

2005 Annual Financial Report

For the Year Ended August 31, 2005



Texas Southern University
Houston, Texas

Texas Southern University

Annual Financial Report

For the Year Ended August 31, 2005

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	3
Organizational Data	
Board of Regents.	5
University/Fiscal Administration	7

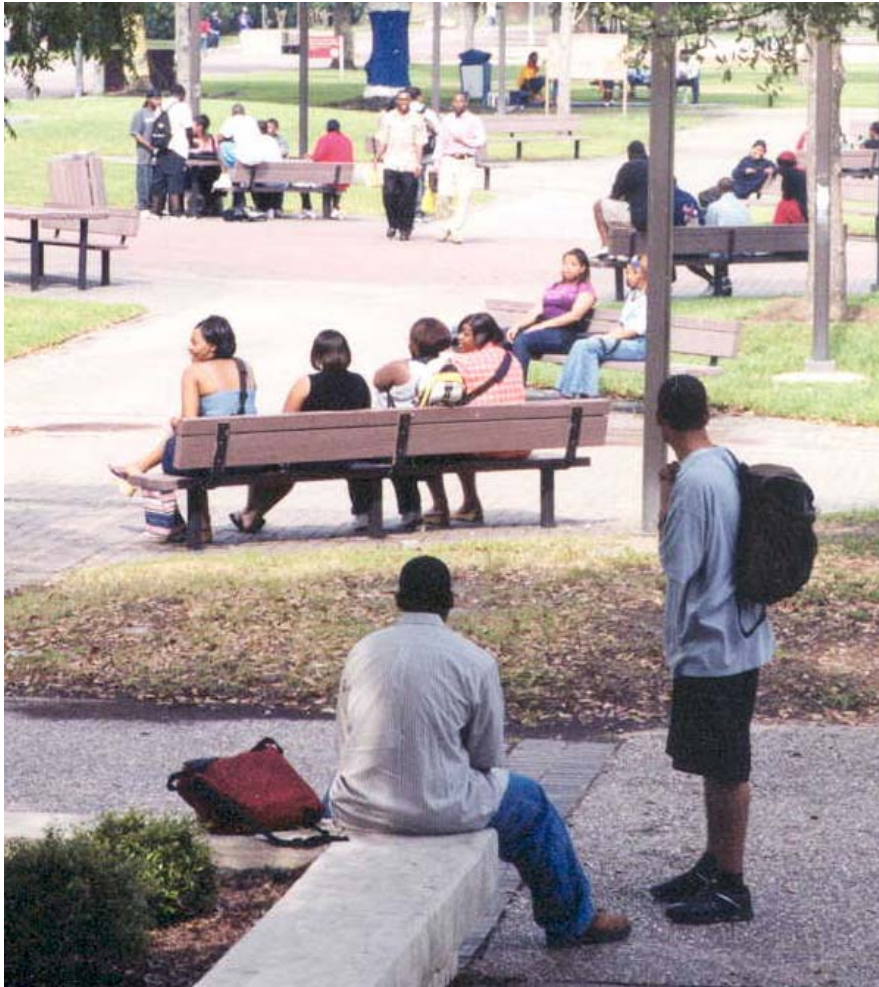
FINANCIAL SECTION

Basic Financial Statements	
Statement of Net Assets.....	12
Statement of Revenues, Expenditures and Changes in Fund Balances.....	14
Statement of Cash Flows.....	16
Notes to the Financial Statements.....	18
Supporting Schedules.....	32

STATISTICAL SECTION

Enrollment Data.....	53
----------------------	----

Introductory Section



November 18, 2005

Honorable Rick Perry, Governor
Honorable Carole Keeton Strayhorn, Texas Comptroller
John O'Brien, Deputy Director, Legislative Budget Board
John Keel, CPA, State Auditor

Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of Texas Southern University for the year ended August 31, 2005, 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 Quintin Wiggins, Senior Vice President for Business and Finance, at (713) 313-7050.

Sincerely,

Priscilla D. Slade, Ph.D.
President

Texas Southern University

BOARD OF REGENTS

As of August 31, 2005

Officers

J. Paul Johnson, Chair
Regina Giovannini, Vice Chair
George M. Williams, Second Vice Chair
David Diaz, Secretary

Members

Term Expires February 1, 2005

Earnest Gibson III.....Houston
Regina Giovannini.....Houston

Term Expires February 1, 2007

David Diaz.....Corpus Christi
J. Paul Johnson.....Houston
George M. Williams.....Houston
Gerald E. Wilson.....Houston

Term Expires February 1, 2009

Robert E. Childress, Ph.D.....Houston
Harry E. Johnson, Sr.....Houston
Belinda M. Griffin.....DeSoto

Texas Southern University

UNIVERSITY ADMINISTRATION

As of August 31, 2005

Priscilla D. Slade, Ph.D.	President
Charlene T. Evans, Ph.D.	Senior Vice President of University Relations & Ombudsperson
Bobby L. Wilson, Ph.D.	Senior Vice President of Academic Affairs and Provost
Quintin F. Wiggins, CPA	Senior Vice President of Business and Finance
Gayla B. Thomas, Ph.D.	Senior Vice President of Enrollment Management and Planning
Richard Pitre, Ph.D.	Associate Provost of Academic Affairs & Dean of the Graduate School
Willie H. Marshall, Ph.D.	Associate Provost for Student Services & Dean of Students
Robert Ford, Ph.D.	Associate Provost of Research
Nina Wilson Jones	Vice President of Development
Kimberly Williams	Vice President of Strategic Development
Kevin Adams	Assistant Vice President of Alumni Development
Hasan Jamil	Assistant Vice President of Enrollment Services
Keffus S. Falls	Assistant Vice President of Human Resources & Public Safety
Abner Terrell	Assistant Vice President of Information Technology
Elizabeth Brock	Executive Director of External Affairs
Winifred King	Director of Communications
Terry L. Holderman	Director of Internal Audit
Gita Bolt	Interim General Counsel

FISCAL ADMINISTRATION

Quintin F. Wiggins, CPA	Senior Vice President of Business and Finance
Dennis M. Walls, CPA	Assistant Vice President of Business and Financial Services
Sushil K. Khandelwal	Assistant Vice President of Budget
Alice M. Rosemon	Assistant Vice President of Purchasing and Procurement Services
Effie G. Lark	Director of Financial Reporting
Rhoda L. Daniels	Director of General Accounting
Diane W. Lewis	Director of Grants and Contract Administration
Jocelyn M. Burris	Comptroller

Financial Section



THIS PAGE LEFT BLANK INTENTIONALLY

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
Statement of Net Assets
August 31, 2005

	FY2005
ASSETS	
Current Assets:	
Cash and Cash Equivalents	
Cash on Hand	\$ 6,023
Cash in Bank	11,912,725
Cash in Transit/Reimburse from Treasury	4,182,223
Cash Equivalents	
Cash in State Treasury	5,141,324
Short Term Investments	
Restricted:	
Cash and Cash Equivalents:	
Cash in Bank	
Cash Equivalents	11,626,217
Short Term Investments	44,845,107
Legislative Appropriations	
	5,814,198
Receivables from:	
Federal	4,350,747
Other Intergovernmental Receivables	
Interest and Dividends	
Accounts Receivables	13,215,109
Gifts Receivable	2,821,050
Other Receivables	
Interfund Receivables	
Due From Other Agencies	145,440
Consumable Inventories	209,777
Merchandise Inventories	338,036
Other Current Assets	4,883,690
Total Current Assets	109,491,666
Noncurrent Assets:	
Restricted:	
Cash and Cash Equivalents	
Receivables	
Investments	16,447,853
Loans & Contracts	2,191,668
Interfund Receivable	
Receivables:	
Gift Receivable	1,611,900
Capital Assets, non-depreciable:	
Land and Land Improvements	15,834,967
Construction in Progress	24,313,995
Capital Assets	22,814,314
Capital Assets, depreciable	
Building and Building Improvements	245,655,502
Facilities and Other Improvements	10,646,947
Furniture and Equipment	22,437,930
Vehicles, Boats, and Aircraft	1,310,542
Other Capital Assets	98,816
Less Accumulated Depreciation	(160,282,929)
Total Noncurrent Assets	203,081,505
Total Assets	\$ 312,573,171

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
Statement of Net Assets
August 31, 2005

	FY2005
LIABILITIES	
Current Liabilities:	
Payables:	
Accounts Payable	\$ 9,013,239
Payroll Payable	4,883,116
Interfund Payables	
Due to Other Agencies	
Deferred Revenue	34,590,130
Employees' Compensable Leave	139,061
Interest Payable	1,885,820
Revenue Bonds Payable	5,375,000
G. O. Bonds Payable-Current Portion	2,540,000
Notes Payable	
Funds Held in Custody for Others	424,016
Other Current Liabilities	2,187,455
Total Current Liabilities	61,037,837
Noncurrent Liabilities:	
Interfund Payables	
Claims and Judgements	
Employees' Compensable Leave	2,852,308
Revenue Bonds Payable	111,090,000
G. O. Bonds Payable	38,520,000
Notes Payable	
Payable From Restricted Assets	
U.S. Government Grants Refundable	2,788,808
Other Non-current Liabilities	
Total Non-Current Liabilities	155,251,116
Total Liabilities	216,288,953
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	72,672,828
Restricted for:	
Debt Service	
Capital Projects	
Other	(234,337)
Endowment Funds	
Expendable	
Nonexpendable	21,036,916
Unrestricted	2,808,811
Total Net Assets	96,284,218
TOTAL LIABILITIES AND NET ASSETS	\$ 312,573,171

*Capital Assets may be shown net of depreciation with details presented in Note 2.

