

# SUL ROSS STATE UNIVERSITY

*A Member of the Texas State University System*

**ALPINE, TEXAS**



*Financial Report*

For the Year Ended

**August 31, 2018**

UNAUDITED

SUL ROSS STATE UNIVERSITY

FINANCIAL REPORT

For the Year Ended August 31, 2018





**SUL ROSS STATE UNIVERSITY**  
MEMBER THE TEXAS STATE UNIVERSITY SYSTEM  
ALPINE, TEXAS 79832

Office of The President  
PO Box C-100

(432) 837-8000  
Fax (432) 837-8334

November 6, 2018

Honorable Greg Abbott, Governor  
Honorable Glenn Hegar, Texas Comptroller  
Sarah Keyton, Assistant Director, Legislative Budget Board  
Lisa Collier, First Assistant State Auditor

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the Sul Ross State University for the year ended Aug. 31, 2018, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in [Governmental Accounting Standards Board \(GASB\) 34](#), the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report* (CAFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Oscar P. Jimenez at 432-837-8042. John Young may be contacted at 432-837-8180 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Bill Kibler, Ph.D.  
President



UNAUDITED

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BOARD OF REGENTS  
TEXAS STATE UNIVERSITY SYSTEM  
At August 31, 2018

OFFICERS

Rossanna Salazar .....Chairman  
William Scott..... Vice Chairman

MEMBERS

Terms Expire February 1, 2017  
Dr. Jaime R. Garza ..... San Antonio

Terms Expire February 1, 2019  
Charlie Amato..... San Antonio  
Vernon Reaser III.....Bellaire

Terms Expire May 31, 2019  
Leanna Mouton.....San Marcos

Terms Expire February 1, 2021  
Alan L. Tinsley ..... Madisonville  
David Montagne... ..Beaumont  
Dr. Veronica Muzquiz Edwards .....San Antonio

Terms Expire February 1, 2023  
Carry Crain ..... The Hills

Brian McCall, Chancellor

ADMINISTRATIVE OFFICIALS  
SUL ROSS STATE UNIVERSITY  
At August 31, 2018

Dr. William Kibler .....President  
Cesario Valenzuela ..... Vice President for Finance & Budget  
Jim Case .....Executive Vice President and Provost for Academic and Student Affairs  
Lisa Harris..... Vice President for Enrollment Management  
David Gibson ..... Chief Information Officer  
Jeanne Qvarstrom .....Assistant Vice President Institutional Effectiveness  
Leo Dominguez.....Associate Vice President for University Services  
Veronica Mendez-Maqueo.....Assistant Provost and Dean Rio Grande College  
Yvonne Realivasquez .....Executive Director Administration and Development



**UNAUDITED**  
**Sul Ross State University**  
**Headcount Enrollment for Academic Year 2017-18**

		Fall 2017	Spring 2018	SUMMER I 2018	SUMMER II 2018
		<b>Academic Classification</b>			
Alpine	Undergraduate	1,430	1,258	297	356
	Post-Baccalaureate	47	48	20	14
	Graduate	519	495	272	256
	<b>Total</b>	<b>1,996</b>	<b>1,801</b>	<b>589</b>	<b>626</b>
RGC	Undergraduate	800	698	316	292
	Post-Baccalaureate	31	18	9	6
	Graduate	143	132	71	61
	<b>Total</b>	<b>974</b>	<b>848</b>	<b>396</b>	<b>359</b>
Total	Undergraduate	2,230	1,956	613	648
	Post-Baccalaureate	78	66	29	20
	Graduate	662	627	343	317
	<b>Total</b>	<b>2,970</b>	<b>2,649</b>	<b>985</b>	<b>985</b>

Alpine		<b>Residency Status</b>			
	Resident	1,925	1,731	578	618
	Non Resident	55	57	11	4
	Foreign	16	13		4
RGC	<b>Total</b>	<b>1,996</b>	<b>1,801</b>	<b>589</b>	<b>626</b>
	Resident	966	841	393	359
	Non Resident	8	7	3	
	Foreign				
	<b>Total</b>	<b>974</b>	<b>848</b>	<b>396</b>	<b>359</b>

**Enrollment Data (Fall Semester) - Duplicated**

	<u>Students</u>	<u>Semester Hours</u>
Fall 2017	2,970	28,247

**UNAUDITED**

Sul Ross State University  
Student Enrollment Data  
For the Year Ended August 31, 2018  
(Concluded)

TYPE OF STUDENT	NUMBER OF STUDENTS BY SEMESTER			
	FALL 2017	SPRING 2018	SUMMER TERM 2018	
			FIRST	SECOND
Texas Residents	2,207	1,914	534	542
Out of State (Classified as Residents)	2	1		
Out of State	63	64	14	4
Foreign	16	13		4
Children of Disabled Firemen or Peace Officers	4	3	2	2
Children of Deceased Public Servants				
Peace Officer			1	
Concurrent Enrollment	17	13	2	1
Foster Children of the State	6	4	1	1
Good Neighbor				
High School Honor Scholarships				
High Ranking Senior	1	1		
Hazelwood Act	122	103	48	44
Senior Citizens	3	5	2	2
Commission for the Blind/Deaf	10	8	2	1
Fireman Exempt	4	2		1
Thesis Only				
Preceptors Prof Nursing 54.222		1		
Faculty/Staff	48	48	19	19
Teaching Assistants	17	16	8	7
Competitive Scholarships	13	12	3	3
Military Personnel and Dependents				
Faculty Tec 54.211	1	1		
Mexico Pilot				
National Student Exchange Program				
Reciprocal Exchange International				
New Mexico Adjacent County	12	8	2	4
Texas Tomorrow Waiver				
Adopted Students	5	5	2	2
Pase	1	1		
Distance Learning	406	421	345	348
Family & Consumer Science Alliance Agreement				
Clinical Preceptor Exempt				
Beaumont-Louisiana Non-resident				
Economic Development				
Tx SB 1528 - Affidavit	1			
TDCJ-54.218 Education Code				
Trio Grant Math 0301	5			
HB 1406 Non US Citizen	6	5		
Totals	<u>2,970</u>	<u>2,649</u>	<u>985</u>	<u>985</u>

