524,663.22) |
| Capitalization Adjustment | 93,937.89 | 45,000.00 |
| Trade In | 26,300.00 | 6,800.00 |

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014

NOTE 1: Summary of Significant Accounting Policies

ENTITY

Angelo State University is considered an Institution of Higher Education 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 State Institutions of Higher Education*. Angelo State University serves the state by offering a wide range of academic programs leading to baccalaureates and masters degrees. Angelo State University is committed to providing educational excellence for Texas.

Due to the statewide requirements embedded in 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; 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. A fund is considered a separate accounting entity. The fund designation for institutions of higher education is a Business Type Activity within the Proprietary Fund Type.

Proprietary Funds

Business Type Activity

Business type funds are used for activities that are financed through the charging of fees and sales 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.

Component Units

The fund types of the individual discrete component units are available from the component units' separately issued financial statements. Additional information about component units can be found in Note 19.

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.

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

BUDGETS 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.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014

ASSETS, LIABILITIES, AND FUND BALANCES/NET POSITION

Assets

Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents. For reporting purposes, this account includes cash on hand, cash in local banks, cash in transit, and cash in the Treasury.

Investments

Investments are stated at fair value in all funds except pension trust funds in accordance with GASB Statement 31 - *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. For pension trust funds, investments are required to be reported at fair value using the accrual basis of accounting in accordance with GASB Statement 25 - *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

Securities lent are reported as assets on the balance sheet. The costs of securities lending transactions are reported as expenditures or expenses in the Operating Statement. These costs are reported at gross.

Restricted Assets

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

Inventories

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally utilizing the last-in, first-out method. The consumption method of accounting is used to account for inventories that appear in the proprietary fund types and the government-wide statements. 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 and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost or, if not purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets such as works of art and historical treasures are not depreciated. A road and highway infrastructure is reported on the modified accrual basis. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

All capital assets acquired by proprietary funds or trust 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 charged to operations over the estimated useful life of each asset, using the straight-line method.

Other Receivables

Other receivables include year-end accruals not included in any other receivable category. This account can appear in governmental and proprietary fund types.

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.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014

Other Payables

Other payables are the accrual at year-end of expenditure transactions not included in any of the other payable descriptions. Other payables may be included in either the governmental or proprietary fund types.

Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that becomes 'due' upon the occurrence of relevant events such as resignation, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net position. GASB Statement No. 16, Accounting for Compensated Absences, establishes the standards of accounting and reporting for compensated absences (i.e., vacation, unpaid overtime, and sick leave) by State entities.

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 noncurrent in the statement of net position.

Bonds Payable - General Obligation Bonds

The unmatured principal of general obligations bonds are accounted for in the Long-term Liabilities column. Payables are reported separately as either current or noncurrent in the statement of net position. Bonds payable are recorded at par. The bond proceeds are accounted for as an "Other Financing Source" in the governmental funds when received, and expenditures for payment of principal and interest are recorded in the Debt Service funds when paid. These amounts are adjusted in the Long-term Liabilities column.

Bonds Payable - Revenue Bonds

Revenue bonds are generally accounted for in the proprietary funds. The bonds payable are reported at par less unamortized discount or plus unamortized premiums. Interest expense is reported on the accrual basis, with amortization of discount or premium. Payables are reported separately as either current or noncurrent in the statement of net position.

Fund Balance/Net Position

The difference between fund assets and liabilities is 'Net Position' on the government-wide, proprietary and fiduciary fund statements, and the 'Fund Balance' is the difference between fund assets and liabilities on the governmental fund statements.

Reservation of Fund Balance

Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditure.

Reserve for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Reserve for Consumable Inventories

This represents the amount of supplies, postage, and prepaid assets to be used in the next fiscal year.

Unreserved/Undesignated

This represents the unappropriated balance at year-end.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014

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, are attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Position

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

Unrestricted Net Assets

Unrestricted net position results when there are no externally imposed stipulations. Unrestricted net position may involve constraints on resources, which are imposed by management, but can be removed or modified.

Interfund Transactions and Balances

Angelo State University 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, it is classified as 'Current, repayment for two (or more) years is classified as 'Non-Current'.
4. Interfund Sales and Purchases: Charges or collections for services rendered by one fund to another are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund. The composition of Angelo State University's Interfund receivables and payables at August 31, 2014 is presented in Note 12.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014

| | Balance 9/1/2013 | Adjustments | Reclassifications | | | Additions | Deletions | Balance 8/31/2014 |
|---|---------------------|-------------|-------------------|---------------------|---------------------|------------------|----------------|----------------------|
| | | | Completed CIP | Inc-Int'gy Trans | Dec-Int'gy Trans | | | |
| Business-type activities: | | | | | | | | |
| Non-depreciable/Non-amortizable Assets | | | | | | | | |
| Land and Land Improvements | \$2,554,755.97 | | | | | \$130,072.80 | | \$2,684,828.77 |
| Construction in Progress | 32,172,087.57 | (69,379.05) | (179,535.51) | | | 1,525,098.51 | | 33,448,271.52 |
| Other Tangible Capital Assets | 554,581.97 | 150,000.00 | | | | 227,600.00 | | 932,181.97 |
| Total Non-depreciable assets | \$35,281,425.51 | \$80,620.95 | (\$179,535.51) | \$0.00 | \$0.00 | \$1,882,771.31 | \$0.00 | \$37,065,282.26 |
| Depreciable Assets | | | | | | | | |
| Building and Building Improvements | \$162,342,193.13 | | \$179,535.51 | | | \$883,205.49 | | \$163,404,934.13 |
| Infrastructure | 5,286,500.06 | | | | | | | 5,286,500.06 |
| Facilities and Other Improvements | 6,993,141.06 | | | | | 2,162,547.94 | | 9,155,689.00 |
| Furniture and Equipment | 10,973,700.09 | \$13,316.94 | | | | 779,453.16 | (749,520.18) | 11,016,950.01 |
| Vehicle, Boats, and Aircraft | 1,503,203.45 | | | | | 169,268.75 | | 1,672,472.20 |
| Other Capital Assets | 6,932,816.59 | | | | | 68,235.46 | (8,003.27) | 6,993,048.78 |
| Total Depreciable Assets | \$194,031,554.38 | \$13,316.94 | \$179,535.51 | \$0.00 | \$0.00 | \$4,062,710.80 | (\$757,523.45) | \$197,529,594.18 |
| Accumulated Depreciation | | | | | | | | |
| Buildings and Improvements | (\$85,392,484.37) | | | | | (\$4,971,470.81) | | (\$90,363,955.18) |
| Infrastructure | (2,301,107.02) | | | | | (167,953.68) | | (2,469,060.70) |
| Facilities and Other Improvements | (5,243,405.61) | | | | | (279,248.80) | | (5,522,654.41) |
| Furniture and Equipment | (7,083,483.59) | | | | | (978,638.01) | 670,164.29 | (7,391,957.31) |
| Vehicle, Boats, and Aircraft | (1,238,829.96) | | | | | (95,168.19) | | (1,333,998.15) |
| Other Capital Assets | (5,831,112.40) | | | | | (179,720.85) | 8,003.27 | (6,002,829.98) |
| Total Accumulated Depreciation | (\$107,090,422.95) | \$0.00 | \$0.00 | \$0.00 | \$0.00 | (\$6,672,200.34) | \$678,167.56 | (\$113,084,455.73) |
| Amortizable Assets-Intangible | | | | | | | | |
| Computer Software | \$1,331,754.79 | | | | | | (\$264,390.00) | \$1,067,364.79 |
| Total Amortizable Assets-Intangible | \$1,331,754.79 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | (\$264,390.00) | \$1,067,364.79 |
| Accumulated Amortization | | | | | | | | |
| Computer Software | (\$1,292,379.79) | | | | | (\$15,000.00) | \$240,015.00 | (\$1,067,364.79) |
| Total Accumulated Amortization | (\$1,292,379.79) | \$0.00 | \$0.00 | \$0.00 | \$0.00 | (\$15,000.00) | \$240,015.00 | (\$1,067,364.79) |
| Total Business-Type Activities | \$122,261,931.94 | \$93,937.89 | \$0.00 | \$0.00 | \$0.00 | (\$741,718.23) | (\$103,730.89) | \$121,510,420.71 |

A summary of changes in Capital Assets for the year ended August 31, 2013 is presented below for comparison purposes.

