

2006 Annual Financial Report

For the Year Ended August 31, 2006



Texas Southern University

Houston, Texas

Texas Southern University

Annual Financial Report

For the Year Ended August 31, 2006

TABLE OF CONTENTS

INTRODUCTORY SECTION

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

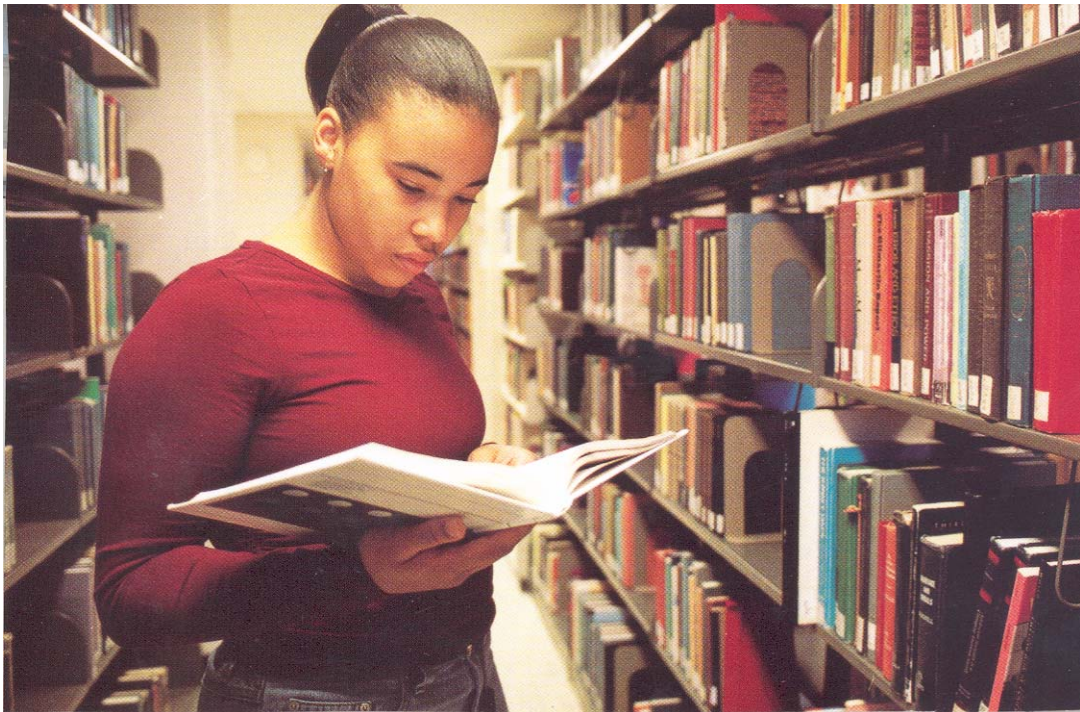
FINANCIAL SECTION

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.....	51
----------------------	----

Introductory Section



November 17, 2006

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, 2006, 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 Carin Barth, Interim Senior Vice President for Business and Finance, at (713) 313-7050.

Sincerely,

Bobby L. Wilson, Ph.D.
Acting President

Texas Southern University

BOARD OF REGENTS

As of August 31, 2006

Officers

J. Paul Johnson, Chair
George M. Williams, Vice Chair
Harry E. Johnson, Sr., Second Vice Chair
David Diaz, Secretary

Members

Term Expires February 1, 2007

Harry E. Johnson, Sr.....	Houston
J. Paul Johnson.....	Houston
Cynthia Ann Spooner.....	Houston
George M. Williams.....	Houston
Gerald E. Wilson.....	Houston

Term Expires February 1, 2009

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

Term Expires February 1, 2011

David Diaz.....	Corpus Christi
Earnest Gibson, III.....	Houston
William E. King.....	Kemah

Texas Southern University

UNIVERSITY ADMINISTRATION

As of August 31, 2006

Bobby L. Wilson, Ph.D.	Acting President
Charlene T. Evans, Ph.D.	Senior Vice President of University Relations & Ombudsperson
Carin Barth	Interim 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 and Development
Terry L. Holderman	Vice President for Risk Management and Assurance Services
Kimberly Williams	Vice President of Strategic Development
Kevin Adams	Assistant Vice President of Alumni Development
Hasan Jamil	Assistant Vice President of Enrollment Services
Abner Terrell	Assistant Vice President of Information Technology
Winifred King	Director of Communications
Gita Bolt	General Counsel

FISCAL ADMINISTRATION

Carin Barth	Interim Senior Vice President of Business and Finance
Sushil K. Khandelwal	Interim Associate Senior Vice President of Business and Finance
Dennis M. Walls, CPA	Assistant Vice President of Business and Financial Services
Alice M. Rosemon	Assistant Vice President of Purchasing and Procurement Services
Effie G. Lark	Director of Financial Reporting
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, 2006

	FY2006
ASSETS	
Current Assets:	
Cash and Cash Equivalents	
Cash on Hand	3,319
Cash in Bank	14,206,047
Cash in Transit/Reimburse from Treasury	15,753
Cash Equivalents	2,788,392
Cash in State Treasury	2,363,734
Short Term Investments	
Restricted:	
Cash and Cash Equivalents:	
Cash in Bank	
Cash Equivalents	5,147,168
Short Term Investments	26,793,657
Legislative Appropriations	
	6,168,739
Receivables from:	
Federal	2,736,677
Other Intergovernmental Receivables	
Interest and Dividends	
Accounts Receivables	16,426,520
Gifts Receivable	1,291,900
Other Receivables	4,562,929
Interfund Receivables	
Due From Other Agencies	23,097
Consumable Inventories	161,303
Merchandise Inventories	336,351
Other Current Assets	4,855,445
Total Current Assets	87,881,031
Noncurrent Assets:	
Restricted:	
Cash and Cash Equivalents	
Receivables	
Investments	20,560,282
Loans & Contracts	2,269,181
Interfund Receivable	
Receivables:	
Gift Receivable	
Capital Assets, non-depreciable:	
Land and Land Improvements	15,863,365
Construction in Progress	18,611,242
Capital Assets	606,043
Capital Assets, depreciable	
Building and Building Improvements	274,684,983
Facilities and Other Improvements	11,547,501
Furniture and Equipment	23,347,668
Vehicles, Boats, and Aircraft	1,455,848
Other Capital Assets	23,885,201
Less Accumulated Depreciation	(177,675,325)
Total Noncurrent Assets	215,155,989
Total Assets	303,037,020

