

ONE TSU

TEXAS SOUTHERN UNIVERSITY

Financial Statements for Fiscal Year Ending August 31, 2014



IN A TIME WHEN THE UNITED STATES BEHAVED AS A RACIALLY SEGREGATED SOCIETY, TEXAS SOUTHERN UNIVERSITY WAS CREATED TO PROVIDE AFRICAN-AMERICANS WITH THE OPPORTUNITY OF A HIGHER EDUCATION. COUNTLESS BLACK MEN AND WOMEN HAVE MATRICULATED FROM THE UNIVERSITY AND MANY HAVE RECEIVED LOCAL, REGIONAL, AND NATIONAL RECOGNITION FOR THEIR INFLUENCE IN POLITICS, EDUCATION, BUSINESS, TECHNOLOGY, MEDICINE, AND THE ARTS.

BEING A HISTORICALLY BLACK UNIVERSITY HAS HELPED SHAPE OUR ORGANIZATION'S RICH HISTORY AND STRONG TRADITIONS, BUT IT HAS NEVER STOPPED US FROM BEING INCLUSIVE. AS TODAY'S SOCIETY EMBRACES MORE DIVERSITY, IT IS IMPORTANT THAT OUR UNIVERSITY'S HALLWAYS REFLECT THAT AS WELL.

IN THIS YEAR'S REPORT, WE WOULD LIKE TO FOCUS ON THE WELL-ROUNDED ESTABLISHMENT INTO WHICH OUR UNIVERSITY HAS EVOLVED. FROM A 94-YEAR-OLD PROFESSOR, MULTIPLE PROMINENT ALUMNI, AND NEW STUDENTS OF ALL ETHNICITIES, ONE THING IS CERTAIN...



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PICTURED LEFT: Cheyney Abbott, 32, pictured here as a junior while studying aviation science at Texas Southern University

(Photo: Johnny Hanson, Houston Chronicle)

We are
ONE TSU



We are **MENTORS**

At 94, Dr. Thomas Freeman hasn't slowed his pace as Texas Southern University's legendary debate coach. The TSU Debate Team recently took home the top trophy in the 24th Annual International Forensic Association Tournament in Antwerp, Belgium. This win marks the fourth international championship for the team in the last 15 years.

Now in his 64th year at TSU, Freeman attributes the win to the tremendous work put in by his students. "My basic philosophy is that students are students," he said. "Although they may be in a different generation and age, they behave like students and are eager to want to learn. They accept guidance and they accept challenges."

The TSU Debate Team captured the 2013 championship by defeating Casper College of Wyoming in the Lincoln Douglas Debate. TSU was one of 18 U.S. colleges in the competition.

TRANSMITTAL SECTION



TEXAS SOUTHERN UNIVERSITY
3100 CLEBURNE STREET | HOUSTON, TEXAS 77004 | 713.313.7044



Dr. John M. Rudley
President

January 5, 2015

We are pleased to present Texas Southern University's Annual Financial Report for Fiscal Year 2014, which provides a detailed overview of the University's financial position and operations as of August 31, 2014. As a public university, Texas Southern University is committed to a transparent financial process and to ensuring that there is a full accounting for the funds we receive from the state, the federal government, and individuals and corporations. Your support is a significant investment in the educational success and economic future of our students as they complete their academic journey.

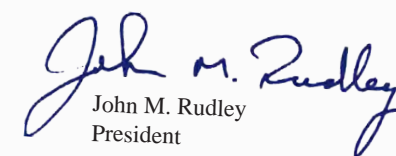
This 2014 Annual Financial Report will provide our constituents, our elected officials, and our donors with information on some of the truly exciting and unique programs and successes that we have experienced over this past year.

Our future at Texas Southern University is taking flight as we launch new programs, expand our existing offerings and institute additional support services to further the success of our students. Our business enterprises are thriving and have led to a five-point increase in our Moody's Bond ratings over the past four years. Our incoming students are among the best and the brightest with an average entering GPA of 3.0. We offer our students a number of new and unique programs, and most importantly we will begin providing degrees in civil engineering and computer/electrical engineering this coming year.

In addition, we have launched a new flight training program as part of our Aviation Sciences degree, and we have added an undergraduate degree in Emergency Management and Homeland Security. Our students can literally study the transportation industry from every angle with Maritime Transportation Management and Security, Aviation Sciences, and our partnership with TranStar for our Transportation program. We have online master's degrees in business, public administration, administration of justice and education, with more to come.

Our alumni are making an impact across the world, from the general manager of Hobby Airport to the President of Walgreens Pharmacies, Health and Wellness Division, from the U.S. Ambassador to Barbados to the Nigerian Secretary of Health and Welfare, and we must not forget one of our favorite sons, Michael Strahan, who was inducted this summer into the Pro Football Hall of Fame. We honored Mr. Strahan with an honorary doctorate in 2012, an honor we also bestowed on President Nelson Mandela in 1991.

Texas Southern University is a vital force in Houston, in Texas and in the nation. You will find our pharmacists in every city, our lawyers in firms and courthouses across the country, our business graduates in boardrooms and entrepreneurs in their own businesses, as well as our scientists at NASA, NIH, and research labs throughout America. The future of our students is also the future of Houston. We are building the 21st century workforce, and your partnership is critical to our success. With your help, Texas Southern is becoming one of the nation's leading urban-serving universities.


John M. Rudley
President

AN EQUAL EDUCATION OPPORTUNITY INSTITUTION

MESSAGE FROM THE PRESIDENT

TEXAS SOUTHERN UNIVERSITY

TEXAS SOUTHERN UNIVERSITY
3100 CLEBURNE STREET | HOUSTON, TEXAS 77004 | 713.313.7044



VICE PRESIDENT FOR FINANCE/CFO
OFFICE: 713-313-7302; FAX: 713-313-7070

January 5, 2015

We are pleased to submit the Annual Financial Report (AFR) for Texas Southern University (TSU) for the fiscal year ended August 31, 2014. Although TSU, as an agency of the State of Texas, is not required to have this report independently audited, we continue to do so as a demonstration that TSU is fulfilling its fiduciary responsibilities for the finances of the institution.

We have received a clean, unmodified opinion from the independent certified public accounting firm of Whitley Penn LLP., serving as a critical measure in the goal of the Board of Regents and Management to ensure excellence in stewardship, accountability and financial stability. The administration of TSU is responsible for establishing and maintaining internal controls designed to ensure that the assets of the university are protected from loss, theft or misuse. Management also ensures that adequate accounting processes are in place to provide for the preparation of financial statements in conformity with governmental accounting standards.

The preparation of this report was accomplished with the dedicated services of the staff of the accounting department and the cooperation of other departments within Business Affairs. We would like to express our appreciation to all those within the Division of Administration and Finance, Internal Audit and others who contributed to and assisted in the preparation of this report. Recognition must also be given to the Board of Regents of Texas Southern University for their assistance and support in planning and conducting the financial operations of TSU in a responsible and professional manner, and to the State of Texas for the continued support of the University.

Edward Craig Ness
Vice President for Administration and Finance
& Chief Financial Officer



MESSAGE FROM THE CFO

University Administration

John M. Rudley, Ed.D President

James W. Ward, Ph.D Interim Provost/ Interim VP for Academic Affairs

Edward Craig Ness, MBAVP for Administration and Finance/CFO

William T. Saunders, J.D.VP for Student Services and Dean of Students

Andrew C. Hughey, J.D. General Counsel

Wendy H. Adair, MBA, MLS VP for University Advancement

Charla Parker-Thompson, CIA, CISA , MBAChief Audit Executive

Charles F. McClelland, Ph.D Director of Athletics

Janis J. Newman Chief of Staff



Mission

Texas Southern University is a comprehensive, metropolitan university. Building on its legacy as a Historically Black University, the University provides academic and research programs that address critical urban issues and prepare an ethnically diverse student population to become a force for positive change in a global society. In order to achieve this mission, Texas Southern University provides:

- Quality instruction in a culture of innovative teaching and learning;
- Basic and applied research and scholarship that is responsive to community issues;
- Opportunities for public service that benefit the community and the world

Vision

Texas Southern University will become one of the nation’s preeminent comprehensive, metropolitan universities. We will be recognized by the excellence of our programs, the quality of our instruction, our innovative research, and our desire to be a contributing partner to our community, state, nation, and world.

MISSION AND VISION



Chairman Glenn O. Lewis

Term: May 11, 2007 – February 1, 2019

Mr. Lewis comes to the University with a stellar career in public service and law. His appointment to the Board of Regents follows his leadership as Chairman of the Blue Ribbon Advisory Committee for Texas Southern University established by Texas Governor Rick Perry. His colleagues named him Chair of the Texas Southern University Board of Regents on May 22, 2007. Lewis served for ten years in the Texas House of Representatives. His leadership roles included serving as Chairman of the Committee on County Affairs, Vice-Chairman of the Committee on House Administration, Vice-Chairman of the Tarrant County Legislative Delegation and as Vice-Chairman of the Texas Legislative Black Caucus.



Regent Richard Knight, Jr.

Term: December 6, 2007 – February 1, 2017

Mr. Knight is the owner and managing partner of Pegasus Texas Holdings LLC, which provides support services to the construction industry. Knight has held management positions for Caltex Petroleum in the US and Singapore. He is a former city manager of Durham and Carrboro, NC and Gainesville, FL, and was the first African-American city manager of Dallas, TX. He has provided oversight and management of major projects such as the Dallas ISD 2002 bond program, the DFW Airport \$700 million Capital Development Program, and the Children's Medical Center \$36 million tower project.



