Texas State Technical College System

TEXAS STATE TECHNICAL COLLEGE

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING AUGUST 31, 2006

ANNUAL
FINANCIAL REPORT

TEXAS STATE TECHNICAL COLLEGE

TSTC SYSTEM OPERATIONS
TSTC HARLINGEN
TSTC MARSHALL
TSTC WACO
TSTC WEST TEXAS

FISCAL YEAR ENDED AUGUST 31, 2006

Texas State Technical College
Table of Contents

OFFICE OF THE CHANCELLOR

Texas State Technical College System
3801 CAMPUS DRIVE
WACO, TEXAS 76705
254-867-4891
FAX: 254-867-3960
800-792-8784
www tstc.edu

November 15, 2006

The Honorable Rick Perry
Governor of Texas

The Honorable Carole Keeton Rylander
State Comptroller

Director, Legislative Budget Board

Mr. John Keel, CPA
State Auditor

Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of Texas State Technical College 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 Gary Hendricks at 254-867-3952.

Sincerely,

Bill

Bill Segura
Chancellor

Enclosures

cc: Texas Higher Education Coordinating Board
Legislative Reference Library

TEXAS STATE TECHNICAL COLLEGE

ORGANIZATIONAL DATA
For the Fiscal Year Ended August 31, 2006

Board of Regents

Officers

C. (Connie) de la Garza	Harlingen, Texas	Chairman of the Board
Jerilyn K. Pfeifer	Abilene, Texas	Vice Chairman
James V. (J.V.) Martin	Sweetwater, Texas	Executive Committee
Barbara Rusling	China Spring, Texas	Executive Committee

Members

		Term Expires August 31,
C. (Connie) de la Garza	Harlingen, Texas	2007
Michael F. Northcutt	Longview, Texas	2007
Jerilyn K. Pfeifer	Abilene, Texas	2007
Barbara Rusling	China Spring, Texas	2009
Nora Castañeda	Harlingen, Texas	2009
James V. (J.V.) Martin	Sweetwater, Texas	2009
Joe M. Gurecky	Rosenberg, Texas	2011
Rolf R. Haberecht	Richardson, Texas	2011
Joe K. Hearne	Richardson, Texas	2011

Key Officers

Bill Segura	Chancellor
J. Gary Hendricks	Vice Chancellor for Financial and Administrative Services
Albert Srubar	Comptroller
Elton E. Stuckly, Jr.	President, Texas State Technical College Waco
J. Gilbert Leal	President, Texas State Technical College Harlingen
Mike Reeser	President, Texas State Technical College West Texas
Randy Wooten	President, Texas State Technical College Marshall

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Exhibit 1 - Statement of Net Assets
August 31, 2006

		TOTAL
ASSETS		
Current Assets		
Cash & Cash Equivalents		
Cash on Hand	$	46,794.00
Cash in Bank		13,398,228.41
Reimbursements Due from State Treasury		
Cash in State Treasury		6,959,813.43
Cash Equivalents		
Short-term Investments		9,003,167.46
Restricted		
Cash and Cash Equivalents		
Cash on Hand		
Cash in Bank		3,541,143.40
Cash Equivalents		
Short-term Investments		15,206,671.03
Balance in State Appropriations		7,852,384.31
Notes Receivable, Net		
Accounts Receivable, Net		12,106,251.28
Federal Receivables		1,188,098.30
Other Intergovernmental Receivables		
Accrued Interest Receivable		84,590.24
Other Receivables		215,614.00
Due from Other Funds/ Colleges		
Due From Other Agencies-State		416,466.77
Due From Other Agencies-Federal		1,399,534.32
Consumable Inventories		567,259.87
Merchandise Inventories		1,982,082.06
Loans and Contracts		
Other Current Assets		
Total Current Assets		73,968,098.88
Non-Current Assets:		
Restricted		
Cash in Bank		25,821.84
Short-term Investments		260,527.64
Investments		
Loans, Contracts and Other		
Other Non-Current Assets		
Capital Assets, Non-Depreciable		
Land and Land Improvements		4,142,842.45
Other Capital Assets		9,500.00
Construction in Progress		641,618.42
Capital Assets, Depreciable		
Buildings and Building Improvements		102,353,368.02
Less Accumulated Depreciation		(62,817,975.64)
Infrastructure		4,753,532.00
Less Accumulated Depreciation		(4,491,032.00)
Facilities and Other Improvements		3,651,320.79
Less Accumulated Depreciation		(2,945,095.68)
Furniture and Equipment		27,085,824.21
Less Accumulated Depreciation		(19,561,339.18)

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Exhibit 1 - Statement of Net Assets
August 31, 2006

		TOTAL
Vehicles, Boats, and Aircraft		7,966,175.81
Less Accumulated Depreciation		(5,541,268.41)
Other Capital Assets		2,662,195.82
Less Accumulated Depreciation		(1,915,385.10)
Other Non-Current Assets		
Total Non-Current Assets		56,280,630.99
TOTAL ASSETS	$	130,248,729.87
LIABILITIES		
Current Liabilities:		
Accounts Payable	$	2,920,363.75
Payroll Payables		6,041,223.21
Federal Payables		248,796.33
Other Intergovernmental Payables		
Due to Other Funds/Colleges		
Due to Other Agencies		
Deferred Revenue		11,544,377.32
Employees' Compensable Leave-Current Portion		339,921.06
Notes, Loans and Leases Payable-Current Portion		369,095.73
Revenue Bonds Payable-Current Portion		435,000.00
General Obligation Bonds Payable-Current Portion		1,340,000.00
Accrued Interest Payable-Bonds		82,388.96
Funds Held for Others		4,201,869.16
Other Current Liabilities		375,574.46
Total Current Liabilities		27,898,609.98
Non-Current Liabilities:		
Employees' Compensable Leave		4,579,341.83
Assets Held for Others		
Notes, Loans and Leases Payable		3,486,679.71
Interfund Payable (LoanStar Loan Program)		119,046.95
Revenue Bonds Payable		8,720,000.00
General Obligation Bonds Payable		12,830,000.00
Other Non-Current Liabilities		10,410.00
Total Non-Current Liabilities		29,745,478.49
TOTAL LIABILITIES	$	57,644,088.47
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		42,129,883.16
Restricted for:		
Other		1,480,541.87
Nonexpendable		
True and Other Endowments, and Annuities		286,349.48
Expendable		
Capital Projects		1,989,231.46
Debt Service		
Funds Functioning as Endowment-Restricted		
Other Expendable		
Unrestricted		26,718,635.43
TOTAL NET ASSETS		72,604,641.40
TOTAL LIABILITIES AND NET ASSETS	$	130,248,729.87