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Statement of Revenues, Expenses, and Changes in Net Assets
 For the Fiscal Year Ended August 31, 2005

	FY2005
Operating Revenues:	
Tuition and Fees - Pledged	\$ 38,804,763
(Discounts and Allowances, \$ 16,353,832)	
Auxiliary Enterprises	3,501,282
(Discounts and Allowances, \$ 1,130,158)	
Other Sales of Goods and Services	1,078,970
Other Sales of Goods and Services - Pledged	2,474,102
Interest and Investment Income	68,294
Net Increase(Decrease) in Fair Value	
Federal Revenue - Operating	38,209,072
Federal Pass Through Revenue	964,618
State Grant Revenue	587,611
State Pass Through Revenue	2,606,864
Other Contract and Grants - Operating	3,586,119
Other Operating Revenue	3,680,345
Total Operating Revenue	95,562,040
 Operating Expenses:	
Costs of Goods Sold	
Salaries and Wages	67,997,517
Payroll Related Costs	14,845,241
Professional Fees and Services	7,327,016
Travel	2,079,814
Materials and Supplies	7,133,473
Communication and Utilities	4,542,202
Repairs and Maintenance	1,472,282
Rentals and Leases	1,248,201
Printing and Reproduction	621,261
Depreciation and Amortization	8,426,635
Bad Debt Expense	1,392,181
Interest	1,682
Scholarships	18,405,592
Claims and Judgements	1,058,233
Other Operating Expenses	13,902,178
Total Operating Expenses	150,453,508
Operating Income (Loss)	\$ (54,891,468)

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Statement of Revenues, Expenses, and Changes in Net Assets
 For the Fiscal Year Ended August 31, 2005

	FY2005
Nonoperating Revenues (Expenses):	
Legislative Revenue	\$ 46,231,980
Additional Appropriations	7,429,826
Federal Revenue Non-Operating	
Gifts	450,000
Investment Income	1,523,844
Investing Activities Expense	(1,890,000)
Interest Expense and Fiscal Charges	(6,081,725)
Net Increase(Decrease) in Fair Value of Investments	1,120,512
Settlement of Claims	
Other Nonoperating Revenues	6,217,996
Other Nonoperating Expenses	(5,497,323)
Total Nonoperating Revenues (Expenses)	49,505,110
Income(Loss) Before Other Revenues, Expenses, Gains/(Losses)	(5,386,358)
 Other Revenues, Expenses, Gains/Losses, and Transfers:	
Capital Contributions	
Capital Appropriations (HEAF)	7,191,493
Additions to Permanent and True Endowments	1,938,600
Extraordinary Items	
State Appropriations Lapsed	(38,541)
Transfer In	215,172
Operating Transfers-Out	(40,015)
Total Other Revenue, Expenses, Gains/Losses and Transfers	9,266,709
Change in Net Assets	3,880,351
Net Assets - September 1, 2004 - As Previously Reported	108,806,721
Restatement	(16,402,854)
Net Assets - September 1, 2004 - As Restated	92,403,867
Net Assets - August 31, 2005	\$ 96,284,218

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Statement of Cash Flows
 For the Fiscal Year Ended August 31, 2005

	FY2005
Cash Flows from Operating Activities	
Proceeds from Tuition & Fees	\$ 16,673,068
Proceeds from Research Grants & Contracts	45,750,580
Proceeds from Loan Programs	62,873,022
Proceeds from Auxiliaries	7,054,354
Proceeds from Other Revenues	3,748,639
Payments to Suppliers for Goods and Services	(35,122,485)
Payments to Employees for Salaries	(67,599,331)
Payments to Employees for Benefits	(14,845,241)
Payments for Loans Provided	(33,728,162)
Payments for Other Expenses	(27,514,318)
Net Cash Provided (Used) by Operating Activities	(42,709,875)
Cash Flows from Noncapital Financing Activities	
Proceeds from State Appropriations	53,661,806
Proceeds from Gifts	450,000
Proceeds from Endowments	1,938,600
Proceeds of Transfers from Other Funds	215,172
Proceeds from Other Revenues	8,862,352
Payments of Interest	(1,682)
Payments for Transfers to Other Funds	(40,015)
Payments for Other Uses	(38,541)
Net Cash Provided by Noncapital Financing Activities	65,047,692
Cash Flows from Capital and Related Financing Activities	
Proceeds from Capital Appropriations	7,191,493
Proceeds from Disposal of Capital Assets	31,680
Proceeds from Debt Issuance	31,328,076
Payments for Additions to Capital Assets	(32,657,651)
Payments of Principal on Debt Issuance	(6,825,000)
Payments of Interest	(6,081,725)
Payments of Other Costs of Debt Issuance	(97,350)
Other Sources or Expenses	(1,221,327)
Net Cash Used by Capital and Related Financing Activities	(8,331,804)
Cash Flows from Investing Activities	
Proceeds from Sales of Investments	38,056,885
Proceeds from Interest and Investments Income	151,912
Payments to Acquire Investments	(38,114,945)
Net Cash Provided by Investing Activities	93,852
Net Increase (Decrease) in Cash and Cash Equivalents	14,099,865
Cash and Cash Equivalents, September 1, 2004	18,768,647
Cash and Cash Equivalents, August 31, 2005	\$ 32,868,512

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Statement of Cash Flows
 For the Fiscal Year Ended August 31, 2005

	<u>FY2005</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (54,891,469)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	8,426,635
Bad Debt Expense	1,392,181
Operating Income and Cash Flow Categories Classification Differences	
Changes in Assets and Liabilities:	
Decrease in Receivables	1,050,660
Increase in Inventories	(5,496)
Increase in Prepaid Expenses	(1,193,436)
Increase in Due from Other Agencies	(132,311)
Increase in Accounts Payable	2,033,365
Increase in Accrued Liabilities	3,105,286
Decrease in Deferred Revenue	(337,995)
Increase in Compensable Absences	469,496
Decrease in Deposits Payable	(2,626,792)
Total Adjustments	<u>12,181,593</u>
Net Cash Provided by Operating Activities	<u><u>\$ (42,709,875)</u></u>

Note 1 Summary of Significant Accounting Policies

FINANCIAL REPORTING ENTITY

Texas Southern University is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for State Agencies.

Texas Southern University 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.

Due to 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.

No component units have been identified which should have been blended into an appropriate fund.

FUND STRUCTURE

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

The General Fund is the principal operating fund used to account for most of the University's general activities. It accounts for all financial resources except those accounted for in other funds.

BASIS OF ACCOUNTING, MEASUREMENT FOCUS, AND FINANCIAL STATEMENT PRESENTATION

For financial reporting purposes, Texas Southern University is considered a special-purpose government engaged only in business-type activities. Accordingly, Texas Southern University'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.

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.

Cash and Cash Equivalents

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

Investments

In accordance with GASB 31, Texas Southern University reports investments at fair value in the Statement of Net Assets. 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 Assets.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of general obligation and revenue bonds, as

UNAUDITED

well as certain revenues set aside for statutory or contractual requirements. Assets held in reserve for guaranteed student loan defaults are also included.

Inventories and Prepaid Items

Inventories include both merchandise inventories on hand and consumable inventories. Inventories are valued at cost, generally 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.