Vice Chairman Dionicio (Don) Flores

Term: March 13, 2009 – February 1, 2015

Mr. Flores is a vintage journalist and newspaper executive who presently serves as a media consultant. Until August 2008, he served as vice president and editor of the El Paso Times in El Paso, Texas, which is owned by the Texas New Mexico Partnership, which is in turn owned by MediaNews, Gannett and Hearst. Flores has served on Newspaper Association of America committees, and the Accrediting Council on Education in Journalism and Mass Communications. He has been a jurist in the Pulitzer Prize competition and a past president of the National Association of Hispanic Journalists.



Regent Sarah Monty-Arnoni

Term: April 26, 2013 – February 1, 2019

Ms. Monty-Arnoni is a partner and leader of the immigration practice group for Monty & Ramirez where she practices exclusively in the area of U.S. immigration and naturalization law. She counsels employers in all aspects of employment-based immigration including nonimmigrant and immigrant visas, permanent residency, citizenship, policy development and compliance with regulations. She is a founding member of the Immigration Section of the Texas State Bar, and an active member in the American Immigration Lawyers Association (AILA), from which she was awarded the Pro Bono Guardian Award from 2012-2013.



Second Vice Chairman Curtistene McCowan

Term: October 26, 2007 – February 1, 2015

Ms. McCowan is a former Senior Investigator at the Federal Trade Commission. After more than 32 years of meritorious service, McCowan retired from the federal government in 2005. McCowan has served as President of the Dallas Area Chapter of Federally Employed Women and as the General Chair of the National Training Program for Federally Employed Women. McCowan has also made significant contributions to the advancement of education at the local, state and national levels. She was the first African-American elected to public office in DeSoto, when she won a seat on the DeSoto ISD Board of Trustees in 1990.



Regent Marilyn A. Rose, CPA

Term: March 7, 2011 – February 1, 2015

Ms. Rose is a Certified Public Accountant and a Registered Texas Assessor Collector. She has over five years of audit experience in the Public Accountant Firm (Pricewaterhouse Coopers and Deloitte & Touche). She is currently employed at the Harris County Tax Assessor-Collector Office in the Quality Control Department as an Internal Auditor. In early 2000, Ms. Rose started a Company, Rose Pinnock LLC offering Accounting and Business Consulting Services. The Company was later renamed LM Rose Consulting Group LLC.



Secretary Samuel Bryant

Term: October 26, 2007 – February 1, 2017

Mr. Bryant is President of Bryant Wealth Investment Group, LLC, and is a registered investment representative serving high net worth individuals interested in developing long-term wealth management plans. Bryant has a Series 65 investment license, real estate license and a life and health insurance license. Bryant has served in executive roles with Applied Materials as Austin Site Director, Director of Global Community Affairs-North America and Director of HR, and has also held positions in HR with Tandem Computers and Johnson & Johnson.



Regent Erik D. Salwen

Term: July 16, 2012 – February 1, 2019

Mr. Salwen exercises leadership in the area of counseling across business, educational and church contexts. His background spans from executive management in the technology industry to pastoral leadership for graduate-level theological education. Since 2009, his primary role has been in teaching and mentoring students at the Houston Campus of Dallas Theological Seminary as the Associate Director of Spiritual Formation & Leadership. Prior to his focus on theological education, Salwen was Founder and President of Oak Research, LLC, a Houston-based technology marketing research consultancy, with HP and Microsoft as primary clients.



Regent Gary Bledsoe

Term: May 11, 2007 – February 1, 2017

Mr. Bledsoe is President of the Texas NAACP and has held that position since being elected in 1991. The Austin lawyer, who specializes in public interest, employment and civil rights law, has a long-standing relationship with the NAACP as a member of its National Board since 2003, and is currently the Chair of the National Criminal Justice Committee of the NAACP. Bledsoe's legal acumen has earned him an AV rating according to the prestigious legal publication Martindale-Hubbell, the second highest rating available for lawyers.



Student Regent Marshaun S. Williams

Term: June 1, 2014 – May 31, 2015

Ms. Williams is a senior at Texas Southern University. She was born and raised in Dallas, Texas where she attended Skyline High School, graduating in the top of her class. A student of the Thomas F. Freeman Honors College, Ms. Williams is pursuing a bachelor's degree in Public Affairs with a minor in History. As a freshman Ms. Williams served as President Elect of the Collegiate 100 Black Women, and later transitioned to President, a position in which she served for two terms. Ms. Williams is also a member of the world renowned TSU Debate team, and has traveled to both Rome and Belgium where the teams has placed top rank for the past three years.

We are TRAILBLAZERS

Captain Roscoe Edwards serves as the Director of Flight Operations of Texas Southern University's aviation program. This year, Captain Edwards received the 2014 *Pioneer Award* from the Organization of Black Aerospace Professionals (OBAB) and was inducted into the OBAB Hall of Fame. Edwards was selected and recognized because of his reputation of promoting and recruiting African Americans into the airline industry.

Among his many achievements in his 30-year aviation career includes the creation of the non-profit FAA approved Raiders-Tigers Flying Club (a combination of Sterling High School and Texas Southern University mascots). Through this club, Edwards created a pipeline for students at Sterling Aviation High School to enroll in TSU's Aviation Management program to earn their college degrees. He arranged for student internships at Continental Express Airlines and created scholarships for those interested in 737 jumbo jet training- which resulted in him hiring them at Continental Airlines as new hire pilots (first officers).

Under the direction of Edwards, TSU now provides a new flight training program as part of the Aviation Sciences degree. It is also noteworthy to mention that TSU has one of only two flight simulators in the nation to support its airway sciences program, and the newly completed Leonard H.O. Spearman Technology Building hosts 35 state-of-the-art labs to support the teachings in this department.



FINANCIAL SECTION



Houston Office
 3411 Richmond Avenue
 Suite 500
 Houston, Texas 77046
 713.621.1515 Main
 whitleypenn.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Regents
 Texas Southern University

Report on the Financial Statements

We have audited the accompanying financial statements of Texas Southern University, an agency of the State of Texas as of and for the year ended August 31, 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Texas Southern University, an Agency of the State of Texas, as of August 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Dallas Fort Worth Houston



Emphasis of Matter

As discussed in Note 1, the financial statements of Texas Southern University, an Agency of the State of Texas, are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of Texas Southern University that is attributable to the transactions of the University. They do not purport to, and do not present fairly the financial position of the State of Texas as of August 31, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As also discussed in Note 1, Texas Southern University adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of August 31, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Texas Southern University's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014 on our consideration of Texas Southern University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering Texas Southern University's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
 November 14, 2014



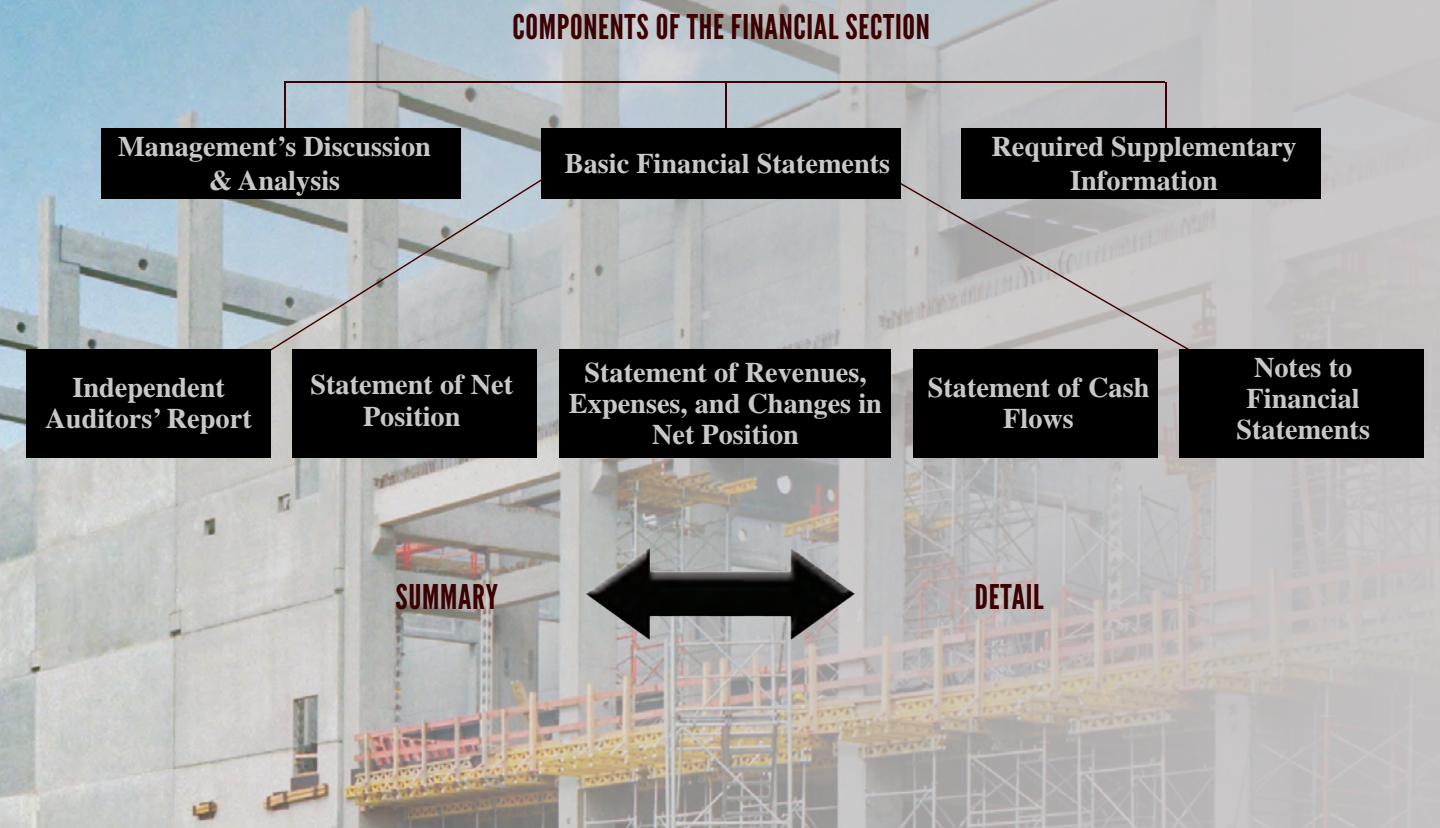
INNOVATORS

We are



Introduction

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the annual financial activities of Texas Southern University (TSU). The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of TSU's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and TSU's financial statements, which follow this section.



