NORTH TEXAS HIGHER EDUCATION AUTHORITY, INC.

FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014 AND INDEPENDENT AUDITOR'S REPORT

NORTH TEXAS HIGHER EDUCATION AUTHORITY, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
North Texas Higher Education Authority, Inc.

Report on the Financial Statements

We have audited the accompanying statements of net position of North Texas Higher Education Authority, Inc. (the Authority) as of August 31, 2015 and 2014, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended and notes to basic financial statements.

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

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

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

AN INDEPENDENT MEMBER OF BAKER TILLY INTERNATIONAL
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of August 31, 2015 and 2014, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 4-14 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The other supplementary information on pages 36-39 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This supplementary information is the responsibility of management and was derived from and relates 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 other supplementary information is fairly stated, in all material respects, in relation to the basic 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 January 19, 2016, on our consideration of the Authority'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 to 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 the Authority's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
January 19, 2016

NORTH TEXAS HIGHER EDUCATION AUTHORITY, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED AUGUST 31, 2015 AND 2014 (with 2013 Comparative Totals) (UNAUDITED)

North Texas Higher Education Authority, Inc. (the "Authority"), a nonprofit corporation acting on behalf of the Cities of Arlington and Denton, Texas, was originally created under the Texas Non-Profit Corporation Act in 1971 under the name of Dallas Schools Foundation. That corporation was dormant from its incorporation in 1971 until 1978 when it was reorganized and its Articles of Incorporation were amended to change its name and purpose to the present name and purpose. The Authority's present purpose is to promote student access to higher education. The Authority provides funds for the purchase of student loans from participating lenders at the post-secondary educational level and provides procedures for the servicing of such loans as required for continued participation in the Federal Family Education Loan Program (FFELP) under the Higher Education Act of 1965, as amended.

The Authority is authorized to provide funds for the acquisition of eligible loans made to students at post-secondary educational institutions and provide procedures for the servicing of such loans. The Authority currently owns student loans established by the Higher Education Act under the Federal Family Education Loan Program ("FFELP"). Loans provided under FFELP include Subsidized and Unsubsidized Stafford ("Stafford"), Supplemental Loans for Students ("SLS"), Parent Loans for Undergraduate Students and Graduate / Professional Student Loans ("PLUS"), and Consolidation Loans ("Consolidated").

This report includes three financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as defined by the Governmental Accounting Standards Board. The statement of net position presents the financial position of the Authority at the end of the fiscal year and includes all assets and liabilities of the Authority. The statement of revenues, expenses, and changes in net position presents the Authority's results of operations. The statement of cash flows provides a view of the sources and uses of the Authority's cash resources. Certain reclassifications have been made to the 2014 and 2013 financial statement presentations to conform along with the 2015 format. These reclassifications had no effect on total net position or change in net position.

In March 2012, The General Accounting Standards Board (GASB) issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement requires that bond issue costs be expensed as incurred and that unamortized balances of bond issue costs be removed from the statement of net position. In 2014, the Authority implemented Statement 65 and as such, restated its year 2013 statement of net position, statement of revenues and expenses, and statement of cash flow to show the financial positions and results of operations that would have resulted had the Authority implemented Statement 65 in year 2012. Before implementation of Statement 65 bond issue costs were capitalized and were being amortized over the term of the bonds and the amortization expense was being recorded as an adjustment to interest expense on the bonds payable.

The Authority's activities and highlights discussed below include some analysis and comparisons of net position and results of operations that are based on the above reclassifications and on the 2013 restated statement of net position and statement of revenues and expenses.

AUTHORITY ACTIVITY AND HIGHLIGHTS

The Authority purchases student loans from a variety of financial institutions. However, due to the changes in the HERA and elimination of the FFELP, student loan purchases have declined since 2008.

	2015	2014	2013	2012	2011
Student Loan Purchases	$3.1 mil.	$9.2 mil.	$9.8 mil.	$25.6 mil.	$29 mil.

For further discussion of the Authority's loan acquisition program see Note 3 to the basic financial statements. Also see discussion of "**Turbulence in the Financial Markets**" below.

Financing for the program is provided through the issuance of tax-exempt and taxable debt and the recycling of funds. However, due to the decline in student loan purchases the Authority did not issue any debt in 2015, 2014, and 2013.

NORTH TEXAS HIGHER EDUCATION AUTHORITY, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED AUGUST 31, 2015 AND 2014 (with 2013 Comparative Totals) (UNAUDITED)

CONDENSED NET POSITION	2015	2014	2013 restated
Cash, cash equivalents and investments	$ 101,834,974	$ 104,853,835	$ 158,308,460
Accrued interest receivable	14,554,440	16,331,925	20,173,661
Student loans receivable	815,164,898	940,116,913	1,065,203,841
Other	66,144	72,398	79,563
TOTAL ASSETS	$ 931,620,456	$ 1,061,375,071	$ 1,243,765,525
Current liabilities	$ 129,117,067	$ 112,568,132	$ 179,763,999
Long-term liabilities	621,685,871	773,991,611	895,514,351
TOTAL LIABILITIES	$ 750,802,938	$ 886,559,743	$ 1,075,278,350
Unrestricted	$ 66,133,442	$ 64,368,030	$ 45,673,558
Restricted	114,684,076	110,447,298	122,813,617
TOTAL NET POSITION	$ 180,817,518	$ 174,815,328	$ 168,487,175

CONDENSED REVENUES, EXPENSES AND CHANGE IN NET POSITION	2015	2014	2013 restated
Operating Revenues:			
Interest on student loans	$ 33,861,737	$ 38,195,630	$ 41,556,379
Interest on investments	122,229	97,386	190,152
	$ 33,983,966	$ 38,293,016	$ 41,746,531
Nonoperating revenues:			
Government interest and special allowance	(13,892,557)	(15,803,550)	(16,331,137)
TOTAL REVENUE	$ 20,091,409	$ 22,489,466	$ 25,415,394
Operating Expenses:			
Interest on bonds	$ 8,083,458	$ 9,454,500	$ 11,850,415
Loan servicing fees paid to Higher Education Servicing Corp.	2,749,097	3,154,300	3,727,645
Payments for administrative and operating costs to Higher Education Servicing Corporation	2,763,192	2,960,704	2,915,200
Trustee fees	140,526	159,372	173,009
Provision for excess earnings and arbitrage liabilities	-	-	(675,882)
Provision for VCAP Liability	-	-	516,400
Miscellaneous expense	352,946	432,437	367,690
Total Operating Expenses:	14,089,219	16,161,313	18,874,477
CHANGE IN NET POSITION	$ 6,002,190	$ 6,328,153	$ 6,540,917

AUTHORITY FINANCIAL HIGHLIGHTS

Total assets and liabilities increased (decreased) for the fiscal years 2015 and 2014 as follows:

	2015	Percent Change from 2014	2014	Percent Change from 2013 (restated)
Decrease in assets:	($ 129.8 mil.)	(12.2%)	($ 182.4 mil.)	(14.7%)
Decrease in liabilities:	($ 135.8 mil.)	(15.3%)	($ 188.7 mil.)	(17.6%)
Increase in net position:	$ 6.0 mil.	3.4%	$ 6.3 mil.	3.7%

The above decreases are mostly due to decreased student loans, decreased investments, decreased income due on student loans, and decreased Authority debt.

The increase in net position was mostly due to increased non operating revenue and decreased interest expense on debt. Also, the Authority paid less loan servicing fees and administrative fees (paid to HESC) due to its decreasing student loan portfolio. The decrease in interest expense was mostly due to the payoff of $135.1 million of the Authority's bonds. Bond rates increased slightly in 2015 which mitigated somewhat the decreased interest expense. Non operating revenue is discussed below.

In 2014, the increase in net position was mostly due to decreased interest expense on debt and decreased loan servicing fees due to its decreasing student loan portfolio. The decrease in interest expense was mostly due to the payoff of $188.2 million of the Authority's bonds which included the final $2 million of the Authority's "bank bonds" (higher rates). Bond rates decreased slightly in 2014 which contributed somewhat to the decreased interest expense. See discussion of "bank bonds" under **Turbulence in the Financial Markets** below.

The majority of net position is restricted for debt service or for the purchase of student loans, but as of August 31, 2015, approximately $66.1 million is available for unrestricted purposes.

Further evaluation of some of the Authority's major asset and liability categories is as follows:

	2015	Percent Change from 2014	2014	Percent Change from 2013 (restated)
Decrease in cash, cash equivalents, and investments:	($ 3.0 mil.)	(2.9%)	($ 53.4 mil.)	(33.8%)
Decrease in student loans:	($125.0 mil.)	(13.3%)	($125.1 mil.)	(11.7%)
Decrease in net long term liabilities:	($152.3 mil.)	(19.7%)	($121.5 mil.)	(13.6%)
(Decrease) increase in net short term liabilities:	$ 16.6 mil.	14.7%	($ 67.2 mil.)	(37.4%)

AUTHORITY FINANCIAL HIGHLIGHTS – CONTINUED

The elimination of the FFELP has impacted the Authority's ability to acquire loans (See **Turbulence in the Financial Markets** below). In 2015, the Authority acquired $3.1 million of loans, but net reductions (payoffs less capitalized interest) of student loans were $128.1 million. In 2014, the Authority acquired $9.2 million of loans, but net reductions of student loans were $134.2 million. Collections from borrowers are held in "Redemption Funds" and used to pay down bonds. Bond indenture covenants require "excess funds" (amounts remaining after debt service payments) not used to acquire loans to be used to pay down bonds at specified redemption dates. The Authority has not issued any debt since 2012, and in 2015, 2014, and 2013 used "excess funds" to pay $135.1 million, $188.2 million, and $162.4 million, respectively, of bonds. In 2015, the increase in net short term liabilities is due to an increase in short term bonds payable of $17.3 million. See further discussions of "Bonds Payable" in note 4 to the basic financial statements below.

In 2014, the decrease in net short term liabilities was mostly due a decrease in short term bonds payable of $66.6 million. Decreases to interest due on bonds and to special allowance payable (paid to the Education Department) also contributed somewhat to the decrease. See discussion of special allowance income in note 1 to the basic financial statements below.