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Statement of Net Assets
 August 31, 2006

	FY2006
LIABILITIES	
Current Liabilities:	
Payables:	
Accounts Payable	7,651,586
Payroll Payable	5,925,564
Interfund Payables	
Other	
Due to Other Agencies	87,397
Deferred Revenue	39,751,711
Employees' Compensable Leave	157,165
Interest Payable	2,274,216
Revenue Bonds Payable	5,570,000
G. O. Bonds Payable-Current Portion	2,205,000
Notes Payable	
Funds Held in Custody for Others	502,395
Other Current Liabilities	5,549,033
Total Current Liabilities	69,674,067
Noncurrent Liabilities:	
Interfund Payables	
Claims and Judgements	
Employees' Compensable Leave	2,950,530
Revenue Bonds Payable	105,520,000
G. O. Bonds Payable	36,315,000
Notes Payable	
Payable From Restricted Assets	
Other Non-current Liabilities	2,788,808
Total Non-Current Liabilities	147,574,338
Total Liabilities	217,248,405
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	38,005,696
Restricted for:	
Debt Service	
Capital Projects	
Other	(183,128)
Endowment Funds	
Expendable	
Nonexpendable	23,853,618
Unrestricted	24,112,429
Total Net Assets	85,788,615
TOTAL LIABILITIES AND NET ASSETS	303,037,020

*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 Month Ended August 31, 2006

	FY2006
Operating Revenues:	
Tuition and Fees - Pledged	\$ 39,718,075
(Discounts and Allowances, \$ 21,240,997)	
Auxiliary Enterprises	3,481,136
(Discounts and Allowances, \$ 1,153,779)	
Other Sales of Goods and Services	1,071,090
Other Sales of Goods and Services - Pledged	3,125,114
Interest and Investment Income	104,001
Net Increase(Decrease) in Fair Value	
Federal Revenue - Operating	39,272,375
Federal Pass Through Revenue	125,004
State Grant Revenue	526,061
State Pass Through Revenue	3,043,647
Other Contract and Grants - Operating	3,356,075
Other Operating Revenue	2,628,706
Total Operating Revenue	96,451,284
 Operating Expenses:	
Costs of Goods Sold	
Salaries and Wages	75,325,030
Payroll Related Costs	17,961,502
Professional Fees and Services	13,340,636
Travel	1,880,543
Materials and Supplies	7,167,677
Communication and Utilities	6,435,140
Repairs and Maintenance	1,139,228
Rentals and Leases	1,500,265
Printing and Reproduction	798,369
Federal Pass Through Expense	326,598
Depreciation and Amortization	4,691,865
Bad Debt Expense	1,876,682
Interest	102
Scholarships	21,920,918
Claims and Judgements	87,619
Other Operating Expenses	7,026,752
Total Operating Expenses	161,478,926
Operating Income (Loss)	\$ (65,027,642)

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Statement of Revenues, Expenses, and Changes in Net Assets
 For the Month Ended August 31, 2006

	FY2006
Nonoperating Revenues (Expenses):	
Legislative Revenue	\$ 56,054,517
Additional Appropriations	9,065,300
Federal Revenue Non-Operating	
Gifts	
Investment Income	2,442,094
Investing Activities Expense	(1,890,000)
Interest Expense and Fiscal Charges	(6,897,909)
Net Increase(Decrease) in Fair Value of Investments	(269,825)
Other Nonoperating Revenues	1,768,542
Other Nonoperating Expenses	(142,086)
Total Nonoperating Revenues (Expenses)	60,130,633
Income(Loss) Before Other Revenues, Expenses, Gains/(Losses)	(4,897,009)
 Other Revenues, Expenses, Gains/Losses, and Transfers:	
Capital Contributions	
Capital Appropriations (HEAF)	7,437,643
Additions to Permanent and True Endowments	1,923,665
Extraordinary Items	
State Appropriations Lapsed	(8)
Transfer In	
Operating Transfers-Out	(24,223)
Total Other Revenue, Expenses, Gains/Losses and Transfers	9,337,077
Change in Net Assets	4,440,068
Net Assets - September 1, 2005 - As Previously Reported	96,284,218
Restatement 2005	(14,564,795)
Restated Net Assets as of September 1, 2005	81,719,423
Restatement, 2006	(370,876)
Net Assets - September 1, 2005, As Restated	81,348,547
Net Assets - August 31, 2006	\$ 85,788,615

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Statement of Cash Flows
 For the Fiscal Year Ended August 31, 2006

	FY2006
Cash Flows from Operating Activities	
Proceeds from Tuition & Fees	\$ 14,313,796
Proceeds from Research Grants & Contracts	47,937,232
Proceeds from Loan Programs	64,407,662
Proceeds from Auxiliaries	7,677,340
Proceeds from Other Revenues	7,295,636
Payments to Suppliers for Goods and Services	(36,986,416)
Payments to Employees for Salaries	(74,282,582)
Payments to Employees for Benefits	(17,961,502)
Payments for Loans Provided	(42,213,793)
Payments for Other Expenses	(18,562,702)
Net Cash Provided (Used) by Operating Activities	(48,375,329)
Cash Flows from Noncapital Financing Activities	
Proceeds from State Appropriations	65,119,817
Proceeds from Gifts	-
Proceeds from Endowments	4,604,926
Proceeds of Transfers from Other Funds	-
Proceeds from Other Revenues	4,365,734
Payments of Interest	102
Payments for Transfers to Other Funds	(24,223)
Payments for Other Uses	(8)
Net Cash Provided by Noncapital Financing Activities	74,066,348
Cash Flows from Capital and Related Financing Activities	
Proceeds from Capital Appropriations	7,437,642
Proceeds from Disposal of Capital Assets	-
Proceeds from Debt Issuance	-
Payments for Additions to Capital Assets	(28,743,647)
Payments of Principal on Debt Issuance	(7,915,000)
Payments of Interest	(6,509,514)
Payments of Other Costs of Debt Issuance	-
Other Sources or Expenses	-
Net Cash Used by Capital and Related Financing Activities	(35,730,519)
Cash Flows from Investing Activities	
Proceeds from Sales of Investments	1,441,201
Proceeds from Interest and Investments Income	254,200
Payments to Acquire Investments	-
Net Cash Provided by Investing Activities	1,695,401
Net Increase (Decrease) in Cash and Cash Equivalents	(8,344,099)
Cash and Cash Equivalents, September 1, 2005	32,868,512
Cash and Cash Equivalents, August 31, 2006	\$ 24,524,413

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Statement of Cash Flows
 For the Fiscal Year Ended August 31, 2006

	FY2006
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (65,027,642)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	4,691,865
Bad Debt Expense	1,876,682
Operating Income and Cash Flow Categories Classification Differences	
Changes in Assets and Liabilities:	
Decrease in Receivables	1,069,739
Decrease in Inventories	50,159
Decrease in Prepaid Expenses	54,393
Decrease in Due from Other Agencies	122,343
Increase in Accounts Payable	2,302,194
Increase in Accrued Liabilities	679,408
Increase in Deferred Revenue	5,161,581
Increase in Compensable Absences	116,326
Increase in Deposits Payable	527,623
Total Adjustments	16,652,313
Net Cash Provided by Operating Activities	\$ (48,375,329)

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 Revenue 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.