Civil engineering degree graduates are the brains behind all the largest and most essential structures that are central to our society's quality of life. Civil engineers design, build, operate, and manage public facilities including bridges, buildings, offshore structures, airports, seaports, railroads, highways, waterways, dams and water treatment plants. They find innovative solutions to reduce air, water and soil pollution, develop alternative energy sources, improve congested transportation systems, prevent or minimize damage due to natural disasters.

As the demand for such talent steadily increases in the Greater Houston-Galveston area, our University is proudly doing our part to educate students in this field. Watch for details on this new program as we begin to launch this degree option this coming year, 2015.

TSU's basic financial statements include statement of net position; statement of revenues, expenses, and changes in net position; statement of cash flows; and notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statement themselves.

Basic Financial Statements

The basic financial statements report information for TSU as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of TSU as an economic entity. The statement of net position and the statement of revenues, expenses, and changes in net position, which appear first in the financial statements, report information on TSU's activities that enable the reader to understand the financial condition of TSU. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The statement of net position presents information on all of TSU's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of TSU is improving or deteriorating. Other nonfinancial factors, such as TSU's customer base and the condition of TSU's infrastructure, need to be considered to assess the overall health of TSU.

The statement of revenues, expenses, and changes in net position presents information showing how TSU's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method.

The statement of cash flows presents information about TSU's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balances during the reporting period.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The basic financial statements can be found after the MD&A within this report.

Financial Analysis of TSU

As noted earlier, net position may serve over time as a useful indicator of TSU's financial position. Assets exceed liabilities by \$152,798,918 of August 31, 2014. The largest portion of TSU's net position (75 percent) reflects its investments in capital assets (e.g., land, buildings and improvements, equipment, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. TSU uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although TSU's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Condensed Statement of Net Position

Unrestricted net deficit increased by \$(9,998,954) from \$(1,471,560) to \$(11,470,514) at year end. Unrestricted net position represents amounts that can be used to finance day-to-day operations without constraints established by debt covenants and enabling legislation. The majority of this decrease can be attributed to normal business operational and capital asset activities.

Net Position as of August 31, 2014

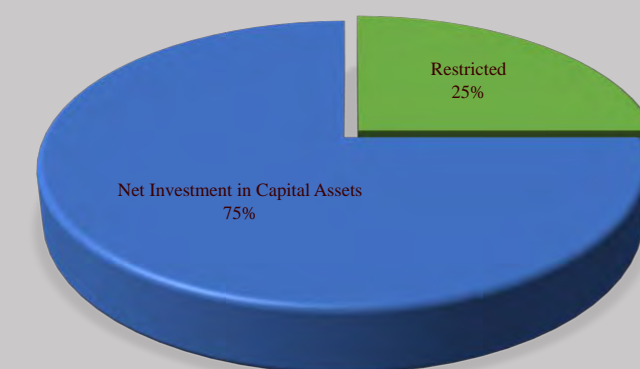


Table 1: Condensed Statement of Net Position

	2014	2013 (Restated)
Current and other assets	\$ 66,244,114	\$ 71,252,098
Restricted assets	56,875,286	54,482,131
Capital assets, net	264,165,777	264,233,943
Total Assets	387,285,177	389,968,172
Current liabilities	88,454,109	85,919,332
Noncurrent liabilities	146,032,150	155,719,453
Total Liabilities	234,486,259	241,638,785
Net investment in capital assets	115,210,146	105,944,398
Debt service	838,600	-
Other	48,220,686	43,856,549
Unrestricted	(11,470,514)	(1,471,560)
Total Net Position	\$ 152,798,918	\$ 148,329,387

Table 2: Revenues, Expenses, and Changes in Net Position

	2014	2013 (Restated)		2014	2013 (Restated)
OPERATING REVENUES			Operating (Loss)	\$ (90,614,755)	\$ (91,503,787)
Tuition and Fees - Pledged	\$ 80,797,100	\$ 81,397,021	NONOPERATING REVENUES (EXPENSES)		
Discount on Tuition and Fees	(24,832,935)	(15,273,937)	Legislative Revenue	\$ 50,550,104	\$ 52,143,547
Auxiliary Enterprises -Pledged	11,813,001	10,815,680	Additional Appropriations	10,306,664	9,442,809
Other Sales of Goods and Services - Pledged	98,550	151,694	Gifts	514,519	532,336
Federal Revenue	13,772,558	18,157,394	Federal Revenue Nonoperating	20,156,164	21,355,398
Federal Pass-Through Revenue	4,693,630	3,797,871	Interest Income	3,799,835	1,384,173
State Revenue	1,228,758	1,454,594	Investing Activities Expenses	(313,749)	(214,000)
State Pass-Through Revenue	7,873,573	5,824,187	Interest Expense and Fiscal Charges	(6,017,239)	(7,317,522)
Other Contracts and Grants - Pledged	1,054,548	1,768,517	Net Increase (Decrease) Fair Value	7,272,906	4,482,330
Other Operating Revenue	4,346,793	4,031,399	Other Nonoperating Revenue/Expense	936,394	1,460,937
Total Operating Revenues	100,845,574	112,124,420	Total Nonoperating Revenues (Expenses)	87,205,597	83,270,008
OPERATING EXPENSES			(Loss) Before Other Revenues, Expenses, Gains/Losses and Transfers	(3,409,158)	(8,233,779)
Salaries and Wages	89,599,756	93,242,587	OTHER REVENUES, EXPENSES, AND TRANSFERS		
Payroll Related Costs	21,926,739	21,489,829	Capital appropriations (HEAF)	8,894,700	8,894,700
Professional Fees and Services	6,009,240	6,460,586	Contributions to Permanent and Term Endowments	267,656	344,894
Travel	3,097,202	3,543,706	Lapses	(512,505)	(17,866)
Materials and Supplies	9,882,734	10,001,207	Transfer Out	(771,162)	(765,504)
Communication and Utilities	6,867,558	6,762,928	Total Other Revenues, Expenses, and Transfers	7,878,689	8,456,223
Repairs and Maintenance	4,805,212	3,819,340	Change in Net Position	4,469,531	222,444
Rentals and Leases	1,987,035	2,232,170	Beginning Net Position, as restated (Note 1)	148,329,387	148,106,944
Printing and Reproductions	657,543	727,692	Ending Net Position	\$ 152,798,918	\$ 148,329,387
Federal Pass-Through Expense	-	4,186			
Bad Debt Expense	2,121,183	2,217,028			
Scholarships	18,967,639	27,433,811			
Other Operating Expenses	9,882,424	11,259,152			
Depreciation and Amortization	15,656,065	14,433,986			
Total Operating Expenses	191,460,329	203,628,207			

For the year ended August 31, 2014, total revenue was \$203,544,516. This represents a decrease in total revenue \$8,621,027 (or 3 percent). The total net position increased by \$4,469,531 (or 3 percent). The primary increase in net position can be attributed to an increase in the fair market value of investments.