OPERATING ACTIVITIES

Revenues:

	2015	Percent Change from 2014	2014	Percent Change from 2013
Decrease in Operating Revenue:	($4.3 mil.)	(11.3%)	($3.45 mil.)	(8.3%)

Operating revenues for the Authority are derived entirely from interest earned on student loans, cash equivalents, and investments.

Net increase (decrease) to yield on student loans:

	2015	Percent Change from 2014	2014	Percent Change from 2013
Increase (decrease) in interest earned from student loans:	($ 4,326,270)		($ 3,447,202)	
Net Increase (decrease) in amortization of deferred premium and discount:	($ 7,623)		$ 86,453	
Net increase (decrease) to yield on student loans:	($ 4,333,893)	(11.3%)	($ 3,360,749)	(8.1%)

OPERATING ACTIVITIES – CONTINUED

Revenues – Continued:

In the past, the Authority paid a loan acquisition premium when acquiring loans from financial institutions. These premiums were capitalized and amortized over the life of the related loans. The amortization expense is recorded as an adjustment to the yield of the loans purchased (see further discussion of "Deferred Loan Acquisition Premiums" in note 1 to the basic financial statements). Changes in law have decreased yields on student loans, thus since 2010, the Authority has not paid any premium on loans purchased and has acquired some loan portfolios at a discount. In 2015 and 2014, the amortization of the discount was more than the amortization of premium which resulted in slight increases to the yield on student loans.

Since 2011, variable rates on student loans issued before July 1, 2006 ("older loans") have changed by only a few basis points. In 2015, these rates decreased .02% from 2014 and in 2014 these rates decreased .04% from 2013. Variable rates on the majority of loans issued after June 30, 2006 ("newer loans") have remained the same since 2007. Interest earned on student loans decreased in 2015 and 2014 mostly due to the decrease of the Authority's student loan portfolio. Slight decreases or increases to the rates ("older loans") have slightly impacted interest earned. The decrease to amortization of loan premium has helped mitigate somewhat the decrease to interest earned on student loans.

The variable student loan interest rates are set annually on July 1 based on the 91-day T-Bill rate. Interest rates on Consolidation loans are fixed at time of disbursement. Student loan rates are outlined as follows:

	2015	2014	2013	2012
Variable rates on student loans:	1.73% to 8.50%	1.75% to 8.50%	1.79% to 8.50%	1.76% to 8.50%

Since 2010, investment rates have not changed much, but in 2015 rates increased slightly. Interest earned on investments increased $24,843 (25.5%) due to the higher rates. In 2014 and 2013, investment rates decreased slightly. As discussed above, the Authority has not issued any debt since 2012 and paid down bonds substantially in 2015, 2014, and 2013. As such, investments and cash equivalents have decreased. In 2014 and 2013, interest earned on investments decreased $92,766 (-48.8%) and $8,333 (-4.2%), respectively. The decreased interest was mostly due to the decrease in investments and cash equivalents and partly due to the slight decreases in investment rates. See note 2 to the basic financial statements for further discussion of the Authority's investments.

Investment yields are outlined as follows:

	2015	2014	2013	2012
Average yield on investments for year:	0.12%	0.07%	0.12%	0.14%

Non-operating revenue is discussed below.

OPERATING ACTIVITIES – CONTINUED

Expenses:

	2015	Percent Change from 2014	2014	Percent Change from 2013 (restated)
Decrease in Operating Expenses:	($2.1 mil.)	(12.8%)	($2.7 mil.)	(14.4%)

The major categories of the Authority's operating expenses are interest on debt, loan servicing fees, program administration fees, and provision for excess earnings. In 2015, interest expense decreased 14.5%, loan servicing fees decreased 12.8%, and program administration fees decreased 6.7%. The decrease to interest expense is due to the pay down of $135.1 million of bonds. Higher bond rates mitigated the decrease somewhat.

In 2014, interest expense decreased 20.2%, and loan servicing fees decreased 15.4%. Program administration fees increased slightly (1.6%). The decrease to interest expense is due to the pay down of $188.2 million of bonds which included the final $2 million of "bank bonds" which have higher rates. Lower bond rates also contributed somewhat to the decrease. See note 4 to the financial statements.

Following is a summary of the bank bonds and comparison of related interest rates as of September 1, 2013:

Series	Amount as of Sept. 1, 2013	BB rate	Market rate as of Sept. 1, 2013 (A)
1993	$1.0 mil.	4.75%	0.08%
2003 Refunding	$1.0 mil.	4.75%	0.08%
Total	$2.0 mil.		

(A) Market rates shown are for similar type variable rate demand obligation bonds (non bank bond).
The 1993 and 2003 Refunding "bank bonds" were fully paid November 1, 2013.

The pay down of bank bonds and low rates of the Authority's other bonds have helped to mitigate the increased cost of the bank bonds. In 2015, overall bond rates increased slightly. Average rates are as follows:

	2015	2014	2013
Average tax-exempt bond rate**:	1.20%	1.16%	1.24%
Average taxable bond rate:	0.94%	0.91%	0.99%

**includes "bank bond" rates for 2014 and 2013.

OPERATING ACTIVITIES – CONTINUED

Expenses – Continued

Decreasing bond rates increase the likelihood for higher arbitrage liability for tax-exempt financings. However, decreasing yields on investments decrease the likelihood for higher arbitrage liability. Decreasing bond rates also increase the likelihood of excess earnings liability associated with tax-exempt financings. However, decreasing non-operating revenue decreases the likelihood of excess earnings liability. The Authority recorded provisions for arbitrage rebate and excess earnings for 2015 and 2014:

	2015	Increase / (Decrease) from 2014	2014	Increase / (Decrease) from 2013
Provision for arbitrage rebate:	$ -	$ -	$ -	$ -
Provision for excess earnings:	$ -	$ -	$ -	$ 675,882

The Authority did not incur any excess earnings or arbitrage liabilities in 2015 and 2014. In 2014, the increase in the provision for excess earnings was only due to the elimination of the liability in 2013. See Note 5 to the financial statements for further discussion of the Authority's excess earnings and arbitrage rebate liabilities.

The Authority has engaged Higher Education Servicing Corporation (HESC) to provide servicing for the student loan portfolio. HESC maintains contracts with two student loan servicing bureaus who service Authority loans ('sub-servicers'). In 2006, HESC also began providing full life-of-loan servicing to the Authority and rates charged by HESC are slightly lower than rates charged by the other two bureaus. In 2015 and 2014, loan servicing fees decreased $405,203 and $573,345, respectively. The decreases are mostly due to the Authority's decreasing student loan portfolio. As of August 31, 2015, 91.3% of the Authority's loans were being serviced by HESC and Edfinancial Services Inc. Rates charged by these two organizations are comparable but are slightly less than rates charged by the other servicing bureau under contract with HESC which contributes somewhat to the decreased loan servicing fees. See "Related Entities" under note 1 to the basic financial statements for further discussion of HESC's loan servicing functions for the Authority.

In addition to providing student loan servicing HESC is the program administrator for the Authority. In general, administration fees paid to HESC are based on rates stipulated by the Authority's bond covenants and applied to the student loan balances for each bond series. The Authority's decreasing student loan portfolio decreases administration fees, but bond covenants on some of the Authority's refunding bonds require that the Authority pay higher rates for administration fees as the parity ratios on these bonds increase (limited to stated maximum rates). Mostly due to pay down of bonds, parity ratios on the Authority's refunding bonds are increasing. In 2015, administration fees decreased $197,512 mostly due to the $125 million decrease in the Authority's student loan portfolio. The decrease in administration fees was mitigated somewhat by the higher fees paid from the refunding bonds due to their increasing parity ratios.

OPERATING ACTIVITIES – CONTINUED

Expenses – Continued

In 2014, administration fees increased $45,504. Mostly due to pay down of bonds, parity ratios on the Authority's refunding bonds are increasing. The student loan portfolio decreased $125.1 million, but the higher administration fees paid due to the increased parity ratios totally mitigated the decrease in administration fees due to the decreased student loan portfolio. See "Related Entities" under note 1 to the basic financial statements for further discussion of HESC's administrative support functions for the Authority.

Non-operating Revenue

Non-operating revenue for the Authority is derived entirely from interest subsidy and special allowance paid by the U.S. Government. The program of subsidized interest and special allowance is further discussed in note 1 to the financial statements.

	2015	Percent Change from 2014	2014	Percent Change from 2013
Increase in non-operating revenue:	$1,910,993	3.2%	$527,587	3.2%

Since 2007, special allowance income had been decreasing substantially due to declining Commercial Paper, Treasury Bill, and one-month LIBOR rates and due to a major provision in the Higher Education Reconciliation Act (HERA) of 2005 (see discussion of the effect of these rates on special allowance income under '**Turbulence in the Financial Market**' under Economic Factors and Outlook below*)*.

Since January 2010, while remaining low, these rates are trending more steadily. In 2015 and 2014, special allowance income increased $2.8 million and $1.75 million, respectively. Due to the provision in the HERA, loans disbursed after April 1, 2006 ("newer" loans) are subject to a rebate of a portion of the interest collected on the loans (referred to as "excess interest") when the loans earn at rates above the "special allowance support level" rates. In 2015 and 2014, the majority of the Authority's decreased portfolio are the "newer" loans that are subject to the "excess interest" payments. As such the Authority paid substantially less "excess interest," which in turn, increases special allowance income. Decreasing variable rates on student loans (mostly on "older loans" as noted in the discussion of Operating Revenue above) results in increased special allowance income for the Authority. In 2015, the slight increases to the one-month LIBOR and Treasury Bill rates also helped to increase special allowance income somewhat. In 2014, declining (slightly) one-month LIBOR and Treasury Bill rates decreased special allowance income, thereby mitigating somewhat the increased special allowance resulting from the decreased variable rates on student loans.

In 2015 and 2014, interest subsidy decreased $895,872 and $1.22 million, respectively. The decreases are due to the declining balances of subsidized loans in school, grace, or deferment status. In 2015 and 2014, the balance of these loans decreased $17.3 million and $20.4 million, respectively, from 2014 and 2013 (respectively).