UNAUDITED

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 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.

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 \$2,935,794 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 unmatured 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.

UNAUDITED

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.

Fund Balance

The "Fund Balance" is the difference between fund assets and liabilities.

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

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

Unreserved/Undesignated Fund Balance represents the unappropriated balance at year-end.

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.

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, 2006, is presented below:

Capital Asset Activity

For the Fiscal Year Ended August 31, 2006

	PRIMARY GOVERNMENT							
	Balance 09/01/05	Adjustments	Reclassifications			Additions	Deletions	Balance 08/31/06
			Completed CIP	Inc-Int'agy Trans	Dec-Int'agy Trans			
Non-Depreciable Assets								
Land and Land Improvements Infrastructure	15,834,967					28,397		15,863,364
Construction in Progress	24,313,994		(28,198,100)		22,495,348			18,611,242
Other Assets	22,814,314	(22,208,271)						606,043
Total Non-Depreciable Assets	62,963,275	(22,208,271)	(28,198,100)		22,523,745			35,080,649
Depreciable Assets								
Buildings and Building Improvements Infrastructure	245,655,502		28,198,100			831,381		274,684,983
Facilities & Other Improvements	10,646,946				900,554			11,547,500
Furniture and Equipment	22,437,930				2,713,966	(1,804,228)		23,347,668
Vehicle, Boats & Aircraft	1,310,542				179,341	(34,034)		1,455,848
Other Assets	98,816	22,208,271			1,604,114	(26,000)		23,885,201
Total Depreciable Assets at Historical Costs	280,149,735	22,208,271	28,198,100		6,229,357	(1,864,262)		334,921,200
Less Accumulated Depreciation for:								
Buildings and Improvements Infrastructure	(141,055,803)					(958,767)		(142,014,570)
Facilities & Other Improvements	(3,716,656)				(1,064,695)			(4,781,351)
Furniture and Equipment	(14,674,318)				(1,984,957)	1,804,228		(14,855,047)
Vehicles, Boats & Aircraft	(768,761)	(237,402)			(100,977)	34,034		(1,073,106)
Other Capital Assets	(67,389)	(14,327,393)			(582,469)	26,000		(14,951,251)
Total Accumulated Depreciation	(160,282,927)	(14,564,795)			(4,691,865)	1,864,262		(177,675,325)
Depreciable Assets, Net	119,866,808	7,643,476	28,198,100		1,537,491	(0)		157,245,875
Business Type-Activities Capital Assets, Net	182,830,083	(14,564,795)			24,061,236	(0)		192,326,524

UNAUDITED

**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, 2006, the carrying amount of deposits was \$14,206,047, as presented below. These amounts consist of all cash in local banks. These amounts are included on the Statement of Net Assets as part of the "Cash and Cash Equivalents" accounts.

Cash and Cash Equivalents	
As of August 31, 2006	
Governmental and Business-Type Activities	
CASH IN BANK - CARRYING VALUE	\$24,521,094
Less: Money Market included in carrying value and reported as Cash Equivalent	7,935,560
Less: Reimbursements in Transit	15,753
Less: Cash in State Treasury	<u>2,363,734</u>
Cash in Bank per AFR	\$14,206,047
Governmental Funds Current Assets Cash in Bank	\$14,206,047
Governmental Funds Current Assets Restricted Cash in Bank	
Governmental Funds Non-Current Assets Restricted Cash in Bank	
Cash in Bank per AFR	\$14,206,047

Investments

As of August 31, 2006, the fair value of investments is as presented below.

Investment Fair Value	
As of August 31, 2006	
Governmental-Type Activities	Fair Value
U.S. Government	
U.S. Treasury Securities	\$ 174,101
U.S. Treasury Strips	58,729
U.S. Government Agency Obligations	18,576,453
Corporate Obligations	2,126,628
Equity	17,024,758
Commercial Paper	9,393,270
Fixed Income Money Market Fund	<u>5,147,168</u>
Total	\$ 52,501,107

UNAUDITED

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The general investment policy of the university limits investments in debt securities that are not in the top three investment grade ratings issue by nationally recognized statistical rating organization to 5% of total investments. As of August 31, 2006, the university's credit quality distribution for securities with credit risk exposure was as follows.

Securities Lending

Not applicable.

Derivative Investing

Not applicable.

<u>Standard & Poor's</u>				
Investment Type	AAA	AA	A	BBB
U.S. Treasury Securities	58,729			
U.S. Treasury Strips	174,101			
U.S. Government Agency Obligations	1,176,065			
Corporate Obligations	879,591	345,403	552,021	294,823
Investment Type	A-1	A-2	A-3	
Commercial Paper	8,494,408			
<u>Unrated</u>				
Investment Type				
Corporate Obligations	54,790			
Money Market Fund	456,000			
Commerical Paper	898,862			
Common Stock	17,024,758			
U.S. Government Agency Obligations	17,400,388			

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.

**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, 2006 is shown in the table below.

Long-Term Liabilities Activity					
For the Year ended August 31, 2006					
	Balance			Balance	Amounts
<u>Long-Term Liabilities</u>	<u>8/31/2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>8/31/2006</u>	<u>Due within</u>
					<u>One Year</u>
General Obligation Bonds Payable	\$ 41,060,000	\$ -	\$ (2,540,000)	38,520,000	\$ 2,205,000
Revenue Bonds Payable	116,465,000		(5,375,000)	111,090,000	5,570,000
Compensable Leave	2,991,369	116,325		3,107,694	171,900
U.S. Government Refundable Loans	2,788,808			2,788,808	
Total	\$ 163,305,177	\$ 116,325	\$ (7,915,000)	\$ 155,506,502	\$ 7,946,900

Claims & Judgments

Texas Southern University was involved in litigation regarding various disputes. In FY2006, the University incurred approximately \$11,500 in claims, settlements and judgments.