Enrollment Data (Fall Semester )

Fiscal Year	STUDENTS	SEMESTER HOURS
2018	2,970	28,247
2017	3,088	29,254
2016	2,992	27,756
2015	2,906	27,185
2014	2,865	25,466
2013	2,700	26,077
2012	2,956	29,858

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PRIMARY FINANCIAL STATEMENTS

Texas State University System  
Sul Ross State University  
Statement of Net Position  
As of August 31, 2018

**ASSETS**

Current Assets:

Cash and Cash Equivalents: (Note 3)	
Cash on Hand (Including Petty Cash)	9,441.84
Cash in Bank	(131,585.06)
Cash in Transit/Reimb Due From Treasury	59,270.45
Cash in State Treasury (Schedule 3)	1,274,297.73
Cash Equivalents	25,695,923.16
Securities Lending Collateral	
Short Term Investments (Note 3)	-
Restricted:	
Cash and Cash Equivalents: (Note 3)	
Cash on Hand	200.00
Cash in Bank	(806,181.95)
Cash in Transit/Reimb Due From Treasury	-
Cash in State Treasury (Schedule 3)	-
Cash Equivalents	1,704,927.60
Short Term Investments (Note 3)	-
Legislative Appropriations	4,635,434.07
Receivables:	
Federal	1,767,560.20
Other Intergovernmental	-
Interest	25,878.39
Accounts – Tuition	7,660,188.38
Allowance Accounts	(2,369,953.09)
Gifts/Pledges	-
Investment Trade Receivable	-
Other	-
Interfund Receivables (Note 12)	-
Due From Other Agencies (Note 12)	207,766.02
Consumable Inventories	174,562.48
Merchandise Inventories	19,463.91
Prepaid Items	530,324.46
Loans and Contracts	327,743.90
Other Current Assets	-
<b>Total Current Assets</b>	<b><u>40,785,262.49</u></b>

Noncurrent Assets

Restricted:

Cash and Cash Equivalents: (Note 3)	
Cash in Bank	-
Cash in State Treasury	-
Cash Equivalents	-
Short Term Investments	
Investments (Note 3)	-
Loans & Contracts	-
Other Restricted Non-Current Assets	
Loans and Contracts	-
Investments (Note 3)	20,476,211.22
Receivables:	
Interfund Receivables (Note 12)	-
Capital Assets: (Note 2)	
Non-Depreciable or Non-Amortizable	
Land and Land Improvements	929,918.48
Construction in Progress	817,861.03
Other Capital Assets	257,700.00
Depreciable or Amortizable	
Building and Building Improvements	114,183,320.90
Less Accumulated Depreciation	(77,180,538.01)
Infrastructure	666,789.36
Less Accumulated Depreciation	(666,789.36)
Facilities and Other Improvements	7,441,649.76
Less Accumulated Depreciation	(3,258,747.91)
Furniture and Equipment	8,742,183.25
Less Accumulated Depreciation	(7,014,869.02)
Vehicles, Boats, and Aircraft	1,908,814.09
Less Accumulated Depreciation	(1,462,535.62)
Computer Software – Intangible	173,740.00
Less Accumulated Amortization	(173,740.00)
Other Capital Assets	8,317,315.30
Less Accumulated Depreciation	(5,126,173.32)
Assets Held in Trust	
Other Noncurrent Assets	-
<b>Total Noncurrent Assets</b>	<b><u>69,032,110.15</u></b>

Total Assets

**109,817,372.64**

Texas State University System  
Sul Ross State University  
Statement of Net Position  
As of August 31, 2018

**DEFERRED OUTFLOWS OF RESOURCES**

Derivative Hedging Instrument Activity	-
Other Deferred Outflows of Resources	-
Total Deferred Outflows of Resources	-

**LIABILITIES**

Current Liabilities:	
Payables from:	
Accounts Payable	277,346.69
Investment Trade Payable	-
Payroll Payable	632,725.09
Other Intergovernmental	-
Interfund Payables (Note 12)	-
Due to Other Agencies (Note 12)	-
Unearned Revenues	10,065,575.50
Short Term Debt	-
Employees' Compensable Leave (Note 5)	614,770.00
Claims and Judgments Payable (Note 5)	-
Capital Leases Obligations (Note 5, 8)	-
Notes and Loans Payable (Note 5)	-
Revenue Bonds Payable (Note 5, 6)	-
Funds Held for Others	239,611.85
Other Current Liabilities	667,978.90
Total Current Liabilities	12,498,008.03
Noncurrent Liabilities	
Interfund Payables (Note 12)	-
Claims and Judgments Payable (Note 5)	-
Capital Leases Obligations (Note 5, 8)	-
Employees' Compensable Leave (Note 5)	592,645.00
Notes and Loans Payable (Note 5)	-
Revenue Bonds Payable (Note 5, 6)	-
Assets Held for Others	-
Other Non-Current Liabilities	-
Total Non-Current Liabilities	592,645.00
Total Liabilities	13,090,653.03

**DEFERRED INFLOWS OF RESOURCES**

Derivative Hedging Instrument Activity	-
Other Deferred Inflows of Resources	-
Total Deferred Inflows of Resources	-

**NET POSITION**

Net Investment in Capital Assets	48,555,898.93
Restricted for:	
Debt Retirement	1,628,868.46
Capital Projects	4,129,112.22
Other	12,774,748.30
Funds Held As Permanent Investments:	
Nonexpendable:	
Endowment Funds	15,759,243.23
Expendable:	
Endowment Funds	4,980,010.26
Unrestricted	8,898,838.21
Total Net Position	96,726,719.61

Texas State University System  
Sul Ross State University  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Fiscal Year Ended August 31, 2018