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Exhibit II - Statement of Revenues, Expenses, and Changes in Net Assets
For The Fiscal Year Ended August 31, 2006

	TOTAL
OPERATING REVENUES:	
Sales of Goods and Services:	
Student Tuition and Fees	$ 24,350,852.32
Discounts and Allowances	(10,131,794.47)
Auxiliary Enterprises	13,521,380.50
Discounts and Allowances	(1,281,126.50)
Net Sales and Services of Educational Activities	4,938,209.61
Interest and Investment Income from Operating Activities	497,438.27
Federal Sponsored Programs	19,265,636.05
Federal Sponsored Programs Pass-Through from Other State Agencies	6,341,357.22
State Sponsored Programs	1,174,166.33
State Sponsored Programs Pass-Through from Other State Agencies	2,749,958.97
Other Grants and Contracts	440,024.58
Other Operating Revenues	0.43
Total Operating Revenues	61,866,103.31
OPERATING EXPENSES:	
Instruction	54,730,699.92
Research	563,795.30
Public Service	5,969.48
Hospitals and Clinics	
Academic Support	11,386,629.11
Student Services	10,011,661.52
Institutional Support	14,152,267.12
Operations and Maintenance of Plant	12,815,758.11
Scholarships and Fellowships	9,204,255.93
Auxiliary Enterprises	15,695,984.85
Depreciation and Amortization	5,290,370.37
Total Operating Expenses	133,857,391.71
Operating Income (Loss)	(71,991,288.40)
NONOPERATING REVENUES (EXPENSES):	
State Appropriations	74,028,053.44
Gifts	53,505.09
Net Investment Income	1,094,351.79
Capital Contributions	76,559.51
Disposal of Plant Facilities	(202,815.78)
Interest Expense and Fiscal Charges	(984,804.35)
Gain/(Loss) on Sale of Capital Assets	
Other Nonoperating Revenues	608,823.71
Other Nonoperating (Expenses)	(1,680,096.57)
Net Nonoperating Revenues (Expenses)	72,993,576.84
Income (Loss) Before Other Rev., Exp., Gains/(Losses) & Transfers:	1,002,288.44

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Exhibit II - Statement of Revenues, Expenses, and Changes in Net Assets
For The Fiscal Year Ended August 31, 2006

		TOTAL
OTHER REVENUES, EXPENSES, GAINS (LOSSES) AND TRANSFERS		
Capital Appropriations		
Capital Contributions		
Gifts and Sponsored Programs for Capital Acquisitions		
HEAF Appropriations		3,850,000.00
Transfers from/(to) Other State Agencies		(1,483,829.21)
Legislative Transfers		
Legislative Appropriations Lapsed		
Other Rev., Exp., Gains/(Losses) & Transfers:		2,366,170.79
CHANGE IN NET ASSETS		3,368,459.23
Net Assets - September 1, 2005		69,236,182.17
Restatements		
Net Assets - September 1, 2005 - As Restated		69,236,182.17
NET ASSETS - August 31, 2006	$	72,604,641.40

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Matrix of Operating Expenses
Reported by Function
For the Fiscal Year Ended August 31, 2006

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Capital	$ 1,765,269 53	$ 0 00	$ 0.00	$ 347,599 64	$ 54,164.80
Less Capital Additions	(1,765,269 53)	0 00	0 00	(347,599.64)	(54,164.80)
Depreciation and Amortization	0.00	0 00	0 00	0 00	0.00
Payroll Related Costs	10,341,409.42	101,690 96	(1,503 58)	1,897,412 09	1,926,150 04
Claims and Judgments	8,889 87	0 00	0 00	2,398 77	1,320.46
Other Operating Expenses	2,418,319 51	80,226 39	0 00	465,366.07	1,044,265 76
Travel	486,739 13	7,514.22	0 00	178,186 70	113,063.16
Printing	24,567 47	5,988 50	0 00	21,823 98	61,525.60
Professional Fees and Services	668,264.35	17,891 25	0 00	135,836.33	188,196 91
Repairs and Maintenance	416,088 10	5,662 00	0 00	177,662.58	12,324 98
Communications and Utilities	267,424 16	2,516 44	0.00	888,528.09	133,047 30
Materials and Supplies	6,219,822 92	8,988.59	0 00	1,229,037 07	593,094 14
Cost of Goods Sold	(3,034 22)	0.00	0.00	0 00	0 00
Rentals and Leases	221,032 65	1,049.03	0.00	199,513 17	59,834 34
Scholarships	0 00	0 00	0.00	0 00	0 00
Less Tuition Discounting	0.00	0 00	0 00	0.00	0.00
Salaries and Wages	33,660,760 52	332,275 00	7,473.06	6,190,596.58	5,878,774 20
Bad Debt Expense	0.00	0 00	0 00	0.00	0 00
Interest	416.04	(7 08)	0 00	267.68	64.63
Restricted Federal Pass Through	0.00	0 00	0 00	0 00	0 00
Total Operating Expenses	$ 54,730,699.92	$ 563,795 30	$ 5,969 48	$ 11,386,629.11	$ 10,011,661 52

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Matrix of Operating Expenses
Reported by Function
For the Fiscal Year Ended August 31, 2006

Operating Expenses	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenditures
Capital	$ 589,654.43	$ 313,970.00	$ 0.00	$ 376,300 38	$ 0 00	$ 3,446,958 78
Less Capital Additions	(589,654 43)	(313,970.00)	0.00	(376,300 38)	0 00	(3,446,958.78)
Depreciation and Amortization	0 00	0.00	0 00	0 00	5,290,370 37	5,290,370 37
Payroll Related Costs	2,666,839.46	1,713,193.74	128.34	1,067,410 04	0 00	19,712,730.51
Claims and Judgments	(13,328.53)	0.00	0.00	5,557 90	0 00	4,838 47
Other Operating Expenses	663,620.56	406,673.06	200 00	1,393,938 11	0 00	6,472,609 46
Travel	210,136 27	15,536.71	130.29	216,407 08	0 00	1,227,713 56
Printing	28,447.70	233.56	0 00	53,444.35	0 00	196,031.16
Professional Fees and Services	90,257.82	18,892.53	0 00	161,816 00	0 00	1,281,155 19
Repairs and Maintenance	564,592 76	348,661 63	0 00	963,605 83	0.00	2,488,597.88
Communications and Utilities	326,446 16	4,277,723.54	875 00	1,570,189 03	0.00	7,466,749.72
Materials and Supplies	908,498 25	1,124,474.24	10,822 76	2,022,848 86	0.00	12,117,586.83
Cost of Goods Sold	(6,445 83)	4,929.38	0 00	3,797,949 71	0.00	3,793,399 04
Rentals and Leases	87,772.66	29,665 75	0.00	435,835 14	0 00	1,034,702 74
Scholarships	0 00	0 00	20,604,520 51	0 00	0 00	20,604,520.51
Less Tuition Discounting	0 00	0.00	(11,412,920 97)	0 00	0.00	(11,412,920.97)
Salaries and Wages	8,625,173 20	4,875,686 71	500 00	4,006,941.92	0 00	63,578,181 19
Bad Debt Expense	0 00	0 00	0 00	0 00	0 00	0 00
Interest	256 64	87 26	0.00	40 88	0.00	1,126.05
Restricted Federal Pass Through	0.00	0 00	0.00	0.00	0.00	0 00
Total Operating Expenses	$ 14,152,267 12	$ 12,815,758.11	$ 9,204,255 93	$ 15,695,984.85	$ 5,290,370.37	$ 133,857,391 71