Capital Assets

Capital assets are defined by the state as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. These assets are capitalized at cost or, if any purchased, at appraised fair value as of the date of acquisition. Purchases of assets are reported as expenditures. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets such as works of art and historical treasures are not depreciated. Assets are depreciated over the estimated useful life of the asset using the straight-line method.



Current Receivables – Other

Other receivables include year-end revenue accruals.

Non-Current Receivables – Gift Receivables

Receivable balances not expected to be collected within one year include \$1.18 million in endowment gift receivables and \$431,900 in scholarship gift receivables.

Account Payable

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

Current Payables – Other

Payables are the accrual at year-end of expenditure transactions.

Non-Current Payables – Other

Payables not expected to be paid within the next fiscal cycle include \$2,788,808 due to U.S. Government Grants, and \$2,852,308 due for Employees' Compensable Leave.

Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the Statement of Net Assets.

Bonds Payable – General Obligation Bonds

The unmeasured principal of general obligations bonds is accounted for in the Long-term Liabilities. Payables are reported separately as either current or non-current in the Statement of Net Assets.

Bonds payable are recorded at par. The bond proceeds are accounted for as an "Other Financing Source" when received, and expenditures for payment of principal and interest are recorded in Debt Service funds when paid. These amounts are adjusted in the Long-term Liabilities.

Bonds Payable – Revenue Bonds

The bonds payable are reported at par less unamortized discount or plus unamortized premium (if greater than 10%). Interest expense is reported on the accrual basis, with amortization of discount or premium. Payables are reported separately as either current or non-current in the Statement of Net Assets.

UNAUDITED

Net Assets

Net Assets is the difference between fund assets and liabilities.

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

Texas Southern University reports net assets as restricted when constraints placed on net assets are (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets consist of net assets that do not meet the definition of Invested in Capital Assets, Net of Related Debt or Restricted Net Assets.

When both restricted and unrestricted net assets are available for use, it is the university's policy to use restricted resources first, and then unrestricted resources as they are needed.

Interfund Activity and Balances

Texas Southern University has the following types of transactions between funds:

(Transfers)

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

(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 that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

(Interfund Receivables and Payables)

Interfund loans are reported as Interfund receivables and payables. If repayment is due during the current year or soon thereafter it is classified as "Current", repayment for two (or more) years is classified as "Non-Current".

(Interfund Sales and Purchases)

Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

UNAUDITED

Note 2
Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2005, is presented below:

PRIMARY GOVERNMENT								
	Balance 09/01/04	Adjustments	Reclassifications			Additions	Deletions	Balance 08/31/05
			Completed CIP	Inc-Int'agy Trans	Dec-Int'agy Trans			
BUSINESS-TYPE ACTIVITIES								
Non-Depreciable Assets								
Land and Land Improvements	15,632,707					202,260		15,834,967
Infrastructure								
Construction in Progress	40,684,107		(35,921,168)			19,551,055		24,313,994
Other Assets	21,318,971					1,495,343		22,814,314
Total Non-Depreciable Assets	77,635,785		(35,921,168)			21,248,658		62,963,275
Depreciable Assets								
Buildings and Building Improvements	201,162,150		35,921,168			8,572,184		245,655,502
Infrastructure								
Facilities & Other Improvements	9,960,731					686,216		10,646,947
Furniture and Equipment	23,020,784					1,975,230	(2,558,084)	22,437,930
Vehicle, Boats & Aircraft	1,493,287					99,530	(282,275)	1,310,542
Other Assets	98,816							98,816
Total Depreciable Assets at Historical Costs	235,735,768		35,921,168			11,333,160	(2,840,359)	280,149,737
Less Accumulated Depreciation for:								
Buildings and Improvements	(119,703,948)	(15,688,186)				(5,663,669)		(141,055,803)
Infrastructure								
Facilities & Other Improvements	(2,720,583)					(996,073)		(3,716,656)
Furniture and Equipment	(15,307,848)	(282,441)				(1,642,114)	2,558,084	(14,674,319)
Vehicles, Boats & Aircraft	(1,049,207)	118,701				(120,530)	282,275	(768,761)
Other Capital Assets	(81,709)	18,569				(4,249)		(67,389)
Total Accumulated Depreciation	(138,863,295)	(15,833,357)				(8,426,635)	2,840,359	(160,282,928)
Depreciable Assets, Net	96,872,473	(15,833,357)	35,921,168			2,906,525		119,866,809
Business Type-Activities Capital Assets, Net	174,508,258	(15,833,357)				24,155,183		182,830,084

Note 3 Deposits, Investments, and Repurchase Agreements

LEGAL AND CONTRACTUAL PROVISIONS

Authority for Investments

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

Deposits of Cash in Bank

As of August 31, 2005, the carrying amount of deposits was \$11,912,725, as presented below.

Cash and Cash Equivalents	
As of August 31, 2005	
Governmental and Business-Type Activities	
CASH IN BANK - CARRYING VALUE	\$32,862,489
Less: Money Market included in carrying value and reported as Cash Equivalent	11,626,217
Less: Reimbursements in Transit	4,182,223
Less: Cash in State Treasury	5,141,324
Cash in Bank per AFR	<u>\$11,912,725</u>
Governmental Funds Current Assets Cash in Bank	\$11,912,725
Governmental Funds Current Assets Restricted Cash in Bank	
Governmental Funds Non-Current Assets Restricted Cash in Bank	
Cash in Bank per AFR	<u>\$11,912,725</u>

Investments

As of August 31, 2005, the carrying value and fair value of investments are as presented below.

Fair Value of Investments		
As of August 31, 2005		
Governmental and Business-Type Activities	Carrying Value	Fair Value
U.S. Government		
U.S. Treasury Securities	\$ 805,639	\$ 805,476
U.S. Government Agency Obligations	31,046,041	31,094,205
Common Stock	11,859,067	13,185,293
Corporate Bonds	1,594,118	1,594,736
Commercial Paper	14,587,640	14,613,251
Fixed Income Money Market Fund	11,626,217	11,626,217
Total	<u>\$ 71,518,723</u>	<u>\$ 72,919,178</u>

UNAUDITED

Reverse Repurchase Agreements

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

Securities Lending

Not applicable.

Derivative Investing

Not applicable.

**Note 4
Short-Term Debt**

Not applicable.

**Note 5
Summary of Long-Term Liabilities**

CHANGES IN LONG-TERM LIABILITIES

The long-term liabilities activity for the fiscal year ended August 31, 2005 is shown in the table below.

Long-Term Liabilities Activity					
For the Year ended August 31, 2005					
	Balance			Balance	Amounts
<u>Long-Term Liabilities</u>	<u>8/31/2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>8/31/2005</u>	<u>Due within</u>
					<u>One Year</u>
General Obligation Bonds Payable	\$ 13,160,000	\$ 30,935,000	\$ (3,035,000)	41,060,000	\$ 2,540,000
Revenue Bonds Payable	120,255,000		(3,790,000)	116,465,000	5,375,000
Compensable Leave	2,521,873	469,496		2,991,369	139,061
U.S. Government Refundable Loans	2,788,808			2,788,808	
Total	\$ 138,725,681	\$ 31,404,496	\$ (6,825,000)	\$ 163,305,177	\$ 8,054,061

Claims & Judgments

Texas Southern University was involved in litigation regarding various disputes. In FY2005, the University incurred approximately \$321 thousand in claims and judgments primarily due to an employee dispute.

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. 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.

Notes and Loans Payable

Not applicable.

Note 6 Capital Leases

Certain leases to finance the purchase of property are capitalized at the present value of future minimum lease payments. As of August 31, 2005, Texas Southern University had not entered into any contractual agreements that could be deemed a capital lease obligation.

Note 7 Operating Lease Obligations

Total operating lease expenses are immaterial to the overall financial activity of Texas Southern University; and therefore, amounts paid for this category of expenses are not disclosed.

Note 8 Interfund Balances/Activities

As explained in Note 1 on Interfund Activities and Balances, there are numerous transactions between funds and agencies. At year-end, there were no interfund balances required to be reported.

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

Note 9 Contingent Liabilities

At August 31, 2005, various lawsuits and claims involving the University were pending. In addition, the third party action brought against the University alleging breach of a performance-based energy conservation agreement for an energy conservation program on the campus is still pending. The item was reported in FY2004 and the contract is valued at \$11.1 million. The University hopes to settle the case for substantially less than that amount.

Note 10 Continuance Subject to Review

Not applicable.