**OPERATING REVENUES**

Tuition and Fees – Pledged	16,974,687.92
Tuition and Fees – Non-Pledged	-
Tuition and Fees – Discounts/Allowances	(7,965,277.49)
Professional Fees – Pledged	-
Professional Fees – Non-Pledged	-
Professional Fees – Discounts/Allowances	-
Auxiliary Enterprise – Pledged	5,336,119.23
Auxiliary Enterprise – Non-Pledged	-
Auxiliary Enterprise – Discounts/Allowances	-
Other Sales of Goods and Svcs – Pledged	894,930.57
Other Sales of Goods and Svcs – Non-Pledged	-
Other Sales of Goods and Svcs – Disc/Allowances	-
Interest and Investment Income – Pledged	-
Interest and Investment Income – Non-Pledged	-
Net Increase (Decrease ) FMV – Pledged	-
Net Increase (Decrease ) FMV – Non-Pledged	-
Federal Revenue	3,383,521.68
Federal Pass Through Revenue	542,002.25
State Grant Revenue	-
State Grant Pass Through Revenue	1,862,920.02
Other Contract and Grants – Pledged	-
Other Contract and Grants – Non-Pledged	111,353.45
Other Operating Revenues – Pledged	144,449.03
Other Operating General Revenues – Non-Pledged	-
Other Operating Revenues – Non-Pledged	-

Total Operating Revenues 21,284,706.66

**OPERATING EXPENSES**

Instruction	12,585,962.22
Research	2,242,552.49
Public Service	1,350,122.47
Academic Support	4,256,464.31
Student Services	3,127,606.21
Institutional Support	9,159,391.94
Operation and Maintenance of Plant	4,269,134.38
Scholarships and Fellowships	3,177,951.51
Auxiliary	6,993,368.57
Depreciation & Amortization	4,520,143.37

Total Operating Expenses 51,682,697.47

Operating Income (Loss) (30,397,990.81)

Texas State University System  
Sul Ross State University  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Fiscal Year Ended August 31, 2018

<b>NONOPERATING REVENUES (EXPENSES):</b>	
Legislative Revenue (GR)	16,560,937.00
Additional Appropriations (GR)	4,512,302.50
Federal Revenue	5,656,442.44
Federal Pass Through Revenue	-
State Pass Through Revenue	-
Gifts – Pledged	-
Gifts – Non-Pledged	2,454,435.57
Land Income	-
Investment Income – Non-Pledged	18,303.56
Investment Income – Pledged	127,641.99
Loan Prem/ Fees Securities	-
Investing Activities Expenses	(62,786.25)
Interest on LTD – Nonoperating	-
Borrower Rebates & Agent Fees	-
Gain/Loss Sale Capital Assets	-
Net Increase (Decrease) Fair Value – Pledged	-
Net Increase (Decrease) Fair Value – Non-Pledged	2,457,064.85
Judgments and Settlements	-
Settlement of Claims	-
Interest Expenses and Fiscal Charges	-
Other Nonoperating Revenues – Non-Pledged	287,834.56
Other Nonoperating Revenues – Pledged	-
Other Nonoperating Expenses	<u>(565,858.29)</u>
Total Nonoperating Revenues (Expenses)	<u>31,446,317.93</u>
Income (Loss) before Capital Contributions, Endowments and Transfers	<u>1,048,327.12</u>
<b>CAPITAL CONTRIBUTIONS, ENDOWMENTS AND TRANSFERS</b>	
Capital Appropriations (HEAF)	2,546,261.00
Capital Contributions(PR)	-
Capital Contributions(GR)	-
Federal Grant - Capital Grant Contributions	-
Additions to Permanent and Term Endowments	68,216.95
Special Items	-
Extraordinary Items	-
Interagency Transfer Cap Assets – Increase (Note 12)	-
Interagency Transfer Cap Assets – Decrease (Note 12)	-
Transfers-In (Note 12)	27,715.00
Transfers-Out (Note 12)	(1,682,446.86)
Legislative Transfer-In (Note 12)	48,083.00
Legislative Transfer-Out (Note 12)	(2,724,800.00)
Legislative Appropriations Lapsed	<u>-</u>
Total Capital Contributions, Endowments and Transfers	<u>(1,716,970.91)</u>
CHANGE IN NET POSITION	<u>(668,643.79)</u>
Total Net Position, September 1, 2017	97,395,363.40
Restatements (Note 14)	-
Total Net Position, September 1, 2017, as Restated	<u>97,395,363.40</u>
Total Net Position, August 31, 2018	<u><u>96,726,719.61</u></u>



Texas State University System  
Sul Ross State University  
Statement of Cash Flows  
For the Fiscal Year Ended August 31, 2018

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Customers	927,900.57
Proceeds from Tuition and Fees	8,615,200.15
Proceeds from Research Grants and Contracts	7,669,287.88
Proceeds from Gifts	-
Proceeds from Loan Programs	10,867,768.69
Proceeds from Auxiliaries	4,936,910.41
Proceeds from Other Operating Revenues	243,872.81
Payments to Suppliers for Goods and Services	(17,391,698.34)
Payments to Employees for Salaries	(24,146,074.50)
Payments to Employees for Benefits	(7,917,318.12)
Payments for Loans Provided	(10,939,522.12)
Payments for Other Operating Expenses	-
	<u>-</u>
Net Cash Provided by Operating Activities	<u>(27,133,672.57)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Proceeds from Debt Issuance	-
Proceeds from State Appropriations	23,293,843.53
Proceeds from Gifts	2,544,099.53
Proceeds from Endowments	-
Proceeds of Transfers from Other Funds	75,798.00
Proceeds from Grant Receipts	5,656,442.44
Proceeds from Loan Programs	-
Proceeds from Other Noncapital Financing Activities	287,834.56
Payments of Principal on Debt Issuance	-
Payments of Interest	-
Payments of Other Costs of Debt Issuance	-
Payments for Transfers to Other Funds	(309,533.11)
Payments for Grant Disbursements	-
Payments for Other Noncapital Financing Uses	(567,408.50)
	<u>(567,408.50)</u>
Net Cash Provided by Noncapital Financing Activities	<u>30,981,076.45</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from the Sale of Capital Assets	-
Proceeds from Debt Issuance	-
Proceeds from State Grants and Contracts	-
Proceeds from Federal Grants and Contracts	1,368.05
Proceeds from Gifts	-
Proceeds from Other Capital and Related Financing Activities	-
Proceeds from Capital Contributions	-
Payments for Additions to Capital Assets	(1,336,228.09)
Payments of Principal on Debt	(2,757,459.71)
Payments for Capital Leases	-
Payments of Interest on Debt Issuance	(1,340,254.04)
Payments for interfund receivables	-
Payments of Other Costs of Debt Issuance	-
	<u>-</u>
Net Cash Provided by Capital and Related Financing Activities	<u>(5,432,573.79)</u>