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Exhibit III - Statement of Cash Flows
For the Fiscal Year Ended August 31, 2006

		TOTAL
Cash Flows from Operating Activities		
Proceeds Received from Students	$	13,057,877.52
Proceeds Received from Customers		17,154,449.21
Proceeds from Grants and Contracts		30,675,379.06
Proceeds from Loan Programs		
Proceeds from Other Revenues		1,926,831.33
Payments to Suppliers for Goods and Services		(45,373,860.51)
Payments to Employees		(82,329,267.86)
Payments for Loans Provided		
Payments for Other Expenses		(169,845.86)
Net Cash Provided (Used) by Operating Activities		(65,058,437.11)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations		76,713,851.81
Proceeds from Gifts		53,505.09
Proceeds from Debt Issuance		
Proceeds of Transfers from Other State Agencies		
Proceeds from Other Revenues		608,823.71
Proceeds from Contributed Capital		
Payments of Principal on Debt Issuance		
Payments of Interest		
Payments of Other Costs of Debt Issuance		
Payments for Transfers to Other State Agencies		
Payments for Other Uses		(1,576,553.41)
Net Cash Provided by Noncapital Financing Activities		75,799,627.20
Cash Flows from Capital and Related Financing Activities		
Proceeds from Disposal of Capital Assets		
Proceeds from Capital Grants and Gifts		
Proceeds from Debt Issuance		15,695,000.00
Payments for Additions to Capital Assets		(7,679,013.57)
Payments of Principal on Debt Issuance		(2,495,278.33)
Payments of Interest on Debt Issuance		(937,733.51)
Payments of Other Costs of Debt Issuance		
Payments of Transfers to Other State Agencies		(1,483,829.21)
Net Cash Provided (Used) by Capital and Related Financing Activities		3,099,145.38
Cash Flows from Investing Activities		
Proceeds from Sales of Investments		4,146,180.97
Proceeds from Interest and Investment Income		1,092,931.53
Payments to Acquire Investments		(18,827,102.96)
Net Cash Provided (Used) by Investing Activities		(13,587,990.46)

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Exhibit III - Statement of Cash Flows
For the Fiscal Year Ended August 31, 2006

Increase (Decrease) in Cash and Cash Equivalents		252,345.01
Cash and Cash Equivalents, September 1, 2005		23,719,456.07
Restatements to Beginning Cash and Cash Equivalents		
Cash and Cash Equivalents, August 31, 2006	$	23,971,801.08
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	$	(71,991,288.40)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Amortization and Depreciation		5,290,370.37
Bad Debt Expense		
Operating Income and Cash Flow Categories		
Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables		220,606.82
(Increase) Decrease in Inventories		178,131.07
(Increase) Decrease in Loans & Contracts		
(Increase) Decrease in Due from Other Agencies		41,443.78
(Increase) Decrease in Other Assets		
(Increase) Decrease in Prepaid Expenses		
Increase (Decrease) in Payables		680,923.43
Increase (Decrease) in Due to Other Agencies		
Increase (Decrease) in Due to Other Funds		
Increase (Decrease) in Deferred Income		(743,009.42)
Increase (Decrease) in Other Liabilities		1,264,385.24
Total Adjustments		6,932,851.29
Net Cash Provided (Used) by Operating Activities	$	(65,058,437.11)
Non Cash Transactions		
Donations of Capital Assets		24,527.51
Other Additions to Capital Assets		52,032.00
Disposal of Plant Facilities		(202,815.78)
Total Non Cash Transactions		(126,256.27)

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2006

Note 1: Summary of Significant Accounting Policies

Entity

Texas State Technical College (TSTC) System 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 Annual Financial Reports of State Agencies and Universities.

TSTC System includes four colleges: TSTC Harlingen, TSTC Marshall, TSTC Waco, and TSTC West Texas, which has campuses in Abilene, Breckenridge, Brownwood, and Sweetwater. TSTC is the only state-supported technical college system in Texas. With a statewide role and mission, TSTC is efficiently and effectively helping Texas meet the high-tech challenges of today's global economy, in partnership with business and industry, government agencies, and other educational institutions. TSTC has high graduation rates, exceptional postgraduate success rates, and an outstanding record in graduating individuals from diverse cultural and socioeconomic backgrounds.

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.

Fund Structure

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity. The fund designation for institutions of higher education is Business-Type Activity within the Proprietary Fund Type.

Proprietary Fund Types

Business-Type Activity
Business type funds are used for activities that are financed through the charging of fees for goods or services to the ultimate user. Institutions of higher education are required to report their financial activities as business type because the predominance of their funding comes through charges to students, sales of goods and services, and grant revenues.

Agency Funds
Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

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

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2006

Budget and Budgetary Accounting

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act).

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

Assets, Liabilities, and Net Assets

Assets

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

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

Inventories
Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally utilizing the last-in, first-out method. The consumption method of accounting is used to account for inventories that appear in the governmental and proprietary fund types. The cost of these items is expensed when the items are consumed.

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

All capital assets acquired by proprietary funds or trust funds are reported at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the acquisition date. Depreciation is charged to operations over the estimated useful life of each asset, using the straight-line method.

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

Liabilities

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

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

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2006

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.

Capital Lease Obligations

Capital Lease Obligations represent the liability for future lease payments under capital lease contracts contingent upon the appropriation of funding by the Legislature. Liabilities are reported separately as either current or non-current in the statement of net assets.

Bonds Payable

General obligation bonds and revenue bonds are generally accounted for in the proprietary funds. The bonds payable are reported at par less unamortized discount or plus unamortized premium. 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.

Net Assets

Net Assets is the difference between fund assets and liabilities on the government-wide, proprietary and fiduciary fund statements.

Invested in Capital Assets, Net of Related Debt

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

Restricted Net Assets

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets

Unrestricted net assets consist of net assets, which do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources, which are imposed by management, but can be removed or modified.