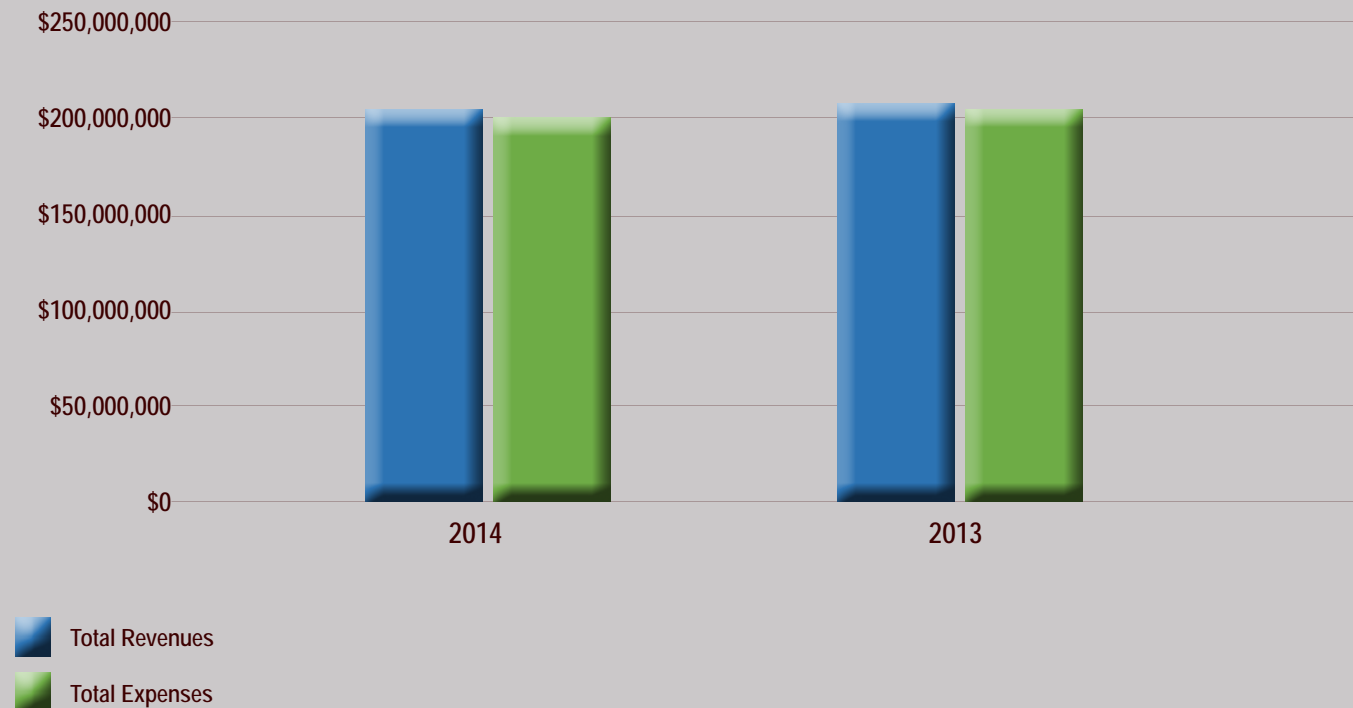
Expenses totaled \$199,074,985 for the year ended August 31, 2014. This represents a decrease of \$12,868,114 from last year. The majority of this decrease can be attributed to a reduction in the amount of salary and wages, scholarships and other operating expenses.

Key elements to these changes are as follows:

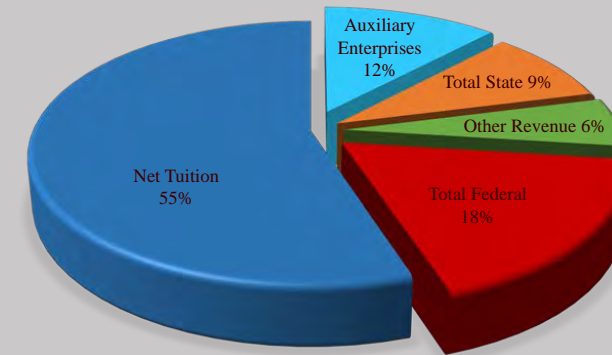
- Operating revenues decreased by \$11,278,845 (10 percent) primarily due to a decrease in federal revenue and an increase due to discount of tuition and fees.
- Non-operating revenues increased by \$2,163,179 (2 percent) primarily due to the fair market value of investments.
- Operating expenses less depreciation decreased by \$13,389,958 (8 percent) as a result of a decrease in salaries and wages, scholarships, and other operating expenses.
- Non-operating expenses decreased by \$1,194,875 (14 percent) due to an decrease in the Interest Expense and Fiscal Charges from close-out of bonds.
- Depreciation expense increased \$1,222,078 (8 percent) due to the new technology building that was placed into operations in FY14.

Graphic presentations of selected data from the summary tables follow to assist in the analysis of TSU's activities.

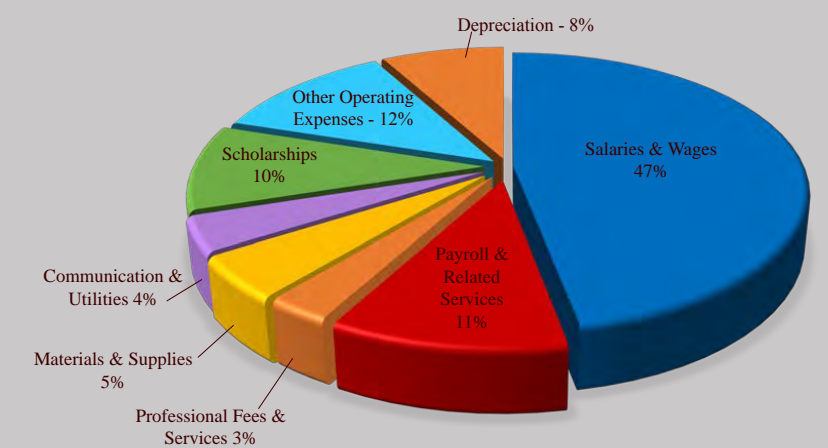
Revenues & Expenses



Operating Revenues



Operating Expenses



Capital Assets

At year end, TSU had invested \$264,165,778 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net decrease of \$68,165.

Major capital asset events during the current year include the following:

- Building improvements completed at a cost of \$29,447,443.
- Various building renovations and equipment were added as construction in progress at a total cost of \$9,987,122.
- Construction continues on the new residential housing unit estimated to cost \$55 million.

More detailed information about TSU's capital assets is presented in note 2 to the financial statements.

Long-Term Debt

TSU's revenue bonds carry the rating of "Baa2" with Moody's Investors Service. At year end, TSU had \$85,333,590 in revenue bonds outstanding versus \$94,281,388 last year. TSU had \$4,015,000 in general obligation bonds outstanding compared to \$9,240,595 last year. Also, at year end, TSU had \$65,698,152 in notes payable to the Department of Education. This includes \$6,805,422 in advances drawn on \$55 million dollars in financing obtained to build an 800 bed Housing Unit.

More detailed information about TSU's long-term liabilities is presented in note 5 to the financial statements.

Economic Factors

TSU's revenue declined in fiscal year 2014 due to reductions in State funding across the board including decreases in State and additional appropriations. In addition to State funding, TSU received less Federal grant awards for scholarships to students.

Contacting TSU's Financial Management

This financial report is designed to provide our students, alumni, citizens, taxpayers, and creditors with a general overview of TSU's finances and to show TSU's accountability for the money it received. If you have questions about this report or need additional financial information, contact the Texas Southern University Finance Department, 3100 Cleburne Street, Houston, Texas 77004.

CHAMPIONS

We are



TEXAS SOUTHERN UNIVERSITY
BASIC FINANCIAL STATEMENTS • AUGUST 31, 2014

Statement of Net Position
Year Ended August 31, 2014

ASSETS	<u>2014</u>	LIABILITIES	<u>2014</u>
Current Assets		Current Liabilities	
Cash and Cash Equivalents		Accounts Payable	\$ 9,573,498
Cash on Hand	\$ 2,160	Payroll Payable	6,345,229
Cash in Bank	10,506,828	Due to Other Agencies	740,606
Cash in Transit/Reimburse from Treasury	16,294	Interest Payable	1,713,470
Cash in State Treasury	1,391,186	Escheat Payable	501,545
Restricted:		Unearned Revenues	48,295,481
Cash in Bank-Restricted	443,749	Student Refunds Payable	99,334
Cash Equivalent	8,165,746	Other Payables	5,427,432
Short-Term Investments	3,381,733	Notes and Loans Current Payable	2,201,343
Legislative Appropriations	3,731,997	Revenue Bonds Current Payable, Net	8,192,153
Receivables:		General Obligation Bonds Current Payable, Net	4,015,000
Federal	8,726,575	Employees' Compensable Leave	1,349,018
Other Intergovernmental	4,335,199	Total Current Liabilities	<u>88,454,109</u>
Accounts, Net	24,313,220	Non-Current Liabilities	
Other	591,506	Notes and Loans Payable	63,496,809
Due From Other Agencies	7,530	Revenue Bonds Payable, Net	77,141,437
Consumable Inventories	630,391	Employees' Compensable Leave	4,187,821
Total Current Assets	<u>66,244,114</u>	Arbitrage Payable	69,611
		Due to Perkins Loan Program	1,136,472
Non-Current Assets		Total Non-Current Liabilities	<u>146,032,150</u>
Restricted:		TOTAL LIABILITIES	<u>234,486,259</u>
Investments	47,120,894		
Loans and Contracts	1,006,038	NET POSITION	
Prepaid Cost	8,748,354	Net Investment in Capital Assets	115,210,146
Capital Assets:		Restricted For:	
Land	17,248,800	Debt Retirement	838,600
Construction in Progress	8,444,129	Loans	305,339
Historical Treasures and Works of Art	2,829,312	Funds Held as Permanent Investments:	
Total Non-Depreciable or Non-Amortizable	<u>28,522,241</u>	Endowments	47,915,347
		Unrestricted	(11,470,514)
Capital Assets Depreciable:		TOTAL NET POSITION	<u>\$ 152,798,918</u>
Buildings and Building Improvements	419,820,301		
Infrastructure	6,528,361	See Notes to Financial Statements.	
Equipment	28,553,680		
Library Books	32,164,354		
Less: Accumulated Depreciation	(251,423,160)		
Total Depreciable or Amortizable, Net	<u>235,643,536</u>		
Total Non-Current Assets	<u>321,041,063</u>		
TOTAL ASSETS	<u>\$ 387,285,177</u>		

Michael Strahan is a cherished alumnus of Texas Southern University. He is a retired defensive end who spent his entire 14-year football career playing for the New York Giants. Strahan set a record for the most sacks in a single season in 2001, and won a Super Bowl in his final season in 2007.