Texas State University System  
Sul Ross State University  
Statement of Cash Flows  
For the Fiscal Year Ended August 31, 2018

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sales of Investments	571,781.87
Proceeds from Interest Income	83,159.28
Proceeds from Investment Income	-
Proceeds from Principal Payments on Loans	-
Payments to Acquire Investments	-
Payments for Nonprogram loans provided	-
Net Cash Provided by Investing Activities	<u>654,941.15</u>

Net Increase (Decrease) in Cash and Cash Equivalents (930,228.76)

Cash and Cash Equivalents, September 1, 2017	28,736,522.53
Restatements to Beginning Cash and Cash Equivalents	-
Cash and Cash Equivalents, September 1, 2017 - Restated	<u>28,736,522.53</u>
Cash and Cash Equivalents, August 31, 2018	<u><u>27,806,293.77</u></u>

**Reconciliation of Operating Income to Net Cash Provided by Operating Activities**

Operating Income (Loss) (30,397,990.81)

Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:

Amortization and Depreciation	4,520,143.37
Bad Debt Expense	370,675.00
Pension Expense	-
On-Behalf Benefit Payments	-

Operating Income (Loss) and Cash Flow Categories:

Classification Differences -

Changes in Assets and Liabilities:

(Increase) Decrease in Receivables	1,273,762.42
(Increase) Decrease in Due from Other Funds	-
(Increase) Decrease in Inventories	9,648.60
(Increase) Decrease in Prepaid Expenses	209,972.78
(Increase) Decrease in Notes Receivable	-
(Increase) Decrease in Loans & Contracts	(71,753.43)
(Increase) Decrease in Other Assets	-
(Increase) Decrease in State Appropriations	-
Increase (Decrease) in Payables	(1,496,116.64)
Increase (Decrease) in Deposits	32,970.00
Increase (Decrease) in Due to Other Funds	-
Increase (Decrease) in Unearned Revenue	(198,267.26)
Increase (Decrease) in Compensated Absence Liability	(8,390.00)
Increase (Decrease) in Benefits Payable	-
Increase (Decrease) in Other Liabilities	(1,378,326.60)
Total Adjustments	<u>3,264,318.24</u>

Net Cash Provided by Operating Activities (27,133,672.57)

**Non Cash Transactions**

Donation of Capital Assets	3,310.00
Net Change in Fair Value of Investments	2,457,064.85
Borrowing Under Capital Lease Purchase	-
Gain on Sale of Capital Assets	-
Loss on Sale of Capital Assets	-
Interagency Transfer In	-
Interagency Transfer Out	-

Texas State University System  
Sul Ross State University  
Matrix of Operating Expenses Reported by Function  
For the Fiscal Year Ended August 31, 2018

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maint. of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Operating Expenses
Cost of Goods Sold	-	-	-	-	-	-	-	-	-	-	-
Salaries and Wages	8,795,342.34	1,370,996.55	791,199.46	2,470,287.31	1,860,271.27	4,009,545.64	1,053,670.55	518,883.03	1,889,161.75	-	22,759,357.90
Payroll Related Costs	3,216,372.04	342,476.32	252,501.83	839,975.21	682,349.41	1,407,638.64	410,798.00	-	765,206.67	-	7,917,318.12
Professional Fees and Services	30,667.26	21,698.81	6,095.78	77,487.83	-	122,021.61	36,485.17	-	61,036.04	-	355,492.50
Federal Grant Pass-Through Expense	-	-	-	-	-	-	-	-	-	-	-
State Grant Pass-Through Expense	-	-	-	-	-	-	-	-	-	-	-
Travel	167,201.03	64,016.66	13,244.10	138,922.38	197,062.71	147,863.19	1,175.29	-	275,829.23	-	1,005,314.59
Materials and Supplies	219,805.83	246,823.10	142,461.47	194,890.35	188,593.39	1,210,256.95	172,383.12	-	2,254,386.58	-	4,629,600.79
Communications and Utilities	17,310.17	4,421.90	4,066.07	8,120.01	21,123.64	203,516.97	1,018,524.27	-	865,607.05	-	2,142,690.08
Repairs and Maintenance	20,199.53	972.30	220.00	12,787.18	157.28	162,970.37	14,855.29	-	60,350.69	-	272,512.64
Rentals and Leases	30,539.89	4,914.81	8,618.58	169,268.32	6,530.46	37,556.29	1,415,337.07	-	15,926.23	-	1,688,691.65
Printing and Reproduction	24,110.47	9,819.46	12,339.03	10,049.70	32,734.85	145,985.72	-	-	31,167.98	-	266,207.21
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	4,520,143.37	4,520,143.37
Bad Debt Expense	-	-	-	-	-	167,930.00	-	-	202,745.00	-	370,675.00
Interest	-	-	-	-	-	16.27	-	-	-	-	16.27
Scholarships	7,500.00	-	1,500.00	213,707.00	58,309.00	48,339.00	-	2,659,068.48	-	-	2,988,423.48
Claims and Judgments	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	56,913.66	176,412.58	117,876.15	120,969.02	80,474.20	1,495,751.29	145,905.62	-	571,951.35	-	2,766,253.87
<b>Total Operating Expenses</b>	<b>12,585,962.22</b>	<b>2,242,552.49</b>	<b>1,350,122.47</b>	<b>4,256,464.31</b>	<b>3,127,606.21</b>	<b>9,159,391.94</b>	<b>4,269,134.38</b>	<b>3,177,951.51</b>	<b>6,993,368.57</b>	<b>4,520,143.37</b>	<b>51,682,697.47</b>

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**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Entity** Sul Ross State University ("the University") is an Institution of Higher Education of the State of Texas and its financial records comply with State statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements.