Note 11 Risk Financing and Related Insurance

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

UNAUDITED

Texas Southern University assumes substantially all risks associated with tort and liability claims due to the performance of its duties. The University has commercial insurance policies for General Liability, Directors & Officers, and Commercial Property. Currently, the University is not involved in any risk pools with other government entities.

Texas Southern University 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 University employees. The current General Appropriations Act provides that the University must reimburse General Revenue Fund – Consolidated, from University appropriations, one-half of the unemployment benefits and 25% of the workers' compensation benefits paid for former and current employees. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. The university must reimburse the General Revenue Fund 100% of the cost for worker's 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, 2005.

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, Texas Southern University 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 12 Segment Information

Not applicable.

Note 13 Bonded Indebtedness

BONDS PAYABLE

General Obligation Bond Constitutional Appropriation Bonds, Series 1996

Purpose	To finance the construction of instructional facilities for the University and a new building for the Business School
Original Amt of Issue	\$15,090,000
Issue Date	09/01/1996
Type of Bond	General Obligations Bond – Non Self-supporting
Reporting	Business-type Activities
Source of Revenue	Constitutional Appropriations
Change in Debt	None
Authorized but Unissued as of 8/31/05	All authorized have been issued (\$15,090,000)

Texas Southern University Revenue Financing System Improvement and Refunding Bonds, Series 1998 A-1, A-2, B, and C

Purpose	To defease 1993 bond series, renovate educational facilities, construct recreation and health facilities.
Original Amt of Issue	\$52,930,000
Issue Date	12/01/1998
Type of Bond	Revenue Bond – Self supporting
Reporting	Business-type Activities
Source of Revenue	Pledged Revenues
Change in Debt	None
Authorized but Unissued as of 8/31/05	All authorized have been issued (\$52,930,000)

Note 13 cont'd

**Texas Southern University Revenue Financing System
Revenue Financing System Bonds, Series 2002**

Purpose	To construct and equip a new science building, renovate student center, law school, and other campus facilities
Original Amt of Issue	\$48,065,000
Issue Date	04/25/2002
Type of Bond	Revenue Bond – Self supporting
Reporting	Business-type Activities
Source of Revenue	Pledged Revenues
Change in Debt	None
Authorized but Unissued	All authorized have been issued
as of 8/31/05	(\$48,065,000)

**Texas Southern University Revenue Financing System
Revenue Financing System Bonds, Series 2004**

Purpose	To finance restoration of the University facilities and related infrastructure damaged by Tropical Storm Allison.
Original Amt of Issue	\$3,500,000
Issue Date	4/14/2004
Type of Bond	Revenue Bond – Self supporting
Reporting	Business-type Activities
Source of Revenue	Pledged Revenues
Change in Debt	None
Authorized but Unissued	All authorized have been issued
as of 8/31/05	(\$3,500,000)

**Texas Southern University Revenue Financing System
Revenue Financing System Bonds, Series 2003**

Purpose	To finance the renovation of the student life center, law, technology building and other campus facilities
Original Amt of Issue	\$27,240,000
Issue Date	6/26/2003
Type of Bond	Revenue Bond – Self supporting
Reporting	Business-type Activities
Source of Revenue	Pledged Revenues
Change in Debt	None
Authorized but Unissued	All authorized have been issued
as of 8/31/05	(\$27,240,000)

**General Obligation Bond
Constitutional Appropriation Bonds, Series 2004**

Purpose	To finance the construction and equipping of buildings, including School of Public Affairs, Science Building, and a Campus Radio Station.
Original Amt of Issue	\$11,100,000
Issue Date	07/27/2004
Type of Bond	General Obligations Bond – Non Self-supporting
Reporting	Business-type Activities
Source of Revenue	Constitutional Appropriations
Change in Debt	None
Authorized but Unissued	All authorized have been issued
as of 8/31/05	(\$11,100,000)

Note 13 cont'd

General Obligation Bond Constitutional Appropriation Bonds, Series 2005

Purpose	To finance the construction and equipping of buildings or other permanent improvements, including a School of Public Affairs.
Original Amt of Issue	\$30,935,000
Issue Date	8/1/2005
Type of Bond	General Obligations Bond – Non Self-supporting
Reporting	Business-type Activities
Source of Revenue	Constitutional Appropriations
Change in Debt	None
Authorized but Unissued as of 8/31/05	All authorized have been issued (\$30,935,000)

Note 14 Subsequent Events

As of the final date of this report, there are no subsequent events to report.

Note 15 Related Parties

Texas Southern University 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 the University and a representative of the University's Board of Regents shall be ex officio members of The Foundation's Board of Directors with full voting rights. There were not any financial transactions between the Foundation and the University during the year.

Texas Southern University 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 the University and the interests and welfare of its students; to provide the means for continuing relationships between the University, former students, community, and to enable them to contribute to and share in the progress of the University.

All former students are eligible for membership in the Alumni Association. The Board of Directors of the Alumni Association is elected by the membership. The University Administration has no controlling interest in the Alumni Association. There were not any financial transactions between the Alumni Association and the University during the year.

Note 16 Stewardship, Compliance and Accountability

Texas Southern University has no material violations of finance related legal and contract provisions and no new component units are included in the financial report. Per the laws of the State of Texas, Texas Southern University cannot spend amounts in excess of appropriations granted by the Texas Legislature and there are no deficits reported in net assets.

Note 17 The Financial Reporting Entity and Joint Ventures

The financial statements of Texas Southern University encompass the financial activity only of the University. No other component entities are included in these financial statements.

Note 18 Restatement of Net Assets

During FY2005, adjustments were made which required the restatement of the amounts in fund balances and fund equity as shown and discussed below:

- (a) Correction of error in the financial statements of a prior period,
- (b) Oversight of facts that existed at the time the financial statements were prepared, and
- (c) Change in accounting estimate.

Restatements to Net Assets	
Fund Balance/Equity August 31, 2004	\$ 108,806,721
a:	(572,538)
b:	(266,098)
c:	<u>(15,564,218)</u>
Net Restatements:	<u>(16,402,854)</u>
Fund Bal/Equity September 1, 2004 as Restated	<u>\$ 92,403,867</u>

Note 19 Employees Retirement Plans (administering agencies only)

Not applicable.

Note 20 Deferred Compensation (administering agencies only)

Not applicable.

Note 21 Donor-Restricted Endowments

Texas Southern University has donor-restricted endowments with net appreciation of \$1,120,514 on investments which are available for authorization for expenditure. Details for the amounts of the net

appreciation on investments and how they are reported in net assets can be found in the Donor-Restricted Endowments Schedule. The target distribution rate per unit of spendable income is 5 percent of the average market value of the endowment fund for the preceding 12 quarters.

Donor-Restricted Endowments	
Donor-Restricted Endowments	Amounts of Net Appreciation Reported in Net Assets
True Endowments	\$ 1,048,369 Restricted for Nonexpendable
Term Endowments	<u>72,145 Restricted for Nonexpendable</u>
	<u>\$ 1,120,514</u>

Note 22 Management Discussion and Analysis

OVERVIEW

The following is a discussion and analysis of Texas Southern University financial performance, providing an overview of the University's financial position and activities as of and for the fiscal year ended August 31, 2005. Use this section in conjunction with the university's basic financial statements. Comparative data is available and presented for this 2005 report.

Texas Southern University presents its financial statements for fiscal year 2005. For comparative purposes, fiscal years 2005 and 2004 data will be presented in our discussions. These discussions will focus on current year data. Three primary financial statements are presented: the Statement of Net Assets; the Statements of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

This discussion and analysis of Texas Southern University financial statements provides an overview of the financial activities of the year.

UNAUDITED

STATEMENT OF NET ASSETS

The Statement of Net Assets presents the assets, liabilities, and net assets of Texas Southern University as of the end of the fiscal year. The Statement of Net Assets presents information in current and non-current format for both assets and liabilities. The net assets section presents assets minus liabilities. The Notes to the Financial Statements will discuss current and non-current definitions.

Total assets of Texas Southern University on August 31, 2005 were \$312.5 million, an increase of \$14.2 million or 4.8 percent. Total liabilities as of August 31, 2005, were \$216.2 million, an increase of \$26.7 million or 14.1 percent. A significant portion of the increase in both the assets and the liabilities is the result of capital assets and related bond indebtedness. A large number of capital projects met substantial completion requirements and were placed into service in 2005. Additionally, we funded major renovations and campus infrastructure projects.