ECONOMIC FACTORS AND OUTLOOK

Turbulence in the Financial Market

The decline in the financial and bond markets in the latter half of fiscal year 2008 and in fiscal year 2009 and the downgrade of Depfa Bank plc in October 2008 by one rating agency resulted in all of the Series 1993, Series 2003 Refunding, and Series 2008ABC bonds (total of $249.5 million), becoming ineligible for marketing; thus these bonds were tendered to their Credit Provider (Depfa Bank plc) in 2009. These bonds are referred to as "bank bonds" for which the Authority pays a rate of interest based on an index (Fed Funds or Prime) plus a spread, which generally is higher than market rates. In October 2009 the rates on these "bank bonds" changed and became substantially higher than market rates. In anticipation of the increases to the rates, the Authority had an agreement with the Credit Provider which provided for an aggressive pay down of these bonds over a five-year period. However, in 2011, the Authority issued $125.05 million of Series 2010-2 tax exempt bonds of which $118.6 million of this financing was used to refund "bank bonds". The final $2 million of the Authority's "bank bonds" were paid November 1, 2013. See note 4 to the basic financial statements for further discussion of the Authority's bond issues.

Due to the declining financial and bond markets, Treasury Bills (T-Bill), Commercial Paper (CP), and one-month LIBOR rates decreased from September 30, 2008 through December 31, 2009. Since January 2010, the downward spiral ended and the rates, while remaining low, are trending more steady. The rates decreased slightly in 2014 and increased slightly in 2015. The average bond equivalent rates of the 91-day T-Bill and the average bond equivalent rates of the 1-month LIBOR are shown:

	T-Bill Rates	One-Month LIBOR
Qtr. Ending 6/30/12:	0.09%	0.25%
Qtr. Ending 9/30/12:	0.10%	0.24%
Qtr. Ending 12/31/12:	0.09%	0.21%
Qtr. Ending 3/31/13:	0.09%	0.21%
Qtr. Ending 6/30/13:	0.05%	0.20%
Qtr. Ending 9/30/13:	0.03%	0.19%
Qtr. Ending 12/31/13:	0.07%	0.17%
Qtr. Ending 3/31/14:	0.05%	0.16%
Qtr. Ending 6/30/14:	0.03%	0.15%
Qtr. Ending 9/30/14:	0.02%	0.16%
Qtr. Ending12/31/14:	0.03%	0.16%
Qtr. Ending 3/31/15:	0.02%	0.17%
Qtr. Ending 6/30/15:	0.02%	0.19%
Qtr. Ending 9/30/15:	0.06%	0.20%

The above rates directly affect the amount of Special Allowance (SA) income earned on the Authority's student loans. The decreasing rates have resulted in substantially reduced special allowance income for the Authority.

ECONOMIC FACTORS AND OUTLOOK – CONTINUED

Turbulence in the Financial Market – Continued

Legislative changes in 2007 require that some student loans (loans disbursed after April 1, 2006) are subject to a rebate of a portion of the interest collected on the loans (referred to as "excess interest") when the loans earn at rates above the "special allowance support level" rates. Decreasing One-Month LIBOR rates (shown above) lowers the "special allowance support level" rates, which in turn, increases excess interest. In 2015, 2014, and 2013, the Authority paid $18 million, $21 million, and $23.4 million of excess interest, respectively, to the Education Department, which off-sets Special Allowance Income on the Authority's books. (See further discussion of "excess interest" payments in note 1 to the basic financial statements).

Low T-Bill rates have also resulted in substantially reduced investment income.

OUTLOOK

Elimination of FFEL Program

In March 2010, President Obama signed into law H.R. 4872 (the "Health Care & Education Affordability Reconciliation Act of 2010" or "HCEARA") which terminates originations of student loans under the Federal Family Education Loan Program (FFELP) in favor of the government-run Federal Direct Loan Program beginning July 1, 2010. After June 30, 2010, no new FFELP loans (including Consolidation Loans) may be made or insured under the FFELP and no funds may be expended under the Higher Education Act to make or insure loans under the FFELP for which the first disbursement is after June 30, 2010. FFELP loans originated under the Higher Education Act prior to July 1, 2010, which have been acquired or are anticipated to be acquired by the Authority, continue to be subject to the provisions of the FFELP.

The elimination of the FFELP has impacted the Authority. As of July 1, 2010, lenders could no longer make new loans under the FFELP but could still add to (make additional disbursements) FFELP loans that were initially made prior to July 1, 2010. The Authority can continue to acquire these loans (originated prior to July 1, 2010) from its "lender partners". Many of the Authority's lender partners have historically originated student loans which the Authority has purchased, but due to the elimination of FFELP, the volume of loan acquisitions by the Authority has declined dramatically since 2008. In 2014 the Authority acquired substantially all of the remaining FFELP Loans that were held by its lender partners. The Authority does not anticipate purchasing any substantially "large" balances of loan portfolios. However, if the Authority finds some "large" portfolios available, the Authority will analyze and consider acquiring such portfolios and use unrestricted funds for these acquisitions. See "Net Position" under Note 1 to the basic financial statements for further discussion of the Authority's unrestricted funds.

The Authority has regularly financed its eligible loan purchases on a long-term basis through the issuance of revenue bonds secured by the eligible loans it has purchased with the proceeds of such bonds. Due to the elimination of the FFELP, the Authority has not issued any debt since 2012 (which was used to refund older bonds). Growth in 2016 is not anticipated.

NORTH TEXAS HIGHER EDUCATION AUTHORITY, INC.

STATEMENTS OF NET POSITION
AUGUST 31, 2015 AND 2014

ASSETS	2015	2014
CURRENT ASSETS		
Cash and cash equivalents--restricted (Note 2)	$ 169,156	$ 279,657
Investments (Note 2)	63,997,284	61,622,269
Investments--restricted (Note 2)	37,668,534	42,951,909
Accrued interest and other accounts receivable	23,034	34,168
Accrued interest and other accounts receivable--restricted	14,093,890	15,635,651
Prepaid expenses--restricted	66,144	72,398
Student loan notes receivable--restricted (Note 3)	144,136,990	163,679,426
Total current assets	260,155,032	284,275,478
LONG-TERM ASSETS:		
Investments--(Note 2)	-	-
Accrued Interest and other accounts receivable--restricted	437,516	662,106
Student loan notes receivable (Note 3)	2,115,772	2,701,510
Student loan notes receivable--restricted (Note 3)	668,912,136	773,735,977
Total long-term assets	671,465,424	777,099,593
TOTAL ASSETS	$ 931,620,456	$ 1,061,375,071
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES - Payable from non-restricted assets:		
Accounts payable	$ 2,360	$ 8,105
Accrued special allowance payable	4,920	6,382
Total current liabilities payable from non-restricted assets	7,280	14,487
CURRENT LIABILITIES--Payable from restricted assets:		
Accounts payable	652,292	730,665
Accrued interest payable	877,844	1,012,807
Accrued special allowance payable	2,672,295	3,202,478
Accrued other liabilities	7,356	6,695
Bonds payable (Note 4)	124,900,000	107,601,000
Total current liabilities payable from restricted assets	129,109,787	112,553,645
Total current liabilities	129,117,067	112,568,132
LONG-TERM LIABILITIES--Payable from restricted assets:		
Bonds payable, less unamortized original issue discounts of $1,006,129 and $1,058,389, respectively (Note 4)	621,685,871	773,991,611
Total long-term liabilities payable from restricted assets	621,685,871	773,991,611
Total liabilities	750,802,938	886,559,743
NET POSITION:		
Restricted	114,684,076	110,447,298
Unrestricted	66,133,442	64,368,030
Total net position	180,817,518	174,815,328
Total Liabilities and Net Position	$ 931,620,456	$ 1,061,375,071

The Notes to Basic Financial Statements are
are an integral part of these statements.

NORTH TEXAS HIGHER EDUCATION AUTHORITY, INC.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
OPERATING REVENUES:		
Interest on student loans	$ 33,861,737	$ 38,195,630
Interest on cash equivalents and investments	122,229	97,386
Total operating revenues	33,983,966	38,293,016
OPERATING EXPENSES:		
Interest on bonds	8,083,458	9,454,500
Loan servicing fees paid to Higher Education Servicing Corporation (Note 1)	2,749,097	3,154,300
Payments for administrative and operating costs to Higher Education Servicing Corporation (Note 1)	2,763,192	2,960,704
Trustee fees	140,526	159,372
Miscellaneous expense	352,946	432,437
Total operating expenses	14,089,219	16,161,313
OPERATING INCOME	19,894,747	22,131,703
NONOPERATING REVENUES AND EXPENSES:		
Government subsidy on student loans	3,620,069	4,515,941
Special allowance income	(17,512,626)	(20,319,491)
Total nonoperating revenues and expenses	(13,892,557)	(15,803,550)
CHANGE IN NET POSITION	6,002,190	6,328,153
NET POSITION—Beginning of year	174,815,328	168,487,175
NET POSITION—End of year	$ 180,817,518	$ 174,815,328

The Notes to Basic Financial Statements are
are an integral part of these statements.

NORTH TEXAS HIGHER EDUCATION AUTHORITY, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student loan and interest purchases	$ (3,108,567)	$ (9,535,859)
Student loan repayments	141,618,539	150,974,903
Payment to vendors	(11,285,237)	(12,501,051)
Interest paid on bonds and lines of credit	(8,166,160)	(9,604,443)
Cash received for student loan and investment interest	27,205,458	31,244,858
Deferred loan acquisition discounts received (premiums paid)	-	94,739
Net cash provided by operating activities	146,264,033	150,673,147
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities of investments held by Trustee	301,292,430	595,452,683
Purchases of Investments	(298,384,069)	(542,023,234)
Net cash provided by investing activities	2,908,361	53,429,449
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:		
Repayment of Bonds	(135,059,000)	(188,223,000)
Proceeds from government subsidy on student loans	3,820,376	4,713,836
Proceeds from (payments of) special allowance	(18,044,271)	(20,618,607)
Net cash used in noncapital financing activities	(149,282,895)	(204,127,771)
CHANGE IN CASH AND CASH EQUIVALENTS	(110,501)	(25,175)
CASH & CASH EQUIVALENTS---Beginning of year	279,657	304,832
CASH & CASH EQUIVALENTS---End of year	$ 169,156	$ 279,657

The Notes to Basic Financial Statements are
are an integral part of these statements.