INTERFUND ACTIVITIES AND BALANCES

The agency has the following types of transactions among funds:

(1) Transfers: Legally required transfers that are reported when incurred as 'Transfers In' by the recipient fund and as 'Transfers Out' by the disbursing fund.

(2) Reimbursements: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another 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.

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

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2006

(4) Interfund Sales and Purchases: Charges or collections for services rendered by one fund to another that are recorded as revenue of the recipient fund and expenditures or expenses of the disbursing fund. The composition of Texas State Technical College's Interfund activities and balances are presented in Note 8.

Note 2: Capital Assets

A summary of changes in capital Assets for the year ended August 31, 2006 is presented below:

	PRIMARY GOVERNMENT							
			Reclassifications					
	Balance 9/1/05	Adjustments	Completed CIP	Inc-Int'agy Trans	Dec-Int'agy Trans	Additions	Deletions	Balance 8/31/06
BUSINESS-TYPE ACTIVITIES								
Non-Depreciable Assets								
Land and Land Improvements	2,867,794.45					1,275,048.00		4,142,842.45
Construction in Progress	1,576,978.38		(1,576,978.38)			641,618.42		641,618.42
Other Assets	9,500.00							9,500.00
Total Non-Depreciable Assets	4,454,272.83		(1,576,978.38)	0.00	0.00	1,916,666.42	0.00	4,793,960.87
Depreciable Assets								
Buildings and Building Improvements	100,151,915.76	(1,508,396.00)				3,709,848.26		102,353,368.02
Infrastructure	4,753,532.00							4,753,532.00
Facilities & Other Improvements	3,456,170.77					195,150.02		3,651,230.79
Furniture and Equipment	25,166,829.64	(22,399.70)		95,698.49		2,825,836.60	(980,140.82)	27,085,824.21
Vehicle, Boats & Aircraft	7,911,210.02					466,878.30	(411,912.51)	7,966,175.81
Other Assets	2,564,969.13	(25,402.01)				122,628.70		2,662,195.82
Total Depreciable Assets at Historical Costs	144,004,627.32	(1,556,197.71)	0.00	95,698.49	0.00	7,320,341.88	(1,392,053.33)	148,472,416.65
Less Accumulated Depreciation for:								
Buildings and Improvements	(61,955,834.45)	1,432,976.20				(2,295,117.39)		(62,817,975.64)
Infrastructure	(4,453,532.00)					(37,500.00)		(4,491,032.00)
Facilities & Other Improvements	(2,846,450.89)					(98,644.79)		(2,945,095.68)
Furniture and Equipment	(18,174,013.40)	7,484.82		(95,698.49)		(2,223,029.21)	923,917.10	(19,561,339.18)
Vehicle, Boats & Aircraft	(5,364,506.22)					(549,819.33)	373,057.14	(5,541,268.41)
Other Capital Assets	(1,829,125.45)					(86,259.65)		(1,915,385.10)
Total Accumulated Depreciation	(94,623,462.41)	1,440,461.02	0.00	(95,698.49)	0.00	(5,290,370.37)	1,296,974.24	(97,272,096.01)
Depreciable Assets, Net	49,381,164.91	(115,736.69)	0.00	0.00	0.00	2,029,971.51	(95,079.09)	51,200,320.64
Business-Type Activities Capital Assets, Net	53,835,437.74	(115,736.69)	(1,576,978.38)	0.00	0.00	3,946,637.93	(95,079.09)	55,994,281.51

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2006

Note 3: Deposits, Investments, & Repurchase Agreements

Texas State Technical College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Tex. Gov't Code Ann. Sec 2256.001) and the Endowment Fund, the Uniform Management of Institutional Funds Act following the "prudent person rule". Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposits, and (5) other instruments and obligations authorized by statute. 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 $26,387,122.52 as presented below.

Business-Type Activities	
CASH IN BANK – CARRYING VALUE	26,387,122.52
Less: Certificates of Deposit included in carrying value and reported as Current Short-term Investments	9,003,167.46
Less: Certificates of Deposit included in carrying value and reported as Current Restricted Short-term Investments	158,233.77
Less: Certificates of Deposit included in carrying value and reported as Non-Current Restricted Short-term Investments	260,527.64
Cash in Bank per AFR	16,965,193.65

Proprietary Funds Current Assets Cash in Bank	13,398,228.41
Proprietary Funds Current Assets Restricted Cash in Bank	3,541,143.40
Proprietary Funds Non-Current Assets Restricted Cash in Bank	25,821.84
Cash in Bank per AFR	16,965,193.65

These amounts consist of all cash in local banks and a portion of short-term investments. These amounts are included on the Statement of Net Assets as part of the "Cash and Cash Equivalents" and "Short-term Investments" accounts.

As of August 31, 2006, the total bank balance was as follows:

Business-Type Activities	27,000,149.42

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2006

Investments

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

Business-Type Activities	**Fair Value**
U.S. Government	
U. S. Treasury Securities	
U. S. Treasury Strips	
U. S. Treasury TIPS	
U.S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Sallie Mae, etc)	
U.S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co)	
Corporate Obligations	
Corporate Asset and Mortgage Backed Securities	
Equity	
International Obligations (Govt. and Corp)	
International Equity	
Repurchase Agreement	
Repurchase Agreement (Texas Treasury Safekeeping Trust Co)	
Fixed Income Money Market and Bond Mutual Fund	
Other Commingled Funds	
International Other Commingled Funds	
Other Commingled Funds (TexPool)	15,048,437.26
Commercial Paper	
Securities Lending Collateral Investment Pool	
Real Estate	
Misc. (alternative investments, limited partnerships, guaranteed investment contract, political subdivision, bankers' acceptance, negotiable CD)	
Total Investments	15,048,437.26
Reconciliation of Investments per Exhibits – Business – Type Activities	
Proprietary Funds Current Assets Restricted Short-term Investments	15,048,437.26
Total Investments (as above)	15,048,437.26
Add: Certificates of Deposit disclosed as deposits but reported as Current Short-term Investments	9,003,167.46
Add: Certificates of Deposit disclosed as deposits but reported as Current Restricted Short-term Investments	158,233.77
Add: Certificates of Deposit disclosed as deposits but reported as Non-Current Restricted Short-term Investments	260,527.64
Investments per Exhibits	24,470,366.13

Note 4: Summary of Short Term Debt

Texas State Technical College does not have any short term debt.

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2006

Note 5: Summary of Long Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2006, the following changes occurred in liabilities.

