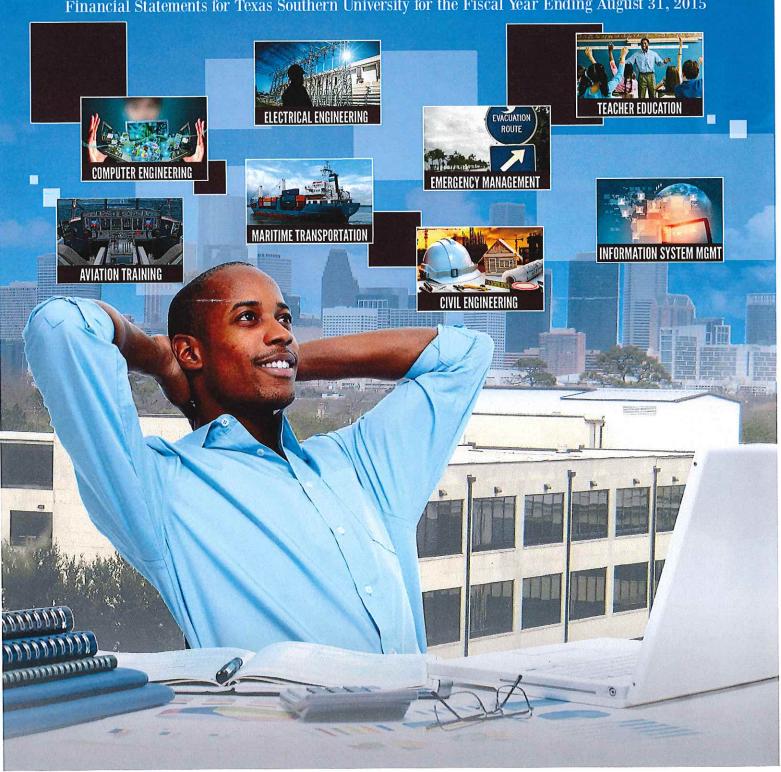
CONNECTING STUDENTS TO PROFESSIONS

Financial Statements for Texas Southern University for the Fiscal Year Ending August 31, 2015



CONTENTS

Texas Southern University possesses an impressive array of more than 100 undergraduate and graduate programs and concentrations, resulting in an extensive alumni network comprised of educators, entrepreneurs, public servants, lawyers, pilots, artists, and more - many of whom make a significant impact on the local, national and international stage. Nestled upon a sprawling 150-acre campus, Texas Southern University is one of the nation's largest historically black universities. Our academic curriculum is organized into eleven colleges and schools that continue to serve as cornerstones for developing the greatest potential in leaders from various socioeconomic, cultural and ethnic backgrounds. It is our goal to provide each student with unrivaled opportunities through education, allowing them to turn their experiences from TSU into a lifelong dream career.

TRANSMITTAL SECTION

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TRANSMITTAL SECTION

The mission of the College of Education at Texas Southern University is "to provide competent career professionals for effective service in urban schools, utilizing research, collaboration, and application in seeking solutions to teaching, learning, social, physical and behavioral issues facing urban populations." In support of its mission, the College of Education provides courses of study leading to academic degrees in four instructional departments: the Department of Counseling; the Department of Curriculum; the Department of Educational Administration & Foundations; and the Department of Health & Kinesiology.

The Texas Southern University College of Education is nowlisted among some of the most prestigious colleges and universities in the nation after receiving an accreditation from the largest accrediting body in the country.

The Council for the Accreditation of Educator Preparation (CAEP) has given TSU the National Council for Accreditation of Teacher Education (NCATE) accreditation until Spring 2022. TSU College of Education met all of the CAEP standards in undergraduate and graduate programs with no areas for improvement. The accreditation will make it easier for TSU graduates to earn board certification through the new National Board of Professional Teaching Standards.

"We met the target level of excellence in Clinical Practice and Field Experiences for undergraduate teaching major," stated Dr. Lillian Poats, dean of TSU College of Education. "The TSU faculty and staff in the College of Education are honored to have achieved this milestone."



UNIVERSITY ADMINISTRATION

AS OF AUGUST 31, 2015

John M. Rudley, Ed.D President
James W. Ward, Ph.D
Edward Craig Ness, MBA
William T. Saunders, J.DVP for Student Services and Dean of Students.
Andrew C. Hughey, J.D
Eva Pickens Interim VP for University Advancement
Charla Parker-Thompson, CIA, CISA, MBA Chief Audit Executive
Charles F. McClelland, Ph.DVP for Intercollegiate Athletics
Janis J. Newman

MISSION

Texas Southern University is a student-centered comprehensive doctoral university committed to ensuring equality, offering innovative programs that are responsive to its urban setting, and transforming diverse students into lifelong learners, engaged eitizens, and creative leaders in their local, national, and global communities

VISION

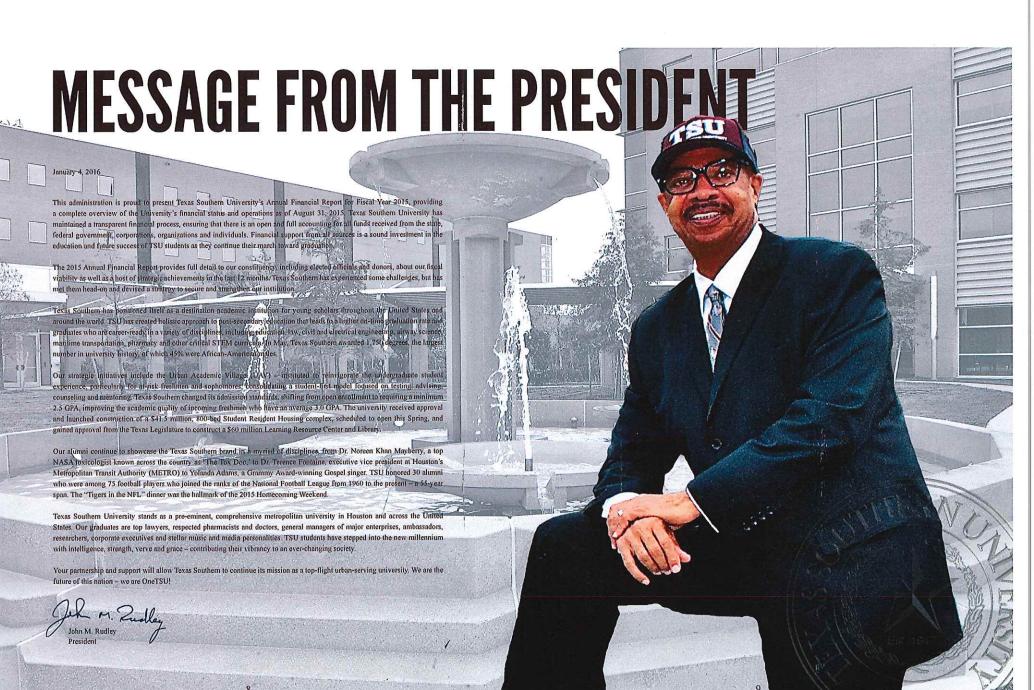
Texas Southern University will become one of the nation's pre-eminent comprehensive metropolitan universities. We will be recognized by the excellence of our programs, the quality of our instruction, our innovative research, and our desire to be a contributing partner to our community, state, nation,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