(continued on following page)

TEXAS SOUTHERN UNIVERSITY
BASIC FINANCIAL STATEMENTS • AUGUST 31, 2014

Statement of Revenues, Expenses, & Changes in Net Position
Year Ended August 31, 2014

OPERATING REVENUES	2014	NONOPERATING REVENUES (EXPENSES)	2014
Tuition and Fees - Pledged	\$ 80,797,100	Legislative Revenue	50,550,104
Discount on tuition and fees	(24,832,935)	Additional Appropriations	10,306,663
Auxiliary Enterprises -Pledged	11,813,000	Gifts	514,519
Other Sales of Goods and Services - Pledged	98,549	Federal Revenue Nonoperating	20,156,164
Federal revenue	13,772,558	Interest Income	3,799,835
Federal Pass-Through Revenue	4,693,630	Investing Activities Expenses	(313,749)
State Revenue	1,228,758	Interest Expense and Fiscal Charges	(6,017,239)
State Pass-Through Revenue	7,873,573	Net Increase (Decrease) Fair Value	7,272,906
Other Contracts and Grants - Pledged	1,054,548	Other Nonoperating Revenue/Expense	936,394
Other Operating Revenue	4,346,793	Total Nonoperating Revenues	87,205,597
Total Operating Revenues	100,845,574		
		Income (Loss) Before Other Revenues, Expenses, Gains/Losses and Transfers	(3,409,158)
OPERATING EXPENSES		OTHER REVENUES, EXPENSES,	
Salaries and Wages	89,599,756	GAINS/LOSSES TRANSFERS	
Payroll Related Costs	21,926,739	Capital appropriations (HEAF)	8,894,700
Professional Fees and Services	6,009,240	Contributions to Permanent and Term Endowments	267,656
Travel	3,097,202	Lapses Appropriations	(512,505)
Materials and Supplies	9,882,734	Transfer-Out	(771,162)
Communication and Utilities	6,867,558	Total Other Revenues, Expenses,	
Repairs and Maintenance	4,805,211	Gains/Losses and Transfers	7,878,689
Rentals and Leases	1,987,035	Change in Net Position	4,469,531
Printing and Reproductions	657,543		
Bad Debt Expense	2,121,183	Beginning Net Position, as restated (Note 1)	148,329,387
Scholarships	18,967,639		
Other Operating Expenses	9,882,424	Ending Net Position	\$ 152,798,918
Depreciation and Amortization	15,656,065		
Total Operating Expenses	191,460,329		
Operating Income (Loss)	\$ (90,614,755)	See Notes to Financial Statements.	

See Notes to Financial Statements.

TEXAS SOUTHERN UNIVERSITY
BASIC FINANCIAL STATEMENTS • AUGUST 31, 2014

Statement of Cash Flows
Year Ended August 31, 2014

Cash Flows from Operating Activities	2014	Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities	2014
Proceeds from tuition and fees	\$ 51,261,003	Operating (loss)	\$ (91,355,360)
Proceeds from auxiliary enterprises	11,813,001	Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Proceeds from federal grants and contracts	17,500,615	Depreciation and amortization	15,656,065
Proceeds from state grants and contracts	9,693,758		
Proceeds from other revenues	8,116,335		
Payments to employees for salaries and wages	(89,805,590)	Changes in Operating Assets and Liabilities:	
Payments for employee related costs	(21,926,739)	(Increase) Decrease in:	
Payments for other expenses	(62,292,637)	Accounts receivable, net	(4,179,563)
Net Cash (Used) by Operating Activities	(75,640,254)	Due from federal government	(965,574)
		Other receivables	125,345
Cash Flows from Noncapital Financing Activities		Inventories	(143,364)
Receipts from state appropriations	71,378,926	Prepaid items	382,771
Proceeds from federal grants and contracts	20,156,164	Increase (Decrease) in:	
Receipts from gifts and endowments	782,175	Accounts payable	3,406,766
Net Cash Provided by Noncapital Financing Activities	92,317,265	Salaries payable	(309,146)
		Due to state	-
Cash Flows from Capital and Related Financing Activities		Escheat payable	157,856
Acquisition and construction of capital assets	(15,587,900)	Deferred revenue	2,491,100
Principal paid on capital debt	(17,911,775)	Student refunds payable	67,829
Interest and fiscal agent fees paid	(5,966,394)	Other current liabilities	(1,078,292)
Loan receipts	6,030,985	Compensated absences	103,313
Net Cash (Used) by Capital and Related Financing Activities	(33,435,084)	Net Cash (Used) by Operating Activities	\$ (75,640,254)
Cash Flows from Investing Activities		See Notes to Financial Statements.	
Sale of investments	4,155,570		
Payments received on notes receivable	666,941		
Interest received	3,486,085		
Net Cash Provided by Investing Activities	8,308,596		
Net (Decrease) in Cash and Cash Equivalents	(8,449,477)		
Beginning cash and cash equivalents	28,975,439		
Ending Cash and Cash Equivalents	20,525,962		
Unrestricted cash and cash equivalents	11,916,468		
Restricted cash and cash equivalents	8,609,494		
Ending Cash and Cash Equivalents	\$ 20,525,962		

See Notes to Financial Statements.

After retiring from the NFL, Strahan became a well-received media personality. He is currently a football analyst on *Fox NFL Sunday* and a co-host on the television morning talk show *Live! with Kelly and Michael*.

In 2014, Strahan was elected to the Pro Football Hall of Fame. As a result, Strahan donated \$100,000 to help the TSU marching band, the “Ocean of Soul,” travel to Canton, Ohio so the band could perform at his Hall of Fame induction. Strahan holds an honorary doctorate from TSU, which was awarded to the mogul in 2012, an honor also bestowed upon Nelson Mandela.



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Texas Southern University (TSU), reported as a business-type activity in the State of Texas' Comprehensive Annual Financial Report, have been prepared in conformity with generally accepted accounting principles (GAAP) for local governmental units and with State statutes. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

TSU's annual financial report is prepared to satisfy both the requirements of GAAP and the Texas Comptroller of Public Accounts' (the "Comptroller") requirements as specified in the Comptroller's Reporting Requirements for Annual Financial Reports of State Agencies and Universities. The Comptroller specifies, among other items, account captions, note organization, and does not allow the rounding of financial statement amounts to whole dollars.

The most significant accounting and reporting policies of TSU are described in the following notes to the financial statements.

A. Reporting Entity

TSU is an agency of the State of Texas (the "State"). TSU serves the State by providing education, research, and extension work in the fields of the arts, business, education, law, pharmacy, public affairs, science, and technology. No component units have been identified which should be presented within TSU's report.

B. Financial Statement Presentation

In fiscal year 2014, TSU implemented new accounting standard GASB Statement No. 65 ("GASB 65"), Items Previously Reported as Assets and Liabilities. GASB 65 establishes accounting and financial reporting standards that reclassify as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB 65 is reflected in the financial statements.

These financial statements include implementation of (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities. Requirements of the statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of TSU's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of TSU's activities.

Statement No. 34 established standards for external financial reporting for all public colleges and universities, which includes a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws, regulations of other governments or constraints imposed by law through constitutional legislation.
- **Unrestricted** - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Kermit Crawford earned a Bachelor of Science degree in pharmacy from Texas Southern University in 1983 and immediately began his career with Walgreens as a pharmacy intern that same year. He advanced through company ranks, holding positions from pharmacist to store and district manager to vice president of store operations. In 2004, he was named Walgreens health services vice president of PBM (Pharmacy Benefit Management) services, and in 2005 was promoted to executive vice president of PBM services and a corporate vice president for Walgreens, heading up all aspects of strategic, operational and profit and loss management of the company's PBM covering more than 10 million lives. The end of 2014 marks Crawford's retirement from Walgreens, but he will continue to serve the organization as a senior counselor to Walgreens President and Chief Executive Officer Greg Wasson.

TEXAS SOUTHERN UNIVERSITY
BASIC FINANCIAL STATEMENTS • AUGUST 31, 2014

Notes to Financial Statements

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, TSU is considered a special-purpose government engaged only in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, TSU's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

D. Budgets and Budgetary Accounting

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriation Act). Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

E. Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents

TSU's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Balance in State Appropriations

This item represents the balance of general revenue funds at August 31, 2014 as calculated in the Texas Comptroller's General Revenue Reconciliation.

3. Current Receivables – Other

Other receivables include year-end accruals. All receivables are shown net of an allowance for uncollectible accounts.

4. Investments

In accordance with GASB Statement No. 31, Accounting and Reporting for Certain Investments and External Investment Pools, TSU reports all investments at fair value. Changes in unrealized gain (loss) on the carrying value of the investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

5. Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements, including those related to sponsored programs, donors, bond covenants, and loan agreements.

6. Inventories and Prepaid Costs

Inventories are valued at cost, utilizing the first-in and first-out method. The consumption method of accounting is used, meaning these items are expensed when the items are consumed. Certain payments to vendors made in advance of the scheduled due date have been recorded as prepaid costs.