| | Balance 9/1/2012 | Adjustments | Reclassifications | | | Additions | Deletions | Balance 8/31/2013 |
|---|---------------------|-------------|-------------------|---------------------|---------------------|------------------|----------------|----------------------|
| | | | Completed CIP | Inc-Int'gy Trans | Dec-Int'gy Trans | | | |
| Business-type activities: | | | | | | | | |
| Non-depreciable/Non-amortizable Assets | | | | | | | | |
| Land and Land Improvements | \$2,554,755.97 | | | | | | | \$2,554,755.97 |
| Construction in Progress | 40,580,282.95 | | (9,800,346.87) | | | 1,392,151.49 | | 32,172,087.57 |
| Other Tangible Capital Assets | 410,081.97 | 45,000.00 | | | | 99,500.00 | | 554,581.97 |
| Total Non-depreciable assets | \$43,545,120.89 | \$45,000.00 | (\$9,800,346.87) | \$0.00 | \$0.00 | \$1,491,651.49 | \$0.00 | \$35,281,425.51 |
| Depreciable Assets | | | | | | | | |
| Building and Building Improvements | \$152,541,846.26 | | \$9,800,346.87 | | | | | \$162,342,193.13 |
| Infrastructure | 5,286,500.06 | | | | | | | 5,286,500.06 |
| Facilities and Other Improvements | 6,993,141.06 | | | | | | | 6,993,141.06 |
| Furniture and Equipment | 10,390,707.55 | | | | | 915,643.18 | (332,650.64) | 10,973,700.09 |
| Vehicle, Boats, and Aircraft | 1,519,098.02 | | | | | 59,072.26 | (74,966.83) | 1,503,203.45 |
| Other Capital Assets | 6,926,067.63 | | | | | 56,452.03 | (49,703.07) | 6,932,816.59 |
| Total Depreciable Assets | \$183,657,360.58 | \$0.00 | \$9,800,346.87 | \$0.00 | \$0.00 | \$1,031,167.47 | (\$457,320.54) | \$194,031,554.38 |
| Accumulated Depreciation | | | | | | | | |
| Buildings and Improvements | (\$80,271,177.76) | | | | | (\$5,121,306.61) | | (\$85,392,484.37) |
| Infrastructure | (2,133,153.34) | | | | | (167,953.68) | | (2,301,107.02) |
| Facilities and Other Improvements | (4,932,969.69) | | | | | (310,435.92) | | (5,243,405.61) |
| Furniture and Equipment | (6,458,084.61) | | | | | (938,700.80) | 313,301.82 | (7,083,483.59) |
| Vehicle, Boats, and Aircraft | (1,229,755.67) | | | | | (84,041.12) | 74,966.83 | (1,238,829.96) |
| Other Capital Assets | (5,692,848.50) | | | | | (187,966.97) | 49,703.07 | (5,831,112.40) |
| Total Accumulated Depreciation | (\$100,717,989.57) | \$0.00 | \$0.00 | \$0.00 | \$0.00 | (\$6,810,405.10) | \$437,971.72 | (\$107,090,422.95) |
| Amortizable Assets-Intangible | | | | | | | | |
| Computer Software | \$1,418,446.29 | | | | | | (\$86,691.50) | \$1,331,754.79 |
| Total Amortizable Assets-Intangible | \$1,418,446.29 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | (\$86,691.50) | \$1,331,754.79 |
| Accumulated Amortization | | | | | | | | |
| Computer Software | (\$1,356,571.29) | | | | | (\$22,500.00) | \$86,691.50 | (\$1,292,379.79) |
| Total Accumulated Amortization | (\$1,356,571.29) | \$0.00 | \$0.00 | \$0.00 | \$0.00 | (\$22,500.00) | \$86,691.50 | (\$1,292,379.79) |
| Total Business-Type Activities | \$126,546,366.90 | \$45,000.00 | \$0.00 | \$0.00 | \$0.00 | (\$4,310,086.14) | (\$19,348.82) | \$122,261,931.94 |

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014

NOTE 3: Deposits, Investments, and Repurchase Agreements

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

Deposits of Cash in Bank

As of August 31, 2014, the carrying amount of deposits was \$2,980,660.20 (including Restricted Assets) as presented below.

| Business-Type Activities | FY 2014 | FY 2013 |
|--|------------------------|------------------------|
| CASH IN BANK - CARRYING VALUE | \$ 2,980,660.20 | \$ 2,695,489.13 |
| Less: Certificates of Deposit included in carrying value and reported as Cash Equivalent | 0.00 | 0.00 |
| Less: Uninvested Securities Lending Cash Collateral included in carrying value and reported as Securities Lending Collateral | 0.00 | 0.00 |
| Less: Securities Lending CD Collateral included in carrying value and reported as Securities Lending Collateral | 0.00 | 0.00 |
| Cash in Bank per AFR | <u>\$ 2,980,660.20</u> | <u>\$ 2,695,489.13</u> |
| Current Assets Cash in Bank | \$ 3,642,702.57 | \$ 4,773,618.65 |
| Current Assets Restricted Cash in Bank | (662,042.37) | (2,078,129.52) |
| Cash in Bank per AFR | <u>\$ 2,980,660.20</u> | <u>\$ 2,695,489.13</u> |

These amounts consist of all cash in local banks and a portion of short-term investments. These amounts are included on the Combined Statement of Net Position as part of the “Cash and Cash Equivalents” and “Securities Lending Collateral” accounts.

As of August 31, 2014, the total bank balance was as follows:

Business-Type Activities \$6,243,543.17

| Business-Type Activities | Discrete Component Unit | |
|--|--------------------------------|----------------------|
| | FY 2014 | FY 2013 |
| CASH IN BANK - CARRYING VALUE | \$ 536,293.38 | \$ 762,566.11 |
| Less: Certificates of Deposit included in carrying value and reported as Cash Equivalent | 0.00 | 0.00 |
| Less: Uninvested Securities Lending Cash Collateral included in carrying value and reported as Securities Lending Collateral | 0.00 | 0.00 |
| Less: Securities Lending CD Collateral included in carrying value and reported as Securities Lending Collateral | 0.00 | 0.00 |
| Cash in Bank per AFR | <u>\$ 536,293.38</u> | <u>\$ 762,566.11</u> |
| Current Assets Cash in Bank | \$ 343,867.03 | \$ 526,287.41 |
| Current Assets Restricted Cash in Bank | 192,426.35 | 236,278.70 |
| Cash in Bank per AFR | <u>\$ 536,293.38</u> | <u>\$ 762,566.11</u> |

These amounts consist of all cash in local banks and are included on the Statement of Net Position as part of current unrestricted and restricted “Cash and Cash Equivalents” and non-current restricted “Cash and Cash Equivalents”.

As of August 31, 2014, the total **bank balance** for Business-Type Activities for the Carr Foundation was \$516,536.33.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014

Investments

The fair value of investments is as presented below for August 31, 2014, and August 31, 2013, respectively;

| Business-Type Activities | Fair Value | |
|--|-------------------------|-------------------------|
| | <u>FY 2014</u> | <u>FY 2013</u> |
| U.S. Treasury Securities | \$ 43,211.35 | \$ |
| U.S. Treasury TIPS | 5,815.41 | |
| U.S. Government Agency Obligations | 68,496.64 | |
| Corporate Obligations | 321.16 | |
| Corporate Asset and Mortgage Backed Securities | 1,195.16 | 860.53 |
| Equity | 7,519.73 | 1,015,465.89 |
| International Obligations (Govt and Corp) | 156,169.65 | 47,664.29 |
| Fixed Income Money Market and Bond Mutual Fund | 2,185,372.32 | 1,030,284.01 |
| Mutual Funds | 9,353.61 | 518,369.19 |
| Other Commingled Funds | 1,913,044.92 | 3,120,626.37 |
| Other Commingled Funds (Texpool) | 27,269,323.39 | 26,727,905.17 |
| International Other Commingled Funds | 1,897,457.69 | 2,085,702.50 |
| Real Estate | 546,219.84 | 529,948.99 |
| Domestic Derivatives | 29,053.96 | |
| Domestic | 10,654,173.60 | 7,565,645.88 |
| International | 43,688.80 | 218,138.11 |
| Total | <u>\$ 44,830,417.23</u> | <u>\$ 42,860,610.93</u> |

| Business-Type Activities | Fair Value-Discrete Component Unit | |
|--|---|--------------------------|
| | <u>FY 2014</u> | <u>FY 2013</u> |
| Equity | \$ | \$ 6,821,037.25 |
| International Obligations (Govt and Corp) | 1,092,315.31 | 320,168.24 |
| Fixed Income Money Market and Bond Mutual Fund | 15,199,751.96 | 6,932,723.70 |
| Mutual Funds | | 3,481,963.91 |
| Other Commingled Funds | 13,690,672.69 | 19,282,429.29 |
| Other Commingled Funds (Texpool) | | |
| International Other Commingled Funds | 13,626,234.30 | 14,009,977.68 |
| Real Estate | 10,776,928.83 | 10,397,580.89 |
| Domestic Derivatives | 209,524.35 | |
| Domestic | 76,634,664.88 | 50,819,582.35 |
| International | 315,064.24 | 1,465,266.55 |
| Total | <u>\$ 131,545,156.56</u> | <u>\$ 113,530,729.86</u> |

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. The LTIF and STIF do not have policy limits specific to international equity or debt. All exposures are through funds managed by external investment managers. The exposure to foreign currency risk as of August 31, 2014, is presented below.

| <u>Fund Type</u> | <u>GAAP Fund</u> | <u>Foreign Currency</u> | <u>International Obligation</u> | <u>International Equity</u> | <u>International Alternative Investments</u> |
|------------------|------------------|-------------------------|-------------------------------------|---------------------------------|--|
| 01 | 0001 | Argentine peso | \$ 346.65 | \$ 11,558.63 | \$ |
| 01 | 0001 | Australian dollar | | | 4.20 |
| 01 | 0001 | Bermudan dollar | 5,238.44 | | |
| 01 | 0001 | Brazilian real | 18,503.16 | 136,883.23 | |
| 01 | 0001 | Bulgarian lev | 1,045.05 | | |
| 01 | 0001 | Canadian dollar | 835.63 | 6,339.82 | |
| 01 | 0001 | Cayman dollar | 8,211.94 | | |
| 01 | 0001 | Chilean Peso | 2,681.50 | 91.48 | |
| 01 | 0001 | Chinese yuan | 730.92 | 204,728.91 | |
| 01 | 0001 | Colombian peso | 13,325.03 | 156.90 | |
| 01 | 0001 | Czech koruna | 1,124.34 | 8,640.55 | |
| 01 | 0001 | Danish krone | | 7,258.87 | |
| 01 | 0001 | Dominican Peso | | | |
| 01 | 0001 | Egyptian pound | | 11,975.50 | |
| 01 | 0001 | Euro | 13,553.55 | 174,908.44 | 27,509.59 |
| 01 | 0001 | Hong Kong dollar | 1,988.43 | 72,436.10 | |
| 01 | 0001 | Hungarian forint | | 590.56 | |
| 01 | 0001 | Indian rupee | 11,435.67 | 100,487.22 | 7,626.30 |
| 01 | 0001 | Indonesian rupiah | 796.08 | 20,297.15 | |
| 01 | 0001 | Iraqi dinar | | | |
| 01 | 0001 | Israel shekel | 209.42 | | |
| 01 | 0001 | Japanese yen | | 227,444.49 | |
| 01 | 0001 | Jordanian dinar | | | |
| 01 | 0001 | Kazakhstani tenge | 1,786.13 | 43.37 | |
| 01 | 0001 | Latvian lats | | | |
| 01 | 0001 | Lithuanian litas | | | |
| 01 | 0001 | Malaysian ringgit | 4,830.39 | 23,478.58 | |
| 01 | 0001 | Mexican peso | 24,790.55 | 60,803.79 | \$ 523.28 |
| 01 | 0001 | Moroccan dirham | | | |
| 01 | 0001 | New Zealand dollar | | | |
| 01 | 0001 | Nigerian naira | 4,207.12 | 62.91 | |
| 01 | 0001 | Norwegian krone | | 4,839.24 | \$ 523.28 |
| 01 | 0001 | Pakistani rupee | | | |
| 01 | 0001 | Panamanian balboa | 128.09 | | |
| 01 | 0001 | Peruvian nuevo sol | 7,638.80 | 112.09 | |
| 01 | 0001 | Phillippino peso | 83.36 | 3,942.03 | |
| 01 | 0001 | Polish zloty | | 14,095.20 | |
| 01 | 0001 | Pound sterling | 5,876.86 | 156,849.74 | \$ 5,932.31 |
| 01 | 0001 | Qatari riyal | | 12,418.36 | |
| 01 | 0001 | Romanian leu | 520.49 | | |
| 01 | 0001 | Russian ruble | 6,181.91 | 20,037.48 | |
| 01 | 0001 | Singapore dollar | 882.39 | 25,809.30 | |
| 01 | 0001 | South African rand | 7,635.14 | 75,386.57 | |
| 01 | 0001 | South Korean won | 336.49 | 193,022.51 | |
| 01 | 0001 | Swedish krona | 2,529.25 | 6,452.33 | |
| 01 | 0001 | Swiss franc | | 93,558.73 | \$ 1,569.84 |
| 01 | 0001 | Taiwan dollar | | 149,589.92 | |
| 01 | 0001 | Thai baht | 14.23 | 21,132.49 | |
| 01 | 0001 | Turkish lira | 7,234.70 | 32,864.61 | |
| 01 | 0001 | UAE dirham | 1,467.94 | 19,160.59 | |
| 01 | 0001 | Uruguay peso | | | |
| 01 | 0001 | Venezuelan bolivar | | | |
| | | Total | \$ 156,169.65 | \$ 1,897,457.69 | \$ 43,688.80 |