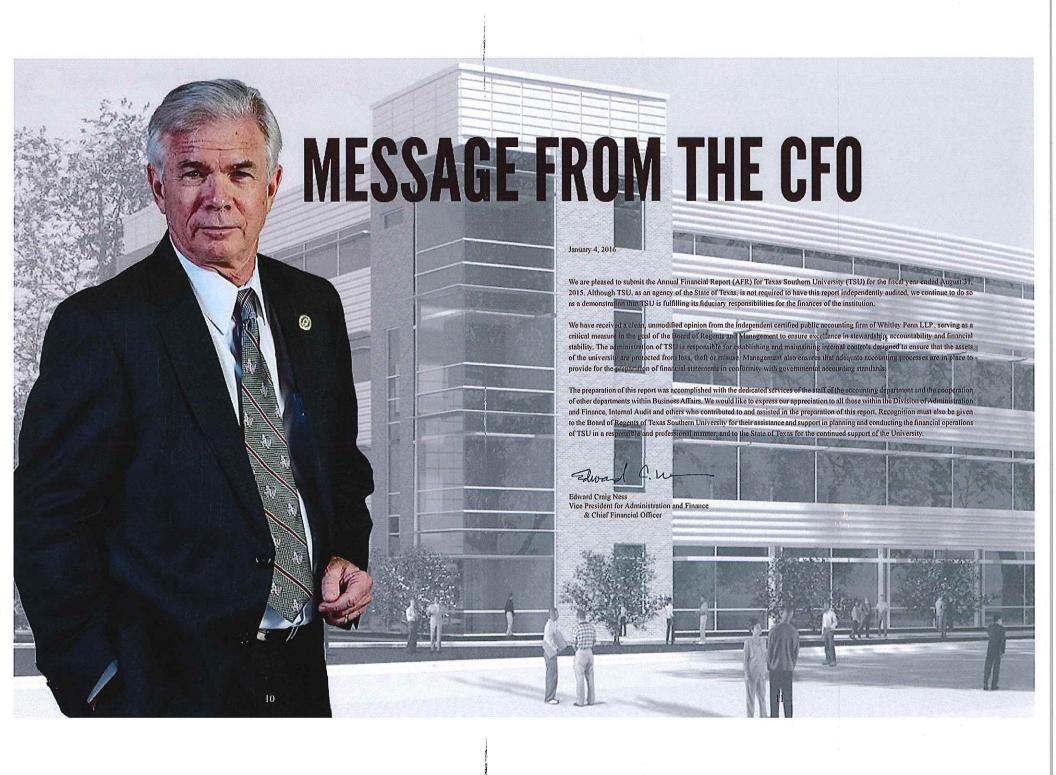
VALUES

We are all part of the same team, working together to promote the mission, vision and goals of this University.

- Excellence
- · Creative
- · Efficient

- · Student Centered
- Collaborative
- · Engaged
- · Inclusive





BOARD OF REGENTS AS OF AUGUST 31, 2015



Chairman Glenn O. Lewis

Term: May 11, 2007 - February 1, 2017

Mr. Lewis comes to the University with a stellar career in public service and leav. His approximated to the Board of Regents follows his leadership as Chrimano of the Blus Robbon Activisty Communes for Texas Southern University established by Texas Governor Rick Peny. Howevillegrees much thin Chair of the Texas Southern University Board of Regents on May 22. 2005—Lewis required the Very Lord Tables very in the Texas House of Representatives. His bedership roles included service and as Chairmanof the Committee on County Affairs, Vice-Chairman of the Committee on House Administration. Vise-Chairman of the Texas Lord South Planck Chairman of the Texas Lord South Planck Chairman.



Secretary Samuel Bryant

Term: October 26, 2007 - February 1, 2017

Mr. Bryant is President of Bryant Wealth Investment Group, LLC and is a replaced investment representative serving high net worth individuals interested in developme longs on wealth management plants. Bryant has a Series 65 investment license, real easiet because and a file and is fill interest. Bryant has served in executive roles with Applied Materials as Austra 11.0 Dates on Director of Global Community Affairs-North America and Director of HR, and has also been produced in the wall-lander Computers and Johnson & Johnson.



Regent Gary Bledsoe

Term: May 11, 2007 - February 1, 2017

Mr. Blodson is President of the Texas NAACP and has held that position may be be uncleased in 1991. The Austin lawyer, who specializes in public interest, employment and court sields lawyers at long-standing relationship with the NAACP as a member of its National Proof signay 1965, and its currently the Chair of the NaIonal Criminal Justice Committee of the NAACP. Blods of the public has writted being an AV rating according to the prestigious legal publication Mastinghie-Proof by the Second highest rating available for lawyers.



Regent Sarah Monty-Arnoni

Term: April 26, 2013 - February 1, 2019

Ms. Monty-Amoni is a partner and leader of the immigration produce group for Aconi & Rumirez where she practices exclusively in the area of U.S. immigration and instrument to Secondards employers in all aspects of employment-based immigration including nonnumbrated to competence of temployment-based immigration including nonnumbrated to remember of the Immigration Section of the Texas Store Bas, and an active member of the Immigration Section of the Texas Store Bas, and an active member of the Aconican Immigration Lauvers Association (ALA), from which she was available the Pere Store Spannian Available from 2012-13.



Regent Erik D. Salwen

Term: July 16, 2012 - February 1, 2019

Mr. Satwen exercises leadership in the area of connecting across broness, consistency and characteristics. His background spans from executive management in the technology industry to pastional leadership for graduate-level theological education. Since 2009, his paramy role-has been interchain and mentoring students at the Bonston Campus of Dallay Theological Seminary as the executive Director of Spirmal Formation & Lendership. Prior to his focus on theological Seminary as the executive Director and President of Oak Research, LLC, a Houston-based technology marks from the construction of the Prior of the Construction o



Regent Derrick Mitchell

Term: April 26, 2015 - February 1, 2021

Mr. Mitchell was appointed to the Texas Southern University Board of Persents in 2015 by Governor Greg Abbott. Mitchell is a Partner in the Business and Regulatory Sections of the Inn. January Bracevell & Galtant LLP in Houston. He serves on the farm's Political Action Committee and is monitored the Public Finance practice. He received in Buchelor of Business, Administration in 5 mars, Issue the University of Houston in 1996 and his Juris Doctorate from the University of Houston Law, Concern 1996. He emirally serves on the Board of Directors for several agencies, including the Soil Loos, Real District. Scenic Houston and Greater Houston Partnership Local Relations Committee.



Regent Marilyn A. Rose, CPA

Term: March 7, 2011 - February 1, 2021

Ms. Rose is a Certified Public Accountant and a Registered Toxas Assessor Ecological Site has over five years of audit experience in the Public Accountant Firm (Prince archiose: Coopers, and Delaitte & Touches, She is currently employed at the Harris Covart Tax Assessor Collector Office in the Quality Control Department as an Internal Auditor. In early 2000, Ms. Rose Special Company, Rose Planack LLC offering Accounting and Business Consulting Survices The Contract was Liver extended LM Rose Consulting Group LLC.



Regent Wesley Glenn-Terrell

Term: April 22, 2015 - February 1, 2021

Mr. Terrell is a mergers & acquisitions autories with ATXT in the company. Dellas headquanters and holds a leading legal role for the strategic venture capital investicus partials, managed by ATXT's corporate development group. Terrell has led over 100 capital transfer for Salarus for terms at ATXT, including several multi-billion dollar transactions. He is a problem of Salarus Colombia Law School, University of Houston Bauer College of Business (France: 512-1) and bella A Condonal France Confident from SMIT Cox School of Business.



Student Regent Dominique Calhoun

Term: June 1, 2015 - May 31, 2016

Mr. Calhoun is a third-year law student at Thurgood Marshall School of Jene. Earboun is a guadrate of Midwestern State University in Wichita Falls. Texas, where he second as the President of the Student Government Association and on the Board of Directors for the Student Southwestern Provinces of Engine Alpha Psi Fintennity, Inc. Today, Calhoun serves as the President of the Student Par Association's Law Student Division, President of the Entouring 1999 Black Men of Houston Metropalitius, and on the Board of Directors for the Houston Young Lautes are second. In addition to his civil engagement, Calboun terrains in the top ten percent of the elec-

FINANCIAL SECTION

The Aviation Science and Technology Department of Texas Southern University (TSU) offers academic and professional degree programs that focus on skills in aviation management, communications, and flight operations for private and airline transport pilots. As a part of our continued committeent to excellence, TSU provides fine-tuned training and high-tech resources that give our students handson exposure to many aspects of careers in aviation. From airport management to mission or humanitarian services, the aviation program prepares graduates to continue their lives working in a highly rewarding field.

The regimen of courses required by the Aviation Science Management and Pilot Certification license program curriculum also provides students with necessary academic foundation for pursuing graduate work. In addition to general education requirements, the curriculum contains courses which provide each student with strong conceptual foundations in mathematics, natural sciences, computer sciences, management and flight-all oriented to the technology of the field.





INDEPENDENT AUDITORS' REPORT

To the Board of Regents Texas Southern University

Report on the Financial Statements

We have audited the accompanying financial statements of Texas Southern University, an agency of the State of Texas as of and for the year ended August 31, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Texas Southern University, an Agency of the State of Texas, as of August 31, 2015, and the respective changes in financial position and, where applicable, cash flows therof for the year then ended in accoraance with accounting principles generally accepted in the United States of America.