Due to the statewide requirements embedded in to Governmental Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements of this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

**Fund Structure**

The accompanying financial statements are presented on the basis of funds. A fund is considered a separate accounting entity. In accordance with GASB No. 35, the University is reporting as a special-purpose government engaged only in Business-Type Activities within the Proprietary Fund Type. The accompanying entity-wide Financial Statements are prepared as such.

Proprietary Fund

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

Blended Component Units

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

Discrete Component Units

Sul Ross State University has two discrete component units. Information on the component unit can be found in Note 19.

**Basis of Accounting:** For financial reporting purposes, the University is considered a special-purpose government engaged only in Business-Type activities. Accordingly, the University's financial statements have been presented using the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. The proprietary funds utilized by the University distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All significant intra-agency transactions have been eliminated.

**Restricted Net Assets:** When both restricted and unrestricted net assets are available for use, restricted resources are used first, then unrestricted resources are used as they are needed.

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**Budget and Budgetary Accounting**

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

**Assets, Liabilities, and Fund Balances/Net Assets**

Cash Equivalents: For purposes of the statements of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State Treasurer's Cash Management Program are considered cash equivalents.

Investments: The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported in the statements of revenues, expenses, and changes in net assets.

Accounts Receivable: Accounts receivable consists of tuition and fees charged to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts.

Inventories and Prepaid Items: Inventories are carried at the lower of cost or market on or the average cost basis. The consumption method of accounting is used to account for inventories and prepaid items. The cost of these items is expensed when the items are consumed.

Inventories consisted of the following at August 31, 2018:

General Stores	\$ 151,787.54
Print Shop	9,808.58
Industrial Technology	6,353.05
RAS Meats Lab	2,550.54
Museum	22,774.94
Motor Pool	482.80
	<u>\$193,757.45</u>

Restricted Assets: Restricted assets include cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets.

Deferred Revenue: Deferred revenues include amounts received from students and grant and contract sponsors that have not yet been earned. As of August 31, 2018, this amount totaled \$10,065,575.50.

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Livestock for educational purposes is recorded at estimated fair value. For equipment, the University capitalizes all items with a unit cost of \$5,000 or more. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

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Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 10 to 30 years for buildings, 16 years for infrastructure and land improvements, and 3 to 16.25 years for equipment. Inexhaustible assets such as works of art and historical treasures are not depreciated.

Accounts Payable: Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending. Accounts payable as of August 31, 2018 total \$277,346.69.

Compensated Absences: Employee vacation pay and overtime is accrued at year-end for financial statement purposes. The liability is recorded at year-end as Employee Compensable Leave (current and non-current) in the statement of net assets. The expense is recorded as a component of operating expenses in the statement of revenues, expenses, and changes in net assets.

Non-current Liabilities: Non-current liabilities include (1) notes payable (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

Net Assets: The University's net assets are classified as follows:

*Invested in capital assets, net of related debt*: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

*Restricted net assets - expendable*: Restricted expendable net assets include resources in which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

*Restricted net assets - nonexpendable*: Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

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

Income Taxes: The University, as an agency of the State of Texas, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

Classification of Revenues: The University has classified its revenues as either operating or non-operating revenues according to the following criteria:

*Operating revenues*: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) some Federal, state and local grants and contracts and Federal appropriations, and (4) interest on institutional student loans.

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*Non-operating revenues:* Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 34, such as state appropriations and investment income.

Scholarship Discounts and Allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Interfund Activities and Balances

The agency has the following types of transactions between funds:

- (1) Transfers: Legally required transfers that are reported when incurred as 'Transfers In' by the recipient fund and as 'Transfers Out' by the disbursing fund.
- (2) Reimbursements: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.
- (3) Interfund receivables and payables: Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter it is classified as "Current". Repayment due two or more years is classified as "Non-Current".
- (4) Interfund Sales and Purchases: Includes charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

The composition of the agency's Interfund activities and balances are presented in Note 12.

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**Note 2: Capital Assets**

Following are the changes in capital assets for the year ended August 31, 2018:

	Balance 9/1/2017	Adjustments	Completed CIP	Increase Interagency Transfers	Decrease Interagency Transfers	Additions	Deletions	Balance 8/31/2018
<b>Non-Depreciable Assets</b>								
Land and Land Improvements	\$ 929,918.48	0.00	0.00	0.00	0.00	0.00	0.00	\$ 929,918.48
Construction in Progress	\$ 522,601.52	0.00	0.00	0.00	0.00	295,259.51	0.00	\$ 817,861.03
Other Assets	\$ 257,700.00	0.00	0.00	0.00	0.00	0.00	0.00	\$ 257,700.00
<b>Total Non-Depreciable Assets</b>	<b>\$ 1,710,220.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>295,259.51</b>	<b>0.00</b>	<b>\$ 2,005,479.51</b>
<b>Depreciable Assets</b>								
Buildings and Building Improvements	\$ 113,924,430.33	0.00	0.00	0.00	0.00	258,890.57	0.00	\$ 114,183,320.90
Infrastructure	\$ 666,789.36	0.00	0.00	0.00	0.00	0.00	0.00	\$ 666,789.36
Furniture & Equipment	\$ 8,567,507.73	0.00	0.00	0.00	0.00	287,201.94	(112,526.42)	\$ 8,742,183.25
Vehicles, Boats and Aircraft	\$ 1,885,855.32	0.00	0.00	0.00	0.00	52,153.00	(29,194.23)	\$ 1,908,814.09
Other Assets	\$ 7,801,997.26	0.00	0.00	0.00	0.00	516,768.04	(1,450.00)	\$ 8,317,315.30
Facilities & Other Improvements	\$ 7,441,649.76	0.00	0.00	0.00	0.00	0.00	0.00	\$ 7,441,649.76
<b>Total Depreciable Assets at Historical Costs</b>	<b>\$ 140,288,229.76</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,115,013.55</b>	<b>(143,170.65)</b>	<b>\$ 141,260,072.66</b>
<b>Less Accumulated Depreciation for</b>								
Buildings and Building Improvements	\$ (73,823,299.17)	0.00	0.00	0.00	0.00	(3,357,238.84)	0.00	\$ (77,180,538.01)
Infrastructure	\$ (666,789.36)	0.00	0.00	0.00	0.00	0.00	0.00	\$ (666,789.36)
Furniture & Equipment	\$ (6,595,883.85)	0.00	0.00	0.00	0.00	(512,130.12)	93,144.95	\$ (7,014,869.02)
Vehicles, Boats and Aircraft	\$ (1,370,813.15)	0.00	0.00	0.00	0.00	(120,916.70)	29,194.23	\$ (1,462,535.62)
Other Assets	\$ (4,841,168.21)	0.00	0.00	0.00	0.00	(286,455.11)	1,450.00	\$ (5,126,173.32)
Facilities & Other Improvements	\$ (3,015,345.31)	0.00	0.00	0.00	0.00	(243,402.60)	0.00	\$ (3,258,747.91)
<b>Total Accumulated Depreciation</b>	<b>\$ (90,313,299.05)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(4,520,143.37)</b>	<b>123,789.18</b>	<b>\$ (94,709,653.24)</b>
<b>Total Depreciable Assets, Net</b>	<b>\$ 49,974,930.71</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(3,405,129.82)</b>	<b>(19,381.47)</b>	<b>\$ 46,550,419.42</b>
<b>Intangible Capital Assets Amortized</b>								
Intangible Computer Software	\$ 173,740.00	0.00	0.00	0.00	0.00	0.00	0.00	\$ 173,740.00
<b>Total Intangible Capital Assets Amortized</b>	<b>\$ 173,740.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>\$ 173,740.00</b>
<b>Less Accumulated Amortization for</b>								
Intangible Computer Software	\$ (173,740.00)	0.00	0.00	0.00	0.00	0.00	0.00	\$ (173,740.00)
<b>Total Accumulated Amortization</b>	<b>\$ (173,740.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>\$ (173,740.00)</b>
<b>Total Amortizable Assets, Net</b>	<b>\$ -</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>\$ -</b>
<b>Total Capital Assets, Net</b>	<b>\$ 51,685,150.71</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(3,109,870.31)</b>	<b>(19,381.47)</b>	<b>\$ 48,555,898.93</b>



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**NOTE 3: Deposits, Investments, & Repurchase Agreements**

**Deposits of Cash in Banks**

As of August 31, 2018, the actual bank balance was \$2,510,339.31. The carrying value was -\$937,767.01 as presented below.

<b>Cash in Bank – Carrying Value</b>	<b>\$ -937,767.01</b>
Current Assets – Cash in Bank	\$ -131,585.06
Current Restricted Assets – Cash in Bank	-806,181.95
Noncurrent Restricted Assets – Cash in Bank	
<b>Cash in Bank per Statement of Net Position</b>	<b>\$ -937,767.01</b>

**Investments**

SRSU is authorized to invest operating funds in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code) and the Public Funds Collateral Act (Texas Government Code 2257). The Operating Funds Investment Policy of SRSU is designed to provide the maximum safety of invested principal, ensure liquidity for all operating requirements which may be reasonably anticipated, manage interest-rate risk, maximize overall return within the established risk constraints; and provide for diversification of investment assets.

Endowment funds represent private funds including, but not limited to, gifts of property, stock, and real assets, donated to SRSU to provide funding for scholarships, fellowships, professorships, academic chairs, and other uses as specified by the donors. It is the policy of SRSU to invest endowment funds in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Texas Property Code Chapter 163.

**Amounts Reported at NAV**

SRSU invests excess working capital in TexPool. TexPool, the largest and oldest local government investment pool in the State of Texas, is managed by the Texas Comptroller of Public Accounts. TexPool investments consist exclusively of U. S. Government securities, repurchase agreements collateralized by U. S. Government securities, and AAA-rated no-load money market mutual funds. TexPool is rated AAAM by Standard & Poor's. No limitations or restrictions on redemptions exist and redemptions can occur at any time. There are no unfunded commitments.

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As of August 31, 2018, investments, at fair market value, consisted of the following:

	Fair value	Fair Value Measurements	
		Level 1 Inputs	Level 2 Inputs
<b>GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES</b>			
U.S. Government			
U.S. Treasury Securities	\$ -		
U.S. Government Agency Obligations			
U.S. Government Agency Obligations (Texas Treasury Safekeeping)	10,000.00	10,000.00	
Equity	20,322,852.88	20,322,852.88	
Repurchase Agreement	-		
Fixed Income Money Market and Bond Mutual Fund	117,358.34		117,358.34
Real Estate	26,000.00		26,000.00
Miscellaneous	-		
<b>Total Investments</b>	<b>\$ 20,476,211.22</b>	<b>20,332,852.88</b>	<b>143,358.34</b>
Other Commingled Funds – TexPool (valued at Net Asset Value)	\$ 27,400,850.76		
<b>Total Cash Equivalents</b>	<b>\$ 27,400,850.76</b>		
<b>Total Investments and Cash Equivalents</b>	<b>\$ 47,877,061.98</b>		
<b>Consisting of the Following</b>			
Proprietary Funds Current Cash Equivalents	\$ 25,695,923.16		
Proprietary Funds Current Restricted Cash Equivalents	1,704,927.60		
Proprietary Funds Short Term Investments	-		
Proprietary Funds Non-Current Restricted Cash Equivalents	-		
Proprietary Funds Non-Current Restricted Investments	-		
Proprietary Funds Non-Current Investments	20,476,211.22		
<b>Total as Above</b>	<b>\$ 47,877,061.98</b>		

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**Credit Risk for Investments**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Operating Funds Investment Policy of Sul Ross State University allows the investment of State funds in corporate bonds to be 25% to 100% of the total portfolio. The bonds must be rated in one of the four highest rating categories (AAA, AA, A, BBB).