At August 31, 2013, the exposures to foreign currency risk balances for Angelo State University were: International Obligations - \$47,664.29; International Other Commingled Funds - \$2,085,702.50; and International Externally Managed Investments - \$218,138.11.

ANGELO STATE UNIVERSITY
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Year Ended August 31, 2014

Discrete Component Unit

| <u>Fund Type</u> | <u>GAAP Fund</u> | <u>Foreign Currency</u> | <u>International Obligation</u> | <u>International Equity</u> | <u>International Alternative Investments</u> |
|------------------|------------------|-------------------------|-------------------------------------|---------------------------------|--|
| 01 | 0001 | Argentine peso | 2,358.26 | \$ 82,523.41 | \$ |
| 01 | 0001 | Australian dollar | | | 30.27 |
| 01 | 0001 | Bermudan dollar | 35,636.74 | | |
| 01 | 0001 | Brazilian real | 129,398.85 | 978,934.67 | |
| 01 | 0001 | Bulgarian lev | 7,109.37 | | |
| 01 | 0001 | Canadian dollar | 5,684.73 | 45,720.00 | |
| 01 | 0001 | Cayman dollar | 55,865.25 | | |
| 01 | 0001 | Chilean Peso | 18,645.27 | | |
| 01 | 0001 | Chinese yuan | 4,972.41 | 1,470,343.46 | |
| 01 | 0001 | Colombian peso | 94,936.50 | | |
| 01 | 0001 | Czech koruna | 7,648.79 | 61,689.63 | |
| 01 | 0001 | Danish krone | | 52,347.73 | |
| 01 | 0001 | Dominican Peso | | | |
| 01 | 0001 | Egyptian pound | | 85,499.66 | |
| 01 | 0001 | Euro | 92,309.83 | 1,261,334.00 | 198,386.97 |
| 01 | 0001 | Hong Kong dollar | 13,527.16 | 522,377.03 | |
| 01 | 0001 | Hungarian forint | | 4,258.83 | |
| 01 | 0001 | Indian rupee | 80,809.81 | 719,476.90 | 54,997.50 |
| 01 | 0001 | Indonesian rupiah | 5,436.88 | 145,382.11 | |
| 01 | 0001 | Iraqi dinar | | | |
| 01 | 0001 | Israel shekel | 1,424.64 | | |
| 01 | 0001 | Japanese yen | | 1,640,228.75 | |
| 01 | 0001 | Jordanian dinar | | | |
| 01 | 0001 | Kazakhstan tenge | 12,150.93 | | |
| 01 | 0001 | Latvian lats | | | |
| 01 | 0001 | Lithuanian litas | | | |
| 01 | 0001 | Malaysian ringgit | 34,834.65 | 167,232.47 | |
| 01 | 0001 | Mexican peso | 177,180.40 | 431,639.82 | \$ 3,773.66 |
| 01 | 0001 | Moroccan dirham | | | |
| 01 | 0001 | New Zealand dollar | | | |
| 01 | 0001 | Nigerian naira | 30,339.86 | | |
| 01 | 0001 | Norwegian krone | | 34,898.48 | \$ 3,773.66 |
| 01 | 0001 | Pakistani rupee | | | |
| 01 | 0001 | Panamanian balboa | 871.38 | | |
| 01 | 0001 | Peruvian nuevo sol | 53,388.17 | | |
| 01 | 0001 | Phillippino peso | 567.09 | 27,682.39 | |
| 01 | 0001 | Polish zloty | | 101,648.35 | |
| 01 | 0001 | Pound sterling | 39,979.82 | 1,130,433.06 | \$ 42,781.20 |
| 01 | 0001 | Qatari riyal | | 89,435.43 | |
| 01 | 0001 | Romanian leu | 3,540.85 | | |
| 01 | 0001 | Russian ruble | 41,842.81 | 143,691.41 | |
| 01 | 0001 | Singapore dollar | 6,002.85 | 186,125.25 | |
| 01 | 0001 | South African rand | 55,061.23 | 538,890.40 | |
| 01 | 0001 | South Korean won | 2,289.11 | 1,385,672.34 | |
| 01 | 0001 | Swedish krona | 17,206.33 | 46,531.31 | |
| 01 | 0001 | Swiss franc | | 674,704.03 | \$ 11,320.98 |
| 01 | 0001 | Taiwan dollar | | 1,074,045.01 | |
| 01 | 0001 | Thai baht | 96.82 | 151,700.49 | |
| 01 | 0001 | Turkish lira | 51,212.21 | 234,729.06 | |
| 01 | 0001 | UAE dirham | 9,986.31 | 137,058.82 | |
| 01 | 0001 | Uruguay peso | | | |
| 01 | 0001 | Venezuelan bolivar | | | |
| | | Total | <u>\$ 1,092,315.31</u> | <u>\$ 13,626,234.30</u> | <u>\$ 315,064.24</u> |

At August 31, 2013, the exposures to foreign currency risk balances for the Discrete Component Unit were: International Obligations - \$320,168.24; International Other Commingled Funds - \$14,009,977.68; and International Externally Managed Investments - \$1,465,266.55.

ANGELO STATE UNIVERSITY
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Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Administration's investment policy limits fixed income securities held by the STIF to those issued by the U.S. or its agencies and instrumentalities. As of August 31, 2014, the credit quality distribution for securities with credit risk exposure was as follows:

Standard & Poor's

| Fund Type | GAAP Fund | Investment Type | AAA | AAAf | AA | A | BBB | BB | Unrated |
|-----------|-----------|---|--------------|--------------|-------------|--------------|--------------|--------------|-----------------|
| | | U.S. Government Agency Obligations | \$ 68,496.64 | | | | | | |
| | | Corporate Obligations | | | | | | | \$ 321.16 |
| | | CMO's | \$ 1,195.16 | | | | | | |
| | | International Obligations | | | \$ 2,576.80 | \$ 29,968.96 | \$ 80,302.43 | \$ 13,040.17 | \$ 30,281.29 |
| | | Fixed Income Money Market and Bond Mutual Funds | | \$ 42,478.64 | | | | | \$ 2,142,893.68 |

Discrete Component Unit

Standard & Poor's

| Fund Type | GAAP Fund | Investment Type | AAA | AAAf | AA | A | BBB | BB | Unrated |
|-----------|-----------|---|-----|------|--------------|---------------|---------------|--------------|------------------|
| | | U.S. Government Agency Obligations | | | | | | | |
| | | Corporate Obligations | | | | | | | |
| | | CMO's | | | | | | | |
| | | International Obligations | | | \$ 18,023.20 | \$ 209,615.31 | \$ 561,668.53 | \$ 91,208.33 | \$ 211,799.94 |
| | | Fixed Income Money Market and Bond Mutual Funds | | | | | | | \$ 15,199,751.96 |

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2014 the agency's concentration of credit risk is as follows.

| Fund Type | GAAP Fund | Issuer | Carry Value | % of total portfolio |
|-----------|-----------|--------|-------------|----------------------|
| | | None | | |

The agency's credit quality distribution for securities with credit risk exposure as of August 31, 2013 was as presented below.

Standard & Poor's

| Fund Type | GAAP Fund | Investment Type | AAA | AA | A | BBB | BB | Unrated |
|-----------|-----------|-----------------------------|-----------|-------------|-------------|--------------|-------------|--------------|
| | | CMO's | \$ 860.53 | | | | | |
| | | International Obligations | | \$ 1,224.98 | \$ 4,046.70 | \$ 26,139.10 | \$ 5,700.65 | \$ 10,552.86 |
| | | Market and Bond Mutual Fund | | | | | | 1,030,248.01 |

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014

Discrete Component Unit

Standard & Poor's

| Fund Type | GAAP Fund | Investment Type | AAA | AA | A | BBB | BB | Unrated |
|-----------|-----------|-----------------------------|-----|-------------|--------------|---------------|--------------|--------------|
| | | CMO's | | | | | | |
| | | International Obligations | | \$ 8,228.32 | \$ 27,182.28 | \$ 175,580.26 | \$ 38,292.12 | \$ 70,885.26 |
| | | Market and Bond Mutual Fund | | | | | | 6,932,723.70 |

Derivative Investing

The Investment Policy Statement for the LTIF allows investment in certain derivative securities. A derivative security is a financial instrument which derives its value from another security, currency, commodity or index.

The LTIF entered into futures contracts, options, and swaps as efficient substitutes for traditional securities, to reduce portfolio risks created by other securities, or in fully hedged positions to take advantage of market anomalies.