Fort Worth

NEXIA

Emphasis of Matter

As discussed in Note 1, the financial statements of Texas Southern University, an Agency of the State of Texas, are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of Texas Southern University that is attributable to the transactions of the University. They do not purport to, and do not present fairly the financial position of the State of Texas as of August 31, 2015, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As also discussed in Note 1 and Note 14, Texas Southern University adopted the provisions of GASB Statements No. 68, Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date for the year ending August 31, 2015. Our opinion is not modified with respect to this

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21 through 28 and the required pension system information on page 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2015 on our consideration of Texas Southern University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards, in considering Texas Southern University's internal control over financial reporting and compliance.

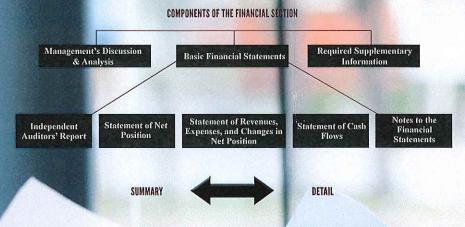
Whittey Fann LLF



TEXAS SOLTHERN UNIVERSITY MANAGEMENT'S DISCUSSION & ANALYSIS • AUGUST 31, 2015

Introduction

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



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

Texas Southern University's College of Science, Technology, was authorized by the Texas Higher Education Coordinating Board (THECB) to begin offering Bachelor's degree programs in Civil Engineering in the spring of 2015 and in Electrical and Computer Engineering in the fall of 2015.

These programs will provide significantly to the workforce for civil, electrical and computer engineers because these are the professional occupations with the greatest demand of all engineering and science occupations and which have the least minority practitioners.

Statistics show that the demand for engineering graduates in the next decade is expected to increase at more than double the rate for all other professionals. Civil engineering is expected to experience significant growth in light of the urgent need to rebuild the national infrastructure. Electrical and computer engineering will also be expected to grow significantly with the advent of the "Internet of Things" and the automation of the manufacturing, transportation, and energy infrastructures. Engineering education is considered a priority for the State's economic well-being and the national security. TSU will now be able to join other institutions to make its contributions by adding the production and diversification of highly skilled engineers to the workforce in the State.

TEXAS SOUTHERN UNIVERSITY MANAGEMENT'S DISCUSSION & ANALYSIS • AUGUST 31, 2015

Basic Financial Statements

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

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

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

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

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

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

Financial Analysis of TSU

As noted earlier, net position may serve over time as a useful indicator of TSU's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$131,537,571 as of August 31, 2015. The largest portion of TSU's net position (91 percent) reflects its investments in capital assets (e.g., land, buildings and improvements, equipment, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. TSU uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although TSU's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Condensed Statement of Net Position

Unrestricted net deficit increased by \$(24,331,001) from \$(11,470,514) to \$(35,801,515) at year end. Unrestricted net position represents amounts that can be used to finance day-to-day operations without constraints established by debt covenants and enabling legislation. The majority of the unrestricted deficit can be attributed to the implementation of GASB 68. More detailed information about GASB 68 is presented in Note 1.

TEXAS SOUTHERN UNIVERSITY MANAGEMENT'S DISCUSSION & ANALYSIS • AUGUST 31, 2015

Net Position as of August 31, 2015

Restricted 10% Net Investment in Capital Assets 90%

Table 1: Condensed Statement of Net Position

	_	2015	_	2014
Current and other assets	s	73,704,490	\$	66,244,114
Restricted assets		55,290,976		56,875,286
Capital assets, net		277,657,304		264,165,777
Total Assets	-	406,652,770	_	387,285,177
Deferred Outflows of Resources	_	3,395,967	_	
Current liabilities		97,946,856		88,454,109
Noncurrent liabilities	0	175,036,122	15	146,032,150
Total Liabilities	Ξ	272,982,978	Ξ	234,486,259
Deferred Inflows of Resources	_	5,528,189	_	
Not investment in capital assets		119,797,093		115,210,146
Restricted for:				
Debt service		804,348		838,600
Other		46,737,644		48,220,686
Unrestricted		(35,801,515)		(11,470,514)
Total Net Position	5	131,537,571	s	152,798,918

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

	2015	2014
OPERATING REVENUES		
Tuition and Fees - Pledged	\$ 87,088,727	\$ 80,797,100
Discount on Tuition and Fees	(27,428,580)	(24,832,935)
Auxiliary Enterprises -Pledged	11,378,960	11,813,001
Other Sales of Goods and Services - Pledged	124,334	98,550
Federal Revenue	18,216,152	13,772,558
Federal Pars-Through Revenue	478,387	4,693,630
State Revenue	1,601,575	1,228,758
State Pass-Through Revenue	7,416,454	7,873,573
Other Contracts and Grants - Pledged	2,106,261	1,054,548
Other Operating Revenue	4,838,788	4,346,793
Total Operating Revenues	105,821,057	100,845,574
OPERATING EXPENSES		
Salaries and Wages	88,923,731	89,599,756
Payroll Related Costs	22,152,901	21,926,739
Professional Fees and Services	6,396,288	6,009,240
Travel	3,037,665	3,097,202
Materials and Supplies	8,531,285	9,882,734
Communication and Utilities	6,412,257	6,867,558
Repairs and Maintenance	5,289,719	4,805,212
Rentals and Leases	1,500,653	1,987,035
Printing and Reproductions	466,259	657,543
Bad Debt Expense	2,210,030	2,121,183
Scholarships	18,927,494	18,967,639
Other Operating Expenses	10,969,117	9,882,424
Depreciation and Amortization	16,925,512	15,656,065
Total Operating Expenses	191,742,912	191,460,329
Operating Gain (Loss)	\$ (85,921,856)	\$ (90,614,755)

		2015		2014
NONOPERATING REVENUES (EXPENSES)	_			
Legislative Revenue	s	50,003,682	5	50,550,104
Additional Appropriations		10,498,723		10,306,664
Gifts		257,495		514,519
Federal Revenue Nonoperating		21,877,303		20,156,164
Interest Income		2,605,328		3,799,835
Investing Activities Expenses		(332,268)		(313,749)
Interest Expense and Fiscal Charges		(5,392,784)		(6,017,239)
Net Increase (Decrease) Fair Value		(896,446)		7,272,906
Other Nonoperating Revenue Expense		(2,104,421)		936,394
Total Nonoperating Revenues (Expenses)		76,516,612		87,205,597
(Loss) Refore Other Revenues, Expenses,				
Gains/Losses and Transfers	_	(9,405,244)	Ш	(3,409,158)
OTHER REVENUES, EXPENSES, AND TRANSFERS				
Capital appropriations (HEAF)		8,894,700		8,894,700
Contributions to Permanent and Term Endowments		73,449		267,656
Lapses				(512,505)
Transfer In		129,123		
Transfer Out	S	(466,360)		(771,162)
Total Other Revenues, Expenses, and Transfers	=	8,630,913	Ξ	7,878,689
Change in Net Position	_	(774,331)		4,469,531
Restatement, Note 1 Net Position Allocation GASB 68		(20,487,016)		
Beginning Net Position, as restated (Note 1)		152,798,918	_	148,329,387
Ending Net Position	s	131,537,571	s	152,798,918

TEXAS SOUTHERN UNIVERSITY MANAGEMENT'S DISCUSSION & ANALYSIS • AUGUST 31, 2015

For the year ended August 31, 2015, total revenue was \$197,159,992. This represents a decrease in total revenue \$6,384,523 or (3 percent). The total net position decreased by \$21,261,347 (or 13.9 percent). The primary decrease in net position can be attributed to the implementation of GASB 68. More detailed information about GASB 68 is presented in Note 1.

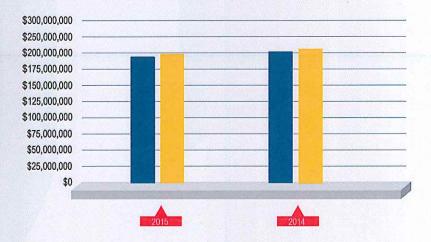
Expenses totaled \$197,934,232 for the year ended August 31, 2015. This represents a decrease of \$765,064 from last year. The majority of this decrease can be attributed to a reduction in the amount of salary and wages and other operating expenses.