As of August 31, 2018, SRSU’s credit quality ratings, as assigned by Standard & Poor’s, for securities with credit risk exposure were as follows:

	<b>Rating</b>	<b>Amount</b>
U.S. Government Agency Obligations	AAA	\$ <u>10,000.00</u>
Total		\$ <u><u>10,000.00</u></u>

**NOTE 4: SHORT-TERM DEBT**

Sul Ross State University did not have any short-term debt activity for FY 2018.

**NOTE 5: SUMMARY OF LONG-TERM LIABILITIES**

Changes in Long-Term Liabilities

	Balance September 1, 2017	Additions	Reductions	Balance August 31, 2018	Due within One year
Accrued compensated absences	1,215,805.00	797,624.00	-806,014.00	1,207,415.00	614,770.00
Total Long-Term Liabilities					

**Compensated Absences**

Full-time state employees earn annual leave from seven to twenty hours per month depending on the respective employee's years of state employment. The State's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 520 for those employees with 35 or more years of state service. Employees with at least six months of state services who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The University recognized the accrued liability for the unpaid annual leave in the Statement of Net Assets. For the year ended August 31, 2018, the total accrued liability including accrued overtime totaled \$1,207,415.00 Sick leave, the

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accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid only when an employee is off due to illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid to an employee's estate is one-half of the employee's accumulated entitlement or 336 hours, whichever is less. No liability is recorded for non-vesting accumulating rights to receive pay benefits.

The University made lump sum payments totaling \$164,572.20 for accrued vacation (and/or compensatory time) to employees who separated from state service during fiscal year August 31, 2018.

**Post Employment Health Care and Life Insurance Benefits**

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees in accordance with State statutes. Substantially all of the employees may become eligible for those benefits if they reach normal retirement age while working for the State. The University participates in the ERS insurance plans. The information regarding the state's contribution, the number of eligible retirees and the cost of providing those benefits is included in the notes to the annual financial report of the ERS.

**Note 6: BONDED INDEBTEDNESS**

All bonded indebtedness for Sul Ross State University is issued by System Administration through the Texas State University System Revenue Financing System. System Administration and each component institution within the system are members of the Revenue Financing System. The Board of Regents pledged all of the funds (revenues) and balances derived or attributable to any member of the Revenue Financing System that are lawfully available to the Board for payments on Parity Debt.

System Administration issued the debt; therefore, the bonds payable attributable to the institution are included with the Bonds Payable reported by System Administration. The Institution must repay the debt that was issued on its behalf; consequently, the following debt amortization schedule is presented for information purpose only:

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Description	Year	Principal	Interest	Total
All Series	2019	\$ 2,055,248.26	\$ 1,250,720.54	\$ 3,260,968.80
	2020	2,140,270.46	1,110,121.04	3,250,391.50
	2021	2,206,369.80	1,010,107.52	3,216,477.32
	2022	2,290,780.45	899,789.02	3,190,569.47
	2023	1,410,000.00	785,250.00	2,195,250.00
	2024-2028	6,630,000.00	2,903,250.00	9,533,250.00
	2029-2033	7,325,000.00	1,280,700.00	8,605,700.00
	2034-2038	1,275,000.00	63,750.00	1,338,750.00
Totals		<u>\$ 25,332,668.97</u>	<u>\$ 9,258,688.12</u>	<u>\$ 34,591,357.09</u>

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. The institution was appropriated \$2,724,800.00 during the current fiscal year for Tuition Revenue Bond debt service. The institution expects future Legislative appropriations to meet the debt service requirements for Tuition Revenue Bonds.

**NOTE 7: DERIVATIVE INSTRUMENTS**

**Derivative Investing**

Derivatives are financial instruments (securities or contracts) whose value is linked to, or "derived" from, changes in interest rates, currency rates, and stock and commodity prices. Derivatives cover a broad range of financial instruments, such as forwards, futures, options, swaps, and mortgage derivatives. These mortgage derivatives are influenced by changes in interest rates, the current economic climate, and the geographic make-up of underlying mortgage loans. There are varying degrees of risk associated with mortgage derivatives. For example, Planned Amortization Class (PACs) and Collateralized Mortgage Obligations (CMOs) are considered a more conservative lower risk investment. In contrast, principal only and interest only strips are considered higher risk investments.

The University holds various forms of collateralized mortgage obligations such as fixed coupon, inverse floating rate and principal only. The University invested in these securities in part to maximize yields and in part to hedge against falling interest rates. These securities are reported at fair value in the balance sheet. They are reported in aggregate as U.S. Government and Agency Securities in the disclosure of credit risk in this note.

These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to pre-payments by mortgagees, which may result from a decline in interest rates. However, these investments do not pose a significant risk. The University's investments in

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derivatives comprise less than 1% as of August 31, 2018 and August 31, 2017 with a fair value of \$0.00 and \$0.00 respectively.

The majority of these investments were purchased prior to fiscal year 1995. In 1995, the Texas Legislature took steps to limit state entities' and local governments' ability to invest in high risk derivatives by amending the Public Funds Investment Act. These statutory limitations do not apply to certain institutions of higher education having total endowments of at least \$95 million. The University is in compliance with the Public Funds Investment Act.

**NOTE 8: LEASES**

**Operating Lease Obligations and Rental Agreement**

Included in operating expenses is \$1,734,106.60 rent paid or due under operating leases for FY 2018.

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

Year Ended August 31,	
2018 (Future Year 1)	\$1,734,106.60
2019 (Future Year 2)	\$1,734,106.60
Total Minimum Future Lease Rental Payments	\$3,468,213.20.

**Note 9: PENSION PLANS AND OPTIONAL RETIREMENT PROGRAM**

**Teacher Retirement System of Texas (TRS)**

The University participates in a cost-sharing, multi-employer, defined benefit pension plan administered by TRS. The plan provides retirement, disability annuities and death and survivor benefits. The benefit and contribution provisions of the TRS Plan are authorized by state law and may be amended by the Legislature.

All University personnel employed in a TRS-eligible position on a one-half time or greater basis that is projected to last for 4½ months or more are eligible for membership in the TRS retirement plan. Students employed in positions that require student status as a condition of employment do not participate.