These instruments involve market and/or credit risk in excess of the amount recognized in the Statement of Net Position. Risks arise from the possibility that counterparties will be unable to meet the terms of their contracts and from movement in index values. Futures contracts have reduced counterparty credit risk since they are exchange-traded and the exchange's clearinghouse, as counterparty to all exchange-traded futures, guarantees them against default. Counterparty risk for swaps and options is mitigated by master netting agreements between the Administration and its counterparties, and by the posting of collateral on a daily basis.

The Administration's gross counterparty exposure, as of August 31, 2014, is presented below.

| | <u>Assets</u> | <u>Liabilities</u> | <u>Assets</u> | <u>Liabilities</u> | <u>Counterparty Rating</u> |
|--------------------|-----------------|--------------------|-----------------------------------|-----------------------------------|----------------------------|
| | <u>Notional</u> | <u>Notional</u> | <u>Fair Value August 31, 2014</u> | <u>Fair Value August 31, 2014</u> | |
| Futures | \$ 2,696,013.41 | \$ 167,112.71 | \$ 22,876.42 | \$ 4,687.17 | A |
| Options | \$ 1,545,506.33 | \$ 934,954.98 | \$ 59,335.28 | \$ 47,977.58 | A |
| Total Return Swaps | \$ 251,156.64 | \$ - | \$ - | \$ 492.97 | A |

Securities Lending

Angelo State University does not participate in a security lending program. The Agency had no securities out on loan to broker/dealers at August 31, 2014.

NOTE 4: Short-Term Debt

Angelo State University had no short-term debt as of August 31, 2014.

NOTE 5: Long Term Liabilities

Employees Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Position. An expense and liability for proprietary fund types are recorded in the proprietary fund as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014

Changes in Long-Term Liabilities

During the year ended August 31, 2014, the following changes occurred in liabilities:

| Business Type Activities | Balance 9/1/2013 | Additions | Reductions | Restatement/ Adjustment | Balance 8/31/2014 | Amounts Due Within One Year | Amounts Due Thereafter |
|-----------------------------|---------------------|-----------------|-----------------|----------------------------|----------------------|--------------------------------|---------------------------|
| Compensable Leave | \$ 2,102,402.45 | \$ 330,369.03 | \$ 73,180.01 | \$ | \$ 2,359,591.47 | \$ 330,369.03 | \$ 2,029,222.44 |
| Commercial Paper Payable | 3,132,720.00 | 1,500,000.00 | 806,520.00 | - | 3,826,200.00 | 3,826,200.00 | - |
| Revenue Bonds | 70,790,939.82 | - | 2,370,000.00 | (225,447.70) | 68,195,492.12 | 1,865,830.31 | 66,329,661.81 |
| Total | \$ 76,026,062.27 | \$ 1,830,369.03 | \$ 3,249,700.01 | \$ (225,447.70) | \$ 74,381,283.59 | \$ 6,022,399.34 | \$ 68,358,884.25 |

During the year ended August 31, 2013, the following changes occurred in liabilities:

| Business Type Activities | Balance 9/1/2012 | Additions | Reductions | Restatement/ Adjustment | Balance 8/31/2013 | Amounts Due Within One Year | Amounts Due Thereafter |
|-----------------------------|---------------------|---------------|-----------------|----------------------------|----------------------|--------------------------------|---------------------------|
| Compensable Leave | \$ 2,057,870.11 | \$ 245,698.76 | \$ 201,166.42 | \$ | \$ 2,102,402.45 | \$ 245,698.76 | \$ 1,856,703.69 |
| Commercial Paper Payable | 3,946,433.28 | 615.56 | 829,755.00 | 15,426.16 | 3,132,720.00 | 3,132,720.00 | - |
| Revenue Bonds | 73,385,945.34 | - | 2,365,000.00 | (230,005.52) | 70,790,939.82 | 2,595,447.70 | 68,195,492.12 |
| Total | \$ 79,390,248.73 | \$ 246,314.32 | \$ 3,395,921.42 | \$ (214,579.36) | \$ 76,026,062.27 | \$ 5,973,866.46 | \$ 70,052,195.81 |

Bonds Payable

See Note 6 for detailed information on bond liability balances and transactions.

Notes and Loan Payable

Commercial paper was issued during the fiscal year to finance various construction and equipment projects. Debt service for the obligation is provided in general appropriation for tuition revenue bonds and revenue from various projects. All commercial paper outstanding at 8/31/14 will mature in fiscal year 2015. Commercial paper has short maturities up to 270 days with interest ranging from .08% to .18%.

Summary of Debt Service Requirements to Maturity Year Ending August 31, 2014

| Fiscal Year | Principal | Interest | Total |
|--------------------|----------------|-------------|----------------|
| 2015 | \$3,826,200.00 | \$17,983.14 | \$3,844,183.14 |
| 2016 | | | |
| 2017 | | | |
| 2018 | | | |
| 2019 | | | |
| All Other Years | | | |
| Total Requirements | \$3,826,200.00 | \$17,983.14 | \$3,844,183.14 |

**ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014**

NOTE 6: Bonded Indebtedness

On October 21, 1993, the governing board of the Texas Tech University System established a Revenue Financing System for the purpose of providing a financing structure for all revenue supported indebtedness of Texas Tech University System components. The source of revenues for debt service issued under the Revenue Financing System includes pledged general tuition, pledged tuition fee, pledged general fee and any other revenues, income, receipts, rentals, rates, charges, fees, including interest or other income, and balances lawfully available to Texas Tech University components. Excluded from the revenues described above are amounts received under Article 7, Section 17 of the Constitution of the State of Texas, general revenue funds appropriated by the Legislature except to the extent so specifically appropriated, encumbered housing revenues, and practice plan funds.

Revenue Financing System Refunding and Improvement Bonds, 14th Series 2012A

For refunding of \$41,380,000 of Revenue Financing System Commercial Paper Notes Series A and a partial current refunding of \$355,000 of Texas State University System Revenue Financing System Bonds Series 2002 representing ASU's portion. To provide new funding for the new ASU Plaza Verde Phase I Residence Hall & Dining Facilities and other University capital improvement projects.

| | |
|------------------------|--------------------------------|
| Original Issue Amount: | \$ 39,370,000 |
| Issue Date: | February 1, 2012 |
| Interest Rates: | 2.0% to 5.0% |
| Date Range: | 2012 through 2041 |
| Type of Bond: | Revenue |
| Changes in Debt: | \$ 0 issued, \$775,000 retired |

Revenue Financing System Refunding and Improvement Bonds, 12th Series 2009

| | |
|------------------------|--|
| Purpose: | For advanced refunding of ASU portion of Texas State University System TRB bonds and construction of Centennial Village. |
| Original Issue Amount: | \$35,630,000 |
| Issue Date: | March 3, 2009 |
| Interest Rates: | 3.00% to 5.25% Maturity |
| Date Range: | 2009 through 2038 |
| Type of Bond: | Revenue |
| Changes in Debt: | \$0 issued, \$1,595,000 retired |

Prior to September 1, 2007, all bonded indebtedness for Angelo State University ("Institution") was issued through the Texas State University System ("TSUS") Revenue Financing System ("RFS"), of which the System Administration and each component were members. The Board of Regents cross-pledged all lawfully available funds (revenues) and balances attributable to any RFS member against the bonded indebtedness of all other RFS members for payment on the Parity Debt. Effective September 1, 2007, *House Bill 3564 (80th Legislature, Regular Session)* transferred governance of the Institution to the Texas Tech University System ("Tech"); however, the Institution's revenues remain pledged to the RFS until TSUS can secure, from the new governing body (Tech), a legally acceptable agreement, assuming the Institution's obligations. On April 24, 2008, as authorized by *House Bill 3564*, the Texas Higher Education Coordinating Board, on the advice of the Texas Attorney General, issued a ruling and endorsed an Agreement obligation Tech to honor the Institution's bonded indebtedness. Tech signed and returned the agreement January 14, 2009. On January 23, 2009 Tech delivered to TSUS a \$53,015,628 "Board of Regents of Texas Tech University System Revenue Financing System Refund Note, Thirteenth Series

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014

(2008)", dated September 15, 2008 securing the remaining TSUS debt attributable to Angelo State University. On April 24, 2009 Tech called \$7,215,000 of TSUS debt reducing the TSUS debt balance attributable to the institution by \$7,211,264.87.

System Administration issued the debt; therefore, the bonds payable attributable to the institution are included with the Bonds Payable reported by System Administration. The institution must repay the debt that was issued on its behalf; consequently, the following debt amortization schedule is presented for informational purposes only.

Debt Service Requirements Attributable
To Angelo State University

| <u>Description</u> | <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|-------------|-------------------------|-------------------------|-------------------------|
| All Issues | 2015 | \$ 2,780,000.00 | \$ 1,301,169.85 | \$ 4,081,169.85 |
| | 2016 | 2,626,342.79 | 1,228,991.66 | 3,855,334.45 |
| | 2017 | 2,756,131.48 | 1,097,674.54 | 3,853,806.02 |
| | 2018-2022 | 9,367,359.03 | 3,752,367.94 | 13,119,726.97 |
| | 2023-2027 | 3,835,000.00 | 2,092,000.00 | 5,927,000.00 |
| | 2028-2032 | 4,870,000.00 | 1,034,750.00 | 5,904,750.00 |
| | 2033-2037 | 1,125,000.00 | 56,250.00 | 1,181,250.00 |
| | 2038-2042 | 0.00 | 0.00 | 0.00 |
| | 2043-2047 | 0.00 | 0.00 | 0.00 |
| Totals | | <u>\$ 27,359,833.30</u> | <u>\$ 10,563,203.99</u> | <u>\$ 37,923,037.29</u> |

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. The institution was appropriated \$3,959,056 during the current fiscal year for Tuition Revenue Bond debt service. The institution expects future Legislative appropriations to meet debt service requirements for Tuition Revenue Bonds.

Pledged Future Revenues

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

| | Business-Type Activities | |
|--|---------------------------------|-----------------------|
| | <u>FY 2014</u> | <u>FY 2013</u> |
| Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds | \$111,426,815.78 | \$116,974,222.04 |
| Term of Commitment Year Ending 08/31 | 2041 | 2041 |
| Percentage of Revenue Pledged | 100.0% | 100.0% |
| Current year Pledged Revenue | \$66,463,261.45 | \$72,901,614.02 |
| Current year Principal and Interest Paid | \$5,547,406.26 | \$5,613,631.26 |

Pledged revenue sources:

Business-type activities - Operating income from current unrestricted funds

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014

NOTE 7: Derivative Instruments

The System Investment Policy Statement for the LTIF allows investment in certain derivative securities. Derivatives are financial instruments whose values are derived in whole or in part from the value of any one or more underlying assets or index of asset values. 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, options, and swaps.