Key elements to these changes are as follows:

- · Operating revenues increased by \$4,975,482 (5 percent) primarily due to increase in tuition and fees and federal revenue.
- . Non-operating revenues decreased by \$11,360,006 (12 percent) primarily due to the fair market value of investments.
- Operating expenses less depreciation decreased by \$986,836 (1 percent) as a result of a decrease in salaries and wages, scholarships, and other operating expenses.
- Non-operating expenses decreased by \$1,423,245 (23 percent) due to a decrease in the Interest Expense and Fiscal Charges.
- Depreciation expense increased \$1,269,446 due to the new technology building that was placed into operations in FY14.

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

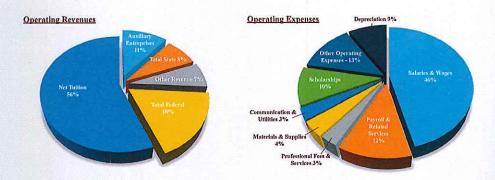
Revenues & Expenses



Total Revenues

Total Expenses

TEXAS SOUTHERN UNIVERSITY MANAGEMENT'S DISCUSSION & ANALYSIS • AUGUST 31, 2015



Capital Assets

At year end, TSU had invested \$277,657,304 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$13,491,527.

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

- Building improvements completed at a cost of \$501,285.
- Various building renovations and equipment were added as construction in progress at a total cost of \$25,407,718.
- Construction continues on the new residential housing unit estimated to cost \$55 million.

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

Long-Term Debt

TSU's revenue bonds carry the rating of "Baa3" with Moody's Investors Service. At year end, TSU had \$77,141,437 in revenue bonds outstanding versus \$85,333,590 last year. TSU general obligation bonds outstanding for \$4,015,000 at the end of August 2014 was paid in full during 2015. Also, at year end, TSU had \$85,973,486 in capital loan notes payable to the Department of Education. This includes \$29,282,099 in advances drawn on \$55 million dollars in financing obtained to build an 800 bed Housing Unit.

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

Economic Factors

TSU's revenue increased in fiscal year 2015 due to an increase in tuition and fees, and federal revenue.

Contacting TSU's Financial Management

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

2015

Statement of Net Position Year Ended August 31, 2015

ASSETS

Current Assets	
Cash and Cash Equivalents	
Cash on Hand	\$ 2,100
Cash in Bank	12,263,231
Cash in State Treasury	1,817,426
Restricted:	
Cash in Bank-Restricted	443,892
Cash Equivalent	10,188,055
Short-Term Investments	2,550,811
Legislative Appropriations	5,350,538
Receivables:	
Federal	9,862,751
Other Intergovernmental	4,344,787
Accounts, Net	25,856,451
Other	465,414
Due From Other Agencies	140,222
Consumable Inventories	487,139
Total Current Assets	73,772,818
Non-Current Assets	
Restricted:	
Investments	45,583,483
Loans and Contracts	523,886
Prepaid Cost	9,183,608
Total Non-Current Restricted Assets	55,290,976
Capital Assets:	
Land	17,248,800
Construction in Progress	33,851,846
Historical Treasures and Works of Art	2,829,313
Total Non-Depreciable or Non-Amortizable	53,929,958
Capital Assets Depreciable:	
Buildings and Building Improvements	419,307,013
Infrastructure	6,528,361
Equipment	30,429,347
Library Books	32,099,631
Less: Accumulated Depreciation	(264,637,007)
Total Depreciable or Amortizable, Net	223,727,346
Total Non-Current Assets	332,948,280
TOTAL ASSETS	406,721,099
Deferred Outflows	2 202 6 7
Deferred Outflows of Resources-Pension	3,395,967
Total Deferred Outflows	S 3,395,967

LIABILITIES	2015
Current Liabilities	
Accounts Payable	\$ 14,829,304
Payroll Payable	6,199,099
Due to Other Agencies	68,328
Interfund Payable	129,123
Interest Payable	1,739,323
Escheat Payable	460,454
Unearned Revenues	54,224,341
Student Refunds Payable	60,025
Other Payables	5,683,188
Notes and Loans Current Payable	3,257,143
Revenue Bonds Current Payable, Net	8,693,223
Employees' Compensable Leave	2,671,632
Total Current Liabilities	98,015,184
Non-Current Liabilities	
Net Pension Liabilities	18,085,720
Notes and Loans Payable	82,716,343
Revenue Bonds Payable, Net	68,448,215
Employees' Compensable Leave	3,061,976
Due to Perkins Loan Program	2,723,869
Total Non-Current Liabilities	175,036,122
TOTAL LIABILITIES	273,051,306
Deferred Inflows	
Deferred Inflows of Resources-Pension	5,528,189
Total Deferred Inflows	5,528,189
NET POSITION	
Net Investment in Capital Assets	119,797,093
Restricted For:	
Debt Retirement	804,348
Other Restricted	502,177
Funds Held as Permanent Investments:	
Endowments	46,235,468
Unrestricted	(35,801,515)
	A 100 March 1990

TOTAL NET POSITION

See Notes to Financial Statements.

\$131,537,571



Texas Southern University offers a BS degree in Computer Science, BS degree in Computer Science with Computer Networks Concentration, MS degree in Computer Science, and Ph.D. degree in Environmental Toxicology affiliated with the Department of Environment Science and Technology. Our graduates are very well placed and recognized within the Computer Science professions, at both national and international levels. By joining the Computer Science Department, students experience the TSU commitment to quality, a special sense of belonging, and the chance to develop relationships that will last a lifetime. TSU faculty uses a variety of learning methods in small class sizes, which allows students and faculty to develop close and positive working relationships. (continued on following page)

Statement of Revenues, Expenses, & Changes in Net Position Year Ended August 31, 2015

OPERATING REVENUES	2015	NONOPERATING REVENUES (EXPENSES)	2015
Tuition and Fees - Pledged	\$ 87,088,727	Legislative Revenue	\$ 50,003,682
Discount on tuition and fees	(27,428,580)	Additional Appropriations	10,498,723
Auxiliary Enterprises -Pledged	11,378,960	Gi∩s	257,495
Other Sales of Goods and Services - Pledged	124,334	Federal Revenue Nonoperating	21,877,303
Federal Revenue	18,216,152	Interest Income	2,605,328
Federal Pass-Through Revenue	478,387	Investing Activities Expenses	(332,268)
State Revenue	1,601,575	Interest Expense and Fiscal Charges	(5,392,784)
State Pass-Through Revenue	7,416,454	Net Increase (Decrease) Fair Value	(896,446)
Other Contracts and Grants - Pledged	2,106,261	Other Nonoperating Revenue/Expense	(2,104,421)
Other Operating Revenue	4,838,788	Total Nonoperating Revenues (Expenses)	76,516,612
Total Operating Revenues	105,821,057		
		Income (Loss) Before Other Revenues, Expenses,	
OPERATING EXPENSES		Gains/Losses and Transfers	(9,405,244)
Salaries and Wages	88,923,731		
Payroll Related Costs	22,152,901	OTHER REVENUES, EXPENSES,	
Professional Fees and Services	6,396,288	GAINS/LOSSES TRANSFERS	
Travel	3,037,665	Capital Appropriations (HEAF)	8,894,700
Materials and Supplies	8,531,285	Additions to Permanent and Term Endowments	73,449
Communication and Utilities	6,412,257	Transfer In	129,123
Repairs and Maintenance	5,289,719	Transfer Out	(466,360)
Rentals and Leases	1,500,653	Total Other Revenues, Expenses,	
Printing and Reproduction	466,259	Gains/Losses and Transfers	8,630,913
Bad Debt Expense	2,210,030		
Scholarships	18,927,494	Change in Net Position	(774,331)
Other Operating Expenses	10,969,117		TOTAL N
Depreciation and Amortization	16,925,512	Beginning Net Position	152,798,918
Total Operating Expenses	191,742,912		utilly. IL-
		Restated, Note 9 Net Pension Allocation GASB 68	(20,487,016)
Operating Income (Loss)	\$ (85,921,856)		
		Ending Net Position	\$131,537,571
See Notes to Financial Statements.			1000000

See Notes to Financial Statements.

TEXAS SOUTHERN UNIVERSITY
BASIC FINANCIAL STATEMENTS • AUGUST 31, 2015

Statement of Cash Flows Year Ended August 31, 2015

See Notes to Financial Statements.