7. Capital Assets

Capital assets are defined by the State as follows:

<u>Class of Asset</u>	<u>Threshold</u>
Land and Land Improvements	Capitalize all
Buildings and Building Improvements	\$100,000
Facilities and Other Improvements	\$100,000
Infrastructure - Depreciable	\$500,000
Infrastructure - Non-Depreciable	Capitalize all
Furniture and Equipment/Vehicles	\$5,000
Library Books (collections)	Capitalize all
Works of Art/Historical Treasures	Capitalize all
Leasehold Improvements	\$100,000
Internally Generated Computer Software	\$1,000,000
Other Computer Software	\$100,000
Land Use Rights - Permanent	Capitalize all
Land Use Rights - Term	\$100,000
Other Intangible Capital Assets	\$100,000
Construction in Progress	Capitalize all

These assets are capitalized at cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is reported on all exhaustible assets. Inexhaustible assets such as works of art and historical treasures are not depreciated. Assets are depreciated or amortized over the estimated useful life of the asset using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	15 to 50 years
Machinery and equipment	3 to 10 years
Infrastructure	30 to 50 years
Computer software	5 to 6 years
Land use rights	10 years
Capital leases	5 years

8. 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.

9. Compensated Absences

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

10. Bonds Payable – General Obligation Bonds

General obligation bonds are reported as short-term liabilities (current for amounts due within one year) and long-term liabilities (noncurrent for amounts due thereafter) in the statement of net position. The bonds are reported at par, net of unamortized premiums, discounts, issuance costs, and gains (losses) on bond refunding activities, if applicable.

TEXAS SOUTHERN UNIVERSITY
BASIC FINANCIAL STATEMENTS • AUGUST 31, 2014

Notes to Financial Statements

11. Bonds Payable – Revenue Bonds

Revenue bonds are reported as short-term liabilities (current for amounts due within one year) and long-term liabilities (noncurrent for amounts due thereafter in the statement of net position). The bonds are reported at par, net of unamortized premiums, discounts, issuance costs and gains (losses) on bond refunding activities, if applicable.

12. Net Position

Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. TSU does not have any deferred inflows/outflows of resources as of August 31, 2014.

F. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Operating versus Non-operating Revenues

TSU categorizes revenues as operating versus non-operating following the Comptroller's guidelines. Generally, all revenues are considered operating revenue unless they are non-exchange transactions, such as State appropriations, gifts, or investment related earnings.

H. Restricted versus Unrestricted Resources

Expenses incurred by TSU for items that could be applied to restricted or unrestricted sources are first applied to unrestricted sources, unless such items were specifically budgeted for use from a restricted source.

I. Economic Dependency

TSU relies extensively on State appropriations as well as resources from grantor agencies to support its operations.

NOTE 2: CAPITAL ASSETS

A summary of changes in capital assets for the year ended August 31, 2014 is shown in Exhibit 1 on page 36.

Total construction commitments outstanding at year end were \$46,555,871.

NOTE 3: DEPOSITS AND INVESTMENTS

A. Deposits of Cash in Bank

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, TSU's deposits may not be returned to it. As of August 31, 2014, TSU's deposits were fully collateralized.

<u>Bank Balance as of August 31, 2014</u>	<u>Amount</u>
Cash and cash equivalents per statement of cash flows	\$ 20,525,962
Less:	
Cash on hand	2,160
Cash in transit	16,294
Cash in treasury	1,391,186
Total Cash in Bank	<u>\$ 19,116,322</u>
Unrestricted cash in bank:	\$ 10,506,828
Restricted cash in bank:	<u>8,609,494</u>
Total Cash in Bank	<u>\$ 19,116,322</u>

B. Investments

TSU has adopted written investment policies regarding the investment of its endowment and non-endowed funds. All investments shall be made in accordance with applicable laws, the investment policies, and resolutions of the Board of Regents. In summary, TSU is authorized to invest in the following:

- Direct obligations of the U.S. Government or its agencies and instrumentalities
- Obligations of this State, or its agencies or its instrumentalities
- Fully collateralized certificates of deposit
- Fully collateralized repurchase agreements or reverse repurchase agreements
- Bankers' acceptance notes
- Commercial paper
- Mutual funds
- Investment pools
- Cash management and fixed income funds exempt from federal income taxation
- Negotiable certificates of deposit
- Corporate bonds rated in one of the two highest categories
- Common or convertible preferred stock
- Foreign government bonds
- Foreign corporate bonds

As of August 31, 2014, TSU had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Government Agency Obligations	\$ 5,530,946
U.S. Treasury Securities	4,394,247
Equity	29,665,252
Corporate Obligations	4,627,276
Commercial Paper	-
International Obligations	3,064,108
Fixed Income Money Market Funds	11,386,544
Total Fair Value	<u>\$ 58,668,373</u>

Credit risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. TSU's investment policy limits investments in obligations of states, agencies, counties, cities, and other political subdivisions of any investments rated greater than A or its equivalent. Corporate bonds, debentures, or similar debt instruments must be rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradation within those categories. Exhibit 2 on page 36 illustrates TSU's credit risk as of August 31, 2014.

TEXAS SOUTHERN UNIVERSITY
BASIC FINANCIAL STATEMENTS • AUGUST 31, 2014

Notes to Financial Statements

Concentration of credit risk - investments. TSU's investment policy contains diversification as an investment risk but does not contain any limitation on a dollar amount that may be invested in a specific maturity, issuer, or class of investment for its non-endowment funds and endowment funds.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, TSU will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. TSU's investment policy requires safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in TSU's safekeeping account prior to the release of funds.

Interest rate risk-investments. For an investment, this is the risk that changes in interest rates will adversely affect the fair value of an investment. Exhibit 3 on page 37 illustrates TSU's interest rate risk as of August 31, 2014.

NOTE 4: SUMMARY OF LONG-TERM LIABILITIES

The changes reported in the long-term liabilities during the year ended August 31, 2014 are illustrated in Exhibit 4 on page 37.

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending Aug. 31	Revenue Bonds	
	Principal	Interest
2015	\$ 7,940,000	\$ 4,043,837
2016	8,270,000	3,710,037
2017	8,245,000	3,334,337
2018	7,845,000	2,927,887
2019	6,695,000	2,559,988
2020-2024	29,320,000	7,679,813
2025-2029	10,350,000	3,032,438
2030	2,505,000	169,088
Total	\$ 81,170,000	\$ 27,457,425

Interest expense incurred on revenue bonds for the year ended August 31, 2014 totaled \$ 4,276, 067.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending Aug. 31	General Obligations Bonds	
	Principal	Interest
2015	\$ 4,015,000	\$ 80,300
2016	-	-
Total	\$ 4,015,000	\$ 80,300

Interest expense incurred on general obligation bonds for the year ended August 31, 2014 totaled \$208,633.

A. Notes and Loans Payable

1. Student Housing-Wheeler and Sampson Streets

On September 27, 2012, pursuant to the Board resolution made on July 6, 2012, TSU secured financing to construct new student housing, consisting of 800 beds, to be located on the eastside of

the campus at Wheeler and Sampson streets. The financing of this project is through the U.S. Department of Education's Historically Black Colleges and Universities loan program initiative. The amount of the loan is not to exceed \$55,000,000. As of August 31, 2014, the total amount of proceeds advanced under this loan is \$6,805,422. Pursuant to the terms of the loan agreement, the last day to advance funds is March 1, 2015. Interest will be capitalized through March 1, 2015. The interest rate will be fixed for each advance equal to U.S. Treasury yields prevailing at the dates at each advance plus 22.5 basis points (.225%). Scheduled payment dates are May 1st and November 1st of each year. The first principal payment date is November 1, 2016 and the maturity date is May 1, 2034. The debt service is secured by Housing rental revenues.

Estimated loan debt requirements are as follows:

Year Ending Aug. 31	Principal	Interest	Total Estimated Annual Amount
2016	\$ 62,357	\$ 415,495	\$ 477,852
2017	289,063	188,790	477,853
2018	302,682	175,171	477,853
2019	311,026	166,826	477,852
2020-2024	1,687,810	701,451	2,389,261
2025-2029	1,934,738	454,523	2,389,261
2030-2034	2,217,746	171,515	2,389,261
	\$ 6,805,422	\$ 2,273,771	\$ 9,079,193

Interest incurred and capitalized for the year ended August 31, 2014 totaled \$ 105,590.

2. Parking Garage

On September 26, 2011, pursuant to the Board resolution made in June 2011, TSU acquired the East and West parking garages from the Central Houston Parking, L.L.C. The acquisition was financed through U.S Department of Education's Historical Black Colleges and Universities loan program initiative. The loan amount was \$64,180,000. Existing debt service funds and reserves held by the trustees in Bank of New York Trust Company, NA., were also applied in the satisfaction of the purchase agreement and terms. Consequently, Central Houston Parking has since relinquished all beneficial interests, rights and title of the properties. The cost of the purchase was \$33,307,027. The debt service is secured by parking revenues.

3. Student Housing - Tierwester Oaks and Richfield Manor Apartments

On September 26, 2011, pursuant to the Board resolution made in June 2011, TSU acquired the Tierwester Oaks and Richfield Manor Apartments from the Houston Student Housing II, L.L.C. The acquisition was financed through U.S Department of Education's Historical Black Colleges and Universities loan program initiative. The loan amount was \$64,180,000. Existing debt service funds and reserves held by the trustees in Bank of New York Trust Company, NA., were also applied in the satisfaction of the purchase agreement and terms. Consequently, Houston Student Housing II has since relinquished all beneficial interests, rights and title of the properties. The cost of the purchase was \$21,442,970. The debt service is secured by housing rental revenues.