	2005	2004	Var
Assets			
Currents Assets	\$ 109,492	\$ 102,158	\$ 7,333
Capital Assets, Net	182,830	174,507	8,323
Other Assets	20,251	21,676	(1,425)
Total Assets	<u>\$ 312,573</u>	<u>\$ 298,341</u>	<u>\$ 14,231</u>
Liabilities			
Current Liabilities	\$ 61,038	\$ 58,972	\$ 2,066
Non-Current Liabilities	155,251	130,564	24,687
Total Liabilities	<u>\$ 216,289</u>	<u>\$ 189,536</u>	<u>\$ 26,753</u>
Net Assets			
Invested in Capital Assets, Net of Debt	\$ 72,673	\$ 85,667	\$ (12,994)
Restricted			
Other	(235)	(111)	(124)
Expendable	-	-	-
Non-Expendable	21,037	20,942	95
Unrestricted	2,809	2,308	501
Total Net Assets	<u>\$ 96,284</u>	<u>\$ 108,806</u>	<u>\$ (12,522)</u>
Total Liabilities & Net Assets	<u>\$ 312,573</u>	<u>\$ 298,340</u>	<u>\$ 14,231</u>

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented on the Statement of Revenues, Expenses, and Changes in Net Assets. The statement presents operation and non-operating revenues, expenses, and other revenues, expenses, gains and losses for the University.

	2005	2004	Var
Operating Revenues	\$ 95,562	\$ 86,301	\$ 9,261
Operating Expenses	150,453	137,427	13,026
Operating Income (Loss)	<u>(54,891)</u>	<u>(51,126)</u>	<u>(3,765)</u>
Non-Operating Revenues and (Expenses)	49,505	47,566	1,939
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	(5,386)	(3,560)	(1,826)
Other Revenues, Expenses, Gains or Losses	9,267	9,083	184
Increase in Net Assets	<u>\$ 3,881</u>	<u>\$ 5,523</u>	<u>\$ (1,641)</u>
Net Assets, at Beginning of Year	\$ 108,806	\$ 103,608	\$ 5,198
Restatement	(16,403)	(325)	(16,078)
Net Assets, at End of Year	<u>\$ 96,284</u>	<u>\$ 108,806</u>	<u>\$ (12,522)</u>

The Statement of Revenues, Expenses, and Changes in Net Assets reflect a \$12.5 million decrease over the fiscal year 2004. The major driver in the decrease is in the Prior Year Restatement amount (\$15.7 million); resulting from an accounting change in the estimate for life of buildings. Tuition revenue increased \$8.6 million primarily due to an increase in student enrollment and legislative change that deregulated tuition. Texas Southern University elected to take moderate steps in its tuition rate as we thoroughly review the impact on our students. The university did increase several of the fee components.

Salaries and wages were up \$6.8 million from fiscal year 2004. This is primarily due to normal growth in staffing, merit

UNAUDITED

increases, and promotions. Payroll related costs also increased by \$0.8 million resulting from higher benefit costs.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year.

Cash Flows for the Year Ended August 31, 2005			
(thousands of dollars)			
	2005	2004	Var
Cash Provided (used) by:			
Operating Activities	\$ (42,710)	\$ (37,340)	\$ (5,370)
Non-Capital Financing Activities	65,048	56,182	8,866
Capital and Related Financing Activities	(8,332)	(23,243)	14,911
Investing Activities	94	8,299	(8,205)
Net Change in Cash	14,100	3,898	10,202
Cash, Beginning of Year	18,768	14,871	3,897
Cash, End of Year	\$ 32,868	\$ 18,769	\$ 14,099

CAPITAL ASSETS AND DEBT ADMINISTRATION

Texas Southern University is committed to continuing to improve the quality of its academic, research, and service programs through the development and renewal of its capital assets. The University's Campus Planning Committee continues to implement its long-range plan to modernize our facilities along with the new construction.

Again, the University had significant capital asset additions for facilities in the fiscal year 2005.

The following are major construction placed in operations in 2005:

- Sterling Student Center
- Thurgood Marshall Law School
- KTSU Radio
- Texas Medical Center

These are projects in progress:

- Science Building
- Campus Infrastructure
- School of Public Affairs
- 2 Parking Garages

The University carried both General Obligation bonds and Revenue bonds in 2005. The University's General Obligation bond issues are rated Aa1 by Moody's Investors Service as of August 31, 2005. This rating underscores our management's understanding of their role of financial stewardship and work to manage its resources effectively, including the prudent use of debt to finance capital projects.

On August 1, 2005, the University issued \$30,935,000 General Obligation bonds for the construction and equipping of buildings, including the School of Public Affairs and rehabilitation of buildings.

ECONOMIC OUTLOOK

The University is not aware of any known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the 2006 fiscal year beyond the unknown variations having a global effect on all types of business operations. The effect of the deregulation of tuition will be revisited as Texas Southern University continues to be a viable, yet competitive, higher educational option in the state of Texas.

The overall financial position of the University remains strong. The University expects continued healthy performances in the coming year. The University will continue to monitor resources to maintain its ability to respond to internal and external issues.

Note 23 Post Employment Health Care and Life Insurance Benefits

Not applicable.

Note 24 Special or Extraordinary Items

Not applicable.

Note 25

Disaggregation of Receivable and Payable Balances

Aggregated Receivables and Payables, as reported on the Statement of Net Assets as of August 31, 2005, are detailed as follows:

Disaggregation of Receivable and Payable Balances	
For the Year Ended August 31, 2005	
(In Thousands)	
	Net
Receivable Type	Receivable
Accounts	
Student	\$ 12,608
Employee	608
Other	-
Total Accounts Receivable	<u>13,216</u>
Restricted	
Federal	4,195
Non-Federal	(380)
Total Restricted Receivable	<u>3,815</u>
Total Receivable	<u><u>\$ 17,031</u></u>
As Reported on the Financial Statements	
Current Receivable	\$ 17,031
Non-Current Receivable	-
Total Receivable	<u><u>\$ 17,031</u></u>
	Net
Payable Type	Payable
Accounts	
Total Accounts Payable	<u><u>\$ 8,617</u></u>
As Reported on the Financial Statements	
Current Payable	\$ 8,617
Non-Current Payable	-
Total Payable	<u><u>\$ 8,617</u></u>

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Schedule 1A - Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2005

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Identifying Number	Pass Through From			Direct Program Amount
			Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount	
U.S. Department of Housing & Urban Development						
Direct Program:						
Office Automation Skilled Services Program	14.237	DUNS#050298975				194,698
Other Federal Awards Expended						
HUD Interest Grant	14.000	CH-TEX-2925				173,100
Total U.S. Department of Housing and Urban Development		DUNS#050298975		-	-	367,798
U. S. Department of Labor						
Pass Through From:						
Texas Higher Education Coordinating Board WIA Incentive Grants-Sec 503 Grants to States	17.267	THECB	781	5,000		
Total U. S. Department of Labor				5,000	-	-
U.S. Department of Transportation						
Other Federal Awards Expended						
Direct Program:						
Eisenhower Fellowships	20.000	DDEHBC-03X-00155 DUNS#050298975				26,118
Pass Through From:						
South Carolina State University Summer Transportation Institute	20.000	04443540NSTITST			52,281	
Total U.S. Department of Transportation				-	52,281	26,118
National Aeronautics & Space Administration						
Boeing Purchase Contract	43.000	5H06613 NAS1510000			44,070	
Total National Aeronautics & Space Administration				-	44,070	-
National Science Foundation						
Direct Program:						
Education and Human Resources	47.076	DUNS#050298975				43,795
Pass Through From:						
University of Houston Education & Human Resources	47.076	HRD-9900893	797-730	352,519		
Total National Science Foundation				352,519	-	43,795
U. S. Environmental Protection Agency						
Pass Through From:						
Performance Partnership Grants	66.605		582	9,892		
Total U. S. Environmental Protection Agency				9,892	-	-
U.S. Department of Energy						
Pass Through From:						
Howard University Academic Partnerships	81.102	DE-FC02-02EW15254			116,601	
Total U. S. Department of Energy				-	116,601	-

UNAUDITED

Total PT From & Direct Program	Pass Through To			Expenditures Amount	Total PT To & Expenditures
	Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount		
194,698				194,698	194,698
-					
-					
173,100				173,100	173,100
<u>367,798</u>		-	-	<u>367,798</u>	<u>367,798</u>
5,000				5,000	5,000
<u>5,000</u>		-	-	<u>5,000</u>	<u>5,000</u>
26,118				26,118	26,118
52,281				52,281	52,281
<u>78,399</u>		-	-	<u>78,399</u>	<u>78,399</u>
44,070				44,070	44,070
<u>44,070</u>		-	-	<u>44,070</u>	<u>44,070</u>
43,795				43,795	43,795
352,519				352,519	352,519
<u>396,314</u>		-	-	<u>396,314</u>	<u>396,314</u>
9,892				9,892	9,892
<u>9,892</u>		-	-	<u>9,892</u>	<u>9,892</u>
116,601				116,601	116,601
<u>116,601</u>		-	-	<u>116,601</u>	<u>116,601</u>