Cash Flows from Operating Activities	2015
Proceeds from tuition and fees	\$ 58,077,607
Proceeds from auxiliary enterprises	11,378,960
Proceeds from federal grants and contracts	17,626,691
Proceeds from state grants and contracts	9,008,441
Proceeds from other revenues	13,120,764
Payments to employees for salaries and wages	(92,990,889)
Payments for employee related costs	(19,041,216)
Payments for other expenses	(58,565,868)
Net Cash (Used) by Operating Activities	(61,385,510)
Cash Flows from Noncapital Financing Activities	
Receipts from state appropriations	65,336,906
Proceeds from federal grants and contracts	21,877,303
Receipts from gifts and endowments	330,944
Net Cash Provided by	87,545,153
Noncapital Financing Activities	
Cash Flows from Capital	
and Related Financing Activities	
Acquisition and construction of capital assets	(30,417,039
Principal paid on capital debt	(12,890,710
Interest and fiscal agent fees paid	(5,366,931)
Loan receipts	22,476,677
Net Cash (Used) by Capital	
and Related Financing Activities	(26,198,002
Cash Flows from Investing Activities	
Purchase/Sale of investments	1,471,888
Payments received on notes receivable	482,152
Interest received	2,273,061
Net Cash Provided by Investing Activities	4,227,101
Net (Decrease) in Cash and Cash Equivalents	4,188,743
Beginning cash and cash equivalents	20,525,962
Ending Cash and Cash Equivalents	S 24,714,705
Unrestricted cash and cash equivalents	14,082,758
Restricted cash and cash equivalents	10,631,947
Ending Cash and Cash Equivalents	\$ 24,714,705

econciliation of Operating (Loss) to Net Cash	2015
Jsed) by Operating Activities	
perating gain (loss)	\$ (85,921,856)
djustments to reconcile operating (loss) to not	
ish (used) by operating activities:	
Depreciation and amortization	16,925,512
Bad Debt Expense	2,210,030
Pension Expense	1,671,896
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in:	
Accounts receivable, net	(3,762,850)
Due from federal government	(1,067,847)
Other receivables	(6,601)
Inventories	143,252
Prepaid items	(435,254)
Deferred Outflow	(1,679,733)
Increase (Decrease) in:	
Accounts payable	6,063,242
Salaries payable	(1,818,026)
Due to state	(737,036)
Escheat payable	(41,091)
Deferred revenue	5,928,860
Student refunds payable	(39,308)
Other current liabilities	(426,127)
Compensated absences	196,769
Net Pension Liability	(4,117,796)
Deferred Outflow	5,528,455
Net Cash (Used) by Operating Activities	\$ (61,385,510)

See Notes to Financial Statements.

The Department of Computer Science will prepare students for entry into the workforce and for graduate study when they major and minor in departmental curricular offerings. All students matriculating through Texas Southern University have a basic understanding of the impact of computing / information technologies upon society and obtain the ability to cope with the infusion of these technologies in the professional or work environments in which they will eventually function.

In an era where more and more people are looking for recession-proof jobs, Texas Southern University offers a program aimed at a little-known, yet extremely stable field of Maritime Transportation.

Within the next few years, most of the current employees in this industry will have actually had 25 to 30 years of experience and they will be very soon at a retirement age so there will be a need to replenish the workforce. As an added bonus, maritime fields are very stable because this particular form of transportation is one of the oldest industries. Even more beneficial, is that the Port of Houston generates over 785,000 jobs in the state of Texas, just from their activities, so it is a huge economic engine.

TEXAS SOUTHERN UNIVERSITY BASIC FINANCIAL STATEMENTS • AUGUST 31, 2015

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Reporting Entity

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

B. Financial Statement Presentation

In fiscal year 2015, TSU implemented accounting standard GASB Statement No. 68 ("GASB 68"), Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No.27, GASB 68 establishes accounting and financial reporting for pensions that are provided to the employees of stale and local governmental employers through pension plans that are administered through trusts. The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Implementation is reflected in the financial statements, notes to the financial statements and required supplementary information.

GASB Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date ("GASB 71") amends the transition provisions of GASB 68. GASB 71 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. Implementation is reflected in the financial statements and the notes to the financial statements.

Prior to FY15, TSU implemented accounting standard GASB Statement No. 65 ("GASB 65"), Items Previously Reported as Assets and Liabilities. GASB 65 establishes accounting and financial reporting standards that reclassify as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB 65 is reflected in the financial statements.

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

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

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

Net Investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by law virtual to the properties of the pr

Uprestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in papital assets."

Notes to Financial Statements

C. Measurement Focus and Basis of Accounting

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

D. Budgets and Budgetary Accounting

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

E. Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents

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

2. Balance in State Appropriations

This item represents the balance of general revenue funds at August 31, 2015 as calculated in the Texas Comptroller's General Revenue Reconciliation.

3. Current Receivables - Other

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

4. Investments

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

5. Restricted Assets

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

6. Inventories and Prepaid Costs

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

7. Capital Assets

Capital assets are defined by the State as follows:

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

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

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

8. Accounts Payable

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

9. Compensated Absences

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

10. Bonds Payable - General Obligation Bonds

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

TEXAS SOUTHERN UNIVERSITY BASIC FINANCIAL STATEMENTS • AUGUST 31, 2015

Notes to Financial Statements

11. Bonds Payable - Revenue Bonds

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

12. Net Position, Deferred Outflows/Inflows of Resources

Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Deferred outflows of resources represents a consumption of net assets by an entity that is applicable to a future reporting period. Deferred inflows of resources represents an acquisition of net assets by an entity that is applicable to a future reporting period.

E. Estimates

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

G. Operating versus Non-operating Revenues

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

H, Restricted versus Unrestricted Resources

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

I. Economic Dependency

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

NOTE 2: CAPITAL ASSETS

A summary of changes in capital assets for the year ended August 31, 2015 is shown in Exhibit 1 on page 38.

Total construction commitments outstanding at year end were \$21,148,154.

NOTE 3: DEPOSITS AND INVESTMENTS

A. Deposits of Cash in Bank

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, TSU's deposits may not be returned to it. As of August 31, 2015, TSU's deposits were fully collateralized.

Bank Balance as of August 31, 2015	Amount
Cash and cash equivalents per statement of cash flows	\$ 24,714,705
Less:	
Cash on hand	2,100
Cash in treasury	1,817,426
Total Cash in Bank	\$ 22,895,179
Unrestricted cash in bank:	\$ 12,263,232
Restricted cash in bank:	10,631,947
Total Cash in Bank	\$ 22,895,179

B. Investments

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

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

As of August 31, 2015, TSU had the following investments:

Investment Type	- 5	Fair Value
U.S. Government Agency Obligations	\$	4,082,100
U.S. Treasury Securities		4,669,979
Equity		28,291,689
Corportate Obligations		4,829,216
International Obligations		2,987,532
Fixed Income Money Market Funds		13,461,833
Total Fair Value	\$	58,322,349

Credit risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. TSU's investment policy limits investments in obligations of states, agencies, counties, cities, and other political subdivisions of any investments rated greater than A or its equivalent. Corporate bonds, debentures, or similar debt instruments must be rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradation within those categories. Exhibit 2 on page 38 illustrates TSU's credit risk as of August 31, 2015.

Notes to Financial Statements

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

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, TSU will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. TSU's investment policy requires safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in TSU's safekeeping account prior to the release of funds. The investments of \$58,322,348 are subject to Uninsured and Unregistered Fair Value, Securities Held by Counterparty Credit Risk.

Interest rate risk-investments. For an investment, this is the risk that changes in interest rates will adversely affect the fair value of an investment, Exhibit 3 on page 39 illustrates TSU's interest rate risk as of August 31, 2015.

NOTE 5: SUMMARY OF LONG-TERM LIABILITIES

The changes reported in the long-term liabilities during the year ended August 31, 2015 are illustrated in Exhibit 4 on page 39.

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

Year Ending Aug. 31		Revenu	e Bonds
AMIRINE LA		Principal	Interest
2016		8,270,000	3,710,037
2017		8,245,000	3,334,337
2018		7,845,000	2,927,887
2019		6,695,000	2,559,988
2020		7,040,000	2,214,988
2021-2025		24,090,000	6,332,538
2026-2030		11,045,000	2,333,813
	Total	\$ 73,230,000	\$ 23,413,588

Interest expense incurred on revenue bonds for the year ended August 31, 2015 totaled \$3,934,438.