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Notes to Financial Statements

4. Student Housing – The University Courtyard Apartments

On September 26, 2011, pursuant to the Board resolution made in June 2011, TSU acquired the University Courtyard apartments from the Houston Student Housing, L.L.C. The acquisition was financed through U.S Department of Education's Historical Black Colleges and Universities loan program initiative. The loan amount was \$64,180,000. Existing debt service funds and reserves held by the Trustees in Bank of New York Trust Company, NA., were also applied in the satisfaction of the purchase agreement and terms. Consequently, Houston Student Housing has since relinquished all beneficial interests, rights and title of the properties. The cost of the purchase was \$9,817,506. The debt service is secured by Housing rental revenues.

Estimated loan debt requirements are as follows:

Year Ending Aug. 31	Principal	Interest	Total Estimated Annual Amount
2015	\$ 2,201,343	\$ 1,364,514	\$ 3,565,857
2016	2,246,104	1,319,754	3,565,858
2017	2,309,686	1,256,172	3,565,858
2018	2,360,475	1,205,383	3,565,858
2019	2,415,985	1,149,873	3,565,858
2020-2024	12,953,344	4,875,946	17,829,290
2025-2029	14,553,600	3,275,690	17,829,290
2030-2034	16,348,069	1,481,221	17,829,290
2035	3,504,124	61,734	3,565,858
	\$ 58,892,730	\$ 15,990,287	\$ 74,883,017

Interest expense incurred for the year ended August 31, 2014 totaled \$1,403,001.

B. Compensated Absences

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. An expense and liability are recorded as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. This obligation is usually paid from the same funding source from which the employee's salary or wage compensation was paid.

C. Arbitrage Liability

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed or are not performed correctly a substantial liability to TSU could result. TSU periodically engages an arbitrage consultant to perform the calculations in accordance with the IRS rules and regulations and the arbitrage liability is adjusted accordingly.

NOTE 5: BONDED INDEBTEDNESS

Revenue Bonds, Series 2011

Purpose	To construct the new Leonard Spearman Technology Building
Amount of Issue	\$31,500,000; all authorized have been issued
Issue Date	11-01-2010
Type of Bond	Revenue Bond - Self Supporting
Reporting	Business-type Activities
Source of Revenue	Pledged Revenues
Change in Debt	None

Revenue Bonds, Series 2013

Purpose	On August 28, 2013 TSU defeased \$64,485,000 of outstanding revenue bonds. The transaction refunded bonds 1998A-1, 1998A-2, 1998B, 2002 and 2003 series.
Amount of Issue	\$62,355,000; all authorized have been issued
Issue Date	08-28-2013
Type of Bond	Revenue Bond - Self Supporting
Reporting	Business-type Activities
Source of Revenue	Pledged Revenues
Change in Debt	None

General Obligation Bonds

Constitutional Appropriation Bonds, 2005

Purpose	To finance the construction and equipping of buildings or other improvements, including a School of Public Affairs; to finance the performance of major repair or rehabilitation of buildings; to finance the purchase of capital equipment and other equipment authorized to be purchased with Higher Education Assistance Funds; and to finance the payment of certain costs related to the issuance of the bonds
Amount of Issue	\$30,935,000; all authorized have been issued
Issue Date	08-01-2005
Type of Bond	General Obligation Bond
Reporting	Business-type Activities
Source of Revenue	Constitutional Appropriations
Change in Debt	None

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Notes to Financial Statements

NOTE 6: LEASES

Operating Leases

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

<u>Fund Type</u>	<u>Amount</u>
Proprietary Fund	\$ 1,255,159

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

<u>Year Ending Aug. 31</u>	<u>Minimum Lease Payments</u>
2015	\$ 1,266,863
2016	495,763
2017	470,214
2018	78,943
Total	\$ 2,311,783

Capital Leases

Capital leases are used to finance the purchase of property and are capitalized at the present value of future minimum lease payments. As of August 31, 2014, TSU had not entered into any material contractual agreements that could be deemed capital lease obligations.

NOTE 7: RETIREMENT PLANS

A. Teacher Retirement System

The State of Texas has joint contributory retirement plans for substantially all of its employees. One of the primary plans in which TSU participates is a cost-sharing, multi-employer, public employee retirement system administered by the Teacher Retirement System of Texas (TRS). TRS is primarily funded through State and employee contributions. Depending upon the source of funding for a participant's salary, TSU may be required to make contributions in lieu of the State.

All TSU personnel employed in a position on a half time or greater basis for four and a half months or more are eligible for membership in TRS. Members with at least five years of service at age 65 or any combination of age plus years of service which equals 80, have a vested right to retirement benefits. Additionally, reduced benefits are available at age 55 with at least five years of service or at any age below 50 with 30 years of service. Members are fully vested after five years of service and are entitled to any benefits for which the eligibility requirements have been met.

TRS contribution rates for both employers and employees are not actuarially determined but are legally established by the State Legislature. Contributions by employees are 6.4 percent of gross earnings. Depending upon the source of funding for the employee's compensation, the State or TSU contributes a percentage of participant salaries totaling 6.8 percent of annual compensation. TSU's contributions to TRS for the year ended August 31, 2014 were

\$1,998,672, which equaled the amount of the required contributions for the year.

TRS does not separately account for each of its component government agencies since the retirement system itself bears sole responsibility for retirement commitments beyond contributions fixed by the State Legislature. Further information regarding actuarial assumptions and conclusions, together with audited financial statements are included in the retirement system's annual financial report, which may be found on the TRS website at www.trs.state.tx.us.

B. Optional Retirement Program

The State of Texas has also established an Optional Retirement Program (ORP) for institutions of higher education. Participation in the ORP is in lieu of participation in TRS. The ORP provides for the purchase of annuity contracts and mutual funds. Participants are vested in the employer contributions after one year and one day of service. The contributory percentages of participant salaries currently provided by the State of Texas and each participant are 6.60 percent and 6.65 percent, respectively. Depending upon the source of funding for the employee's compensation, TSU may be required to make the employer contributions in lieu of the State. Additionally, the State or TSU must make additional contributions above 6.00 percent depending upon the employee's date of hire. Since these are individual annuity contracts, the State and TSU have no additional or unfunded liability for this program.

	<u>Year Ended Aug. 31, 2014</u>
TRS Contributions	\$ 2,191,270
TRS Contributions	2,477,223
Total	\$ 4,668,493

NOTE 8: RESTATEMENT OF NET POSITION

Due to the adoption of GASB 65, net position was restated at August 31, 2013. TSU is eliminating amortization of all bonds issuance cost. Prepaid bond insurance policy was expensed in error in FY14 and is being restated to amortize remaining amount.

NOTE 9: CONTINGENCIES AND COMMITMENTS

A. Grants

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although TSU expects such amounts, if any, to be immaterial.

B. Lawsuits

TSU is a defendant in numerous lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of TSU's management that resolution of these matters will not have a materially adverse effect on the financial condition of TSU.

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Notes to Financial Statements

C. Perkins Loan

TSU is recording maximum liability – Due to Perkins Loan Program for \$1.1 million. The actual liability could be less than this amount and the final number will be known when the Perkins Loan close-out process is complete and final numbers are provided by Department of Education.

NOTE 10: RISK FINANCING AND RELATED INSURANCE

TSU is exposed to a variety of civil claims resulting from the performance of its duties. It is TSU's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. TSU assumes substantially all risks associated with tort and liability claims due to the performance of its duties.

TSU has commercial insurance policies for general liability, directors and officers, and commercial property. There were no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements for the past three years. Currently, TSU is not involved in any risk pools with other government entities.

TSU has various self-insured arrangements for coverage in the areas of employee health insurance, workers' compensation, unemployment compensation, and medical malpractice. Employee health and medical malpractice plans are funded.

The State provides coverage for workers' compensation and unemployment benefits from appropriations made to other State agencies for TSU employees. The current General Appropriations Act provides that TSU must reimburse the general revenue fund, consolidated from TSU appropriations, one-half of the unemployment benefits and 25 percent of the workers' compensation benefits paid for former and current employees. The Comptroller determines the proportionate amount to be reimbursed from each appropriated fund type. TSU must reimburse the general revenue fund 100 percent of the cost for workers' compensation and unemployment compensation for any employees paid from funds held in local bank accounts and local funds held in the State treasury. Workers' compensation and unemployment plans are 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.

The Texas Motor Vehicle Safety Responsibility Act requires that every non-governmental vehicle operated on a State highway be insured for minimum limits of liability in the amount of \$20,000 / \$40,000 bodily injury and \$15,000 property damage. However, TSU has chosen to carry liability insurance on its licensed vehicles in the amount of \$250,000 / \$500,000 bodily injury and \$100,000 property damage, the extent of the waivers of State sovereign immunity specified in the tort claims act.

NOTE 11: THE FINANCIAL REPORTING ENTITY

A. Related Parties

TSU is affiliated with the Texas Southern University Foundation. The stated purpose of the foundation is "to solicit and receive gifts, grants, devices, or bequests and to maintain, use, and apply the income there from and the principal thereof exclusively for charitable, scientific, literary or educational activities in order to aid and benefit Texas

Southern University." According to foundation bylaws, the President of TSU and a representative of TSU's Board of Regents shall be ex officio members of the foundation's Board of Directors with full voting rights.

TSU is also affiliated with the Texas Southern University Alumni Association. The alumni association is a non-profit organization created for the purpose of promoting, fostering, and advancing the educational goals of TSU and the interests and welfare of its students; to provide the means for continuing relationships between TSU, former students, and the community; and to enable them to contribute to and share in the progress of TSU. All former students are eligible for membership in the alumni association. The Board of Directors of the alumni association is elected by the membership. TSU administration has no controlling interest in the alumni association.