NORTH TEXAS HIGHER EDUCATION AUTHORITY, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income:	$ 19,894,747	$ 22,131,703
Adjustments to reconcile operating income to net cash provided by operating activities:		
Amortization of original issue discounts	52,260	52,260
Change in assets and liabilities:		
Decrease (increase) in accrued interest and other accounts receivable	1,577,175	3,643,842
Decrease (increase) in student loan notes receivable--net	124,952,016	125,086,928
Decrease (increase) in prepaid expenses	6,254	7,165
Increase (decrease) in accounts payable	(84,118)	(46,853)
Increase (decrease) in accrued and other liabilities	662	305
Increase (decrease) in accrued interest payable	(134,963)	(202,203)
Net cash provided by operating activities	$ 146,264,033	$ 150,673,147

The Notes to Basic Financial Statements are
are an integral part of these statements.

NORTH TEXAS HIGHER EDUCATION AUTHORITY, INC.

NOTES TO BASIC FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity— The North Texas Higher Education Authority, Inc. (the "Authority") is a nonprofit corporation organized on September 28, 1978 under the laws of the State of Texas and reports as a governmental entity. The Authority's Board of Directors is composed of six members appointed by the city councils of Arlington and Denton, Texas. The Authority's present purpose is to promote student access to higher education. The Authority provides funds for the purchase of student loans from participating lenders at the post-secondary educational level and provides procedures for the servicing of such loans as required for continued participation in the Federal Family Education Loan Program (FFELP) under the Higher Education Act of 1965, as amended. Funding for the Authority has been provided by the sale of tax-exempt bonds and through other forms of indebtedness. Proceeds of the bonds are used to purchase student loans, originated by eligible lenders under the FFELP made to eligible students for attendance at eligible institutions.

Related Entities— Higher Education Servicing Corporation (HESC), is a tax-exempt nonprofit Texas Corporation, and services the student loans for the Authority. HESC is responsible for student loan processing, collecting, accounting and reporting, as well as providing corporate office space and administrative support functions for the Authority under the terms of a servicing agreement. The Authority has no employees. HESC and the Authority have separate Boards of Directors.

Under the terms of the servicing agreement, HESC uses an "in house" student loan servicing system to perform duties involving student loan processing and collection services on some of the Authority's student loans. HESC also contracts with two computer service bureaus (sub-servicers) who also perform student loan processing and collecting services on some of the Authority's student loans for HESC under the terms of servicing agreements. The Authority remits to HESC stipulated amounts for services rendered in the administration of the agreements and for providing services as described above.

Measurement Focus, Basis of Accounting and Basis of Presentation— The Authority applies all applicable Governmental Accounting Standards Board ("GASB") pronouncements for enterprise funds. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting wherein revenues are recognized when earned and expenses are recognized when incurred. Enterprise funds are used to account for the operations and financial position of a governmental entity that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the expenses of providing goods and services on a continuing basis be financed or recovered primarily through user charges.

Description of Funds— The accounts of the Authority are organized on the basis of funds, which are set up in accordance with the related bond indentures. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses. These requirements do not result in any restrictions on the use of assets for the general purpose of the respective bond issues. Accordingly, separate funds are not considered necessary for financial reporting purposes. At the time that a bond series has been fully repaid or is permitted by the bond indentures, assets can be transferred to another series with outstanding debt or to a "surplus" fund. The clearing fund is used to process student loan collections among debt issues.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Cash Equivalents— The Authority considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investment Policy— In accordance with the Authority's investment policy and its bond indentures, funds not invested in student loans are generally invested in one of the following investment types:

- Money market funds which are registered with and regulated by the Securities and Exchange Commission ("SEC") and are rated AAAm or an equivalent rating by at least one nationally recognized rating service and include in their investment objectives to have a dollar weighted average stated maturity of 90 days or fewer and seek to maintain a stable net asset value of $1 per share.

- FDIC insured interest-bearing time deposits with maturities of five years or less in banks located within the State of Texas or invested through a broker that has its main office or a branch office in the State of Texas, is selected by the Authority, and arranges for the deposits in one or more FDIC insured depository institutions, wherever located, for the account of the Authority.

The Authority records these investments at cost, which approximates fair value, on its investments of net position. The Authority continually monitors the market value of its investments.

Allowance for Loan Losses— The guarantee of student loans is contingent upon the loans being serviced within the "due diligence" requirements of the guarantors. The Authority has established cure and recovery procedures to be applied to loans that have lost their guarantee. The allowance for loan losses is a provision for the loans for which cure and recovery are expected to be unsuccessful and was based on historical analysis and management review of accounts.

Deferred Loan Acquisition Premiums and Discounts— Before 2011, the Authority normally paid loan acquisition premiums and transfer fees when acquiring loans from financial institutions. Due to declining non operating revenues on student loans, in 2011, the Authority stopped paying premiums on loans acquired and acquired some loan portfolios at a discount (paid less than par value). These premiums, discounts, and fees are capitalized and amortized using the sum of the months' digits method, which approximates the interest method, over the life of the related loans, which have been estimated by the Authority to be 43 months. The amortization expense has been recorded as an adjustment to the yield of the loans purchased. These premiums, discounts, and fees are included with student loan notes receivable in the accompanying statements of net position.

Bond Issue Costs and Original Issue Discounts— Original issue discounts are capitalized and are being amortized over the term of the bonds using the straight-line method, which approximates the interest method. The amortization expense has been recorded as an adjustment to interest expense on the bonds payable. Losses incurred on advance refundings are deferred and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. Bond issue costs are expensed as incurred.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Trustees— The Authority contracts with two Banks to serve as Trustees. Wells Fargo Bank, National Association, and BOKF, National Association, dba Bank of Texas, as trustees, perform the duties involving the acquisition and holding of student loans in the Authority's name, the investment and disbursement of funds as directed by the Authority, and the servicing and redemption of the bonds under each of the trust indentures.

Excess Income— All income of the Authority after payment of expenses, debt service, and the creation of reserves will be utilized for the purchase of additional student loan notes, the purpose permitted by Section 148 of the Internal Revenue Code ("IRC") or, upon dissolution or liquidation of the Authority, will be transferred to the U.S. Treasury. The Authority has no plans to liquidate or dissolve.

Income Taxes— As an organization described in IRC Section 501c(3), the Authority is exempt from federal income taxes under IRC Section 501(a). However, income generated by activities unrelated to the purposes for which the Authority was created will be subject to tax. The Authority had no unrelated business income in 2015 and 2014.

Capitalization of Interest— Students have the option of deferring the interest payments on unsubsidized loans during in-school, grace or deferment periods. Therefore, the Authority capitalizes interest on some student loan notes receivable.

Interest Subsidy and Special Allowance— During the in-school, grace, and deferment periods, the U.S. government pays the Authority interest on subsidized Stafford student loans on behalf of the borrower. Additionally, some consolidation loans are eligible for subsidy during periods of deferment. When the repayment period begins, the borrower is responsible for interest payments. No interest is paid on behalf of the borrower for the Unsubsidized Stafford and PLUS programs. In addition, for certain eligible loans, the U.S. government pays a special allowance to lenders participating in the FFELP at the end of each quarter, representing supplemental interest on the average outstanding principal balance (for the quarter) of insured loans at an annual rate that is determined periodically and is based on certain current interest rates exceeding a predetermined rate. In addition to interest on student loans, interest subsidy and special allowance earned on student loans in the accompanying financial statements (non-operating revenues) are as follows:

	2015	2014
Interest Subsidy	$ 3,620,069	$ 4,515,941
Special Allowance	($17,512,626)	($20,319,491)

Treasury bill and one-month LIBOR rates directly affect the amount of special allowance earned. These rates have decreased substantially from 2007 through 2009 but have remained somewhat steady the past six years. In 2015, the rates increased slightly which contributed somewhat to increased special allowance income. In 2014, the rates decreased slightly which contributed somewhat to decreased special allowance income.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Also, due to the low rates the majority of the Authority's loans earned no special allowance in 2015 and 2014. Legislative changes in fiscal 2007 require that some student loans (loans disbursed after April 1, 2006) are subject to rebate of a portion of the interest collected on the loans (referred to as "excess interest") when the loans earn at rates above the "special allowance support level" rates. Decreasing one-month LIBOR rates significantly lowered the "special allowance support level" rates, which in turn, substantially increased excess interest.

In 2015 and 2014, the Authority's student loan portfolio decreased $125 million and $125.1 million, respectively. A substantial amount of the student loans paid (much of which was due to being consolidated by the Education Department) are the loans that were subject to the excess interest payments. Since the balance of these loans have substantially decreased, less excess interest was paid, which in turn, increases special allowance income. In 2015 and 2014, the Department of Education withheld $17,998,067 and $21,011,011, respectively, of excess interest from the Authority's quarterly interest benefits and special allowance billings. This "excess interest" off-sets Special Allowance Income in the Authority's Statement of Revenues, Expenses, and Changes in Net Position. The interest subsidy and special allowance are accrued as earned.

Net Position— The net position of the Authority is classified into two categories: unrestricted and restricted. Unrestricted net position includes net positions available for the operations of the Authority and activities not accounted for in the bond funds. Restricted net position consists of the bond funds and the clearing account.

Operating Revenues and Expenses— Bond and note issuance is the principal source of the funds necessary to carry out the purposes of the Authority, which are to acquire and service student loans. The Authority's revenue is derived primarily from income on student loans, and secondarily, from investment income. The primary costs of the program are interest expense on bonds, program administration fees, and loan servicing fees. Therefore loan income, net investment income, interest expense, administrative fees, and loan servicing fees are shown as operating revenues and expenses in the statements of revenue, expenses and changes in net position. Federal funds received consisting of interest subsidies and special allowance income are considered non-operating revenue.

Risk Management— The Authority is exposed to various risks of loss related to errors and omissions. Coverage for these various risks of loss is obtained through commercial insurance. Commercial insurance is purchased in an amount that is sufficient to cover the Authority's risk of loss. There have been no claims filed against the Authority in the past three years, and there has been no significant reduction in insurance coverage from coverage in the prior year for all categories of risk.