Business Type Activities	Balance 09-01-05	Additions	Reductions	Balance 08-31-06	Amounts Due Within One Year
General Obligation Bonds Payable	0.00	15,695,000.00	1,525,000.00	14,170,000.00	1,340,000.00
Revenue Bonds Payable	9,575,000.00	0.00	420,000.00	9,155,000.00	435,000.00
Capital Lease Obligations	4,313,895.36	0.00	458,119.92	3,855,775.44	369,095.73
Compensable Leave	4,634,687.37	284,575.52	0.00	4,919,262.89	339,921.06
Total Business-Type Activities	18,523,582.73	15,979,575.52	2,403,119.92	32,100,038.33	2,484,016.79

Claims and Judgments

At August 31, 2006, various lawsuits and claims involving Texas State Technical College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

Employees' Compensable Leave

Full-time State employees earn annual leave from eight to twenty one hours per month depending on the respective employee's years of State employment. The State's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 532 for those employees with 35 or more years of State service. Employees with at least six months of State service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The College recognizes the accrued liability for the unpaid annual leave in the Statement of Net Assets. For the year ended August 31, 2006, the accrued liability totaled $4,919,262.89.

The College made lump sum payments totaling $502,603.29 for accrued vacation and/or compensatory time to employees who separated from state service during fiscal year ending August 31, 2006.

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2006

Sick leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid only when an employee is off due to illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid an employee's estate is one-half of the employee's accumulated entitlement or 336 hours, whichever is less. The College's policy is to recognize the cost of sick leave when paid and the liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

Bonds Payable

Bonds Payable obligations are described in detail in Note 13.

Capital Lease Obligations

Capital Lease Obligations are described in detail in Note 6.

Note 6: Capital Leases

Texas State Technical College has entered into long-term leases for financing the purchase of certain capital assets. Such leases are classified as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments at the inception of the lease. The following is a summary of original capitalized costs of all such property under lease as well as the accumulated depreciation as of August 31, 2006:

Assets Under Capital Leases	Business-Type Activities
Land	455,762.50
Building	4,963,183.88
Less: Accumulated Depreciation	(713,816.28)
Furniture and Equipment	13,530.48
Less: Accumulated Depreciation	(3,704.61)
Total	4,714,955.97

Future minimum lease payments under these capital leases, together with the present value of the net minimum lease payments at fiscal year-end, are as follows:

Future minimum lease payments	Business-Type Activities		
	Principal	Interest	Total
2007	369,095.73	117,036.87	486,132.60
2008	380,191.11	105,684.79	485,875.90
2009	291,199.02	93,982.25	385,181.27
2010	160,940.40	87,573.72	248,514.12
2011	166,156.32	82,357.80	248,514.12
2012 – 2016	914,742.46	327,828.14	1,242,570.60
2017 – 2021	1,073,210.49	169,360.11	1,242,570.60
2022 – 2026	500,239.91	17,498.37	517,738.28
Total Minimum Lease Payments	3,855,775.44	1,001,322.05	4,857,097.49
Less: Amount Representing Interest at Various Rates			1,001,322.05
Present Value of Net Minimum Lease Payments			3,855,775.44

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2006

Note 7: Operating Lease Obligations

Included in expenditures is the following amount of rent paid or due under operating leases:

Fund Type	Amount
Proprietary, Business-Type Activities	937,937.00

TSTC has no non-cancelable operating leases having an initial term in excess of one year.

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 amounts to be received or paid are reported as:

- ☐ Interfund Receivables or Interfund Payables – See Below
- ☐ Due from Other Agencies or Due to Other Agencies – See Schedule 1A – *Schedule of Expenditures of Federal Awards,* and Schedule 1B – *Schedule of State Grant Pass Throughs From/To State Agencies*
- ☐ Due From Other Funds or Due to Other Funds – None
- ☐ Legislative Transfers In or Legislative Transfers Out - None

The agency experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfers.

Individual balances and activity at August 31, 2006 follows:

Current Portion	Current Interfund Receivable	Current Interagency Payable
GENERAL (01)	0.00	0.00
Total Interfund Receivable/Payable	0.00	0.00

Non-Current Portion	Non-Current Interfund Receivable	Non-Current Interfund Payable	Purpose (Disclosure Required)
GENERAL(01) (Agency 907, D23 Fund 0515)	0.00	119,046.95	See Below
Total Interfund Receivable/Payable (Exh I)	0.00	119,046.95	See Below

	Due From Other Agencies	Due to Other Agencies	Source
GENERAL (01)			
State Pass Throughs			
(Agency 320, D23 Fund 0001)	335,947.90		State Pass Through
(Agency 320, D23 Fund 5069)	80,518.87		State Pass Through
Federal Pass Throughs			
(Agency 781, D23 Fund 0001)	1,102,233.00		Federal Pass Through
(Agency 320, D23 Fund 5026)	297,301.32		Federal Pass Through
Total Due From/To Other Agencies (Exh I)	1,816,001.09		

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2006

Legislative transfers in and out were as follows:

	Legislative TRANSFERS IN	Legislative TRANSFERS OUT
GENERAL REVENUE(01)	0.00	0.00
Total Legislative Transfers	0.00	0.00

The Federal and State Grant Pass Through Information is provided on Schedule 1A – *Schedule of Expenditures of Federal Awards,* and Schedule 1B – *Schedule of State Grant Pass Throughs From/To State Agencies,* respectively.

The Interfund Payable is the principal amount owed to the Comptroller's State Energy Conservation Office at August 31, 2006, for energy retrofit projects financed through the Loan Star Revolving Loan Program.

Note 9: Contingent Liabilities

At August 31, 2006, various lawsuits and claims involving Texas State Technical College were pending. While the ultimate liability with respect to litigation and other claims asserted against Texas State Technical College cannot be reasonably estimated at this time, to the extent not provided for by insurance or otherwise, the minimum liability is $0 and the maximum liability pending is $1,045,000.

Note 10: Continuance Subject to Review

Not Applicable

Note 11: Risk Financing and Related Insurance

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

TSTC assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently, TSTC has purchased worker's compensation, auto, property, boiler & machinery, crime, director's & officer's liability insurance, and peace officer bonds. TSTC is not involved in any risk pools with other government entities.

TSTC's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There were no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. Changes in the balances of TSTC's claims liabilities during fiscal 2005 and 2006 were:

	Beginning Fiscal Year Liability	Current year Claims/Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2005	0.00	0.00	0.00	0.00
2006	0.00	0.00	0.00	0.00

Note 12: Segment Information

Not applicable

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2006

Note 13: Bonded Indebtedness

Bonds Payable
Detailed supplemental bond information is disclosed in Schedule 2A, Miscellaneous Bond Information, Schedule 2B, Changes in Bonded Indebtedness, Schedule 2C, Debt Service Requirements, and Schedule 2D, Analysis of Funds Available for Debt Service.