Interest expense incurred on general obligation bonds that fully matured during the year ended August 31, 2015 totaled \$13,383

A. Notes and Loans Payable

1. Student Housing - University Towers

On September 27, 2012, pursuant to the Board resolution made on July 6, 2012, TSU secured financing to construct new student housing, consisting of 800 beds, to be located on the eastside of the campus at Wheeler and Sampson streets. The financing of this project is through the U.S. Department of Education's Historically Black Colleges and Universities loan program initiative. The amount of the loan is not to exceed \$55,000,000. As of August 31, 2015, the total amount of proceeds advanced under this loan is \$29,282,099. Pursuant to the terms of the loan agreement, the last day to advance funds is March 1, 2015. Interest will be capitalized through March 1, 2015. The interest rate will be fixed for each advance equal to U.S. Treasury yields prevailing at the dates at each advance plus 22.5 basis points (.225%). Scheduled payment dates are May 1st and November 1st of each year. The first principal payment date is November 2, 2016 and the maturity date is May 1, 2034. The debt service is secured by Housing rental revenues.

Estimated loan debt requirements are as follows:

Year Ending Aug. 31		Principal	Interest	10000	al Estimated nual Amount
2016	5	1,011,039	\$ 936,650	\$	1,947,639
2017		1,266,811	680,878		1,947,689
2018		1,301,833	645,856		1,947,689
2019		1,333,465	614,224		1,947,689
22020		1,364,302	583,387		1,947,689
2021-2025		7,342,345	2,396,100		9,738,445
2026-2030		8,280,857	1,457,588		9,738,445
2031-2035		7,381,447	409,309		7,790,756
	\$	29,282,099	\$ 7,723,992	\$.	37,006,091

Interest incurred and capitalized for the year ended August 31, 2015 totaled \$300,366.

2. Parking Garage

On September 26, 2011, pursuant to the Board resolution made in June 2011, TSU acquired the East and West parking garages from the Central Houston Parking, L.L.C. The acquisition was financed through U.S Department of Education's Historical Black Colleges and Universities loan program initiative. The loan amount was \$64,180,000,00. Existing debt service funds and reserves held by the trustees in Bank of New York Trust Company, NA., were also applied in the satisfaction of the purchase agreement and terms. Consequently, Central Houston Parking has since relinquished all beneficial interests, rights and title of the properties. The cost of the purchase was \$33,307,027. The debt service is secured by parking revenues.

3. Student Housing - Tierwester Oaks and Richfield Manor Apartments

On September 26, 2011, pursuant to the Board resolution made in June 2011, TSU acquired the Tierwester Oaks and Richfield Manor Apartments from the Houston Student Housing II, L.L.C. The acquisition was financed through U.S Department of Education's Historical Black Colleges and Universities Ioan program initiative. The loan amount was \$64,180,000.00. Existing debt service funds and reserves held by the trustees in Bank of New York Trust Company, NA., were also applied in the satisfaction of the purchase agreement and terms. Consequently, Houston Student Housing II has since relinquished all beneficial interests, rights and title of the properties. The cost of the purchase was \$21,442,970. The debt service is be secured by housing rental

4. Student Housing - The University Courtyard Apartments

On September 26, 2011, pursuant to the Board resolution made in June 2011, TSU acquired the University Courtyard apartments from the Houston Student Housing, L.L.C. The acquisition was financed through U.S Department of Education's Historical Black Colleges and Universities loan program initiative. The loan amount was \$64,180,000.

TEXAS SOUTHERN UNIVERSITY BASIC FINANCIAL STATEMENTS · AUGUST 31, 2015

Notes to Financial Statements

Existing debt service funds and reserves held by the Trustees in Bank of New York Trust Company, NA., were also applied in the satisfaction of the purchase agreement and terms. Consequently, Houston Student Housing has since relinquished all beneficial interests, rights and title of the properties. The cost of the purchase was \$9,817,505.80. The debt service is be secured by Housing rental

Estimated loan debt requirements are as follows:

Year Ending Aug. 31		Principal		Interest		al Estimated nual Amount
2016	\$	2,246,104	\$	1,319,754	5	3,565,858
2017		2,309,687		1,256,172		3,565,859
2018		2,360,475		1,205,383		3,565,858
2019		2,415,985		1,149,873		3,565,858
2020		2,469,846		1,096,012		3,565,858
2021-2025		13,260,919		4,568,371		17,829,290
2026-2030		14,895,851		2,933,438		17,829,289
2031-2035		16,732,520		1,096,769		17,829,289
	\$	56,691,387	5	14,625,772	5	71,317,159
	-		_		_	

Interest expense incurred for the year ended August 31, 2015 totaled \$1,428,903.

B. Compensated Absences

A State employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. An expense and liability are recorded as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. This obligation is usually paid from the same funding source from which the employee's salary or wage compensation was paid.

NOTE 6: BONDED INDEBTEDNESS

Revenue Bonds, Series 2011

Change in Debt

Purpose	To construct the new Leonard Spearman Technology Building
Amount of Issue	\$31,500,000; all authorized have been issued
Issue Date	11-01-2010
Type of Bond	Revenue Bond - Self Supporting
Reporting	Business-type Activities
Source of Revenue	Pledged Revenues

None

Revenue Bonds, Series 2013

On August 28, 2013 TSU defeased \$64,485,000 of outstanding revenue bonds. The transaction refunded bonds 1998A-1, 1998A-2, 1998B, 2002 and 2003 series. \$62,355,000; all authorized have been Amount of Issue 08-28-2013 Issue Date Type of Bond Revenue Bond - Self Supporting **Business-type Activities** Reporting Pledged Revenues Source of Revenue

General Obligation Bonds

Change in Debt

Purpose

Reporting

Constitutional Appropriation Bonds, 2005

To finance the construction and equipping of buildings or other improvements, including a School of Public Affairs; to finance the performance of major repair or rehabilitation of buildings; to finance the purchase of capital equipment and other equipment authorized to be purchased with Higher Education Assistance Funds; and to finance the payment of certain costs related to the issuance of the bonds

Amount of Issue \$30,935,000; all authorized have been

Issue Date 08-01-2005

Type of Bond General Obligation Bond - Non Self Supporting

Business-type Activities

Source of Revenue Constitutional Appropriations

Change in Debt None

Notes to Financial Statements

NOTE 8: LEASES

Operating Leases

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

Fund Type	Amount	
Proprietary Fund	\$	1,034,258
The second second		

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

Y	Year Ending Aug. 31		Inium Lease Payments
	2016	\$	495,763
	2017		470,213
	2018	10.0	78,943
	Total	\$	1,044,919

Capital Leases

Capital leases are used to finance the purchase of property and are capitalized at the present value of future minimum lease payments. As of August 31, 2015, TSU had not entered into any material contractual agreements that could be deemed capital lease obligations.

NOTE 9: TEACHER'S RETIREMENT SYSTEM

The state of Texas has three retirement systems in its financial reporting entity — Employees Retirement System (ERS), Teacher Retirement System (TRS), and Texas Emergency Services Retirement System (TESRS). These three retirement systems administer the following six defined benefit pension plans:

ERS – the Employees Retirement System of Texas Plan (ERS), the Law Enforcement and Custodial Officer Supplemental Retirement Plan (LECOS), the Judicial Retirement System of Texas Plan One (JRS 1) and Judicial Retirement System of Texas Plan Two (JRS2)

TRS - the Teacher Retirement System of Texas (TRS) plan

TESRS – the Texas Emergency Services Retirement System (TESRS) plan

ERS, LECOS, JRS2, TRS, and TESRS plans are administered through trust; JRS1 plan is on a pay-as-you-go basis.

TRS Plan

Teacher Retirement System is the administrator of the TRS plan, a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation. The employers of the TRS Plan include the state of Texas, TRS, the state's public schools, education service centers, charter schools, community and junior colleges. TRS membership is in employee class. All employees of public, state-supported education institutions in Texas who are employed for one-half or more of the standard work load and not exempted from membership under Texas Government Code, Title 8, Section 822.002

are covered by the system. Employees of TRS and state of Texas colleges, universities and medical schools are members of the TRS plan.