2. CASH AND INVESTMENTS

Certificates of deposit are presented as cash and cash equivalents and money market mutual funds are presented as investments for GASB Statement No.3 disclosure purposes. At August 31, 2015 and 2014, the carrying amount and bank balances of the Authority's cash and deposits was $35,637,849 and $33,125,384, respectively, of which $245,000 and $100,000, respectively, is in certificates of deposit. All of the bank balances were covered by federal depository insurance or collateralized with securities held by the Authority's agent in the Authority's name.

The Authority may purchase investments as authorized by its indentures, the investment policy approved annually by the Board of Directors, and the Public Funds Investment Act. These investments include but are not limited to direct obligations of the United States and certain U.S. government agencies, obligations guaranteed by the United States and certain U.S. government agencies, bank demand deposits and interest-bearing bank time deposits with a maturity of ten years or less that are secured by pledges of government securities or are issued by banks rated Aa or AA by Moody's Investors Service, Inc. or Standard & Poor's Corporation, respectively. Money market mutual funds are authorized investments if they are regulated by the SEC, have a dollar-weighted average stated maturity of 90 days or less, and include in their investment objective the maintenance of a stable net asset value of $1 for each share. The Authority may also invest in a state government investment pool – "Texas Local Government Investment Pool" (TexPool), which is a pool managed by the State of Texas and is an approved investment type under the Public Funds Investment Act. The Authority does not invest in investments other than those authorized by its investment policy.

Interest rate risk— Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of the investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Authority monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The Authority has no specific limitations with respect to this metric.

2. CASH AND INVESTMENTS – CONTINUED

The Authority's investments as of August 31, 2015 and 2014 are classified as follows:

Investment Type	2015 Amount	Weighted Average Maturity
Money Market Mutual Funds	$ 66,197,124	19 days
Total investments	$ 66,197,124	

Investment Type	2014 Amount	Weighted Average Maturity
Money Market Mutual Funds	$ 71,728,451	38 days
Total investments	$ 71,728,451	

Credit risk— Generally 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. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the Authority's investment policy or debt agreements, and the actual rating for each investment type as of August 31, 2015 and 2014.

Investment Type	Balance August 31, 2015	Balance August 31, 2014	Minimum Legal Rating	Rating as of August 31, 2015	Rating as of August 31, 2014
Certificates of deposit	$ 245,000	$ 100,000	N/A	Not rated	Not rated
Money market mutual funds	$ 66,197,124	$ 71,728,451	AAAm	AAAm,Aaamf	AAAm, Aaamf

NORTH TEXAS HIGHER EDUCATION AUTHORITY, INC.

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS – CONTINUED

Concentration of Credit Risk— The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer. As of August 31, 2015, the Authority invests the majority of its funds in two money market funds: Fidelity Prime Institutional Money Market Fund and Wells Fargo Advantage Treasury Money Market Fund. The Authority also invests in a Southwest Bank Insured Cash Sweep (ICS) Account which is a FDIC insured interest-bearing bank deposit account. As of August 31, 2015 and 2014, Authority investments which totaled more than 5% of its total investments are:

	2015	2014
Wells Fargo Advantage Treasury Money Market Fund:	$ 9,790,795	$ 12,130,235
Fidelity Institutional Prime Money Market Fund:	56,406,329	59,598,216
Southwest Bank deposit accounts (FDIC insured):	34,633,448	32,264,607

3. STUDENT LOAN NOTES RECEIVABLES

Student loan notes receivable consist of the following at August 31, 2015 and 2014:

	2015				
Series	Student Loan Notes Receivable Receivable	Collections Not Yet Applied	Deferred Loan Acquisition Premiums Less: Accumulated Amortization	Allowance For Doubtful Accounts	Net Receivable
2012-1	$ 286,608,319	$ -	$ -	$ (179,348)	$ 286,428,971
2011-1	125,630,245	-	-	(78,614)	125,551,631
2010-2	66,561,890	-	-	(41,652)	66,520,238
2010-1	87,713,255	-	-	(54,887)	87,658,368
2003-2	102,452,354	-	(31,734)	(64,110)	102,356,510
2003	24,655,867	-	-	(15,429)	24,640,438
2002	120,021,462	-	-	(75,104)	119,946,358
Surplus Fund	2,123,049	-	(5,948)	(1,329)	2,115,772
Unallocated Collections	-	(53,388)		-	(53,388)
Unallocated Reserves	-	-		-	-
Total	$ 815,766,441	$ (53,388)	$ (37,682)	$ (510,473)	$ 815,164,898

3. STUDENT LOAN NOTES RECEIVABLES – CONTINUED

	2014				
Series	Student Loan Notes Receivable Receivable	Collections Not Yet Applied	Deferred Loan Acquisition Premiums Less: Accumulated Amortization	Allowance For Doubtful Accounts	Net Receivable
2012-1	$ 334,866,143	$ -	$ (4,353)	$ (264,117)	$ 334,597,673
2011-1	141,565,002	-	-	(111,656)	141,453,346
2010-2	76,390,724	-	-	(60,251)	76,330,473
2010-1	107,280,685	-	-	(84,615)	107,196,070
2003-2	115,130,098	-	(68,992)	(90,806)	114,970,300
2003	28,127,635	-	-	(22,185)	28,105,450
2002	135,284,112	-	(15)	(106,702)	135,177,395
1993A-D	-	-	-	-	-
Surplus Fund	2,726,064	-	(22,404)	(2,150)	2,701,510
Unallocated Collections	-	(415,304)		-	(415,304)
Total	$ 941,370,463	$ (415,304)	$ (95,764)	$ (742,482)	$ 940,116,913

All student loans currently held were made in accordance with Title IV, Part B of the Higher Education Act of 1965, as amended. The Authority purchases five types of loans: Stafford, Unsubsidized Stafford, SLS, PLUS and Consolidated. PLUS loans are made to parents of dependent undergraduate students and effective July 1, 2006, PLUS loans can also be made to graduate and professional students. SLS loans (no longer available, effective July 1, 1994) were made to graduate and professional students. Consolidated loans are made to borrowers for the purpose of consolidating their repayment obligations. The Authority originated Consolidation loans until the second quarter of 2008, but changes in law decreased yields on these loans made after July 1, 2008, and the Authority stopped making them as they would have no longer been financially feasible.

The student loan notes receivable represent loans to students who, when the loans were originated by lending institutions, were enrolled in post-secondary institutions. In general, the notes bear interest at fixed and variable rates ranging from 1.6% to 12% depending upon the type and date of origination of the individual loan and are payable by the student following a specified grace period after graduation or termination from the institution. The repayment period is generally 10 years for all FFELP loans (excluding consolidated loans), however the terms of the loans, which vary on an individual basis, generally provide for repayment in monthly installments of principal and interest over an average period of 5 to 10 years. Consolidated loans may be repaid up to a maximum of 30 years.

Installment repayment of Stafford and Unsubsidized Stafford loans begins after a grace period of six or nine months following the date that the student completes his or her course of study, leaves school or ceases to carry at least one-half the normal full-time academic load as determined by the participating institution. Repayment of PLUS loans begins within 60 days of disbursement (no grace period). Repayment of Consolidated loans begins within 60 days after the borrower’s liability on all loans being consolidated has been discharged.

3. STUDENT LOAN NOTES RECEIVABLES – CONTINUED

Student loan notes receivable purchased by the Authority have been either insured or reinsured by the U.S. government or guaranteed by the Texas Guaranteed Student Loan Corporation and United Student Aid Funds, Inc. Student loan notes that do not conform to the terms of the purchase agreement between the Authority and the original lender may be returned to the lending institution for reimbursement of principal, interest and costs incurred while held by the Authority. The guarantors are protected by federal reinsurance from the Federal Guaranteed Student Loan Program under the Department of Education. Generally, the Department of Education pays the guarantor 97% of the balance of the defaulted student loans. However, that rate is graduated downward to 78% as the guarantor's annual payments of defaulted loans increase. The federal reinsurance percentage is restored to 100% at the beginning of each annual reporting period. The loans are guaranteed provided that the original lender with respect to such loans has met applicable program requirements. Owned loans that have lost their U.S. Department of Education guarantee due to the failure of the original lender, the Authority, or their servicer to follow prescribed collection (due diligence) procedures can reacquire their guaranteed status if they are subsequently returned to a repayment status. Original lenders have warranted to the Authority that the student loan notes have met these requirements and are valid obligations of the student borrowers.

The Authority has established cure and recovery procedures to be applied to loans that have lost their guarantee. The allowance for loan losses is a provision for the loans for which cure and recovery are expected to be unsuccessful and was based on historical analysis and management review of accounts. Also, as discussed above, generally guarantors pay 97% of the balances of defaulted student loans. As such, the Authority includes in its computation of the allowance for loan losses an estimated amount of the 3% write-off of balances of defaulted loans that are not paid by the guarantors. For the years ended August 31, 2015 and 2014, the allowance for loan losses is $510,473 and $742,482, respectively. In the opinion of management, this allowance is considered adequate.

Net student loan notes receivable approximate fair value as the loans are guaranteed payment at the carrying value and a special allowance payment is received for loans below the current market rate of interest.

A summary of the Authority's student loan activity for the years ended August 31, 2015 and 2014 is as follows:

	2015	2014
Loans purchased	$ 3,108,567	$ 9,164,513
Amounts collected	(141,618,539)	(150,974,904)
Adjustments (capitalized interest\writeoff)	13,557,956	16,723,463
Total change in Student Loan Notes Receivable - net	$ (124,952,016)	$ (125,086,928)

NORTH TEXAS HIGHER EDUCATION AUTHORITY, INC.

NOTES TO BASIC FINANCIAL STATEMENTS

3. STUDENT LOAN NOTES RECEIVABLES – CONTINUED

Student Loan Purchase Commitments— In addition to the student loans already purchased, the Authority was contractually committed to its participating lending institutions to purchase student loans under commitment agreements. These agreements require the lending institution to offer student loans to the Authority. The Authority, under restrictions set by the Credit Providers, can only acquire loans that were first disbursed prior to July 1, 2008. In 2014, the Authority acquired substantially all of the remaining FFELP Loans that were held by its participating lending institutions.