General information related to bonds payable is summarized below:

Revenue Bonds

On November 24, 1992, revenue bonds were issued by the Texas Public Finance Authority on behalf of Texas State Technical College System issued as Building Revenue and Refunding Revenue Bonds Series 1992.

- Building Revenue and Refunding Revenue Bonds, Series 1992
- To refinance three existing bond issues totaling $9,515,000.00 with remaining proceeds used for construction of Student Recreation Center at TSTC Waco and gymnasium at TSTC Harlingen
- Issued November 24, 1992
- $14,080,000.00; all authorized bonds have been issued
- Source of revenue for debt service-Auxiliary Revenues, Special Use Fees and other income.

Bonds payable are due in annual installments varying from $695,000.00 to $1,250,000.00 with interest rates from 3.20% to 6.25% with the final installment being due on August 01, 2009. The principal and interest expense for the next five years and subsequent five-year increments are summarized below for bonds issued.

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
2007	1,110,000.00	220,937.50	1,330,937.50
2008	1,175,000.00	151,562.50	1,326,562.50
2009	1,250,000.00	78,125.00	1,328,125.00
	3,535,000.00	450,625.00	3,985,625.00

General Obligation Bonds

- Constitutional Appropriation Bonds, Series 2005
- To construct buildings or other permanent improvements, and for major repair and rehabilitation of buildings or other permanent improvements, all at the TSTC System's campuses located in the cities of Harlingen, Marshall, Sweetwater and Waco, Texas, and to pay costs of issuance of the bonds.
- Issued 11-16-2005
- $15,695,000.00, all authorized bonds have been issued
- Source of revenues for debt service-General Revenue Funds (HEAF) Appropriations

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2006

Tuition Revenue Bonds

- Revenue Financing System Bonds, Series 2002
- To construct a Learning Resource and Distance Learning facility at TSTC Harlingen; to construct a Library and Administrative Activities facility at TSTC Marshall; to construct a Transportation Technologies Building at TSTC West Texas Sweetwater; to renovate the Industrial Technology Center at TSTC Waco; to pay costs of issuing the bonds; and to renovate existing structures and facilities for any portion of the proceeds not required for the specified projects at the institution.
- Issued 10-15-2002
- $10,880,000.00, all authorized bonds have been issued
- Source of revenues for debt service – General Revenue Funds specifically appropriated for debt service and all other available non-General Revenue Funds.

Advance Refunding Bonds

On November 24, 1992, revenue bonds were issued by the Texas Public Finance Authority on behalf of Texas State Technical College System issued as Building Revenue and Refunding Revenue Bonds Series 1992 which refunded three issues of bonds then outstanding. The existing bond issues with their respective balances that were refunded were as follows:

Housing System and Auxiliary Services Revenue Bonds, Series 1979	4,750,000.00
Housing System and Auxiliary Services Revenue Bonds, Series 1982	3,065,000.00
Housing System and Auxiliary Services Revenue Bonds, Series 1989	1,700,000.00
Total	9,515,000.00

The average interest rate of the bond issues refunded was 8.1%.

The par amount of the Series 1992 Bonds was $14,080,000.00, with all authorized bonds being issued. Net proceeds from the Series 1992 Bonds were $13,520,184.00 after payment of $386,347.00 in underwriting fees, insurance and other issuance costs. An additional $1,496,418.00 of sinking fund monies from the Series 1979, 1982, and 1989 was deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 1979, 1982 and 1989 issues.

The Series 1979, 1982, and 1989 Bonds are considered fully defeased and the liability for those bonds has been removed from the financial statements.

In Fiscal Year 1994, the remaining $4,200,000.00 of bonds from the 1979 issue were called and paid thus extinguishing all outstanding indebtedness from the 1979 issue.

Note 14: Subsequent Events

None.

Note 15 Related Parties

Not Applicable.

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2006

Note 16: Stewardship, Compliance and Accountability

No material issues were noted.

Note 17: The Financial Reporting Entity and Joint Ventures

Not Applicable.

Note 18: Restatement of Fund Balances/Retained Earnings

Not Applicable.

Note 19: Employees Retirement Plans

Not Applicable

Note 20: Deferred Compensation

Not Applicable

Note 21: Donor Restricted Endowments

Donor-Restricted Endowments	Amounts of Net Appreciation	Reported in Net Assets
True Endowments	0.00	Restricted for Nonexpendable
Term Endowments	0.00	Restricted for Nonexpendable
	0.00	

Note 22: Management *Discussion and Analysis*

The Rolling Plains Technical Foundation is a non-profit organization with the sole purpose of supporting the educational and other activities of Texas State Technical College. The Rolling Plains Technical Foundation remitted restricted gifts of $5,550.00 during the year ended August 31, 2006. Neither the balance nor the transactions of this organization's fund are reflected in the financial statements during the year ended August 31, 2006.

The TSTC Regents Circle is a non-profit organization with the sole purpose of supporting the educational and other activities of Texas State Technical College. The TSTC Regents Circle remitted gifts of $140,624.16 during the year ended August 31, 2006. Neither the balance nor the transactions of this organization's fund are reflected in the financial statements during the year ended August 31, 2006.

The 79th Texas Legislature, 3rd Special Session, authorized the issuance of a bond issue in the amount of $3,125,520 for the purpose of HVAC replacement at TSTC Waco. Given the amount of this authorization and the fact that, to date, payments have not been appropriated by the Texas Legislature, the college has not begun the process of issuing these bonds, choosing to await the outcome of the 80th Texas Legislature, which meets beginning January 2007.

Note 23: Post Employment Health Care & Life Insurance Benefits

Not Applicable

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2006

Note 24: Special or Extraordinary Items

Not Applicable

Note 25: Disaggregation of Receivable & Payable Balances

Not Applicable.

Note 26: Termination Benefits

Not Applicable.