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Schedule 1A - Schedule of Expenditures of Federal Awards continued
 For the Fiscal Year Ended August 31, 2005

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Identifying Number	Agy./ Univ. #	Pass Through From		Direct Program Amount
				Agencies Or Univ. Amount	Non-State Entities Amount	
Federal Emergency Management Agency						
Pass-Through From:						
Texas Department of Public Safety Public Assistance Grants	97.036	FEMA-1379-DR	405	462,459		
Total Federal Emergency Management Agency				462,459	-	-
U.S. Department of Education						
Direct Program:						
Undergraduate International Studies & Foreign Language Prgm	84.016	DUNS#050298975				24,726
Higher Education-Institutional Aid	84.031	DUNS#050298975				8,318,199
Fund for the Improvement of Postsecondary Education	84.116	DUNS#050298975				623,597
Minority Science and Engineering Improvement	84.120	DUNS#050298975				250,425
Pass Through From:						
University of Houston Teacher Quality Enhancement Grants	84.336	K155022	797-730	60,564		
Total U.S. Department of Education				60,564	-	9,216,947
Department of Health and Human Services						
Direct Program:						
Head Start	93.600	DUNS#050298975				12,439
Pass Through From:						
University of Kentucky Policy Research & Evaluation Grants	93.239	UKRF 472581-05-331			4,510	
U T Med. Branch Galveston-Health Career Opportunity Prog	93.822	1D18HP1004001	799	10,592		
Baylor College of Medicine - Grants For Geriatric Education Centers	93.969	5 D31 HP 70112-04			4,300	
Other Federal Awards Expended						
Pass Through From:						
National Youth Sports Program Fund Community Svcs. Block Grant. Discretionary Awards	93.570	NYSPPF 04-269			100,447	
Total Department of Health and Human Services				10,592	109,256	12,439
Student Financial Assistance Cluster						
U. S. Department of Education						
Direct Program:						
Federal Supplemental Educational Opportunity Grants	84.007	DUNS#050298975				755,135
Federal Family Education Loans	84.032	DUNS#050298975				62,873,022
Federal Perkins Loans Program: Fed Capital Contribution Administrative Cost Recovered	84.038	DUNS#050298975 DUNS#050298975				153,920 7,696
Federal Work-Study Program	84.033	DUNS#050298975				609,896
Federal Pell Grant Program	84.063	DUNS#050298975				19,587,151

UNAUDITED

Total PT From & Direct Program	Pass Through To			Expenditures Amount	Total PT To & Expenditures
	Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount		
462,459				462,459	462,459
<u>462,459</u>		-	-	<u>462,459</u>	<u>462,459</u>
24,726				24,726	24,726
8,318,199				8,318,199	8,318,199
623,597				623,597	623,597
250,425				250,425	250,425
60,564				60,564	60,564
<u>9,277,511</u>		-	-	<u>9,277,511</u>	<u>9,277,511</u>
12,439				12,439	12,439
4,510				4,510	4,510
10,592				10,592	10,592
4,300				4,300	4,300
100,447				100,447	100,447
<u>132,287</u>		-	-	<u>132,287</u>	<u>132,287</u>
755,135				755,135	755,135
62,873,022				62,873,022	62,873,022
153,920				153,920	153,920
7,696				7,696	7,696
609,896				609,896	609,896
19,587,151				19,587,151	19,587,151

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Schedule 1A - Schedule of Expenditures of Federal Awards continued
 For the Fiscal Year Ended August 31, 2005

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Identifying Number	Pass Through From			Direct Program Amount
			Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount	
Student Financial Assistance Cluster (Con't)						
U.S. Department of Health and Human Services Scholarships For Health Professions Students From Disadvantaged Backgrounds	93.925	DUNS#050298975				733,480
Total Student Financial Assistance Cluster				-	-	84,720,301
Research and Development (R&D) Cluster						
Pass Through From:						
National Security Agency Mathematical Association of America Mathematical Sciences Grant Program	12.901	MDA904-03-1-0122			39,579	
U. S. Department of Transportation						
Direct Program:						
Motor Carrier Assistance Safety Program	20.218	DUNS#050298975				25,504
Cooperative Agreement	20.701	DTFH610-04-H-00023 DUNS#050298975				68,964
Pass Through From:						
Texas A&M Research Foundation Research and Special Programs Administration University Transportation Centers Program	20.701	DTRS99-G-0006			115,152	
Houston Galveston Area Council-Goodman Corp. Contract	20.701	HGAC			5,032	
National Aeronautics & Space Administration						
Other Federal Awards Expended						
Direct Program:						
The NASA Research Center for Biotechnology and Environmental Health Pass Through to: the University of Houston	43.000	NCC 9-165 DUNS#050298975				1,002,339
Center on Model-Based Simulation	43.000	NAG5-12599 DUNS#050298975				9,137
Oral Absorption & Drug-Drug Interaction Kinetics	43.000	NNJ04HF50G DUNS#050298975				120,863
Aerospace Education Services Program	43.001	NCC-01-0203 DUNS#050298975				292,656
Pass Through From:						
Harriett Jenkins Fellowship Program	43.000	NASA/UNCFSPC			14,195	
Wyle Laboratories	43.000	T70392			2,750	

UNAUDITED

Total PT From & Direct Program	Pass Through To			Expenditures Amount	Total PT To & Expenditures
	Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount		
733,480				733,480	733,480
<u>84,720,301</u>		-	-	<u>84,720,301</u>	<u>84,720,301</u>
39,579				39,579	39,579
25,504				25,504	25,504
68,964				68,964	68,964
115,152				115,152	115,152
5,032				5,032	5,032
1,002,339	797-730	24,997		977,342	1,002,339
9,137				9,137	9,137
120,863				120,863	120,863
292,656				292,656	292,656
14,195				14,195	14,195
2,750				2,750	2,750

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Schedule 1A - Schedule of Expenditures of Federal Awards continued
 For the Fiscal Year Ended August 31, 2005

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Identifying Number	Pass Through From			Direct Program Amount
			Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount	
Research and Development (R&D) Cluster (Con't)						
Pass Through From:						
Other Federal Awards Expended						
National Aeronautics and Space Administration						
The University of Houston - Downtown						
Aerospace Education Services Program	43.001	NAG510149/UHD3554211	784	40,618		
National Science Foundation						
Direct Program:						
Education and Human Resources	47.076	DUNS#050298975				165,662
U. S. Department of Veterans Affairs						
Pass Through From:						
VA Medical Center	64.000	IRR 02-081			7,995	
U.S. Department of Education						
National Institute on Disability & Rehabilitation Research	84.133	DUNS#050298975				182,944
Direct Program:						
Department of Health and Human Services						
Minority Health and Health Disparities Research	93.307	DUNS#050298975				200,009
Nat'l Center for Research Resources	93.389	DUNS#050298975				1,815,634
Heart and Vascular Diseases Research	93.837	DUNS#050298975				541,425
Total Research and Development Cluster Programs				40,618	184,703	4,425,138
Other Clusters						
OCH Cluster (Child Nutrition Cluster)						
U. S. Department of Agriculture						
Pass Through From:						
Texas Department of Human Services						
Health Program For Toxic Substance And						
Summer Food Service Program for Children	10.559	7514004	324	22,974		
U. S. Department of Education						
Direct Program:						
TRIO: Student Support Services	84.042	DUNS#050298975				308,421
TRIO: Talent Search	84.044	DUNS#050298975				449,339
TRIO: Upward Bound	84.047	DUNS#050298975				833,909
TRIO: Educational Opportunity Centers	84.066	DUNS#050298975				270,200
TRIO: McNair Post-Baccalaureate Achievement	84.217	DUNS#050298975				235,493
Total Other Clusters Programs				22,974	-	2,097,363
TOTAL FEDERAL FINANCIAL ASSISTANCE				964,618	506,911	100,909,899

UNAUDITED

Total PT From & Direct Program	Pass Through To			Expenditures Amount	Total PT To & Expenditures
	Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount		
40,618				40,618	40,618
165,662				165,662	165,662
7,995				7,995	7,995
182,944				182,944	182,944
200,009				200,009	200,009
1,815,634				1,815,634	1,815,634
541,425				541,425	541,425
<u>4,650,459</u>		<u>24,997</u>	<u>-</u>	<u>4,625,462</u>	<u>4,650,459</u>
22,974				22,974	22,974
308,421				308,421	308,421
449,339				449,339	449,339
833,909				833,909	833,909
270,200				270,200	270,200
235,493				235,493	235,493
<u>2,120,337</u>		<u>-</u>	<u>-</u>	<u>2,120,337</u>	<u>2,120,337</u>
<u>102,381,428</u>		<u>24,997</u>	<u>-</u>	<u>102,356,431</u>	<u>102,381,428</u>

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
Schedule 1A - Schedule of Expenditures of Federal Awards *continued*
For the Fiscal Year Ended August 31, 2005

Note 1 - NonMonetary Assistance

Texas Southern University did not receive any federal non-monetary assistance.