The financial statements of TSU encompass the financial activity only of TSU. TSU does not have any component entities that should be included in these financial statements.

NOTE 12: DONOR-RESTRICTED ENDOWMENTS

<u>Donor- Restricted Endowments</u>	<u>Amount of Net Appreciation (Depreciation)</u>	<u>Reported in Net Position</u>
True Endowments	\$ 11,892,233	Restricted for expendable
Term Endowments	5,288,391	Restricted for expendable
Total	\$ 17,180,624 *	

In the table above, amounts reported as "Net Appreciation" represent net appreciation on investments of donor or constitutionally restricted endowments that are available for authorization for expenditure by the TSU Board of Regents. For donor restricted endowments, pursuant to the Uniform Management of Institutional Funds Act, as adopted by Texas, the TSU Board of Regents may distribute net appreciation, realized and unrealized, in the fair market value of the assets of endowment holdings over the historic dollar value of the gifts, to the extent prudent.

The primary long-term investment objective of the endowment is to earn a total rate of return that exceeds the spending rate plus the cost of managing the investment fund. The university all inclusive spending rate of 7%, which includes 5% spending rate, 1.5% university advancement assessment and 0.5% costs of managing the investment fund. In order to preserve purchasing power parity, the Endowment's spending policy shall not exceed 5%. The calculation of the 5% spending rate will be based upon a three year moving average of Endowment Fund earnings with the most recent year removed. The 5% annual spending rate is required to be applied to each individual endowment. The University will calculate the average market value based upon the time period that these endowments are in existence.

*There was a fair market value increase of \$ 7,272,906 for fiscal year 2014.

NOTE 13: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Aggregate receivables and other payables as reported on the statement of net position as of August 31, 2014, are detailed on the following page.

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Notes to Financial Statements

Receivables	Balance	Other Payables	Balance
Student Accounts	\$ 29,586,462	Escheat payable	\$ 501,545
Third Party Accounts	3,175,971	Student refund payable	99,334
Less Allowance	(8,449,213)	Other payables	5,427,432
Total	\$ 24,313,220	Total	\$ 6,028,311

EXHIBIT 1 - CAPITAL ASSETS

	Balance 9/1/2013	Reclassify Completed CIP	Additions	Deletions	Balance 8/31/2014
Non-depreciable or Non-amortizable Assets					
Land and Land Improvements	\$ 17,132,193	\$ -	\$ 116,607	\$ -	\$ 17,248,800
Construction in Progress	27,904,450	(29,447,443)	9,987,122	-	8,444,129
Other Tangible Capital Assets	2,829,312	-	-	-	2,829,312
Total Non-depreciable/amortizable	47,865,955	(29,447,443)	10,103,729	-	28,522,241
Depreciable Assets					
Buildings and Building Improvements	373,825,609	29,447,443	-	-	403,273,052
Infrastructure	6,528,361	-	-	-	6,528,361
Facilities and Other Improvements	15,474,896	-	57,779	-	15,532,675
Furniture and Equipment	24,339,014	-	2,420,164	(1,234,126)	25,525,052
Vehicle, Boats and Aircraft	1,807,864	-	757,800	(16,940)	2,548,724
Other Capital Assets	31,014,449	-	2,248,428	(83,949)	33,178,928
Total Depreciable Assets	452,990,193	29,447,443	5,484,171	(1,335,015)	486,586,792
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(192,369,741)	-	(10,602,948)	-	(202,972,689)
Infrastructure	(1,790,351)	-	(312,192)	-	(2,102,543)
Facilities and Other Improvements	(10,933,247)	-	(281,519)	-	(11,214,767)
Furniture and Equipment	(15,171,632)	-	(2,302,559)	1,234,126	(16,240,064)
Vehicle, Boats, and Aircraft	(1,200,461)	-	(157,612)	16,940	(1,341,134)
Other Capital Assets	(15,265,608)	-	(1,909,513)	83,949	(17,091,172)
Total Accumulated Depreciation	(236,731,040)	-	(15,566,343)	1,335,015	(250,962,369)
Depreciable Assets, Net	216,259,153	29,447,443	(10,082,172)	-	235,624,423
Intangible Capital Assets- Amortizable					
Computer Software - Intangible	479,904	-	-	-	479,904
Total Intangible Capital Assets	479,904	-	-	-	479,904
Less Accumulated Amortization for:					
Computer Software - Intangible	(371,070)	-	(89,722)	-	(460,791)
Total Accumulated Amortization	(371,070)	-	(89,722)	-	(460,791)
Intangible Capital Assets	108,835	-	(89,722)	-	19,113
Activities Capital Assets - Net	\$ 264,233,943	\$ -	\$ (68,165)	\$ -	\$ 264,165,777

EXHIBIT 2 - CREDIT RISK

Investment Ratings

Investment Type	AAA	AA	AA+	AA-	A
U.S. Treasury Securities	\$ 4,394,247	\$ -	\$ -	\$ -	\$ -
U.S. Government Agency Obligations	3,619,174	-	-	-	-
Corporate Obligations	830,121	121,385	59,818	365,757	676,797
Investment Type	A+	A-	BBB	BBB+	BBB-
Corporate Obligations	\$ -	\$ 471,217	\$ 744,382	\$ 865,056	\$ 383,198
International Obligations	-	-	-	-	135,008

Unrated

Investment Type	
U.S. Government Agency Obligations	\$ 1,911,773
Equity	29,665,252
Corporate Obligations	109,546
International Equity	2,929,101
Fixed Income Money Market Funds	11,386,544

TEXAS SOUTHERN UNIVERSITY
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Notes to Financial Statements

EXHIBIT 3 - INTEREST RISK RATE

Investment Type	Fair Value	Investment Maturities (in Years)				
		Stocks	Less Than 1	1 to 5	6 to 10	More than 10
Agency Discount Securities	\$ 3,381,737	\$ -	\$ 3,381,737	\$ -	\$ -	\$ -
Agencies	2,149,209	-	299,817	-	-	1,849,392
Treasuries	4,394,247	-	-	2,973,189	760,868	660,189
Common Stock	29,665,252	29,665,252	-	-	-	-
Corporate Obligations	4,627,276	-	-	1,071,007	1,801,512	1,754,757
Commercial Paper Securities	-	-	-	-	-	-
Foreign Obligations	3,064,108	2,929,101	-	-	-	135,008
Money Market Funds	11,386,544	-	11,386,544	-	-	-
Total	\$ 58,668,373	\$ 32,594,353	\$ 15,068,098	\$ 4,044,196	\$ 2,562,380	\$ 4,399,346

EXHIBIT 4 - SUMMARY OF LONG-TERM LIABILITIES

Long-Term Liabilities	Balance 9/1/2013	Additions	Reductions	Balance 8/31/2014	Amounts Due Within One Year	Amounts Due Thereafter
General Obligation Bonds Payable						
Series 2004 Const. Approp.	\$ 1,305,000	\$ -	\$ 1,305,000	\$ -	\$ -	\$ -
Series 2005 Const. Approp.	7,875,000	-	3,860,000	4,015,000	4,015,000	-
Premiums	60,595	-	60,595	-	-	-
Total general obligation bonds	9,240,595	-	5,225,595	4,015,000 *	4,015,000	-
Revenue Bonds Payable						
Series 2004	440,000	-	440,000	-	-	-
Series 2011	27,365,000	-	1,005,000	26,360,000	1,060,000	25,300,000
Series 2013	62,355,000	-	7,545,000	54,810,000	6,880,000	47,930,000
Premiums & discounts	4,121,388	-	(42,203)	4,163,590	252,153	3,911,438
Total revenue bonds	94,281,388	-	8,947,797	85,333,590 *	8,192,153	77,141,438
HBCU Loan 2011-4						
HBCU Loan 2011-4	61,043,716	-	2,150,986	58,892,730	2,201,344	56,691,387
HBCU Loan 2012-10	774,437	6,030,985	-	6,805,422	-	6,805,422
Total notes payable	61,818,153	6,030,985	2,150,986	65,698,152 *	2,201,344	63,496,809
Other Liabilities:						
Compensated Absences	5,433,527	234,460	131,147	5,536,840	1,349,018	4,187,821
Total other liabilities	5,433,527	234,460	131,147	5,536,840	1,349,018	4,187,821
Total	\$ 170,773,663	\$ 6,265,445	\$ 16,455,525	\$ 160,583,582	\$ 15,757,515	\$ 144,826,068

Long-term Debt Due in More Than One Year

\$ 144,826,068

*Debt associated with capital assets

\$ 155,046,742

TSTU *Fiscal* ADMINISTRATION

Edward Craig Ness, MBA Vice President for Administration & Finance
 Ashlee Williams Director of Administration & Finance Business Services
 Altaf Rajan Executive Director of Business Affairs
 Brian Dickens Associate Vice President for Human Resources & Payroll Services
 Gregory L. Williams Executive Director of Procurement Services
 Louis Edwards Associate Vice President of Treasury & Budget

Pictured Bottom (L to R): Altaf Rajan, Greg Williams, Edward Craig Ness
 Pictured Top (L to R): Brian Dickens, Ashlee Williams, Louis Edwards

TSTU *Financial* REPORTING TEAM

Back Row (Left to Right): Juanita Morgan, Shirley Harper, Ryan Mason, Jeffrey Thomas
 Front Row (Left to Right): Rena Robinson, Valentina Pitre, Lavonda Horn, Jerelyn Lemmie, Glenda Wright



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