UNAUDITED

Agency 719 -- Texas State Technical College System
Schedule 1A - Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2006

Certified

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	Identifying Number	Pass-through From: Agy/ Univ No	Pass-through From: Agencies or Universities Amount	Pass-through From: Non-State Entities Amount	Direct Program Amount	Total PT From and Direct Prog Amount	Pass-through To: Agy/ Univ No	Pass-through To: Agencies or Universities Amount	Pass-through To: Non-State Entities Amount	Expenditures Amount	Total PT To and Expenditures Amount
U.S. Department of Agriculture												
Direct Programs.												
Hispanic Serving Institutions Education Grants	10.223					16,596 00	16,596 00				16,596 00	16,596 00
Totals - U.S. Department of Agriculture				0.00	0 00	16,596.00	16,596 00		0 00	0 00	16,596 00	16,596 00
U.S. Department of Justice												
Direct Programs.												
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16 580					24,415.28	24,415 28				24,415 28	24,415 28
Public Safety Partnership and Community Policing Grants	16 710					355 76	355 76				355.76	355 76
Totals - U.S. Department of Justice				0 00	0 00	24,771.04	24,771 04		0.00	0 00	24,771 04	24,771 04
U.S. Department of Labor												
Direct Programs:												
Employment and Training Pilots	17.261					283,385 71	439,175.44				439,175 44	439,175 44
Pass-Through From												
Workforce Commission, Texas			320	155,789 73								
Occupational Safety and Health--Susan Harwood Training Grants	17.502					-11,099 41	-11,099 41				-11,099 41	-11,099 41
Pass-Through From.												
WIA Incentive Grants_Section 503 Grants to States	17.267						96,250 00				96,250 00	96,250.00
Pass-Through From												
Coordinating Board, Texas Higher Education			781	96,250 00								
Totals - U.S. Department of Labor				252,039 73	0 00	272,286 30	524,326 03		0 00	0 00	524,326.03	524,326.03

National Aeronautics and Space Administration											
Direct Programs.											
Aerospace Education Services Program	43.001					-1,650.00	1,500.00			1,500.00	1,500 00
Pass-Through From											
University of Texas at San Antonio			743	3,150 00							
Totals - National Aeronautics and Space Administration				3,150.00	0 00	-1,650.00	1,500 00	0 00	0 00	1,500 00	1,500.00
National Science Foundation											
Direct Programs:											
Computer and Information Science and Engineering	47 070					43,995.90	43,995 90			43,995 90	43,995.90
Education and Human Resources	47.076					174,983.66	174,983 66			174,983 66	174,983 66
Totals - National Science Foundation				0 00	0 00	218,979 56	218,979 56	0 00	0 00	218,979 56	218,979 56
U.S. Department of Education											
Vocational Education--Basic Grants to States	84 048	Leadership Energy Effic Green Bld			718 72		718 72			718 72	718 72
		MOU 719			1,000.00		1,000 00			1,000 00	1,000.00
Gaining Early Awareness and Readiness for Undergraduate Programs	84 334	P334A990387			133,867 11		133,867 11			133,867.11	133,867 11
Direct Programs.											
Higher Education--Institutional Aid	84 031					262,931 80	262,931 80			262,931 80	262,931.80
Vocational Education--Basic Grants to States	84 048					169,066 06	169,066 06			169,066 06	169,066 06
Migrant Education--High School Equivalency Program	84 141					373,705.75	373,705 75			373,705.75	373,705 75
Migrant Education--College Assistance Migrant Program	84 149					244,059.53	244,059 53			244,059 53	244,059 53
Tech-Prep Education	84.243					52,722.49	911,920 45			911,920.45	911,920.45
Pass-Through From											
Coordinating Board, Texas Higher Education			781	859,197 96							
Twenty-First Century Community Learning Centers	84.287					9,645.74	9,645 74			9,645 74	9,645 74
Pass-Through From.											
Vocational Education--Basic Grants to States	84 048						3,270,929 22			3,270,929 22	3,270,929.22
Pass-Through From											
Coordinating Board, Texas Higher Education			781	3,270,929 22							

Totals - U.S. Department of Education				4,130,127.18	135,585 83	1,112,131.37	5,377,844.38	0 00	0.00	5,377,844.38	5,377,844.38
U.S. Department of Health and Human Services											
Direct Programs:											
Temporary Assistance for Needy Families	93.558					-31,726 82	696,690.92			696,690 92	696,690.92
Pass-Through From											
Workforce Commission, Texas			320	728,417.74							
Totals - U.S. Department of Health and Human Services				728,417 74	0 00	-31,726 82	696,690 92	0 00	0 00	696,690.92	696,690 92
Department of Homeland Security											
Direct Programs:											
Pre-Disaster Mitigation Disaster Resistant Universities	97.063					43,949 53	43,949.53			43,949 53	43,949.53
Totals - Department of Homeland Security				0 00	0 00	43,949 53	43,949 53	0 00	0 00	43,949 53	43,949 53
Employment Services Cluster											
U.S. Department of Labor											
Direct Programs.											
Disabled Veterans' Outreach Program (DVOP)	17 801					1,383 00	1,383 00			1,383 00	1,383 00
Pass-Through From:											
Employment Service	17.207	1305WPB000			9,617 47		227,314 75			227,314 75	227,314 75
Pass-Through From											
Workforce Commission, Texas			320	217,697.28							
Totals - U.S. Department of Labor				217,697 28	9,617.47	1,383.00	228,697 75	0.00	0 00	228,697 75	228,697 75
Food Stamp Cluster											
U.S. Department of Agriculture											
Direct Programs:											
State Administrative Matching Grants for Food Stamp Program	10 561					7,294.68	23,906 97			23,906 97	23,906 97

Pass-Through From.										
Workforce Commission, Texas		320	16,612.29							
Totals - U.S. Department of Agriculture			16,612.29	0.00	7,294.68	23,906.97	0.00	0.00	23,906.97	23,906.97
Student Financial Assistance Cluster										
U.S. Department of Education										
Direct Programs:										
Federal Supplemental Educational Opportunity Grants	84.007				685,953.47	685,953.47			685,953.47	685,953.47
Federal Family Education Loans	84.032				20,589,280.40	20,589,280.40			20,589,280.40	20,589,280.40
Federal Work-Study Program	84.033				574,149.61	574,149.61			574,149.61	574,149.61
Federal Pell Grant Program	84.063				14,259,985.54	14,259,985.54			14,259,985.54	14,259,985.54
Totals - U.S. Department of Education			0.00	0.00	36,109,369.02	36,109,369.02	0.00	0.00	36,109,369.02	36,109,369.02
TRIO Cluster										
U.S. Department of Education										
Direct Programs.										
TRIO--Upward Bound,	84.047				296,434.98	296,434.98			296,434.98	296,434.98
TRIO--Educational Opportunity Centers	84.066				211,178.81	211,178.81			211,178.81	211,178.81
Totals - U.S. Department of Education			0.00	0.00	507,613.79	507,613.79	0.00	0.00	507,613.79	507,613.79
Workforce Investment Act Cluster										
U.S. Department of Labor										
Direct Programs.										
WIA Adult Program	17.258				19,239.24	161,170.24			161,170.24	161,170.24
Pass-Through From										
Workforce Commission, Texas		320	141,931.00							
WIA Youth Activities	17.259				931,378.43	1,086,498.43			1,086,498.43	1,086,498.43
Pass-Through From.										
Workforce Commission, Texas		320	155,120.00							
WIA Dislocated Workers	17.260				478,098.01	1,174,360.01			1,174,360.01	1,174,360.01
Pass-Through From										
Workforce Commission, Texas		320	696,262.00							