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**

Capital leases are used to finance the purchase of property which are capitalized at the present value of future minimum lease payments. As of August 31, 2006, 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, 2006, various lawsuits and claims involving the University were pending. In addition, the lawsuit 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.

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.

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, 2006.

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

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	All authorized have been issued
as of 8/31/06	(\$52,930,000)

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 8/31/06	(\$27,240,000)

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 8/31/06	(\$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 8/31/06	(\$3,500,000)

Note 13 cont'd

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 as of 8/31/06	All authorized have been issued (\$11,100,000)

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, 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.
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 8/31/06	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 FY2006, adjustments were made which required the restatement of the amounts in fund balances and fund equity as shown below. These adjustments were due to a correction of error in the financial statements of a prior period.

Restatements to Net Assets

Fund Balance/Equity August 31, 2005	\$ 81,719,423
Net Restatements:	<u>(370,876)</u>
Fund Bal/Equity September 1, 2005 as Restated	\$ 81,348,547

Note 19 Employees Retirement Plans (administering agencies only)

Not applicable.

Note 20 Deferred Compensation (administering agencies only)

Not applicable.

Note 21 Donor-Restricted Endowments

Donor-Restricted Endowments	Amounts of Net Appreciation	Reported in Net Assets
True Endowments	\$ -	Restricted for Nonexpendable
Term Endowments	<u>\$ -</u>	Restricted for Nonexpendable

* There was a negative fair value adjustment totaling (\$269,709) for fiscal year 2006.

Note 22 Management Discussion and Analysis

OVERVIEW

The following is a discussion and analysis of Texas Southern University's financial performance, providing an overview of the University's financial position and activities for the fiscal year ended August 31, 2006. This section should be used in conjunction with the university's basic financial statements. Comparative data is available and presented in this 2006 report.

The University's financial management drew a great deal of attention this fiscal year resulting from alleged misuse of funds. The University's president and chief financial officer were relieved from duty. Weak internal controls are being addressed at the University. An independent financial audit is scheduled following the fiscal year-end reporting. The University is also implementing a risk management program.

Texas Southern University presents its financial statements for fiscal year 2006. For comparative purposes, fiscal years 2006 and 2005 data is presented in our discussions. These discussions 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.

The format of the statewide financial statements presents a comprehensive perspective of the state's financial activities. The state's activities are divided into three types for presentation in the primary financial statements: Governmental Activities, Business-type Activities, and Component Units. The financial operations of Texas Southern University are considered a business-type activity because the University charges a fee, in the form of tuition, to customers in order to pay for a majority of the cost of the services provided. Under this classification, the University's financial statements conform to the guidelines and presentation formats prescribed for Proprietary Funds.

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 also presents information in current and non-current format for both assets and liabilities. Unrestricted net assets are available to the University for any lawful purpose. The Notes to the Financial Statements will discuss current and non-current definitions.

Net Assets are presented in three major categories: investments in capital assets, net of debt; restricted net assets; and unrestricted net assets. The investment in capital assets category identifies the University's equity in property, plant and equipment. Restricted net assets are presented in two sub categories: non-expendable and expendable. Non-expendable restricted assets are only available for endowed investment purposes. Expendable net assets are available for expenditure but must be expended for the purposes specified by the external donor of the assets. Unrestricted net asset are available for any lawful purpose of the University. A significant portion of the unrestricted net assets are committed to various future operating budgets related to academic, research, and capital programs.

Total assets of Texas Southern University on August 31, 2006 were \$303 million, a decrease of \$9.5 million from the previous year. Total liabilities as of August 31, 2006, were \$217.2 million, an increase of \$0.9 million from the previous year.

	2006	2005	Var
Assets			
Currents Assets	\$ 87,881	\$ 109,492	\$ (21,611)
Capital Assets, Net	192,326	182,830	9,495
Other Assets	22,830	20,251	2,579
Total Assets	<u>\$ 303,037</u>	<u>\$ 312,573</u>	<u>\$ (9,536)</u>
Liabilities			
Current Liabilities	\$ 69,674	\$ 60,678	\$ 8,996
Non-Current Liabilities	147,574	155,611	(8,037)
Total Liabilities	<u>\$ 217,248</u>	<u>\$ 216,289</u>	<u>\$ 959</u>
Net Assets			
Invested in Capital Assets, Net of Debt	\$ 38,006	\$ 72,673	\$ (34,667)
Restricted			
Other	(183)	(235)	52
Expendable	-	-	-
Non-Expendable	23,854	21,037	2,817
Unrestricted	24,111	2,809	21,303
Total Net Assets	<u>\$ 85,789</u>	<u>\$ 96,283</u>	<u>\$ (10,496)</u>
Total Liabilities & Net Assets	<u>\$ 303,037</u>	<u>\$ 312,572</u>	<u>\$ (9,536)</u>

UNAUDITED

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 operating and non-operating revenues, expenses, and other revenues, expenses, gains and losses for the University.

The Statement of Revenues, Expenses, and Changes in Net Assets reflect a \$10.5 million decrease on Net Assets for the fiscal year 2006. During fiscal year 2006, the University recognized operating revenues of \$ 96.4 million and operating expenses of \$161.4 million. After recognizing non-operating activities and other gains and losses, the University realized a current year increase in net assets of \$4.4 million. This represents a 0.5 million increase over prior fiscal year. The overall decrease in Net Assets is primarily due to a \$14 million restatement to the depreciation of Books, Book Collection & Reference Materials at the beginning of this fiscal year.

Operating revenues are recognized as result of providing services to the University's customers. Operating expenses are the costs necessary to provide those services and to fulfill the mission of the University. Non-operating revenues are those recognized for which no services are directly provided. State appropriations are classified as non-operating revenue because they are provided by the Legislature to the University without receiving goods or services for those revenues.

STATEMENT OF CASH FLOWS

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

The Statement of Cash Flows explains the changes during the fiscal year in cash and cash equivalents, regardless of restrictions on their use. The Statement of Cash Flows should be used in conjunction with related disclosures and information in the other financial statements. The statement is comprised of five sections; (1) cash flow from operating activities, (2) cash flow from non-capital financing activities, (3) cash flow from capital and related financing activities, (4) cash flow from investment activities, and (5) the reconciliation of cash in the Statement of Revenues, Expenses, and Changes in Net Assets.