Note 2 - Reconciliation

Per Statement of Revenues, Expenses, and Change in Net Assets:

Federal Revenue	\$ 38,209,072
Federal Pass Throughs From Other State Agencies	<u>964,618</u>
Subtotal	39,173,690

RECONCILING ITEMS:

New Loans Processed:	
Federal Family Education Loans	62,873,022
Federal Perkin Loans	161,616
HUD Interest Grants	<u>173,100</u>
Total Pass Through and Expenditures per Federal Schedule	<u><u>\$ 102,381,428</u></u>

Note 3 - Student Loans Proceed and Administrative Cost Recovered

Federal Grantor/CFDA Number/ Program Name	New Loans Processed	Admin Costs Recovered	Total Loans Processed & Admin. Costs Recovered	Ending Balances of Previous Years' Loans
U. S. Department of Education				
84.032 Federal Family Education Loan Program	62,873,022		62,873,022	
84.038 Federal Perkins Loan Program	153,920	7,696	161,616	2,277,612
Total Department of Education	<u>63,026,942</u>	<u>7,696</u>	<u>63,034,638</u>	<u>2,277,612</u>
U. S. Department of Health and Human Services				
93.342 Health Profession Student Loans, Including Primary Care Loans/ Loans for Disadvantage Students	-	-	-	224,851
Total U. S. Department of Health and Human Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,851</u>

Note 4 - Governmental Publications

The University participates as a depository library in the Government Printing Office's Depository Libraries for Government Publication program, CFDA #40.001. The University is the legal custodian of government publications, which remain the property of the federal government. The publications are not assigned a value by the Government Printing Office.

Note 5 - Unemployment Insurance Funds

Not Applicable.

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
Schedule 1A - Schedule of Expenditures of Federal Awards *continued*
For the Fiscal Year Ended August 31, 2005

Note 6 - Agency 320 Only
Not Applicable

Note 7 - Agency 501 Only
Not Applicable

Note 8 - Federal Deferred Revenue
Federal Deferred Revenue 9-1-2004
Increase (Decrease)
Federal Deferred Revenue 8-31-2005

\$ -

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
Schedule 1B - Schedule of State Grant Pass Throughs From/To State Agencies
For the Fiscal Year Ended August 31, 2005

Pass Through From:

Texas Commission on Environmental Quality (Agency # 582, Fund 0001) Teaching Environmental Sciences	5,043
Texas Higher Education Coordinating Board (Agency # 781, Fund 0001)	2,581,038
Texas Higher Education Coordinating Board (Agency # 781, Fund 0106)	20,783
Total Pass Through From Other Agencies	<u>\$ 2,606,864</u>

Pass Through To:

Total Pass Through To Other Agencies	<u>\$</u>
--------------------------------------	-----------

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Schedule 2A - Miscellaneous Bond Information
 For the Fiscal Year Ended August 31, 2005

Business-Type Activities

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Scheduled Maturities		First Call Date
				First Year	Last Year	
General Obligation Bonds - NOT SELF SUPPORTING						
Constitutional Appropriation Bonds Ser '96	\$ 15,090,000	4.75%	5.50%	1997	2005	n/a
Constitutional Appropriation Bonds Ser 2004	11,100,000	3.00%	4.00%	2005	2014	n/a
Constitutional Appropriation Bonds Ser 2005	30,935,000	3.00%	4.00%	2005	2014	n/a
Revenue Bonds - SELF SUPPORTING						
Rev Fin Sys Ref Bds Ser '98A-1	20,305,000	3.10%	4.75%	1999	2017	5/1/2009
Rev Fin Sys Imp Bds Ser '98A-2	18,000,000	3.10%	5.13%	1999	2018	5/1/2009
Rev Fin Sys Imp Bds Ser '98B	12,920,000	3.50%	5.13%	2001	2023	5/1/2009
Rev Fin Sys Imp Bds Ser '98C	1,705,000	3.50%	4.10%	2001	2008	n/a
Rev Fin Sys Bds Ser 2002	48,065,000	4.00%	5.50%	2002	2021	5/1/2012
Rev Fin Sys Bds Ser 2003	27,240,000	2.00%	5.00%	2006	2023	5/1/2013
Rev Fin Sys Bds Ser 2004	3,500,000	2.50%	3.70%	2006	2014	n/a
	<u>\$ 188,860,000</u>					

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Schedule 2B - Changes in Bonded Indebtedness
 For the Fiscal Year Ended August 31, 2005

Business-Type Activities

Description of Issue	Bonds Outstanding 9/1/2004	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2005	Amounts Due Within One Year
General Obligation Bonds - Not Self-Supporting						
Constitutional Appropriation Bonds Ser '96	\$ 2,060,000	\$ -	\$ 2,060,000	\$ -	\$ -	\$ -
Constitutional Appropriation Bonds Ser '04	11,100,000	-	975,000	-	10,125,000	985,000
Constitutional Appropriation Bonds Ser '05	-	30,935,000	-	-	30,935,000	1,555,000
Revenue Bonds - Self Supporting						
Rev Fin Sys Ref Bds Ser '98A-1	16,365,000	-	875,000	-	15,490,000	910,000
Rev Fin Sys Imp Bds Ser '98A-2	15,055,000	-	730,000	-	14,325,000	755,000
Rev Fin Sys Imp Bds Ser '98B	11,880,000	-	375,000	-	11,505,000	390,000
Rev Fin Sys Imp Bds Ser '98C	1,125,000	-	205,000	-	920,000	215,000
Rev Fin Sys Bds Ser 2002	45,090,000	-	1,605,000	-	43,485,000	1,675,000
Rev Fin Sys Bds Ser 2003	27,240,000	-	-	-	27,240,000	1,085,000
Rev Fin Sys Bds Ser 2004	3,500,000	-	-	-	3,500,000	345,000
	<u>\$ 133,415,000</u>	<u>\$ 30,935,000</u>	<u>\$ 6,825,000</u>	<u>\$ -</u>	<u>\$ 157,525,000</u>	<u>\$ 7,915,000</u>

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Schedule 2C - Debt Service Requirements
 For the Fiscal Year Ended August 31, 2005

Business-Type Activities

<u>Description of Issue</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>
General Obligation Bonds - Not Self-Supporting			
Constitutional Appropriation Bonds Ser' 2004	2006	985,000	360,763
	2007	1,010,000	331,213
	2008	1,040,000	300,913
	2009	1,075,000	267,113
	2010	1,110,000	232,175
	2011-15	4,905,000	497,925
		<u>\$ 10,125,000</u>	<u>\$ 1,990,102</u>
General Obligation Bonds - Not Self-Supporting			
Constitutional Appropriation Bonds Ser' 2005	2006	1,555,000	571,050
	2007	1,195,000	926,491
	2008	3,095,000	1,064,500
	2009	3,195,000	976,541
	2010	3,310,000	864,450
	2011-15	18,585,000	2,319,632
		<u>\$ 30,935,000</u>	<u>\$ 6,722,664</u>
Revenue Bonds - Self-Supporting			
Rev Fin Sys Ref Bds Ser' 98A-1	2006	910,000	668,453
	2007	950,000	631,708
	2008	990,000	592,908
	2009	1,025,000	552,095
	2010	1,070,000	508,613
	2011-15	6,120,000	1,778,065
	2016-20	4,425,000	321,931
		<u>\$ 15,490,000</u>	<u>\$ 5,053,773</u>
Revenue Bonds - Self-Supporting			
Rev Fin Sys Imp Bds Ser' 98A-2	2006	755,000	655,566
	2007	785,000	625,144
	2008	820,000	593,044
	2009	850,000	559,219
	2010	890,000	523,104
	2011-15	5,110,000	1,951,602
	2016-20	5,115,000	528,116
		<u>\$ 14,325,000</u>	<u>\$ 5,435,795</u>
Revenue Bonds - Self-Supporting			
Rev Fin Sys Imp Bds Ser' 98B	2006	390,000	525,761
	2007	405,000	510,056
	2008	420,000	493,556
	2009	435,000	476,239
	2010	460,000	455,821
	2011-15	2,650,000	1,913,476
	2016-20	3,400,000	1,164,347
	2021-25	3,345,000	309,713
		<u>\$ 11,505,000</u>	<u>\$ 5,848,969</u>