4. BONDS PAYABLE

The following table summarizes the balances due, interest mode, interest rate, and date of maturity on the bonds payable as of August 31, 2015 and 2014:

Bond Series		2015		2014	Interest Mode	Average Interest Rate (2015)	Date of maturity or defeasement
2002	$	99,450,000	$	116,700,000	Variable	0.39	April 1, 2041
2003A-3		18,800,000		22,550,000	Variable	0.38	October 1, 2042
2003-2		96,600,000		112,650,000	Variable	0.39	October 1, 2043
2010-1 A-1		-		6,420,000	Variable	0.64	July 1, 2019
2010-1 A-2		80,090,000		93,240,000	Variable	1.16	July 1, 2030
2010-2 A-1		60,320,000		70,310,000	Variable	1.27	April 1, 2037
2011-1		115,570,000		133,115,000	Variable	1.37	April 1, 2040
2012-1		276,762,000		327,666,000	Variable	1.18	December 1, 2034
Total	$	747,592,000	$	882,651,000			
Unamortized original issue discounts		(1,006,129)		(1,058,389)			
	$	746,585,871	$	881,592,611			

2002 Debt Issue— On March 4, 2002, the Authority issued $155,000,000 of Student Loan Revenue Bonds. The Series 2002 Bonds were issued as Auction Rate Certificates and interest on the Series 2002 Bonds is not exempt from gross income of the certificate owners for federal income tax purposes. In April 2006, all of the Series 2002 Bonds were converted to variable rate demand obligations. In 2015 and 2014, the Authority paid $17,250,000 and $38,300,000 of the 2002 Bonds, respectively.

The interest rate for the bonds represents the average rate for the year ended August 31, 2015. The actual rates ranged from 0.352% to 0.542% in 2015 and 0.350% to 0.535% in 2014. Interest is payable monthly and at stated maturity dates.

4. BONDS PAYABLE – CONTINUED

2003 Debt Issue— On January 16, 2003, the Authority issued $103,400,000 of Student Loan Revenue Bonds, of which $73,400,000 (A-1 & A-2) was used in refunding $35,000,000 from the 2000A Series Bonds, $18,900,000 from the 1993B Series Bonds, and $19,500,000 from the 1993CD Series Bonds. The refunding portion of the 2003 Bonds were issued as Auction Rate Certificates and interest on the refunding bonds is tax exempt from gross income of the certificate owners for federal income tax purposes. The 2003 Issue also included $30,000,000 in new proceeds (A-3) issued as Auction Rate Certificates and interest on these bonds is not tax exempt from gross income of the certificate owners for federal income tax purposes. $18,900,000 of the refunding bonds matured October 1, 2005. In April 2006, the remaining Series 2003 Bonds were converted to variable rate demand obligations. In August 2008, $34,000,000 of the refunding bonds was advance refunded by Series 2008ABC and the Authority paid $10,500,000 of the refunding bonds (not refunded). The remaining $10,000,000 refunding bonds became "bank bonds" in October 2008. In 2010 and 2009, the Authority paid $8,000,000 and $1,000,000, respectively, of the "bank bonds". On November 1, 2013, the Authority paid the remaining $1,000,000 of refunding "bank bonds". In 2015 and 2014, the Authority paid $3,750,000 and $7,450,000, respectively, of the Series 2003 A-3 Bonds.

The interest rate for the taxable bonds (A-3) represents the average rate for the year ended August 31, 2015. The actual rates of the taxable bonds (A-3) ranged from 0.354% to 0.403% in 2015 and 0.350% to 0.384% in 2014. Interest from the taxable bonds is payable monthly and at stated maturity dates.

2003-2 Debt Issue—On December 3, 2003, the Authority issued $150,000,000 of Student Loan Revenue Bonds as Auction Rate Certificates and interest on the Series 2003-2 Bonds is not exempt from gross income of the certificate owners for federal income tax purposes. In April 2006, all of the Series 2003-2 Bonds were converted to variable rate demand obligations. In 2015 and 2014, the Authority paid $16,050,000 and $37,350,000, respectively, of the 2003-2 Bonds.

The interest rate for the bonds represents the average rate for the year ended August 31, 2015. The actual rates ranged from 0.354% to 0.553% in 2015 and 0.350% to 0.534% in 2014. Interest from the Bonds is payable monthly and at stated maturity dates.

2010-1 Debt Issue—On May 25, 2010, the Authority issued $207,200,000 of Student Loan Revenue Bonds, consisting of Series 2010-1 A-1 ($113,960,000) and 2010-1 A-2 ($93,240,000) of which $168,315,000 was used to pay off the Authority's lines of credit with Bank of America and Frost Bank and $38,885,000 is "new money" used to acquire loans. Interest on the Series 2010-1 Bonds is tax exempt from gross income of the certificate owners for federal income tax purposes. The Authority has paid 2010-1 Bonds:

Year	Bond	Amount paid	
2011	A-1	$27,545,000	
2012	A-1	$28,245,000	
2013	A-1	$32,025,000	
2014	A-1	$19,725,000	
2015	A-1	$ 6,420,000	(final A-1 bonds)
2015	A-2	$13,150,000	

4. BONDS PAYABLE – CONTINUED

The interest rate for the A-1 bonds represents the average rate for the period September 1, 2014 through January 1, 2015. The interest rate for the A-2 bonds represents the average rate for the year ending August 31, 2015. The actual rates ranged from, A-1: 0.635% to 0.635% in 2015 and 0.633% to 0.674% in 2014; A-2: 1.135% to 1.184% in 2015 and 1.133% to 1.174% in 2014. Interest from the 2010-1 Bonds is payable on January 1, April 1, July 1, October 1, and at stated maturity dates.

2010-2 Debt Issue—On October 28, 2010, the Authority issued $125,050,000 of Student Loan Revenue Bonds (Series 2010-2 (A-1)), which was used to advance refund the remaining balance of the Series 2008A bonds. Interest on the Series 2010-2 Bonds is tax exempt from gross income of the certificate owners for federal income tax purposes. The Authority has paid 2010-2 Bonds:

Year	Amount paid
2011	$ 9,765,000
2012	$16,895,000
2013	$15,360,000
2014	$12,690,000
2015	$ 9,990,000

The interest rate for the bonds represents the average rate for the year ended August 31, 2015. The actual rates ranged from 1.234% to 1.284% in 2015 and 1.233% to 1.274% in 2014. Interest from the Bonds is payable on January 1, April 1, July 1, October 1, and at stated maturity dates.

2011-1 Debt Issue—On February 24, 2011, the Authority issued $210,200,000 of Student Loan Revenue Bonds (Series 2011-1), which was used to advance refund the 1991 C and F bonds, 1996 A and C bonds, 2006A bonds, and the remaining balances of the 2006B and C bonds. Interest on the Series 2011-1 Bonds is not tax exempt from gross income of the certificate owners for federal income tax purposes. The Authority has paid 2011-1 Bonds:

Year	Amount paid
2011	$ 6,187,000
2012	$26,728,000
2013	$25,408,000
2014	$18,762,000
2015	$17,545,000

The interest rate for the bonds represents the average rate for the year ended August 31, 2015. The actual rates ranged from 1.335% to 1.384% in 2015 and 1.333% to 1.374% in 2014. Interest from the Bonds is payable on January 1, April 1, July 1, October 1, and at stated maturity dates.

2012-1 Debt Issue—On July 24, 2012, the Authority issued $463,200,000 of Student Loan Revenue Bonds (Series 2012-1), which was used to advance refund the remaining balances of the 1998A, 2000B, 2001, 2004, 2005CD, 2007AB, and 2010E bonds. Interest on the Series 2012-1 Bonds is not tax exempt from gross income of the certificate owners for federal income tax purposes. The Authority has paid 2012-1 Bonds:

Year	Amount paid
2013	$83,588,000
2014	$51,946,000
2015	$50,904,000

4. BONDS PAYABLE – CONTINUED

The interest rate for the bonds represents the average rate for the year ended August 31, 2015. The actual rates ranged from 1.153% to 1.189% in 2015 and 1.151% to 1.187% in 2014. Interest from the Bonds is payable monthly and at stated maturity dates.

The following is a summary of debt service requirements at August 31, 2015:

Fiscal Year	Principal	Interest	Total
2016	$ 124,900,000	$ 7,358,515	$ 132,258,515
2017	119,300,000	6,150,717	125,450,717
2018	112,675,000	4,889,055	117,564,055
2019	106,600,000	3,690,545	110,290,545
2020	94,500,000	2,579,568	97,079,568
2021-2025	152,122,000	6,190,619	158,312,619
2026-2030	21,225,000	1,215,025	22,440,025
2031-2035	8,425,000	595,440	9,020,440
2036-2040	4,370,000	324,096	4,694,096
2041-2043	3,475,000	43,084	3,518,084
	$ 747,592,000	$ 33,036,664	$ 780,628,664

Rates for all the Authority's bonds are indexed to either the three-month or one-month LIBOR rate and are reset monthly or quarterly (depending on the bond) by the Trustee.

The following is a summary of changes in revenue bonds payable by the Authority for the years ended August 31, 2015 and 2014:

	Balance at beginning of year	Issued	Repaid or Defeased	Balance at end of year
2015	$ 882,651,000	$ -	$ (135,059,000)	$ 747,592,000
2014	$ 1,070,874,000	$	$ (188,223,000)	$ 882,651,000

The bonds may be redeemed prior to their stated maturity only in authorized denominations. Upon proper notice, bonds may be redeemed in whole or part by lot, at par plus accrued interest to the date of redemption, without premium, at the option of the Authority and with the permission of the credit provider. There are no defeased bonds outstanding as of August 31, 2015.

The Authority is subject to financial covenants imposed by the various bond indentures requiring such things as compliance with certain ratios. Management believes that the Authority was in compliance with all significant financial covenants and bond indentures during 2015 and 2014.