	2006	2005	Var
Cash Provided (used) by:			
Operating Activities	\$ (48,375)	\$ (42,710)	\$ (5,665)
Non-Capital Financing Activities	74,066	65,048	9,018
Capital and Related Financing Activities	(35,731)	(8,332)	(27,399)
Investment Activities	1,695	94	1,602
Net Change in Cash	<u>(8,344)</u>	<u>14,100</u>	<u>(22,444)</u>
Cash, Beginning of Year	<u>32,868</u>	<u>18,768</u>	<u>14,100</u>
Cash, End of Year	<u>\$ 24,524</u>	<u>\$ 32,868</u>	<u>\$ (8,344)</u>

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 its facilities through renovation and new construction.

The University's campus is in the process of number of renovation and construction projects. First, the new Science Center building houses facilities for chemistry and biology research as well as teaching laboratories for faculty and graduate students. Second, the Barbara Jordan-Mickey Leland School of Public Affairs building is scheduled for completion in early 2007. This

	2006	2005	Var
Operating Revenues	\$ 96,451	\$ 95,562	\$ 889
Operating Expenses	<u>161,479</u>	<u>150,453</u>	<u>11,026</u>
Operating Income (Loss)	(65,028)	(54,890)	(10,138)
Non-Operating Revenues and (Expenses)	<u>60,131</u>	<u>49,505</u>	<u>10,626</u>
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	(4,897)	(5,385)	489
Other Revenues, Expenses, Gains or Losses	<u>9,337</u>	<u>9,267</u>	<u>70</u>
Increase in Net Assets	<u>\$ 4,440</u>	<u>\$ 3,883</u>	<u>\$ 559</u>
Net Assets, at Beginning of Year	\$ 96,285	\$ 108,806	\$ (12,521)
Restatement	(14,936)	(16,403)	1,467
Net Assets, at End of Year	<u>\$ 85,789</u>	<u>\$ 96,285</u>	<u>\$ (10,495)</u>

building will feature a new auditorium for academic and community programming. Third, stadium renovation allowed the first homecoming game to be held on campus in more than 10 years. It also provided the University with a new Mondo Track, the world's leader in running track surface. Finally, two parking garages were completed during the fiscal year. The number of campus parking spaces has almost doubled to 4,800.

ECONOMIC OUTLOOK

As is with most Texas higher education institutions, support from the Texas Legislature continues to be essential to the University's success. Moreover, the University is working to secure adequate funding for several auxiliary operations.

The University's recognizes that the growing cost of education has a substantial impact on both its enrollment and retention. The University is seeking additional resources and operating savings to meet this challenge.

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, 2006 (In Thousands)	
	Net
Receivable Type	Receivable
Accounts	
Student	\$ 15,623
Employee	804
Total Accounts Receivable	<u>16,427</u>
Restricted	
Federal	2,737
Non-Federal	-
Total Restricted Receivable	<u>2,737</u>
Total Receivable	<u><u>\$ 19,164</u></u>
As Reported on the Financial Statements	
Current Receivable	\$ 19,164
Non-Current Receivable	-
Total Receivable	<u>\$ 19,164</u>
	Net
Payable Type	Payable
Accounts	
Accounts	\$ 7,652
Total Accounts Payable	<u>7,652</u>
As Reported on the Financial Statements	
Current Payable	\$ 7,652
Non-Current Payable	-
Total Payable	<u>\$ 7,652</u>

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Schedule 1A - Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2006

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 Commerce						
Direct Program:						
Coastal Zone Management Administration Awards	11.419	DUNS#050298975				16,042.84
Total U.S. Department of Commerce				-	-	16,042.84
U.S. Department of Housing & Urban Development						
Direct Program:						
Office Automation Skilled Services Program	14.237	DUNS#050298975				188,772.76
Total U.S. Department of Housing and Urban Development				-	-	188,772.76
U. S. Department of Labor						
Pass Through From:						
Texas Higher Education Coordinating Board WIA Incentive Grants-Sec 503 Grants to States	17.267	THECB	781.00	29,778.31		
Total U. S. Department of Labor				29,778.31	-	-
U.S. Department of Transportation						
Other Federal Awards Expended						
Direct Program:						
Eisenhower Fellowships	20.000	DDEHBC-03X-00155 DUNS#050298975				22,467.44
Federal Highway Administration-	20.701	DTFH61-05-P-0027 DUNS#050298975				32,444.60
Total U.S. Department of Transportation				-	-	54,912.04
National Aeronautics & Space Administration						
Other Federal Awards Expended						
Pass Through From:						
Boeing Purchase Contract	43.000	5H07430NAS			89,369.31	
California Space Grant Foundation National Minority Serving Institutions Research and Technology Partnership	43.000	DFRC SAA TASK1-17			21,621.56	
United Negro College Fund Special Programs Harriet Jenkins Fellowship Program	43.000	NASA/UNCFSPC			12,321.00	
Total National Aeronautics & Space Administration				-	123,311.87	-
National Science Foundation						
Direct Program:						
Education & Human Resources	47.076	DUNS#050298975				144,675.55
Pass Through From:						
Mathematical Association of America Education & Human Resources	47.076	DUE 0230847			65,971.43	
Total National Science Foundation				-	65,971.43	144,675.55
U. S. Environmental Protection Agency						
Performance Partnership Grants	66.605	DUNS#050298975				6,759.50
Total U. S. Environmental Protection Agency				-	-	6,759.50
U.S. Department of Energy						
Pass Through From:						
Howard University Academic Partnerships	81.102	DE-FC02-02EW15254			92,151.58	
Total U. S. Department of Energy				-	92,151.58	-

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		
16,042.84				16,042.84	16,042.84
<u>16,042.84</u>		-	-	<u>16,042.84</u>	<u>16,042.84</u>
188,772.76				188,772.76	188,772.76
<u>188,772.76</u>		-	-	<u>188,772.76</u>	<u>188,772.76</u>
29,778.31				29,778.31	29,778.31
<u>29,778.31</u>		-	-	<u>29,778.31</u>	<u>29,778.31</u>
22,467.44				22,467.44	22,467.44
32,444.60				32,444.60	32,444.60
<u>54,912.04</u>		-	-	<u>54,912.04</u>	<u>54,912.04</u>
89,369.31				89,369.31	89,369.31
21,621.56				21,621.56	21,621.56
12,321.00				12,321.00	12,321.00
<u>123,311.87</u>		-	-	<u>123,311.87</u>	<u>123,311.87</u>
144,675.55				144,675.55	144,675.55
65,971.43				65,971.43	65,971.43
<u>210,646.98</u>		-	-	<u>210,646.98</u>	<u>210,646.98</u>
6,759.50				6,759.50	6,759.50
<u>6,759.50</u>		-	-	<u>6,759.50</u>	<u>6,759.50</u>
92,151.58				92,151.58	92,151.58
<u>92,151.58</u>		-	-	<u>92,151.58</u>	<u>92,151.58</u>