The following disclosures summarize the System's derivative activity as reported in the financial statements.

| | <u>Changes in Fair Value</u> | | <u>Fair Value at August 31, 2014</u> | | |
|-------------------------------|------------------------------|---------------|--------------------------------------|---------------|-----------------|
| | <u>Classification</u> | <u>Amount</u> | <u>Classification</u> | <u>Amount</u> | <u>Notional</u> |
| <i>Investment Derivatives</i> | | | | | |
| Futures | Investment Revenue | \$ 18,189.24 | Investments | \$ 18,189.24 | \$ 2,528,900.70 |
| Options | Investment Revenue | \$ 11,357.70 | Investments | \$ 11,357.70 | \$ 610,551.34 |
| Total Return Swaps | Investment Revenue | \$ (492.97) | Investments | \$ (492.97) | \$ 251,156.64 |

Discrete Component Unit

| | <u>Changes in Fair Value</u> | | <u>Fair Value at August 31, 2014</u> | | |
|-------------------------------|------------------------------|---------------|--------------------------------------|---------------|------------------|
| | <u>Classification</u> | <u>Amount</u> | <u>Classification</u> | <u>Amount</u> | <u>Notional</u> |
| <i>Investment Derivatives</i> | | | | | |
| Futures | Investment Revenue | \$ 131,172.74 | Investments | \$ 131,172.74 | \$ 18,237,309.69 |
| Options | Investment Revenue | \$ 81,906.73 | Investments | \$ 81,906.73 | \$ 4,403,025.36 |
| Total Return Swaps | Investment Revenue | \$ (3,555.11) | Investments | \$ (3,555.11) | \$ 1,811,230.25 |

Fair Value

Derivative instruments are recorded at fair value. Futures contracts are marked-to-market daily and valued at closing market prices on valuation date. A daily variation margin between the daily value of the contracts and the value on the previous day is recorded and settled in cash with the broker the following morning. Options and swaps are valued using broker quotes, proprietary pricing agents or appropriate pricing models with primarily externally verifiable model inputs.

Investment Derivatives

Investment derivatives expose the System to certain investment related risks. The System discloses more detail about investment derivatives in Note 3.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014

NOTE 8: Leases

Angelo State University has entered into various operating leases for buildings and equipment. Expenses for operating lease obligations included in the financial statements were \$546,238.40 for the fiscal year ended August 31, 2014.

Future minimum lease payments under non-cancelable operating leases having an initial term in excess of one year as of August 31, 2014 are as follows:

| Year ended August 31, | | |
|--|-----------|----------------------------|
| 2015 | \$ | 546,238.40 |
| 2016 | | 546,238.40 |
| 2017 | | 546,238.40 |
| 2018 | | 546,238.40 |
| 2019 | | 546,238.40 |
| 2020-2022 | | <u>1,638,715.20</u> |
| Total Minimum Future Lease Payments | \$ | <u>4,369,907.20</u> |

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 of Texas and is available to certain eligible employees. The contributions made by plan members and the employer for the fiscal year ended August 31, 2014 and August 31, 2013 are:

| Description | For the Year Ended August 2014 | For the Year Ended August 2013 |
|------------------------|-----------------------------------|-----------------------------------|
| Member Contributions | \$ 1,146,462.00 | \$ 1,180,632.00 |
| Employer Contributions | 1,262,871.00 | 1,259,178.00 |

NOTE 10: Deferred Compensation

Section not applicable

NOTE 11: Postemployment Health Care and Life Insurance Benefits

Section not applicable

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014

NOTE 12: Interfund Activity and Transactions

ASU experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statement. Individual balanced and activity at August 31, 2014 and 2013 follow:

| | <u>FY 2014</u> | | <u>FY 2013</u> | |
|--|-----------------------|--------------------------|-----------------------|--------------------------|
| | <u>TRANSFERS IN</u> | <u>TRANSFERS OUT</u> | <u>TRANSFERS IN</u> | <u>TRANSFERS OUT</u> |
| Institutional Funds (7999) | | | | |
| Appd Fund 7999, D23 Fund 7999 (Agy 733, D23 Fund 7999) Texas Tech Univ Found, Inc. | \$ | \$ | \$ 11,261.57 | \$ |
| Institutional Funds (7999) | | | | |
| Appd Fund 7999, D23 Fund 7999 (Agy 739, D23 Fund 7999) TTUHSC - Amarillo Campus | | (19,849.00) | | |
| Institutional Funds (7999) | | | | |
| Appd Fund 7999, D23 Fund 7999 (Agy 758, D23 Fund 7999) Texas State Univ System | | (1,814,379.17) | | (1,816,676.75) |
| Institutional Funds (7999) | | | | |
| Appd Fund 7999, D23 Fund 7999 (Agy 768, D23 Fund 7999) Texas Tech Univ System Admin | | (410,084.00) | | (42,103.85) |
| Institutional Funds (7999) | | | | |
| Appd Fund 7999, D23 Fund 7999 (Agy 768, D23 Fund 7999) Texas Tech Univ Sys Admin Found, Inc | 20,765.00 | | 29,765.00 | |
| General Revenue (5103) | | | | |
| Appd Fund 5103, D23 Fund 5103 (Agency 781, D23 Fund 5103) THECB | | (410,461.13) | | (526,833.48) |
| Institutional Funds (7999) | | | | |
| Appd Fund 7999, D23 Fund 7999 (Agy 347, D23 Fund 7999) Texas Pub Fin Auth | | (545,852.85) | | (531,379.86) |
| | <u>\$ 20,765.00</u> | <u>\$ (3,200,626.15)</u> | <u>\$ 41,026.57</u> | <u>\$ (2,916,993.94)</u> |
| | <u>Legislative</u> | <u>Legislative</u> | <u>Legislative</u> | <u>Legislative</u> |
| | <u>TRANSFERS IN</u> | <u>TRANSFERS OUT</u> | <u>TRANSFERS IN</u> | <u>TRANSFERS OUT</u> |
| General Revenue (001) | | | | |
| Appd Fund 0001, D23 Fund 0001 (Agency 758, D23 Fund 0001) Texas State Univ System | \$ | \$ (2,764,516.63) | \$ | \$ (2,706,875.77) |
| General Revenue (001) | | | | |
| Appd Fund 0001, D23 Fund 0001 (Agency 768, D23 Fund 7999) Texas Tech Univ System | | (125,128.00) | | (120,628.00) |
| Total Legislative Transfers | <u>\$ 0.00</u> | <u>\$ (2,889,644.63)</u> | <u>\$ 0.00</u> | <u>\$ (2,827,503.77)</u> |
| | <u>Due From</u> | <u>Due From</u> | <u>Due From</u> | <u>Due From</u> |
| | <u>Other Agencies</u> | <u>Other Component</u> | <u>Other Agencies</u> | <u>Other Component</u> |
| Institutional Funds (7999) | | | | |
| Appd Fund 7999, D23 Fund 7999 (Agy 320, D23 Fund 5026) TWC | \$ | \$ | \$ 5,032.29 | \$ |
| Institutional Funds (7999) | | | | |
| Appd Fund 7999, D23 Fund 7999 (Agy 542, D23 Fund 7639) CPRIT | 91,810.80 | | 66,448.81 | |
| Institutional Funds (7999) | | | | |
| Appd Fund 7999, D23 Fund 7999 (Agy 733, D23 Fund 9999) Texas Tech University | | 681.58 | | 10,436.72 |
| Institutional Funds (7999) | | | | |
| Appd Fund 7999, D23 Fund 7999 (Agy 781, D23 Fund 0001) THECB | | | 62,299.30 | |
| Total Due From/To Other Agencies | <u>\$ 91,810.80</u> | <u>\$ 681.58</u> | <u>\$ 133,780.40</u> | <u>\$ 10,436.72</u> |

NOTE 13: Continuance Subject To Review

Section not applicable

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014

NOTE 14: Adjustments to Fund Balances and Net Position

There were changes to the classification of pledged and non-pledged revenues after an assessment during FY14. Also, the Statement of Net Position has been updated to reflect endowment net appreciation between Nonexpendable Endowments and Expendable Other and a prior year reclassification. The adjustments do not result in a restatement of fund balance or net position.

| <u>Statement of Net Position</u> | <u>FY 13 as reported</u> | <u>Correction</u> | <u>FY13 restated</u> |
|---|--------------------------|-------------------|----------------------|
| Net Position: | | | |
| Nonexpendable Endowments | 19,803,397.74 | (2,603,352.05) | 17,200,045.69 |
| Expendable Other | 6,518,790.80 | 2,603,352.05 | 9,122,142.85 |
| | | | |
| <u>Statement of Revenues, Expenses, & Changes in Net Position</u> | | | |
| Operating Revenues: | | | |
| Tuition and Fees - Pledged | 49,290,815.20 | (3,519,619.16) | 45,771,196.04 |
| Tuition and Fees - Unpledged | - | 3,519,619.16 | 3,519,619.16 |
| | | | |
| Operating Expenses: | | | |
| Materials and Supplies | 3,352,417.22 | 3,204,142.46 | 6,556,559.68 |
| Scholarships | 17,902,443.33 | (3,204,142.46) | 14,698,300.87 |

NOTE 15: Contingencies and Commitments

Contingencies

At August 31, 2014, no lawsuits and claims were pending against Angelo State University.