5. EXCESS EARNINGS AND ARBITRAGE LIABILITIES

All of the Authority's outstanding tax exempt bonds (interest on the bonds is tax exempt from gross income of the certificate owners for federal income tax purposes) are subject to federal government "excess interest" rebate laws. These laws limit the earnings on the loans (loan yield) by an organization that issues tax exempt bonds for the purpose of acquiring FFELP student loans. For the years ended August 31, 2015 and 2014, the Authority made a provision for excess interest of $0 and $0, respectively. The indentures require such excess earnings to be placed in an "excess earnings account" and held until the amount is due to the U.S. Treasury. Federal government excess earnings laws allow for loan forgiveness programs to be employed to reduce the excess earnings amounts that must be remitted to the U.S. Treasury when the bonds are redeemed. The Authority has a loan forgiveness program in which borrowers' debt is "forgiven" when the debt is reduced to a threshold amount and the borrowers meet all other requirements of the program. The excess earnings liability (for each bond series) is calculated annually on a date set by the Authority and on the bond maturity date. The excess earnings are periodically adjusted when the calculations reveal the current amount of student loans to be forgiven if the bonds were redeemed.

All of the Authority's outstanding tax exempt bonds are subject to federal government arbitrage rebate laws. These laws limit the earnings rate on funds received by an organization that issues tax exempt bonds. For the years ended August 31, 2015 and 2014, the Authority made a provision for arbitrage rebate of $0 and $0, respectively. The provision recognizes revenues above the rebate limit, which must be remitted to the federal government. The indentures require such arbitrage earnings to be placed in an "arbitrage rebate account" and held until the amount is paid to the U.S. Treasury. The arbitrage liability (for each bond series) is calculated annually on a date set by the Authority and on the bond maturity date. The arbitrage earnings are periodically adjusted when the calculations reveal the current amount of liability if the bonds were redeemed. The arbitrage rebate laws require that generally on every 5th anniversary of the bond issue, payment of 90% of the amount of the liability (if any) must be remitted to the U.S. Treasury. No payment was required in 2015 and 2014.

A liability for excess earnings over the allowable spread between the loan yield and bond yield and for excess earnings over the allowable spread between the earnings rate on funds and bond yield has been included in the financial statements when such liability is incurred. The following table displays the aggregate changes in the excess earnings and arbitrage rebate payable for the fiscal years ended August 31, 2015 and 2014.

	2015	2014
Beginning balance	$ -	$ -
Additional (reduction to) liability	-	-
Ending balance	$ -	$ -

6. COMMITMENTS

The Series 2002A-1 Bonds, Series 2002A-2 Bonds, and Series 2002A-3 Bonds were rated "Aaa" by Moody's Investors Service. The Series 2002B Bonds were rated "A2" by Moody's. The bonds were issued as Auction Rate Certificates, but were converted to variable rate demand obligations in April 2006. Moody's is expected to review its rating on an ongoing basis.

The Series 2003-2A-1 Bonds and Series 2003-2A-2 Bonds were rated "Aaa" by Moody's Investors Service. The Series 2003-2B Bonds were rated "A2" by Moody's. The bonds were issued as Auction Rate Certificates, but were converted to variable rate demand obligations in April 2006. Moody's is expected to review its rating on an ongoing basis.

The Series 2003A-1 Bonds, Series 2003A-2A Bonds, 2003A-2B Bonds, and Series 2003A-3 Bonds were rated "Aaa" by Moody's Investors Service. The Series 2003B Bonds were rated "A2" by Moody's. The bonds were issued as Auction Rate Certificates. The 2003A-2A bonds matured October 1, 2005. The remaining 2003 bonds were converted to variable rate demand obligations in April 2006. Moody's is expected to review its rating on an ongoing basis.

The Series 2010-1 Bonds were rated "AA+" by Standard and Poor's and "AAA" by Fitch Ratings. Standard and Poor's and Fitch Ratings are expected to review their ratings on an ongoing basis.

The Series 2010-2 Bonds were rated "AA+" by Standard and Poor's and "AAA" by Fitch Ratings. Standard and Poor's and Fitch Ratings are expected to review their ratings on an ongoing basis.

The Series 2011-1 Bonds were rated "AA+" by Standard and Poor's and "AAA" by Fitch Ratings. Standard and Poor's and Fitch Ratings are expected to review their ratings on an ongoing basis.

The Series 2012-1 Bonds were rated "AA+" by Standard and Poor's and "AAA" by Fitch Ratings. Standard and Poor's and Fitch Ratings are expected to review their ratings on an ongoing basis.

The Bonds are limited obligations of the Authority payable solely from revenue received by the Authority from the assets contained in each trust estate created under an indenture including payments on student loans and investment earnings.

Neither the faith and credit, the taxing power nor any revenue of the State of Texas or any political subdivision thereof are pledged to the payment of the bond principal and interest thereon. The bonds are not a general obligation of the Authority, and the individual board members are not liable.

The Federal Family Education Loan programs in which the Authority participates are subject to audit in accordance with the provisions of the U.S. Office of Management and Budget Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions*, as revised April 26, 1996. Pursuant to the provisions of Circular A-133, the major federal financial assistance programs were tested for compliance with applicable grant requirements through August 31, 2015 and 2014. The provisions of this circular do not limit the Authority or other federal agencies or audit officials from making or contracting for audits and evaluations of federal financial assistance programs. As a result, final expenditure reports of grants and contracts submitted to granting agencies in current and prior years are subject to audit and adjustment by such agencies. The effect of such adjustments, if any, is not determinable at this time.

7. SEGMENT INFORMATION

A segment is an identifiable activity reported as a stand-alone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains and losses, assets and liabilities that are required by an external party to be accounted for separately. The Authority has one segment that meets the reporting requirements of GASB Statement No. 34.

The outstanding debt payable by the Authority consists mostly of Student Loan Revenue Bonds. Related debt covenants provide that the outstanding debt is payable from the eligible loans pledged under the debt covenants, amounts deposited in the accounts pledged under the debt covenants, and all other revenues and recoveries of principal from the loans purchased with the bond proceeds.

Summary financial information for the Student Loan Revenue Bonds as of August 31, 2015 and 2014 is as follows:

	Surplus Fund		Bond Funds		Total	
	2015	2014	2015	2014	2015	2014
Condensed Statements of Net Position						
Assets:						
Current assets	$ 64,025,906	$ 61,681,918	$ 196,129,126	$ 222,593,560	$ 260,155,032	$ 284,275,478
Noncurrent assets	2,115,772	2,701,510	669,349,652	774,398,083	671,465,424	777,099,593
Total assets	66,141,678	64,383,428	865,478,778	996,991,643	931,620,456	1,061,375,071
Liabilities:						
Current liabilities	8,236	15,398	129,108,831	112,552,734	129,117,067	112,568,132
Noncurrent liabilities	-	-	621,685,871	773,991,611	621,685,871	773,991,611
Total liabilities	8,236	15,398	750,794,702	886,544,345	750,802,938	886,559,743
Net position:						
Restricted	-	-	114,684,076	110,447,298	114,684,076	110,447,298
Unrestricted	66,133,442	64,368,030	-	-	66,133,442	64,368,030
Total net position	66,133,442	64,368,030	114,684,076	110,447,298	180,817,518	174,815,328
Total liabilities and net position	$ 66,141,678	$ 64,383,428	$ 865,478,778	$ 996,991,643	$ 931,620,456	$ 1,061,375,071

NORTH TEXAS HIGHER EDUCATION AUTHORITY, INC.

NOTES TO BASIC FINANCIAL STATEMENTS

7. SEGMENT INFORMATION – CONTINUED

	Surplus Fund		Bond Funds		Total	
	2015	2014	2015	2014	2015	2014
Condensed Statements of Revenues, Expenses and Changes in Net Position						
Operating revenues	$ 206,289	$ 206,811	$ 33,777,677	$ 38,086,205	$ 33,983,966	$ 38,293,016
Operating expenses	120,309	190,427	13,968,910	15,970,886	14,089,219	16,161,313
Total operating income (loss)	85,980	16,384	19,808,767	22,115,319	19,894,747	22,131,703
Nonoperating revenue	(25,686)	(34,784)	(13,866,871)	(15,768,766)	(13,892,557)	(15,803,550)
Change in net position	60,294	(18,400)	5,941,896	6,346,553	6,002,190	6,328,153
Net position—beginning of year	64,368,030	45,673,558	110,447,298	122,813,617	174,815,328	168,487,175
Transfer from Bonds to Surplus	1,705,118	18,712,872	(1,705,118)	(18,712,872)	-	-
Net position—end of year	$ 66,133,442	$ 64,368,030	$ 114,684,076	$ 110,447,298	$ 180,817,518	$ 174,815,328
Condensed Statements of Cash Flows						
Net cash provided (used) by:						
Operating activities	$ 2,402,116	$ 19,320,958	$ 143,861,917	$ 131,352,189	$ 146,264,033	$ 150,673,147
Noncapital financing activities	(27,101)	(36,393)	(149,255,794)	(204,091,378)	(149,282,895)	(204,127,771)
Investing activities	(2,375,015)	(19,284,565)	5,283,376	72,714,014	2,908,361	53,429,449
Change in cash and cash equivalents	$ -	$ -	(110,501)	(25,175)	(110,501)	(25,175)
Cash and cash equivalents - beginning of year	$ -	$ -	279,657	304,832	279,657	304,832
Cash and cash equivalents - end of year	$ -	$ -	$ 169,156	$ 279,657	$ 169,156	$ 279,657

NORTH TEXAS HIGHER EDUCATION AUTHORITY, INC.