The TRS Plan provides retirement, disability annuities and death and survivor benefits. The benefit and contribution provisions of the TRS Plan are authorized by state law and may be amended by the Legislature. The pension benefit formulas are based on members' average annual compensation and years of service credit. The standard annuity is 2.3 percent of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered members who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic cost of living adjustments (COLAs). Audited Comprehensive Annual Financial Report (CAFR) for Teacher Retirement System may be obtained from:

Teacher Retirement System of Texas 1000 Red River Street Austin, Texas 78701-2698

During the measurement period of 2014 for fiscal 2015 reporting, the amount of TSU's contributions recognized by the plan was \$2,362,601. The ontolivious rates for the state and the members in the measurement period are presented in the table below:

Required Contribution Rates

	TRS Plan	
Contribution Rates		
Employer	6.8%	
Employees	6.7%	

Actuarial Methods and Assumptions

	TRS Plan
Actuarial Valuation Date	August 31, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Open
Actuarial Assumptions:	
Discount Rate	8%
Investment Rate of Return	8%
Inflation	3%
Salary Increase	4.25% to 7.25% including inflation 1994 Group Annuity
Mortality	Mortality Table
Active	Set back 6 years for males and females
Post-Retirement	Client-specific tables multiplied by 80%
Ad Hoc Post-Employment Benefit Changes	None

The actuarial assumptions used in valuation were primarily based on the result of an actuarial experience study for the four-year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the summer of 2014, the methods and assumptions are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011, they contained

TEXAS SOUTHERN UNIVERSITY BASIC FINANCIAL STATEMENTS • AUGUST 31, 2015

Notes to Financial Statements

significant margin for possible future mortality improvements. As of the date of the valuation there has been a significant crosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees have decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards practice No. 35.

There have been no changes to the benefit and contribution provisions of the plan since the prior measurement date.

The discount rate of 8% was applied to measure the total pension liability. There has been no change in the discount rate since the prior measurement period. The projected cash flows into and out of the pension plan assumed that members, employers, and non-employer contributing entity make their contributions at the statutorily required rates. Under this assumption, the pension plan's fiduciary net position is projected to be sufficient to make all future pension benefit payments of current plan members. Therefore, the 8% long-term expected rate of return on pension plan investments was used as the discount rate without incorporating the municipal bond rate.

The long-term expected rate of retum on plan investments was developed using a coding-block method with assumptions including asset class of investment portfolio, target allocation, real rate of return on investments, and inflation factor. Under this method, best estimate ranges of expected future real rates of return (net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class for the plan's investment portfolio are presented below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Global Equity	I S WILL B	
U.S.	18%	4.6%
Non-U.S. Developed	13%	5.1%
Emerging Markets	9%	5.9%
Directional Hedge Funds	4%	3.2%
Private Equity	13%	7.0%
Stable Value		
U.S. Treasury	11%	0.7%
Absolute Return	0%	1.8%
Stable Value Hedge Funds	4%	3.0%
Cash	1%	-0.2%
Real Return		
Global Inflation Linked Bonds	3%	0.9%
Real Assets	16%	5,1%
Energy and Natural Resources	3%	6.6%
Commodities	036	1.2%
Risk Parity		
Risk Parity	5%	6.7%
	100%	

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of TSU's net pension liability. The result of the analysis is presented in the table on the following column.

Sensitivity of TSU's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease	Current Discount Rate		1% Increase	
	(7%)	(8%)		(9%)	
5	32,315,181	5	18,085,720	\$	7,444,733

The pension plan's fiduciary net position is determined using economic resources measurement focus and the accrual basis of accounting, which is the same basis used by Teacher Retirement System. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. The framework for measuring fair value is based on a hierarchy that gives the highest priority to the use of observable inputs in an active market and lowest priority to the use of unobservable inputs. More detailed information on the plan's investment policy, assets, and fiduciary net position, may be obtained from TRS' fiscal 2014 Comprehensive Annual Financial Report.

At August 31, 2015, TSU reported a liability of \$18,085,720 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of August 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TSU's proportion at August 31, 2014 was .0676941 percent. TSU's proportion of the collective net pension liability was based on its contributions to the pension plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period September 1, 2013 through August 31, 2014.

For the year ending August 31, 2015, TSU recognized pension expense of \$1,671,896. At August 31, 2015, TSU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	rred Outflows Resources	Deferred Inflows of Resources		
Difference between expected and actual experience	\$ 279,645	s		
Changes of assumptions Net difference between projected	1,175,352			
and actual investment return Change in proportion and contribution difference			5,526,607	
Contribution difference Contributions subsequent to the measurement date	1.010.070		1,582	
Total	\$ 1,940,970 3,395,967	\$	5,528,189	

The \$1,940,970 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending August 31, 2016.

Note: The collective fiscal 2015 contribution amount will be provided when it becomes available. TSU must report its proportionate share of the collective amount.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the following years (noted on the following page).

Notes to Financial Statements

Year Ended August 31			
2016	\$ (1,136,994)		
2017	(1,136,994)		
2018	(1,136,994)		
2019	(1,136,994)		
2020	244,658		
Thereafter	230,125		

Changes in Assumptions

Modifications to the actuarial methods and assumptions are based on a study of actual experience as adopted on April 8, 2011. The assumptions and methods used in the current valuation are the same except for the following modifications:

- Small reductions in the rates of retirements at most age and service combinations.
- Decrease in the post-retirement rates of mortality for both males and females.
- The salary increase assumption in the first year of employment was reduced.
- The method for determining the actuarial value of assets was
 modified to a method that sets the actuarial value of assets as
 the expected actuarial value of assets plus 20% of the difference
 between the actual market value of the assets and the expected
 actuarial value of assets.

Amounts reported for 2014 reflect the adoption of the new mortality assumption that the average life expectancy for members over 65 years of age will increase by roughly nine months over the next four years.

NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS

TSU reports their financial statements in accordance with GASB Statement No. 35. The statement requires TSU to report as one fund. Accordingly, no interfund balances and activities are reported.

NOTE 14: RESTATEMENT OF NET POSITION

Due to the adoption of GASB 68 and GASB 71, net position was restated at August 31, 2014. TSU has implemented GASB 68 in FY15.

	VIII	Total	
Fund Balance/Net Positon, 09/01/14	5	152,798,918	
Restatements:			
Net Pension Liability		22,203,250	
Deferred Outflows of Resources	1,716,2		
Fund Balance/Net Positon, 09/01/14 Restated	\$	132,311,902	

NOTE 15: CONTINGENCIES AND COMMITMENTS

A. Grants

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

B. Lawsuits

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

C. Perkins Loan

TSU is recording maximum liability – Due to Perkins Loan Program for \$2.7 million. The actual liability could be less than this amount and the final number will be known when the Perkins Loan close-out process is complete and final numbers are provided by Department of Education

NOTE 17: RISK FINANCING AND RELATED INSURANCE

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

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

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

The State provides coverage for workers' compensation and unemployment benefits from appropriations made to other State agencies for TSU employees. The current General Appropriations Act provides that TSU must reimburse the general revenue fund, consolidated from TSU appropriations, one-half of the unemployment benefits and 25 percent of the workers' compensation benefits paid for former and current employees. The Compttoller determines the proportionate amount to be reimbursed from each appropriated fund type. TSU must reimburse the general revenue fund 100 percent of the cost for workers' compensation and unemployment compensation for any employees paid from funds held in local bank accounts and local funds held in the State treasury. Workers' compensation and unemployment plans are on a pay-as-you-go basis, in which no assets are set aside to be accumulated for the payment of claims. No material outstanding claims are pending at August 31, 2015.

The Texas Motor Vehicle Safety Responsibility Act requires that every non-governmental vehicle operated on a State highway be insured for minimum limits of liability in the amount of \$20,000 / \$40,000 bodily injury and \$15,000 property damage. However, TSU has chosen to

TEXAS SOUTHERN UNIVERSITY BASIC FINANCIAL STATEMENTS • AUGUST 31, 2015

Notes to Financial Statements

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 18: MANAGEMENT'S DISCUSSION & ANALYSIS

Although normally included as Note 18, following the Comptroller's requirements, Management's Discussion & Analysis is included as a separate section in the front of this report to comply with GASB.

NOTE 19: THE FINANCIAL REPORTING ENTITY

A. Related Parties

TSU is affiliated with the Texas Southern University Foundation. The stated purpose of the foundation is "to solicit and receive gifls, grants, devices, or bequests and to maintain, use, and apply the income there from and the principal thereof exclusively for charitable, scientific, literary or educational activities in order to aid and benefit Texas Southern University." According to foundation bylaws, the President of TSU and a representative of TSU's Board of Regents shall be ex officio members of the foundation's Board of Directors with full voting rights.