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Schedule 1A - Schedule of Expenditures of Federal Awards continued
 For the Fiscal Year Ended August 31, 2006

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	
Federal Emergency Management Agency						
Pass-Through From:						
Texas Department of Public Safety Public Assistance Grants	97.036	FEMA-1379-DR	405.00	59,574.10		
Total Federal Emergency Management Agency				<u>59,574.10</u>	-	-
U.S. Department of Education						
Direct Program:						
Undergraduate International Studies & Foreign Language Prgm	84.016	DUNS#050298975				853.04
Higher Education-Institutional Aid	84.031	DUNS#050298975				7,701,725.91
Fund for the Improvement of Postsecondary Education	84.116	DUNS#050298975				4,771.16
Minority Science and Engineering Improvement	84.120	DUNS#050298975				15,168.35
Improving Teacher Quality State Grant	84.367	DUNS#050298975				50,377.09
National Science & Mathematics Access to Retain Talent (SMART) Grants	84.376	DUNS#050298975				696.00
Hurricane Education Recovery	84.938	DUNS#050298975				522,226.17
Pass Through From:						
University of Houston Teacher Quality Enhancement Grants	84.336	K155022	797-730	3,917.84		
University of Houston Teacher Quality Enhancement Grants	84.336					22,554.96
Total U.S. Department of Education				<u>3,917.84</u>	-	<u>8,318,372.68</u>
Department of Health and Human Services						
Pass Through From:						
National Youth Sports Program Fund Community Svcs. Block Grant. Discretionary Awards	93.570	NYS PF 04-269			54,805.92	
Baylor College of Medicine - Grants For Geriatric Education Centers	93.969	5 D31 HP 70112-04			12,979.44	
Total Department of Health and Human Services				<u>-</u>	<u>67,785.36</u>	<u>-</u>
U.S. Agency for International Development						
Pass Through From:						
United Negro College Fund Special Programs USAID Development Partnerships for University Cooperation and Development	98.012	UNCFSP 061406			2,723.76	
Total USAID				<u>-</u>	<u>2,723.76</u>	<u>-</u>
Student Financial Assistance Cluster						
U. S. Department of Education						
Direct Program:						
Federal Supplemental Educational Opportunity Grants	84.007	DUNS#050298975				722,953.84
Federal Family Education Loans	84.032	DUNS#050298975				64,407,661.73
Federal Perkins Loans Program: Fed Capital Contribution	84.038	DUNS#050298975				267,781.00
Federal Work-Study Program	84.033	DUNS#050298975				1,105,932.23
Federal Pell Grant Program	84.063	DUNS#050298975				20,897,869.56

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		
59,574.10				59,574.10	59,574.10
<u>59,574.10</u>		-	-	<u>59,574.10</u>	<u>59,574.10</u>
853.04				853.04	853.04
7,701,725.91				7,701,725.91	7,701,725.91
4,771.16				4,771.16	4,771.16
15,168.35				15,168.35	15,168.35
50,377.09				50,377.09	50,377.09
696.00				696.00	696.00
522,226.17				522,226.17	522,226.17
3,917.84				3,917.84	3,917.84
22,554.96				22,554.96	22,554.96
<u>8,322,290.52</u>		-	-	<u>8,322,290.52</u>	<u>8,322,290.52</u>
54,805.92				54,805.92	54,805.92
12,979.44				12,979.44	12,979.44
<u>67,785.36</u>		-	-	<u>67,785.36</u>	<u>67,785.36</u>
2,723.76				2,723.76	2,723.76
<u>2,723.76</u>		-	-	<u>2,723.76</u>	<u>2,723.76</u>
722,953.84				722,953.84	722,953.84
64,407,661.73				64,407,661.73	64,407,661.73
267,781.00				267,781.00	267,781.00
1,105,932.23				1,105,932.23	1,105,932.23
20,897,869.56				20,897,869.56	20,897,869.56

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Schedule 1A - Schedule of Expenditures of Federal Awards continued
 For the Fiscal Year Ended August 31, 2006

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				597,258.00
Total Student Financial Assistance Cluster				-	-	87,999,456.36
Research and Development (R&D) Cluster						
Pass Through From:						
U.S. Department of Defense Department of the Air Force, Materiel Command Clarkson Aerospace Company Air Force Defense Research Sciences Program	12.800	FA8650-05-D-1912				172,459.13
National Security Agency Mathematical Association of America Mathematical Sciences Grant Program	12.901	MDA904-03-1-0122				101.70
U. S. Department of Transportation						
Direct Program:						
Cooperative Agreement	20.701	DUNS#050298975				24,848.86
Pass Through From:						
Texas A&M Research Foundation Research and Special Programs Administration University Transportation Centers Program	20.701	DTRS99-G-0006				107,433.17
Pass Through From:						
South Carolina State University Summer Transportation Institute	20.000	04443540NSTITST				50,084.70
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				1,270,643.93
Radiation Interuniversity Research	43.000	NNJ06JA43G DUNS#050298975				27,913.48
Targeting Specific bone	43.000	NNJ06HA40G DUNS#050298975				20,499.02
Oral Absorption & Drug-Drug Interaction Kinetics	43.000	NNJ04HF50G DUNS#050298975				105,263.82
Aerospace Education Services Program	43.001	NCC-01-0203 DUNS#050298975				150,767.82
Pass Through From:						
United Negro College Fund NASA Administrative Fellowship Program	43.000	NASA/UNCFSPC				7,200.00

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		
597,258.00				597,258.00	597,258.00
87,999,456.36				87,999,456.36	87,999,456.36
172,459.13				172,459.13	172,459.13
101.70				101.70	101.70
24,848.86				24,848.86	24,848.86
107,433.17				107,433.17	107,433.17
50,084.70				50,084.70	50,084.70
1,270,643.93	797-730	326,598.19		944,045.74	1,270,643.93
27,913.48				27,913.48	27,913.48
20,499.02				20,499.02	20,499.02
105,263.82				105,263.82	105,263.82
150,767.82				150,767.82	150,767.82
7,200.00				7,200.00	7,200.00