OTHER SUPPLEMENTARY INFORMATION
COMBINING SCHEDULE – STATEMENT OF NET POSITION INFORMATION
AUGUST 31, 2015

ASSETS		Debt Issue 2012-1	2011-1	2010-2	2010-1	2003-2	2003	2002	Surplus Fund	Clearing Fund	Total Issues and Other Funds
Cash and cash equivalents	$	—	—	—	—	112,607	29,309	27,240	—	—	169,156
Investments - nonrestricted -- current		—	—	—	—	—	—	—	63,997,284	—	63,997,284
Investments - restricted -- current		9,175,118	5,755,532	3,912,192	6,877,454	4,593,469	1,836,538	5,018,030	—	500,201	37,668,534
Accrued interest and other accounts receivable		4,774,406	1,690,096	1,116,988	2,427,932	1,681,485	384,606	1,649,539	23,034	806,354	14,554,440
Unremitted student loan principal and interest collections due (to) from Clearing Fund		277,718	87,966	42,813	157,035	346,148	74,725	260,663	4,963	(1,252,031)	—
Amounts due (to) from other funds		—	—	—	—	—	—	—	—	—	—
Student loan notes receivable - net		286,428,971	125,551,631	66,520,238	87,658,368	102,356,510	24,640,438	119,946,358	2,115,772	(53,388)	815,164,898
Prepaid expenses		25,725	6,198	1,667	7,500	5,625	6,204	12,600	625	—	66,144
Total assets	$	300,681,938	133,091,423	71,593,898	97,128,289	109,095,844	26,971,820	126,914,430	66,141,678	1,136	931,620,456
LIABILITIES AND NET POSITION											
LIABILITIES:											
Accounts payable	$	197,692	110,494	61,170	61,923	93,442	22,579	103,856	2,360	1,136	654,652
Accrued interest payable		264,973	275,407	133,356	163,271	13,474	2,524	24,839	—	—	877,844
Accrued special allowance payable		1,042,536	305,357	125,517	566,359	279,151	75,707	277,668	4,920	—	2,677,215
Accrued other liabilities		883	883	883	883	956	956	956	956	—	7,356
Bonds payable, less unamortized original issue discount of $1,006,129		275,755,871	115,570,000	60,320,000	80,090,000	96,600,000	18,800,000	99,450,000	—	—	746,585,871
Excess earnings and arbitrage liabilities		—	—	—	—	—	—	—	—	—	—
Total liabilities		277,261,955	116,262,141	60,640,926	80,882,436	96,987,023	18,901,766	99,857,319	8,236	1,136	750,802,938
Net position		23,419,983	16,829,282	10,952,972	16,245,853	12,108,821	8,070,054	27,057,111	66,133,442	—	180,817,518
TOTAL LIABILITIES AND NET POSITION	$	300,681,938	133,091,423	71,593,898	97,128,289	109,095,844	26,971,820	126,914,430	66,141,678	1,136	931,620,456

NORTH TEXAS HIGHER EDUCATION AUTHORITY, INC.

OTHER SUPPLEMENTARY INFORMATION
COMBINING SCHEDULE – STATEMENT OF NET POSITION INFORMATION
AUGUST 31, 2014

ASSETS		Debt Issue 2012-1	2011-1	2010-2	2010-1	2003-2	2003	2002	Surplus Fund	Clearing Fund	Total Issues and Other Funds
Cash and cash equivalents	$	—	—	—	—	188,172	3,174	88,311	—	—	279,657
Investments - nonrestricted -- current		—	—	—	—	—	—	—	61,622,269	—	61,622,269
Investments - restricted -- current		10,238,920	6,775,243	3,529,230	7,765,309	5,576,399	2,000,917	6,019,943	—	1,045,948	42,951,909
Accrued interest and other accounts receivable		5,510,835	1,788,648	1,159,666	2,927,038	1,843,386	442,117	1,857,732	34,168	768,335	16,331,925
Unremitted student loan principal and interest collections due (to) from Clearing Fund		329,226	197,925	96,054	78,538	317,181	72,001	303,551	4,137	(1,398,613)	—
Amounts due (to) from other funds		—	—	—	(20,719)	—	—	—	20,719	—	—
Student loan notes receivable - net		334,597,673	141,453,346	76,330,473	107,196,070	114,970,300	28,105,450	135,177,395	2,701,510	(415,304)	940,116,913
Prepaid expenses		30,492	7,326	1,667	7,859	5,625	6,204	12,600	625	—	72,398
Total assets	$	350,707,146	150,222,488	81,117,090	117,954,095	122,901,063	30,629,863	143,459,532	64,383,428	366	**1,061,375,071**
LIABILITIES AND NET POSITION											
LIABILITIES:											
Accounts payable	$	229,163	123,259	68,545	70,499	102,191	23,455	113,187	8,105	366	738,770
Accrued interest payable		326,117	305,962	149,497	189,211	13,917	2,671	25,432	—	—	1,012,807
Accrued special allowance payable		1,249,113	355,674	149,371	699,355	328,838	90,630	329,497	6,382	—	3,208,860
Accrued other liabilities		765	766	765	764	908	908	908	911	—	6,695
Bonds payable, less unamortized original issue discount of $1,058,389		326,607,611	133,115,000	70,310,000	99,660,000	112,650,000	22,550,000	116,700,000	—	—	881,592,611
Total liabilities		328,412,769	133,900,661	70,678,178	100,619,829	113,095,854	22,667,664	117,169,024	15,398	366	886,559,743
Net position		22,294,377	16,321,827	10,438,912	17,334,266	9,805,209	7,962,199	26,290,508	64,368,030	—	174,815,328
TOTAL LIABILITIES AND NET POSITION	$	350,707,146	150,222,488	81,117,090	117,954,095	122,901,063	30,629,863	143,459,532	64,383,428	366	1,061,375,071

NORTH TEXAS HIGHER EDUCATION AUTHORITY, INC.

OTHER SUPPLEMENTARY INFORMATION
COMBINING SCHEDULE – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION
FOR THE YEAR ENDING AUGUST 31, 2015

		Debt Issue							Non Restricted	Total
		2012-1	2011-1	2010-2	2010-1	2003-2	2003	2002	Surplus Fund	Funds
REVENUES										
Interest on student loans	$	12,202,112	4,434,363	2,378,880	5,386,961	4,183,506	1,079,701	4,087,972	108,242	33,861,737
Interest on investments		7,226	5,060	3,063	6,170	947	580	1,136	98,047	122,229
Government Subsidy on Student Loans		1,242,666	433,820	288,291	629,729	435,578	101,825	479,533	8,627	3,620,069
Special allowance income		(6,819,019)	(1,970,382)	(819,807)	(3,754,055)	(1,812,912)	(494,137)	(1,808,001)	(34,313)	(17,512,626)
Total revenues		6,632,985	2,902,861	1,850,427	2,268,805	2,807,119	687,969	2,760,640	180,603	20,091,409
OPERATING EXPENSES										
Interest on bonds		3,603,052	1,697,559	829,232	1,043,344	409,896	78,225	422,150	—	8,083,458
Loan servicing fees		1,021,679	295,632	270,033	451,753	328,994	78,656	293,067	9,283	2,749,097
Administrative & operating costs paid to										
Higher Education Servicing Corporation		800,004	339,996	174,000	102,000	561,996	132,000	630,000	23,196	2,763,192
Trustee fees		33,688	14,382	10,857	11,216	23,357	19,469	26,057	1,500	140,526
Provision for excess earnings & arbitrage liability		—	—	—	—	—	—	—	—	—
Miscellaneous expense		48,387	47,269	51,676	48,336	22,316	26,316	22,316	86,330	352,946
Total Operating expenses		5,506,810	2,394,838	1,335,798	1,656,649	1,346,559	334,666	1,393,590	120,309	14,089,219
CHANGE IN NET POSITION		1,126,175	508,023	514,629	612,156	1,460,560	353,303	1,367,050	60,294	6,002,190
NET POSITION--Beginning of year		22,294,377	16,321,827	10,438,912	17,334,266	9,805,209	7,962,199	26,290,508	64,368,030	174,815,328
Assets transferred to (from) other Bond Series		(569)	(568)	(569)	(1,700,569)	843,052	(245,448)	(600,447)	1,705,118	—
NET POSITION--End of year	$	23,419,983	16,829,282	10,952,972	16,245,853	12,108,821	8,070,054	27,057,111	66,133,442	180,817,518

NORTH TEXAS HIGHER EDUCATION AUTHORITY, INC.

OTHER SUPPLEMENTARY INFORMATION
COMBINING SCHEDULE – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION
FOR THE YEAR ENDING AUGUST 31, 2014

	Debt Issue								Non Restricted	Total
	2012-1	2011-1	2010-2	2010-1	2003-2	2003	2002	1993 A-D	Surplus Fund	Funds
REVENUES										
Interest on student loans	$ 14,015,447	4,891,789	2,619,420	6,332,504	4,471,631	1,210,236	4,341,853	173,055	139,695	38,195,630
Interest on investments	4,152	3,138	1,976	3,679	7,052	1,737	7,533	1,003	67,116	97,386
Government Subsidy on Student Loans	1,578,620	488,481	349,824	879,021	476,305	120,392	588,652	24,468	10,178	4,515,941
Special allowance income	(8,053,156)	(2,281,784)	(983,673)	(4,501,583)	(1,949,407)	(567,902)	(1,971,702)	34,678	(44,962)	(20,319,491)
Total revenues	7,545,063	3,101,624	1,987,547	2,713,621	3,005,581	764,463	2,966,336	233,204	172,027	22,489,466
OPERATING EXPENSES										
Interest on bonds	4,198,316	1,927,473	960,563	1,182,246	526,640	109,204	542,009	8,049	—	9,454,500
Loan servicing fees	1,181,860	333,269	310,390	527,409	364,052	93,503	317,133	15,079	11,605	3,154,300
Administrative & operating costs paid to Higher Education Servicing Corporation	900,000	315,000	175,200	116,004	585,000	151,500	675,000	43,000	—	2,960,704
Trustee fees	38,945	16,251	10,830	12,856	23,330	19,442	26,030	10,188	1,500	159,372
Provision for excess earnings & arbitrage liability	—	—	—	—	—	—	—	—	—	—
Miscellaneous expense	45,748	43,248	48,248	46,273	19,006	22,504	19,007	11,081	177,322	432,437
Total Operating expenses	6,364,869	2,635,241	1,505,231	1,884,788	1,518,028	396,153	1,579,179	87,397	190,427	16,161,313
CHANGE IN NET POSITION	1,180,194	466,383	482,316	828,833	1,487,553	368,310	1,387,157	145,807	(18,400)	6,328,153
NET POSITION--Beginning of year	21,114,183	15,855,444	9,956,596	16,505,433	8,913,174	9,362,372	594,557	40,511,858	45,673,558	168,487,175
Assets transferred to (from) other Bond Series	—	—	—	—	(595,518)	(1,768,483)	24,308,794	(40,657,665)	18,712,872	—
NET POSITION--End of year	$ 22,294,377	16,321,827	10,438,912	17,334,266	9,805,209	7,962,199	26,290,508	—	64,368,030	174,815,328