Investment Funds

The university through TTUS has entered into capital commitments with investment managers for future funding of investment funds. Investment funds include hedge fund pools, private investment pools, public market funds and other alternative investments managed by external investment managers.

| | | |
|----------------------------|----|---------------|
| Fair Value - Domestic | \$ | 10,654,173.60 |
| Fair Value - International | \$ | 43,688.80 |
| Remaining Commitment | \$ | 2,206,729.90 |

Discrete Component Unit

| | | |
|----------------------------|----|---------------|
| Fair Value - Domestic | \$ | 76,634,664.88 |
| Fair Value - International | \$ | 315,064.24 |
| Remaining Commitment | \$ | 15,913,956.83 |

NOTE 16: Subsequent Events

Texas Tech University System intends to issue the following Revenue Financing System Commercial Paper Notes after August 31, 2014 as follows:

| Issuance | Series | Amount | Date of Issuance | Purpose |
|--|--------|--------------|------------------|---------------------------------|
| Revenue Financing System Commercial Paper Notes Tax-Exempt | A | \$290,252.00 | 12/9/2014 | Construct new Intramural Fields |

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014

NOTE 17: Risk Management

The State provides coverage for unemployment compensation benefits from appropriations made to other State agencies for Angelo State University employees. The current General Appropriations Act provides that Angelo State University must reimburse General Revenue Fund-Consolidated, from Angelo State University appropriations, one-half of the unemployment benefits paid for former and current employees. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. Angelo State University must reimburse the General Revenue Fund one hundred percent of the cost for workers' compensation and for any employees paid from funds held in local bank accounts. The unemployment plan is on a pay-as-you-go basis, in which no assets are set aside to be accumulated for the payment of claims. No material outstanding claims are pending at August 31, 2014.

Angelo State University by state law is required to be a participant in the Worker's Compensation Program and Pool managed by the State Office of Risk Management (SORM). The University is assessed fees by SORM based upon claims cost, claim count, payroll and FTE. Total payments to SORM for fiscal year 2014 totaled \$69,358.02. The State Office of Risk Management pays all WCI claims. The Worker's Compensation pool for the fiscal year was funded by a .25 percent charge on non-educational and general gross payroll for paying its proportionate share of the SORM assessment.

Due to the diverse risk exposure of the University, the insurance portfolio contains a comprehensive variety of coverage. Texas statutes require participation of all state agencies, directors and officers liability, employee blanket bond, and property and casualty programs. In addition to these basic policies, the University's Department of Risk Management establishes guidelines in risk assessment, risk avoidance, risk acceptance and risk transfer.

- The auxiliary buildings and contents are insured for replacement value. Each loss incident is subject to a \$100,000 deductible.
- University automobiles and leased vehicles new to 5 years old are insured for general liability and physical damage. Any automobiles or leased vehicles six years old or older are insured for general liability only.
- Each loss incident is subject to a \$1,000 deductible.

NOTE 18: Management Discussion and Analysis

Section not applicable

NOTE 19: The Financial Reporting Entity

Angelo State University is an agency of the State of Texas, and is one of four components of the Texas Tech University System.

The Robert G. Carr and Nona K. Carr Scholarship Foundation, Box 11007C, ASU Station, San Angelo, TX 76909 is presented in these statements as a discretely presented component unit. The Foundation is a separate legal nonprofit organization that was established solely for the benefit of providing scholarships to the students of Angelo State University (ASU). The Foundation has a fiscal year end of August 31, and the financial records of the Foundation are audited annually by an independent accounting firm. These statements may be found at the end of the Annual Financial Report.

Robert G Carr and Nona K. Carr Scholarship Foundation

On September 1, 1980 the Robert G. Carr Estate transferred certain assets totaling \$6,815,644.46 to the Board of Regents, Texas State University System, trustees of the Robert G. Carr and Nona K. Carr

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014

Scholarship Foundation that was established for the benefit of Angelo State University under provisions of the Last Will and Testament of Robert G. Carr whose death occurred on March 17, 1978. This principal fund included \$2,986,879.74 in cash, and \$3,828,764.72 in oil, gas, and mineral properties.

On September 1, 1989 the Nona K. Carr Estate transferred certain assets totaling \$5,098,287.68 to the Board of Regents, Texas State University System, trustees of the Robert G. Carr and Nona K. Carr Scholarship Fund that was established for the benefit of Angelo State University under provision of the last will and testament of Robert G. Carr. Nona K. Carr died on June 17, 1987. This principal fund included \$2,089,218.68 in cash and \$3,009,069.00 in oil, gas, and mineral properties.

Prior to the 2014 fiscal year, the Foundation received payments for oil and gas royalties, oil and gas lease rental and bonuses, and oil and gas payment commissions totaling \$109,517,537.42 and realized an appreciation on investments of \$5,599,697.09. During the 2014 fiscal year, the Foundation received payments for oil and gas royalties, oil and gas lease rentals and bonuses, and oil and gas payment commissions, and refunds totaling \$7,781,860.65.

All principal is invested in the Long Term Investment Fund (LTIF) which is managed by the Texas Tech University System.

The value at which oil, gas, and other mineral properties is carried on the financial statements is the value that was agreed to in the settlement with the Internal Revenue Service of the Federal Estate Tax Liability of the Estate of Robert G. Carr. No provision has been made for depletion of these properties.

The LTIF spending distribution is transferred to the Angelo State University Robert G. Carr and Nona K. Carr Scholarship and expense funds. During the 2014 fiscal year, the spending distribution received from the investment agent totaled \$6,931,335.07. Of this amount, \$370,000.00 was transferred by the trustees to the Foundation Trust Estate Expense Account for the payment of salaries and wages, and other operating expenses of the foundation.

Total scholarships awarded prior to the 2014 fiscal year amounted to \$80,689,842.25. During the 2014 fiscal year, scholarship awards amounted to \$5,725,852.09. It is estimated that the amount of annual scholarship awards from the scholarship fund will total \$6,500,000.00 in fiscal year 2015.

The records of the Foundation are audited annually by the firm of Oliver, Garrison, LLC, San Angelo, Texas.

NOTE 20: Stewardship, Compliance and Accountability

Section not applicable

NOTE 21: N/A

NOTE 22: Donor Restricted Endowments

Expenditure of endowed funds is not allowed without the express consent of the donor. Most of Angelo State University's endowments are held in perpetuity. In many cases, endowment earnings are expendable for student financial assistance or other purposes as designated by the donor. In other cases, endowment earnings are reinvested.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014

Endowment assets are invested predominantly in the Long Term Investment Fund (LTIF). The LTIF has experienced varying performance since its inception. The cumulative effect of valuation changes assignable to endowment fund assets by the University are summarized in the table below.

The System's spending policy reflects an objective to distribute as much total return as is consistent with overall investment objectives while protecting the inflation-adjusted value of the principal. The following factors are considered in the spending policy: the duration and preservation of the LTIF, the purposes of the System and the LTIF, general economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, other resources of the System and the overall investment policy. The distribution of spendable earnings shall not exceed 6% nor be less than 4% of the average NAV of the LTIF for the 12 quarters just ended.

The net appreciation (cumulative and unexpended) on donor-restricted endowments presented below is available for authorization and expenditure.

| <u>Donor-Restricted Endowments</u> | <u>FY 2014</u> | <u>FY 2013</u> | <u>Reported in Net Position</u> |
|------------------------------------|---------------------|-----------------------|---------------------------------|
| True Endowments | <u>\$155,687.39</u> | <u>(\$803,934.09)</u> | Restricted Expendable |

* There was a positive fair value adjustment totaling \$963,089.36 for fiscal year 2014 and a positive fair value adjustment of \$351,348.26 for fiscal year 2013.

| <u>Donor-Restricted Endowments</u> | <u>Discrete Component Unit</u> | | <u>Reported in Net Position</u> |
|------------------------------------|-----------------------------------|-----------------------|---------------------------------|
| | <u>Amount of Net Appreciation</u> | | |
| | <u>FY 2014</u> | <u>FY 2013</u> | |
| True Endowments | <u>\$13,145,987.22</u> | <u>\$3,407,286.14</u> | Restricted Expendable |

* There was a positive fair value adjustment totaling \$9,738,701.08 for fiscal year 2014 and a positive fair value adjustment of \$3,952,592.56 for fiscal year 2013.

NOTE 23: Extraordinary and Special Items

Section not applicable

NOTE 24: Disaggregation of Receivable and Payable Balances

Section not applicable

NOTE 25: Termination Benefits

Section not applicable

NOTE 26: Segment Information

Section not applicable

**ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2014**

NOTE 27: Service Concession Arrangements

Section not applicable

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

Section not applicable

NOTE 29: Trouble Debt Restructuring

Section not applicable

NOTE 30: Non-Exchange Financial Guarantees

Section not applicable

Angelo State University
 Schedule 1A - Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2014