Totals - U.S. Department of Labor	993,313 00	0.00	1,428,715.68	2,422,028.68	0 00	0.00	2,422,028 68	2,422,028 68
Total Expenditures of Federal Awards	6,341,357.22	145,203.30	39,709,713.15	46,196,273.67	0.00	0.00	46,196,273.67	46,196,273.67

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Schedule 1A
Schedule of Expenditures Federal Awards
For the Year Ended August 31, 2006

Note 1: Non-Monetary Assistance
Not Applicable

Note 2: Reconciliation:

Federal Revenues -		
Federal Grants and Contracts	$	19,265,636.05
Fed. Pass-Through Grants from Other State Agencies		6,341,357.22
Federal Revenues Per Exhibit II		25,606,993.27
Reconciling Items:		
ADD:		
Non-Monetary Assistance:		
Donation of Federal Surplus Property		0.00
New Loans Processed:		0.00
Federal Family Education Loan Program		20,589,280.40
Total Pass-Through To & Expenditures Per Federal Schedule	$	46,196,273.67

Note 3: Student Loans Processed and Administrative Costs Recovered

Federal Grantor/ CFDA Number/Program Name	New Loans Process	Admin Costs	Total Loans Processed & Admin Costs	Ending Bal. of Prev. Yr. Loan
U.S. Department of Education				
84.032 Fed Family Educ Loan Prog	$ 20,589,280.40	0.00	$ 20,589,280.40	Not Applicable

Note 4: Depository Libraries for Government Publications
Not Applicable

Note 5: Unemployment Insurance
Not Applicable

Note 6: Rebate from the Special Supplemental Food Program for Women, Infant and Children (WIC)
Not Applicable

Note 7: Federal Deferred Revenue

Texas State Technical College
(Agency 719)
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 Ed Coordinating Board (Agency #781)	$	
Texas College Work Study Program		89,703.68
Texas Grants		1,401,898.00
TEOG (Texas Grants II)		272,630.00
First Generation Field Specialists		14,695.00
Texas Workforce Commission (Agency # 320)		
Skills Development Fund		971,032.29
Total Pass Through From Other Agencies (Exh. II)	$	2,749,958.97

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
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 Year	Scheduled Maturities Last Year	First Call Date
General Obligation Bonds							
Constitutional Appropriation Bonds Series 2005	$	15,695,000.00	4.0%	4.5%	2006	2015	N/A
Tuition Revenue Bonds							
Revenue Financing System Bonds Series 2002		10,880,000.00	4.0%	5.0%	2003	2022	08/01/2012
Total	$	26,575,000.00					

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Schedule 2B
Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2006

Business-Type Activities

Description of Issue	Bonds Outstanding 09/01/2005	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/2006
General Obligation Bonds					
Constitutional Appropriation Bonds, Series 2005	$	$ 15,695,000.00	$ 1,525,000.00	$	$ 14,170,000.00
Tuition Revenue Bonds					
Revenue Financing System Bonds, Series 2002	9,575,000.00		420,000.00		9,155,000.00
Total	$ 9,575,000.00	$ 15,695,000.00	$ 1,945,000.00	$	$ 23,325,000.00

Description of Issue	Reconciliation: Unamortized Premium	Unamortized Discount	Insurance Costs	Gain/(Loss) on Refunding	Net Bonds Outstanding 08/31/2006	Amounts Due Within One Year
General Obligation Bonds						
Constitutional Appropriation Bonds, Series 2005	$	$	$	$	$ 14,170,000.00	$ 1,340,000.00
Tuition Revenue Bonds						
Revenue Financing System Bonds, Series 2002					9,155,000.00	435,000.00
Total	$	$	$	$	$ 23,325,000.00	$ 1,775,000.00

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Schedule 2C
Debt Service Requirements
For the Fiscal Year Ended August 31, 2006

Business-Type Activities

Description of Issue	Year	Principal	Interest
General Obligation Bonds			
Constitutional Appropriation Bonds			
Series 2005	2007	$ 1,340,000.00	$ 584,800.00
	2008	1,390,000.00	531,200.00
	2009	1,445,000.00	475,600.00
	2010	1,505,000.00	417,800.00
	2011	1,565,000.00	357,600.00
	2012-2015	6,925,000.00	769,600.00
Total		$ 14,170,000.00	$ 3,136,600.00
Tuition Revenue Bonds			
Revenue Financing System Bonds			
Series 2002	2007	$ 435,000.00	$ 403,867.50
	2008	445,000.00	386,467.50
	2009	455,000.00	368,667.50
	2010	470,000.00	350,467.50
	2011	490,000.00	331,667.50
	2012-2016	2,730,000.00	1,347,835.00
	2017-2021	3,360,000.00	697,000.00
	2022	770,000.00	38,500.00
Total		$ 9,155,000.00	$ 3,924,472.50

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Schedule 2D
Analysis of Funds Available for Debt Service
For the Fiscal Year Ended August 31, 2006

Business-Type Activities
General Obligation Bonds

Description of Issue	Application of Funds Principal	Application of Funds Interest
Constitutional Appropriation Bonds		
Series 2005	$ 1,525,000.00	$ 396,449.44
Total	$ 1,525,000.00	$ 396,449.44

Business-Type Activities
Revenue Bonds

	Pledged and Other Sources and Related Expenditures for FY 2006			
	Net Available for Debt Service		Debt Service	
Description of Issue	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest
Hsng Sys & Aux Services	$	$	$	$
Revenue Bonds, Series 1979	REFUNDED			
Hsng Sys & Aux Services				
Revenue Bonds, Series 1982	REFUNDED			
Hsng Sys & Aux Services				
Revenue Bonds, Series 1989	REFUNDED			
Bldg Rev & Ref Revenue				
Bonds, Series 1992	15,072,090.67	11,064,021.05	1,045,000.00	286,250.00
Revenue Financing System				
Bonds, Series 2002	23,969,131.37	*	420,000.00	423,817.50
Total	$ 39,041,222.04	$ 11,064,021.05	$ 1,465,000.00	$ 710,067.50

* The bond resolution for this bond series pledges gross revenues. During FY 2006, a total of $23,969,131.37 of the pledged revenues was expended for operations.

TEXAS STATE TECHNICAL COLLEGE
(Agency 719)
Schedule 3
Reconciliation of Cash in State Treasury
August 31, 2006

Cash in State Treasury	Unrestricted	Restricted	Current Year Total
Local Revenue Fund 0237	$ 6,959,813.43	$	$ 6,959,813.43
Departmental Suspense Fund Fund 0900			
Total Cash in State Treasury (Stmt of Net Assets)	$ 6,959,813.43	$	$ 6,959,813.43