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

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

NOTE 20: STEWARDSHIP, COMPLIANCE, & ACCOUNTABILITY

TSU has no material violations of finance related legal and contract provisions. Per the laws of the State of Texas, TSU cannot spend amounts in excess of appropriations granted by the Texas Legislature and there are no deficits reported in net position.

NOTE 22: DONOR-RESTRICTED ENDOWMENTS

Amount of Net Appreciation (Depreciation)		Reported in Net Position
\$ 11,206,133		Restricted for expendable
5,078,044		Restricted for expendable
5	16,284,177 *	
	- <u>(</u>	Appreciation (Depreciation) \$ 11,206,133 5,078,044

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

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

*There was a fair market value decrease of \$896,446 for fiscal year 2015

NOTE 23: EXTRAORDINARY & SPECIAL ITEMS

TSU does not have any extraordinary and special items to report during the year ended August 31, 2015.

NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Aggregate receivables and other payables as reported on the statement of net position as of August 31, 2015, are detailed as follows:

Receivables	Balance		
Student Accounts	\$	32,875,423	
Third Party Accounts		1,816,860	
Less Allowance		(8,835,832)	
Total	S	25,856,451	

Other Payables	Balance		
Escheat payable	\$	460,454	
Student refund payable		60,025	
Other payables		8,373,721	
Total	\$	8,894,200	

Notes to Financial Statements

EXHIBIT 1 - CAPITAL ASSETS

	Balance 9/1/2014	Additions	Deleilons	Balance 8/31/2015
Non-depreciable or Non-amortizable Assets				O A DALPA IN SANTA
Land and Land Improvements	3 17,248,800	5 -	\$ -	\$ 17,248,800
Construction in Progress	8,444,129	25,407,718		33,851,846
Other Tangible Capital Assets	2,829,312	<u> </u>		2,829,312
Total Non-depreciable/amortizable	28,522,241	25,407,718		53,929,958
Depreciable Assets				
Buildings and Building Improvements	403,273,052	501,285		403,774,337
Infrastracture	6,528,361			6,528,361
Facilities and Other Improvements	15,532,675			15,532,675
Furniture and Equipment	25,525,052	2,248,660	(410,674)	27,363,638
Vehicle, Bonts and Aircraft	2,548,724	37,682		2,586,406
Other Capital Assets	33,178,928	2,390,790	(3,470,087)	32,099,631
Total Depreciable Assets	486,586,792	5,178,417	(3,880,761)	487,884,448
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(202,972,689)	(11,793,939)		(214,766,628)
Infrastructure	(2,102,543)	(312,192)		(2,414,734)
Pacilities and Other Improvements	(11,214,767)	(281,519)		(11,496,286)
Furniture and Equipment	(16,240,064)	(2,374,803)	410,674	(18,204,193)
Vehicle, Boats, and Aircraft	(1,341,134)	(206,669)		(1,547,803)
Other Capital Assets	(17,091,172)	(1,937,277)	3,300,991	(15,727,458)
Total Accumulated Depreciation	(250,962,369)	(16,906,399)	3,711,663	(264,157,102)
Depreciable Assets, Net	235,624,423	(11,727,982)	(169,996)	223,727,346
Intangible Capital Assets-Amortizable				
Computer Software - Intangible	479,904			479,904
Total Intangible Capital Assets	479,904			479,904
Less Accumulated Amortization for:				
Computer Software - Intangible	(460,791)	(19,113)		(479,904)
Total Accumulated Amortization	(460,791)	(19,113)		(479,904)
Intangible Capital Assets	19,113	(19,113)		an e al altrumer, s
Activities Capital Assets - Net.	\$ 264,165,777	\$ 13,660,623	\$ (169,096)	\$ 277.657,304
anning et eile gegen af de werke van de beste betrek betrek betrek en de betrek betrek betrek beste betrek bet	The New York was stress at the contribution of the	kabupatèn dalam dalam dalam	Arter valent ete de la valent de la	Alternation (Control Control

EXHIBIT 2 - CREDIT RISK

Investment Type	AAA	AA AA+	AA- A
U.S. Treasury Securities	\$ 4,669,979 \$		
Corporate Obligations	2 ROP CPU 1 5	116 787 \$ 232 563	79,997 \$ 627,164
Corporate Congression	4 1,012,170	tention a monton	

Unrated

Investment Type		10.00
U.S. Government Agency Obligations	\$	4,082,100
Equity	5 2	8,291,689
Corporate Obligations	3	106,923
International Equity	5	2,987,532
Fixed Income Money Market Funds	\$ 1	3,461,833
Park Charles Consider a feet a recentive extension.	1.11	

TEXAS SOUTHERN UNIVERSITY BASIC FINANCIAL STATEMENTS • AUGUST 31, 2015

Notes to Financial Statements

EXHIBIT 3 - INTEREST RISK RATE

	Investment Muturities (in Years)					
	Fair		Len			More
Investment Type	Value	Stocks	Stocks Than 1 1 to 5		6 to 10	than to
Agency Discount Securities	\$ 2,546,373	\$ -	\$ 2,546,373	\$ -	s -	5 -
Agencies	1,535,726	-		11,917	69,800	1,454,009
Treasuries	4,669,979	•		2,412,534	1,431,363	826,083
Common Stock	28,291,689	28,291,689		-		-
Corporate Obligations	4,829,216		111,818	1,440,269	1,652,546	1,624,582
Foreign Obligations	2,987,532	2,987,532				-
Money Market Funds	13,461,833	-	13,461,833			
Total	\$ 58,322,348	\$ 31,279,221	\$ 16,120,024	\$ 3,864,720	3 3,153,709	\$ 3,904,674

EXHIBIT 4 - SUMMARY OF LONG-TERM LIABILITIES

Long-Term Liabilities	Halance 9/1/2014	Additions	Reductions	Balance 8/31/2015	Amounts Due Within One Year	Amounts Due Therester
General Obligation Bonds Payable	. 77. 77. 77. 77. 77. 77. 77. 77. 77. 7					
Series 2005 Const. Approp.	4,015,000		4,015,000			
Total general obligation bonds	4,615,000	<u> </u>	4,015,000			
Revenue Bonds Payable					•	
Series 2011	26,360,000		1,060,060	25,300,000	1,110,000	24,190,000
Series 2013	54,810,000		6,880,000	47,930,000	7,160,000	40,770,000
Premiums & discounts	4,163,591	<u> </u>	252,152	3,911,437	423,223	3,488,215
Total revenue bonds	85,333,591		8,192,152	77,141,437 *	B,693,223	68,448,215
HRCU Loan 2011-4	58,892,730		2,201,344	56,691,387	2,246,104	54,445,282
HBCU Loan 2012-10	6,805,422	22,476,677		29,282,699	1,011,039	28,271,066
Total notes psyable	65,698,152	22,476,677	2,201,344	85,973,486 *	3,257,143	82,716,342
Other Liabilities:						
Compensated Absences	5,536,840	212,207	15.439	5,733,609	2,671,632	3,061,976
Total other liabilities	5,536,840	212,207	15,439	5,733,609	2,671,632	3,061,976
Total	\$ 160,583,583	\$ 22,688,884	\$ 14,423,935	\$ 168,848,532	\$ 14,621,998	\$ 154,226,533

Long-term Debt Due in More Than One Year

*Debt associated with capital assets

\$ 154,226,533 \$ 163,114,923

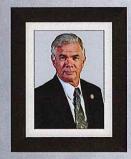
FISCAL ADMINISTRATION

Top Row (Left to Right):

Edward Craig Ness, MBA	
Christina Ordonez-Campos, CPA	Controller
Brian Diokens Dh D SDUD	Associate Vice President/ Chief Human Resources Officer

Bottom Row (Left to Right)

Louis Edwards	
Gregory L. Williams	Executive Director of Procurement Services
Ashlee McClelland	
Diane Lewis, MBA	















FINANCIAL REPORTING TEAM

Top Row (Left to Right): Lavonda Horn, Shirley Harper, Glenda Wright
Middle Row (Left to Right): Rena Robinson, Chris Le Blanc, Juanita Morgan
Bottom Row (Left to Right): Ryan Mason, Jeffrey Thomas, Jerelyn Lemmie, Valentina Pitre