| Federal Grantor/Pass-Through Grantor/ Program Title | CFDA Number | Identifying # | Pass-Through From | | Direct Program Amount | |
|---|----------------|------------------|-------------------|--------------------|-----------------------------|------------------|
| | | | Agy/Univ # | Agy/Univ Amount | | |
| U.S. Department of Commerce | | | | | | |
| <u>Direct Program:</u> | | | | | | |
| National Oceanic and Atmospheric Administration Earth System Science for Elementary Teachers | 11.008 | | | | 73,945.65 | |
| Total Department of Commerce | | | | | <u>73,945.65</u> | |
| U.S. Department of Defense | | | | | | |
| <u>Direct Program:</u> | | | | | | |
| Center for Security Studies | 12.000 | FA3002-09-20002 | | | 1,363,220.52 | |
| Total Department of Defense | | | | | <u>1,363,220.52</u> | |
| U.S. Department of Justice | | | | | | |
| <u>Direct Program:</u> | | | | | | |
| Office of the Governor USDOJ-OVW-2013 | 16.525 | | | | 17,848.96 | |
| Total Department of Justice | | | | | <u>17,848.96</u> | |
| U.S. Department of Labor | | | | | | |
| <u>Pass-Through From:</u> | | | | | | |
| Texas Workforce Commission College Credit For Heroes | 17.267 | | 320 | 67,643.87 | | |
| Total Department of Labor | | | | <u>67,643.87</u> | | |
| U. S. Small Business Administration | | | | | | |
| <u>Pass-Through From:</u> | | | | | | |
| University of Texas San Antonio Small Business Development Center | 59.037 | | 743 | 118,334.55 | | |
| Total U. S. Small Business Administration | | | | <u>118,334.55</u> | | |
| U. S. Department of Education | | | | | | |
| <u>Direct Program:</u> | | | | | | |
| Title V - Hispanic Serving Institute | 84.031 | | | | 2,038,827.34 | |
| Pearl of the Concho Writing | 84.928 | | | | 9,460.74 | |
| <u>Pass-Through From:</u> | | | | | | |
| Texas Higher Education Coordinating Board Teacher Quality | 84.367 | | 781 | 16,898.70 | | |
| Total U.S. Department of Education | | | | <u>16,898.70</u> | <u>2,048,288.08</u> | |
| Research & Development Cluster | | | | | | |
| U.S. Department of Agriculture | | | | | | |
| <u>Direct Program:</u> | | | | | | |
| Braden-USDA-HSI-14 | 10.223 | | | | 55,031.61 | |
| <u>Pass-Through From:</u> | | | | | | |
| Kansas State University USDA Subaward-Antibiotic Resistance | 10.303 | 2010-51110-21083 | | | 31.28 | |
| <u>Pass-Through From:</u> | | | | | | |
| Texas Tech University USDA Subaward- Branham | 10.326 | | 733 | 681.58 | | |
| Total U.S. Department of Agriculture | | | | <u>681.58</u> | <u>31.28</u> | |
| National Science Foundation | | | | | | |
| <u>Direct Program:</u> | | | | | | |
| PIER Satterfield | 47.050 | | | | 47,379.41 | |
| Ammerman National History Collection | 47.074 | | | | 148,014.03 | |
| SFS Ehlers Cyber Security Education | 47.076 | | | | 62,131.99 | |
| Total National Science Foundation | | | | | <u>257,525.43</u> | |
| Statewide Data Systems Cluster | | | | | | |
| U. S. Department of Education | | | | | | |
| <u>Pass-Through From:</u> | | | | | | |
| Statewide Data Systems | 84.372 | | 781 | 2,000.00 | | |
| Total U. S. Department of Education | | | | <u>2,000.00</u> | | |
| Student Financial Assistance Cluster | | | | | | |
| U. S. Department of Education | | | | | | |
| <u>Direct Program:</u> | | | | | | |
| Federal Supplemental Educational Opportunity | 84.007 | | | | 99,878.79 | |
| Federal Work-Study Program | 84.033 | | | | 208,367.62 | |
| Federal Perkins Loan Program | 84.038 | | | | | |
| Federal Pell Grant Program | 84.063 | | | | 9,283,908.96 | |
| Federal Direct Student Loans | 84.268 | | | | 29,498,779.00 | |
| Federal TEACH Grant | 84.379 | | | | 11,050.00 | |
| Total U. S. Department of Education | | | | | <u>39,101,984.37</u> | |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | \$ 205,558.70 | \$ 31.28 | \$ 42,917,844.62 |

| Total Pass- Thru From & Direct Program | Pass-Through To | | Expenditures Amount | Total PT to and Expenditures |
|--|------------------|-------------------------------|-------------------------|---------------------------------|
| | Agy #/ Univ.# | State Agy. or Univ. Amount | | |
| <u>73,945.65</u> | | | <u>73,945.65</u> | <u>73,945.65</u> |
| <u>73,945.65</u> | | | <u>73,945.65</u> | <u>73,945.65</u> |
| <u>1,363,220.52</u> | | | <u>1,363,220.52</u> | <u>1,363,220.52</u> |
| <u>1,363,220.52</u> | | | <u>1,363,220.52</u> | <u>1,363,220.52</u> |
| <u>17,848.96</u> | | | <u>17,848.96</u> | <u>17,848.96</u> |
| <u>17,848.96</u> | | | <u>17,848.96</u> | <u>17,848.96</u> |
| <u>67,643.87</u> | | | <u>67,643.87</u> | <u>67,643.87</u> |
| <u>67,643.87</u> | | | <u>67,643.87</u> | <u>67,643.87</u> |
| <u>118,334.55</u> | | | <u>118,334.55</u> | <u>118,334.55</u> |
| <u>118,334.55</u> | | | <u>118,334.55</u> | <u>118,334.55</u> |
| 2,038,827.34 | | | 2,038,827.34 | 2,038,827.34 |
| 9,460.74 | | | 9,460.74 | 9,460.74 |
| <u>16,898.70</u> | | | <u>16,898.70</u> | <u>16,898.70</u> |
| <u>2,065,186.78</u> | | | <u>2,065,186.78</u> | <u>2,065,186.78</u> |
| 55,031.61 | | | 55,031.61 | 55,031.61 |
| 31.28 | | | 31.28 | 31.28 |
| <u>681.58</u> | | | <u>681.58</u> | <u>681.58</u> |
| <u>55,744.47</u> | | | <u>55,744.47</u> | <u>55,744.47</u> |
| 47,379.41 | | | 47,379.41 | 47,379.41 |
| 148,014.03 | | | 148,014.03 | 148,014.03 |
| 62,131.99 | | | 62,131.99 | 62,131.99 |
| <u>257,525.43</u> | | | <u>257,525.43</u> | <u>257,525.43</u> |
| <u>2,000.00</u> | | | <u>2,000.00</u> | <u>2,000.00</u> |
| <u>2,000.00</u> | | | <u>2,000.00</u> | <u>2,000.00</u> |
| 99,878.79 | | | 99,878.79 | 99,878.79 |
| 208,367.62 | | | 208,367.62 | 208,367.62 |
| 9,283,908.96 | | | 9,283,908.96 | 9,283,908.96 |
| 29,498,779.00 | | | 29,498,779.00 | 29,498,779.00 |
| 11,050.00 | | | 11,050.00 | 11,050.00 |
| <u>39,101,984.37</u> | | | <u>39,101,984.37</u> | <u>39,101,984.37</u> |
| <u>\$ 43,123,434.60</u> | <u>\$ 0.00</u> | <u>\$ 0.00</u> | <u>\$ 43,123,434.60</u> | <u>\$ 43,123,434.60</u> |

UNAUDITED

Angelo State University
Schedule 1B - Schedule of State Grant Pass Throughs From/To State Agencies
For the Fiscal Year Ended August 31, 2014

Pass Through From:

| | | |
|--|----|----------------------------|
| State Board of Public Accountancy (Agy #457) | | |
| 5th Year Accounting | \$ | 2,775.00 |
| Cancer Prevention and Research Institute of Texas (Agy #542) | | |
| CPRIT ABC 4 WT | | 312,528.05 |
| University of Texas System (Agy #720) | | |
| Joint Admissions Medical Program | | 6,559.51 |
| Texas Higher Education Coordinating Board (Agy #781) | | |
| Texas Grants | | 4,164,204.00 |
| Professional Nursing Shortage Reduction Program | | 74,807.00 |
| College Work Study Program | | 51,701.07 |
| Top 10% Scholarship | | 146,000.00 |
| Hazlewood Exemption | | 448,249.00 |
| | | <hr/> |
| Total Pass Through From Other Agencies (Exh. II) | \$ | <u><u>5,206,823.63</u></u> |

Angelo State University
 Schedule 2A - Miscellaneous Bond Information
 For the Fiscal Year Ended August 31, 2014

| Description of Issue | Bonds Issued to Date | Range of Interest Rates | | Scheduled Maturities | | First Call Date |
|---|----------------------------|----------------------------|---------|-------------------------|------------------------|-----------------------|
| | | | | First Year | Final Maturity Date | |
| Revenue Bonds | | | | | | |
| Rev Fin Sys Ref & Imp Bds 12th Series 2009 | \$ 35,630,000.00 | 3.0000% | 5.2500% | 2009 | 2/15/2038 | 2/15/2019 |
| Rev Fin Sys Ref & Imp Bds 14th Series 2012A | \$ 39,370,000.00 | 2.0000% | 5.0000% | 2012 | 8/15/2041 | 8/15/2021 |
| Total | \$ 75,000,000.00 | | | | | |

Angelo State University
Schedule 2B - Changes in Bonded Indebtedness
For the Year Ended August 31, 2014

| Description of Issue | Bonds Outstanding 9-1-13 | Bonds Issued | Bonds Matured or Retired | Bonds Refunded or Extinguished | Bonds Outstanding 8-31-14 |
|--|--------------------------------|-------------------------|--------------------------------|--------------------------------------|-----------------------------------|
| Revenue Bonds | | | | | |
| Rev Fin Sys Ref & Imp Bds 12th Ser 2009 | \$ 29,155,000.00 | \$ | \$ 1,595,000.00 | \$ | \$ 27,560,000.00 |
| Rev Fin Sys Ref & Imp Bds 14th Ser 2012A | 37,840,000.00 | | 775,000.00 | | 37,065,000.00 |
| | | | | | |
| TOTAL | \$ 66,995,000.00 | \$ 0.00 | \$ 2,370,000.00 | \$ 0.00 | \$ 64,625,000.00 |
| | | | | | |
| | Unamortized Premium | Unamortized Discount | Other Adjustments | Net Bonds Outstanding 8-31-14 | Amounts Due Within One Year |
| Rev Fin Sys Ref & Imp Bds 12th Ser '09 | \$ | \$ | \$ | \$ 27,560,000.00 | \$ 840,000.00 |
| Rev Fin Sys Ref & Imp Bds 14th Ser '12A | 3,570,492.12 | | | 40,635,492.12 | 1,025,830.31 |
| | | | | | |
| TOTAL | \$ 3,570,492.12 | \$ 0.00 | \$ 0.00 | \$ 68,195,492.12 | \$ 1,865,830.31 |

Note: 14th Series amounts due within one year include bond premium amortization \$220,830.31.