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Schedule 1A - Schedule of Expenditures of Federal Awards continued
 For the Fiscal Year Ended August 31, 2006

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:						
National Aeronautics and Space Administration The University of Houston - Downtown Aerospace Education Services Program	43.001	NNG04GD68G	784.00	31,733.57		
National Science Foundation						
Direct Program:						
Education and Human Resources	47.076	DUNS#050298975				340,346.34
U. S. Environmental Protection Agency						
Direct Program:						
Surveys, Studies, Investigations & Special Purpose Grants	66.606	DUNS#050298975				1,767.30
U.S. Department of Education						
National Institute on Disability & Rehabilitation Research	84.133	DUNS#050298975				378,341.75
Department of Health and Human Services						
Pass Through From:						
University of Kentucky Policy Research & Evaluation Grants	93.239	UKRF 472581-05-331			4,968.51	
Direct Program:						
Minority Health and Health Disparities Research	93.307	DUNS#050298975				270,036.32
Nat'l Center for Research Resources	93.389	DUNS#050298975				1,290,794.84
Centers for Medicare & Medicaid Services	93.779	DUNS#050298975				21,971.11
Heart and Vascular Diseases Research	93.837	DUNS#050298975				472,086.50
Specially Selected Health Projects	93.888	DUNS#050298975				40,507.59
Other Federal Awards Expended						
Pass Through From:						
U.S. Agency for International Development United Negro College Fund Special Programs USAID Development Partnerships for University Cooperation and Development	98.012	UNCFSP			7,373.72	
Total Research and Development Cluster Programs				31,733.57	349,620.93	4,415,788.68
Other Clusters						
OCH Cluster (Child Nutrition Cluster)						
U. S. Department of Agriculture						
Health Program For Toxic Substance And Summer Food Service Program for Children	10.559	7514004				13,230.94
U. S. Department of Education						
Direct Program:						
TRIO: Student Support Services	84.042	DUNS#050298975				280,743.28
TRIO: Talent Search	84.044	DUNS#050298975				434,606.55
TRIO: Upward Bound	84.047	DUNS#050298975				867,065.19
TRIO: Educational Opportunity Centers	84.066	DUNS#050298975				243,006.54
TRIO: McNair Post-Baccalaureate Achievement	84.217	DUNS#050298975				262,819.43
Total Other Clusters Programs				-	-	2,101,471.93
TOTAL FEDERAL FINANCIAL ASSISTANCE				125,003.82	701,564.93	103,246,252.34

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		
31,733.57				31,733.57	31,733.57
340,346.34				340,346.34	340,346.34
1,767.30				1,767.30	1,767.30
378,341.75				378,341.75	378,341.75
4,968.51				4,968.51	4,968.51
270,036.32				270,036.32	270,036.32
1,290,794.84				1,290,794.84	1,290,794.84
21,971.11				21,971.11	21,971.11
472,086.50				472,086.50	472,086.50
40,507.59				40,507.59	40,507.59
7,373.72				7,373.72	7,373.72
<u>4,797,143.18</u>		<u>326,598.19</u>	<u>-</u>	<u>4,470,544.99</u>	<u>4,797,143.18</u>
13,230.94				13,230.94	13,230.94
280,743.28				280,743.28	280,743.28
434,606.55				434,606.55	434,606.55
867,065.19				867,065.19	867,065.19
243,006.54				243,006.54	243,006.54
262,819.43				262,819.43	262,819.43
<u>2,101,471.93</u>		<u>-</u>	<u>-</u>	<u>2,101,471.93</u>	<u>2,101,471.93</u>
<u>104,072,821.09</u>		<u>326,598.19</u>	<u>-</u>	<u>103,746,222.90</u>	<u>104,072,821.09</u>

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
Schedule 1A - Schedule of Expenditures of Federal Awards *continued*
For the Fiscal Year Ended August 31, 2006

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	\$	39,272,375
Federal Pass Throughs From Other State Agencies		125,004
Subtotal		39,397,378

RECONCILING ITEMS:

New Loans Processed:		
Federal Family Education Loans		64,407,662
Federal Perkin Loans		267,781
Total Pass Through and Expenditures per Federal Schedule	\$	104,072,821

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	64,407,662		64,407,662	
84.038 Federal Perkins Loan Program	267,781	-	267,781	2,070,369
Total Department of Education	64,675,443	-	64,675,443	2,070,369
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	-	-	-	224,851

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.

Note 6 - Rebates for Special Supplemental Food Program for Women, Infants, and Children (WIC)

Not Applicable

Note 7 - Federal Deferred Revenue

Federal Deferred Revenue 9-1-2005	
Increase (Decrease)	
Federal Deferred Revenue 8-31-2006	\$ -

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
Schedule 1B - Schedule of State Grant Pass Throughs From/To State Agencies
For the Fiscal Year Ended August 31, 2006

Pass Through From:

Texas Higher Education Coordinating Board (Agency # 781, Fund 0001)	3,041,547
Texas Higher Education Coordinating Board (Agency # 781, Fund 0106)	2,100
Total Pass Through From Other Agencies	<u>\$ 3,043,647</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, 2006

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 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
	\$ 173,770,000					

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Schedule 2B - Changes in Bonded Indebtedness
 For the Fiscal Year Ended August 31, 2006

Business-Type Activities

Description of Issue	Bonds Outstanding 9/1/2005	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2006	Amounts Due Within One Year
General Obligation Bonds - Not Self-Supporting						
Constitutional Appropriation Bonds Ser '04	\$ 10,125,000	\$ -	\$ 985,000	\$ -	\$ 9,140,000	\$ 1,010,000
Constitutional Appropriation Bonds Ser '05	30,935,000	-	1,555,000	-	29,380,000	1,195,000
Revenue Bonds - Self Supporting						
Rev Fin Sys Ref Bds Ser '98A-1	15,490,000	-	910,000	-	14,580,000	950,000
Rev Fin Sys Imp Bds Ser '98A-2	14,325,000	-	755,000	-	13,570,000	785,000
Rev Fin Sys Imp Bds Ser '98B	11,505,000	-	390,000	-	11,115,000	405,000
Rev Fin Sys Imp Bds Ser '98C	920,000	-	215,000	-	705,000	225,000
Rev Fin Sys Bds Ser 2002	43,485,000	-	1,675,000	-	41,810,000	1,745,000
Rev Fin Sys Bds Ser 2003	27,240,000	-	1,085,000	-	26,155,000	1,105,000
Rev Fin Sys Bds Ser 2004	3,500,000	-	345,000	-	3,155,000	355,000
	<u>\$ 157,525,000</u>	<u>\$ -</u>	<u>\$ 7,915,000</u>	<u>\$ -</u>	<u>\$ 149,610,000</u>	<u>\$ 7,775,000</u>