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Schedule 2C - Debt Service Requirements (cont'd)
 For the Fiscal Year Ended August 31, 2005

Business-Type Activities

<u>Description of Issue</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>
Revenue Bonds - Self-Supporting			
Rev Fin Sys Imp Bds Ser' 98C	2006	215,000	32,638
	2007	225,000	23,945
	2008	235,000	14,745
	2009	245,000	5,023
		<u>\$ 920,000</u>	<u>\$ 76,350</u>
Revenue Bonds - Self-Supporting			
Rev Fin Sys Bds Ser' 2002	2006	1,675,000	2,193,469
	2007	1,745,000	2,120,881
	2008	1,825,000	2,040,356
	2009	1,920,000	1,946,731
	2010	2,020,000	1,848,231
	2011-15	11,690,000	7,642,953
	2016-20	15,260,000	4,073,813
	2021-25	7,350,000	381,556
		<u>\$ 43,485,000</u>	<u>\$ 22,247,990</u>
Revenue Bonds - Self-Supporting			
Rev Fin Sys Bds Ser' 2003	2006	1,085,000	1,210,769
	2007	1,105,000	1,189,069
	2008	1,130,000	1,164,206
	2009	1,155,000	1,137,369
	2010	1,185,000	1,107,050
	2011-15	6,760,000	4,710,250
	2016-20	8,575,000	2,888,750
	2021-25	6,245,000	634,750
		<u>\$ 27,240,000</u>	<u>\$ 14,042,213</u>
Revenue Bonds - Self-Supporting			
Rev Fin Sys Bds Ser' 2004	2006	345,000	108,470
	2007	355,000	99,845
	2008	365,000	90,970
	2009	375,000	80,933
	2010	385,000	70,620
	2011-15	1,675,000	151,063
		<u>\$ 3,500,000</u>	<u>\$ 601,901</u>

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Schedule 2D - Analysis of Funds Available for Debt Service
 For the Fiscal Year Ended August 31, 2005

**Business-Type Activities
 General Obligation Bonds**

	Application of Funds	
	Principal	Interest
Constitutional Appropriation Bonds Ser '96	\$ 2,060,000	\$ 113,300
Constitutional Appropriation Bonds Ser '04	975,000	374,845
Constitutional Appropriation Bonds Ser '05	-	-
Total	\$ 3,035,000	\$ 488,145

**Business-Type Activities
 Revenue Bonds**

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2005			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest
Rev Fin Sys Ref Bds Ser '98A-1	1,581,848	-	875,000	702,823
Rev Fin Sys Imp Bds Ser '98A-2	1,434,846	26	730,000	684,159
Rev Fin Sys Imp Bds Ser '98B	1,366,556	98,700	375,000	540,491
Rev Fin Sys Imp Bds Ser '98C	886,136	106,811	205,000	40,725
Rev Fin Sys Bds Ser 2002	3,874,187	2,557	1,605,000	2,263,256
Rev Fin Sys Bds Ser 2003	1,708,524	53,657	-	1,210,769
Rev Fin Sys Bds Ser 2004	178,812	33,956	-	113,592
Total	\$ 11,030,909	\$ 295,707	\$ 3,790,000	\$ 5,555,815

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
Schedule 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2005

Business-Type Activities

<u>Description of Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
Revenue Bonds		
Building Revenue Bonds, Series 1963-B	1994	315,000
Total Defeased Revenue Bonds		<u>\$ 315,000</u>

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
Schedule 3 - Reconciliation of Cash in State Treasury
August 31, 2005

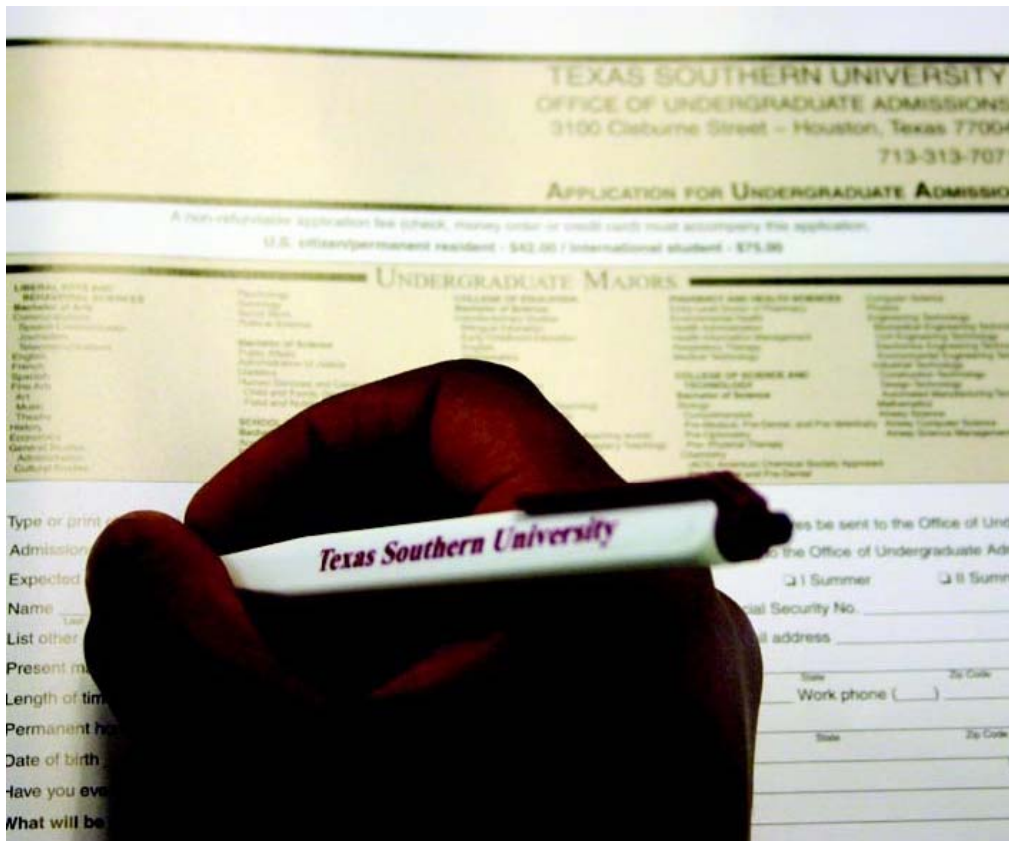
Business-Type Activities

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Local Revenue Fund 0247	\$ 5,141,324	\$ -	\$ 5,141,324
Total Cash in State Treasury (Stmt of Net Assets)	<u><u>\$ 5,141,324</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,141,324</u></u>

UNAUDITED

THIS PAGE LEFT BLANK INTENTIONALLY

Statistical Section



Texas Southern University

Enrollment Data

For the Year Ended August 31, 2005

	Fall 2004	Spring 2005	Summer Terms 2005	
			First	Second
Resident	9,909	9,287	2,102	1,305
Regular	427	397	107	
Law				
Non-Resident				
Regular	707	564	52	45
Law	184	173	28	
Good Neighbor	-	-	-	-
Veterans-Hazelwood Act	59	62	28	20
Texas Commission for the blind	2	14	-	-
Highest Ranking High School	-	-	-	-
Exemption	394	418	110	57
Graduate				
Total	<u>11,682</u>	<u>10,915</u>	<u>2,427</u>	<u>1,427</u>

Enrollment, For the Past Ten Years

Fiscal Year	(Fall Semester)	
	Students	Semester Hours
2005	11,635	146,446
2004	10,888	138,206
2003	9,739	121,874
2002	8,119	100,869
2001	6,886	82,996
2000	6,522	75,768
1999	6,316	76,140
1998	7,310	83,631
1997	7,980	87,765
1996	9,414	109,366