Angelo State University
 Schedule 2C - Debt Service Requirements
 For the Year Ended August 31, 2014

| Description of Issue | Fiscal Year | Principal | Interest |
|--|----------------|------------------|------------------|
| Revenue Bonds | | | |
| Rev Fin Sys Ref & Imp Bds 12th Ser 2009 | 2015 | \$ 840,000.00 | \$ 1,385,068.76 |
| | 2016 | 1,185,000.00 | 1,334,443.76 |
| | 2017 | 1,240,000.00 | 1,273,818.76 |
| | 2018 | 1,310,000.00 | 1,210,068.76 |
| | 2019 | 680,000.00 | 1,160,318.76 |
| | 2020-2024 | 3,975,000.00 | 5,239,718.80 |
| | 2025-2029 | 5,105,000.00 | 4,109,515.67 |
| | 2030-2034 | 6,575,000.00 | 2,630,825.01 |
| | 2035-2038 | 6,650,000.00 | 721,087.50 |
| | | 27,560,000.00 | 19,064,865.78 |
| | | | |
| Rev Fin Sys Ref & Imp Bds 14th Ser 2012A | 2015 | 805,000.00 | 1,724,162.50 |
| | 2016 | 835,000.00 | 1,700,012.50 |
| | 2017 | 855,000.00 | 1,674,962.50 |
| | 2018 | 900,000.00 | 1,632,212.50 |
| | 2019 | 940,000.00 | 1,587,212.50 |
| | 2020-2024 | 5,300,000.00 | 7,227,387.50 |
| | 2025-2029 | 6,585,000.00 | 5,828,250.00 |
| | 2030-2034 | 7,600,000.00 | 4,046,500.00 |
| | 2035-2039 | 9,055,000.00 | 2,063,250.00 |
| | 2040-2041 | 4,190,000.00 | 253,000.00 |
| | | 37,065,000.00 | 27,736,950.00 |
| | | | |
| Total Principal and Interest | | \$ 64,625,000.00 | \$ 46,801,815.78 |

Angelo State University
 Schedule 2D - Analysis of Funds Available for Debt Service
 For the Year Ended August 31, 2014

| Pledged and Other Sources and Related Expenditures for FY 2014 | | | | |
|--|---------------------------------------|---|------------------------|------------------------|
| Description of Issue | Net Available for Debt Service | | Debt Service | |
| | Total Pledged and Other Sources | Operating Expenses/ Expenditures and Capital Outlay | Principal | Interest |
| | \$ | \$ | \$ | \$ |
| Revenue Bonds | | | | |
| Rev Fin Sys Ref & Imp Bds 12th Series 2009 | | | 1,595,000.00 | 1,429,993.76 |
| Rev Fin Sys Ref & Imp Bds 14th Ser 2012A | | | 775,000.00 | 1,747,412.50 |
| Total | \$ 66,463,261.45 | \$ (B) | \$ 2,370,000.00 | \$ 3,177,406.26 |

NOTE:

(A) - Beginning Balance as of 09/01/2013 of \$7,855,976.43 are not included in *Total Pledged and Other Sources*.
 (B) - Expenditures associated with pledged sources totaled \$56,751,231.42

Angelo State University
 Schedule 2E - Defeased Bonds Outstanding
 For the Year Ended August 31, 2014

| Description of Issues | Year Refunded | Par Value Outstanding |
|-----------------------|------------------|--------------------------|
| Revenue Bonds | | |
| SCHEDULE NOT USED | | \$ |
| | | _____ |
| | | \$ <u>0.00</u> |

Angelo State University
Schedule 2F - Early Extinguishment and Refunding
For the Year Ended August 31, 2014

| Description of Issue | Category | Amount Extinguished or Refunded | Refunding Issue Par Value | Cash Flow Increase (Decrease) | Economic Gain/ (Loss) |
|----------------------|----------|---------------------------------------|---------------------------------|-------------------------------------|-----------------------------|
| SCHEDULE NOT USED | | \$ | \$ | \$ | \$ |
| | | <u>\$ 0.00</u> | <u>\$ 0.00</u> | <u>\$ 0.00</u> | <u>\$ 0.00</u> |

NOTE:

In FY 2014, \$1,597,512.15 of Texas State University System debt on behalf of Angelo State University was refunded and new debt was financed by Texas State University System on behalf of Angelo State University. The refunded bonds were Angelo State University's portion of the Texas State University System 2004 series of bonds. This refunding resulted in debt service savings of \$31,583.96 and a total present value savings of \$30,969.15

Angelo State University
Schedule 3 - Reconciliation of Cash in State Treasury
For the Year Ended August 31, 2014

| <u>Cash in State Treasury</u> | <u>Unrestricted</u> | <u>Restricted</u> | <u>Current Year Total</u> |
|---|-------------------------------|--------------------------------|-------------------------------|
| Local Revenue Fund 0227 | \$ <u>2,962,358.75</u> | \$ <u> </u> | \$ <u>2,962,358.75</u> |
| Total Cash in State Treasury (Stmnt of Net Assets) | \$ <u><u>2,962,358.75</u></u> | \$ <u><u>0.00</u></u> | \$ <u><u>2,962,358.75</u></u> |

UNAUDITED

ANGELO STATE UNIVERSITY

**DISCRETELY PRESENTED
COMPONENT UNIT**

Discretely Presented Component Unit - Robert G. and Nona K. Carr Scholarship Foundation
Statement of Net Position (Unaudited)
August 31, 2014 and 2013

| | FY 2014 | Restated FY 2013 |
|---|-------------------|-----------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 343,867.03 | \$ 526,287.41 |
| Restricted: | | |
| Cash and Cash Equivalents | 192,426.35 | 236,278.70 |
| Legislative Appropriations | | |
| Accounts Receivable, net: | | |
| Federal Receivables | - | - |
| Student Receivables | | |
| Gift Receivables | | |
| Accounts Receivables | 3,724.81 | 315,096.09 |
| Due From Other Agencies (Note 12) | | |
| Prepaid Items | - | - |
| Inventories | - | - |
| Loans and Notes Receivable, net | | |
| Total Current Assets | 540,018.19 | 1,077,662.20 |
| Non-current Assets: | | |
| Restricted: | | |
| Cash and Cash Equivalents | | |
| Investments (Note 3) | 131,545,156.56 | 113,530,729.86 |
| Gift Receivables | | |
| Loans and Notes Receivable, net | | |
| Investments (Note 3) | | |
| Capital Assets (Note 2) | | |
| Non-Depreciable or Non-Amortizable | - | |
| Depreciable or Amortizable | - | |
| Accumulated Depreciation and Amortization | - | |
| Total Non-Current Assets | 131,545,156.56 | 113,530,729.86 |
| Total Assets | \$ 132,085,174.75 | \$ 114,608,392.06 |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 185.00 | \$ 14,760.89 |
| Payroll Payable | 22,704.98 | 23,288.20 |
| Due to Other Agencies | - | |
| Unearned Revenues | - | - |
| Bonds Payable (Note 5) | | |
| Employees' Compensable Leave (Note 5) | | |
| Notes and Loans Payable (Note 5) | | |
| Funds Held for Others | | |
| Other Current Liabilities | | |
| Total Current Liabilities | 22,889.98 | 38,049.09 |
| Non-current Liabilities: | | |
| Employees Compensable Leave (Note 5) | | |
| Bonds Payable (Note 5) | | |
| Other Non-Current Liabilities | | |
| Total Non-Current Liabilities | 0.00 | - |
| Total Liabilities | \$ 22,889.98 | \$ 38,049.09 |
| NET POSITION | | |
| Invested in Capital Assets, Net of Related Debt | \$ | \$ |
| Restricted: | | |
| Non-Expendable: | | |
| Endowments | 118,916,297.55 | 110,964,827.22 |
| Expendable: | | |
| Higher Education Assistance Fund | | |
| Other | 13,145,987.22 | 3,605,515.75 |
| Unrestricted | | |
| Total Net Position | \$ 132,062,284.77 | \$ 114,570,342.97 |

The accompanying notes to the financial statements are an integral part of this statement.

Discretely Presented Component Unit - Robert G. and Nona K. Carr Scholarship Foundation
Statement of Revenues, Expenses, and Changes in Net Position (Unaudited)
For the Fiscal Years Ended August 31, 2014 and 2013

| | FY 2014 | Restated FY 2013 |
|--|-------------------|---------------------|
| OPERATING REVENUES | | |
| Sales of Goods and Services | | |
| Tuition and Fees - Pledged | \$ | \$ |
| Tuition and Fees - Unpledged | | |
| Discounts and Allowances | | |
| Auxiliary Enterprises - Pledged | | |
| Discounts and Allowances | | |
| Other Sales of Goods and Services - Pledged | | |
| Federal Revenue-Operating (Sch 1A) | | |
| Federal Pass Through Revenue (Sch 1A) | | |
| State Grant Pass Through Revenue (Sch 1B) | | |
| Nongovernmental Grants and Contracts | | |
| Total Operating Revenues | - | - |
| OPERATING EXPENSES: | | |
| Salaries and Wages | 236,285.48 | 218,998.85 |
| Payroll Related Costs | 67,567.04 | 44,209.88 |
| Professional Fees and Services | 36,554.30 | 50,440.82 |
| Travel | 9,167.47 | 9,354.49 |
| Materials and Supplies | 32,358.42 | 27,989.36 |
| Communication and Utilities | 783.60 | 1,438.28 |
| Repairs and Maintenance | 8.31 | |
| Rentals and Leases | 2,701.86 | 2,175.02 |
| Printing and Reproduction | 929.33 | 746.45 |
| Other Operating Expenses | 12,447.25 | 16,972.61 |
| Total Operating Expenses | 398,803.06 | 372,325.76 |
| Operating Income (Loss) | (398,803.06) | (372,325.76) |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Investment Income | 12,401,371.58 | 7,280,342.97 |
| Net Increase (Decrease) in Fair Value of Investments | 4,639,699.38 | 3,952,592.56 |
| Other Non-operating Revenues/(Expenses) - Pledged | 849,673.90 | - |
| Total Non-operating Revenues (Expenses) | 17,890,744.86 | 11,232,935.53 |
| Income (Loss) before Other Revenues, Expenses, Gains/Losses and Transfers | 17,491,941.80 | 10,860,609.77 |
| OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS | | |
| Capital Appropriations (HEAF) | | |
| Capital Contributions - Gifts | | |
| Transfers Out - TTU System Admin (Note 12) | | |
| Transfers In - TTU Foundation, Inc. (Note 12) | | |
| Transfers In - TTUSA Foundation, Inc. (Note 12) | | |
| Transfers Out - Other State Agencies (Note 12) | | |
| Interagency Transfer Capital Assets (Note 12) | | |
| Inc (Dec) in Net Assets Due to Interagency Transfer of Capital Asset (Note 12) | | |
| Legislative Transfers-Out (Note 12) | | |
| Legislative Appropriations Lapsed | | |
| Total Other Revenues, Expenses, Gains, Losses, and Transfers | - | - |
| Total Changes in Net Position | \$ 17,491,941.80 | \$ 10,860,609.77 |
| Beginning Net Position (September 1, 2013) | 114,570,342.97 | 103,709,733.20 |
| Ending Net Position (August 31, 2014) | \$ 132,062,284.77 | \$ 114,570,342.97 |

The accompanying notes to the financial statements are an integral part of this statement.