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Schedule 2C - Debt Service Requirements
 For the Fiscal Year Ended August 31, 2006

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			
	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	1,150,000	193,325
	2012-16	3,755,000	304,600
		<u>\$ 9,140,000</u>	<u>\$ 1,629,339</u>
General Obligation Bonds - Not Self-Supporting			
Constitutional Appropriation Bonds Ser' 2005			
	2007	1,195,000	1,099,356
	2008	3,095,000	1,029,644
	2009	3,195,000	923,438
	2010	3,310,000	805,463
	2011	3,430,000	674,800
	2012-16	15,155,000	1,242,100
		<u>\$ 29,380,000</u>	<u>\$ 5,774,801</u>
Revenue Bonds - Self-Supporting			
Rev Fin Sys Ref Bds Ser' 98A-1			
	2007	950,000	631,708
	2008	990,000	592,908
	2009	1,025,000	552,095
	2010	1,070,000	508,613
	2011	1,115,000	462,170
	2012-16	6,410,000	1,492,714
	2017-21	3,020,000	145,113
		<u>\$ 14,580,000</u>	<u>\$ 4,385,321</u>
Revenue Bonds - Self-Supporting			
Rev Fin Sys Imp Bds Ser' 98A-2			
	2007	785,000	625,144
	2008	820,000	593,044
	2009	850,000	559,219
	2010	890,000	523,104
	2011	930,000	484,419
	2012-16	5,365,000	1,694,049
	2017-21	3,930,000	301,250
		<u>\$ 13,570,000</u>	<u>\$ 4,780,229</u>
Revenue Bonds - Self-Supporting			
Rev Fin Sys Imp Bds Ser' 98B			
	2007	405,000	510,056
	2008	420,000	493,556
	2009	435,000	476,239
	2010	460,000	455,821
	2011	480,000	434,001
	2012-16	2,785,000	1,776,184
	2017-21	3,565,000	1,000,613
	2022-26	2,565,000	176,738
		<u>\$ 11,115,000</u>	<u>\$ 5,323,208</u>

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Schedule 2C - Debt Service Requirements (cont'd)
 For the Fiscal Year Ended August 31, 2006

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	2007	225,000	23,945
	2008	235,000	14,745
	2009	245,000	5,023
		<u>\$ 705,000</u>	<u>\$ 43,713</u>
Revenue Bonds - Self-Supporting			
Rev Fin Sys Bds Ser' 2002	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	2,120,000	1,744,731
	2012-16	12,295,000	7,039,272
	2017-21	16,115,000	3,217,713
	2022-26	3,770,000	96,606
		<u>\$ 41,810,000</u>	<u>\$ 20,054,521</u>
Revenue Bonds - Self-Supporting			
Rev Fin Sys Bds Ser' 2003	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	1,235,000	1,059,650
	2012-16	7,080,000	4,391,600
	2017-21	9,000,000	2,460,000
	2022-26	4,265,000	322,500
		<u>\$ 26,155,000</u>	<u>\$ 12,831,444</u>
Revenue Bonds - Self-Supporting			
Rev Fin Sys Bds Ser' 2004	2007	355,000	99,845
	2008	365,000	90,970
	2009	375,000	80,933
	2010	385,000	70,620
	2011	400,000	58,108
	2012-16	1,275,000	92,955
		<u>\$ 3,155,000</u>	<u>\$ 493,431</u>

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
 Schedule 2D - Analysis of Funds Available for Debt Service
 For the Fiscal Year Ended August 31, 2006

Business Type Activities
 General Obligation Bonds - Not Self Supporting

	Application of Funds	
	Principal	Interest
Constitutional Appropriation Bond Series 2004 & 2005	\$ 2,540,000	\$ 1,114,388
Total	\$ 2,540,000	\$ 1,114,388

Business-Type Activities
 Revenue Bonds - Self Supporting

	Pledged and Other Sources and Related Expenditures for FY 2006			
	Net Available for Debt Service		Debt Service	
	Operating			
	Total Pledged and Other Sources	Expenses/Expenditures & Capital Outlay	Principal	Interest
Rev. Fin Sys Bond Series 98A1-A2&98B&C, 2002,2003 &2004	\$ 54,125,303		\$ 5,375,000	\$ 5,395,126
Total	\$ 54,125,303		\$ 5,375,000	\$ 5,395,126

Note: The Operating Expenses/ Expenditures and Capital Outlay related to the Revenue Bonds was estimated at \$35,281,539.

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
Schedule 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2006

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	280,000
Total Defeased Revenue Bonds		<u>\$ 280,000</u>

UNAUDITED

TEXAS SOUTHERN UNIVERSITY
Schedule 3 - Reconciliation of Cash in State Treasury
August 31, 2006

Business-Type Activities

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Local Revenue Fund 0247	\$ 2,363,734	\$ -	\$ 2,363,734
Total Cash in State Treasury (Stmt of Net Assets)	<u>\$ 2,363,734</u>	<u>\$ -</u>	<u>\$ 2,363,734</u>

Statistical Section



Texas Southern University

Enrollment Data

For the Year Ended August 31, 2006

	Fall 2005	Spring 2006	Summer Terms 2006	
			First	Second
Resident				
Regular	9,440	8,926	2,094	1,698
Law	443	427	118	-
Non-Resident				
Regular	1,646	1,318	239	212
Law	210	197	32	-
Good Neighbor	-	-	-	-
Veterans-Hazelwood Act	76	80	29	28
Texas Commission for the Blind	-	-	-	-
Highest Ranking High School	-	-	-	-
Exemption	88	202	65	36
Graduate				
Total	<u>11,903</u>	<u>11,150</u>	<u>2,577</u>	<u>1,974</u>

Enrollment, For the Past Ten Years

Fiscal Year	(Fall Semester)	
	Students	Semester Hours
2006	11,903	146,636
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