The pension benefits formulas are based on members' average annual compensation and years of service credit. The standard annuity is 2.3% of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered employees who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic post-employment benefit changes; including automatic cost of living adjustments.

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Normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule.

TRS is primarily funded through State and employee contributions. TRS contribution rates are established by the State Legislature. Contributions by employees were 7.7 percent of gross earnings for 2018, while employer contribution were 6.8 percent of the participants’ gross earnings for 2018. Depending upon the source of funding for a participant’s salary, the University may be required to make contributions in lieu of the State. Contributions to TRS for the year ended August 31, 2018, attributable to the University’s portion of the pension obligation were as follows:

<b><u>TRS Contributions for the Year</u></b> <b><u>Ended August 31, 2018</u></b>	
Employee contributions	\$982,826.99
Employer contributions	\$870,394.15
State Match	\$ 0
<b>Total</b>	<b>\$1,853,221.14</b>

TRS currently does not separately account for each of its component government agencies because TRS itself bears sole responsibility for retirement commitments beyond contributions fixed by the State Legislature. Further information regarding actuarial assumptions and conclusions, together with audited financial statements are included in TRS’s annual financial report, which may be found on the TRS website at [www.trs.state.gov](http://www.trs.state.gov).

In accordance with the *Reporting Requirements for Annual Financial Reports of State Agencies and Universities (Reporting Requirements)* promulgated by the Texas Comptroller of Public Accounts, the Texas State University System has implemented GASB Statement No. 68, *Accounting and Financial Report for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which includes the net pension expense, net pension liability, and related deferred inflows and outflows. Under the *Reporting Requirements*, employees of the university are treated as employees of the System for GASB 68 reporting; therefore, these financial statements neither record nor disclose the net pension expense, net pension liability, or related deferred inflows and outflows attributable to the university. Recording and disclosure of this information occurs for the System as a whole in the consolidated Annual Financial Report of the Texas State University System (TSUS). The State of Texas and TSUS share responsibility for funding their proportional shares of the obligations of this Plan.

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**Optional Retirement Program (ORP)**

The State has also established the Optional Retirement Program (ORP) for institutions of higher education, which is available to certain eligible employees in lieu of participation in the TRS. Employees eligible for participation in ORP are defined in Texas Administrative Code § 25.4.

ORP provides for the purchase of annuity contracts and mutual funds. Participants are vested in the employer contributions after one year and one day of service. Depending upon the source of funding for the employee's compensation, the University may be required to make the employer contributions in lieu of the State.

The employee and employer contribution rates are established by the State Legislature. The State provides an option for a local supplement on top of the state base rate. Fiscal year 2018 contributions were made by participants at a rate of 6.65 percent of annual compensation. Employer contributions were per cent of annual compensation, comprised of the state base rate of 6.60 percent plus percent as a local supplement.

Contributions made by participants and the University for the fiscal year ended August 31, 2018 were as follows:

<b>ORP Contributions for the Year Ended August 31, 2018</b>	
Participant contributions	\$412,888.63
Employer contributions	\$441,435.13
Total	\$854,233.76

Since contributions are invested in individual annuity contracts, neither the State nor the University have any liability for this program.

**Note 10 DEFERRED COMPENSATION**

Not Applicable: The Employee's Retirement System will report the plans, balances and liabilities for the State.

**Note 11: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

Not Applicable: The Employee's Retirement System will report information on Postemployment benefits other than pension benefits (OPEB)



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**Note 12: INTERFUND ACTIVITY AND TRANSACTIONS**

Interfund Activities and Balances are numerous transactions between funds and agencies. At year-end, amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables: None
- Due From Other Agencies or Due To Other Agencies: See table below
- Due From Other Funds or Due To Other Funds: See table below
- Transfers In or Transfers Out: See table below
- Legislative Transfers In or Legislative Transfers Out: See table below

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

Individual balances and activity at August 31, 2018, follows:

<b>Required Note 12 Presentation:</b>		
<b>Current Portion</b>	<b>Current Interfund Receivable</b>	<b>Current Interfund Receivable</b>
General Revenue (01)	\$ 0.00	\$ 0.00
<b>Total Interfund Receivable/Payable</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>

<b>Required Note 12 Presentation:</b>			
<b>Non-Current Portion</b>	<b>Non-Current Interfund Receivable</b>	<b>Non-Current Interfund Receivable</b>	<b>Purpose (Disclosure Required)</b>
General Revenue (01)	\$ 0.00	\$ 0.00	
Special Revenue (02)	\$ 0.00	\$ 0.00	
Enterprise Fund (05)	\$ 0.00	\$ 0.00	
<b>Total Interfund Receivable/Payable</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	

<b>Optional Note 12 Presentation:</b>			
	<b>Due From Other Agencies</b>	<b>Due To Other Agencies</b>	<b>Source</b>
General Revenue (01)			
Special Revenue (02)			
Enterprise Fund (05)			

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Appd Fund 9999 and D23 Fund 7999			
(Agy 802, D23 Fund 7999)	\$ 207,766.02		Federal/State Grant P-T
<b>Total Due From/To Other Agencies</b>	<b>\$ 207,766.02</b>	<b>\$ 0.00</b>	

<b>Optional Note 12 Presentation:</b>		
	<b>Transfers In</b>	<b>Transfers Out</b>
General Revenue (01)		
Special Revenue (02)		
Enterprise Fund (05)		
Appd Fund 0210 and D23 Fund 0210		
(Agy 902, D23 Fund 0210)	\$ 27,715.00	
<b>Total Transfer for Fund 0210</b>	<b>\$ 27,715.00</b>	<b>\$ 0.00</b>
Appd Fund 0802 and D23 Fund 0802		
(Agy 608, D23 Fund 0802)		\$ 22,159.28
<b>Total Transfer for Fund 0802</b>	<b>\$ 0.00</b>	<b>\$ 22,159.28</b>
Appd Fund 9999 and D23 Fund 7999		
(Agy 758, D23 Fund 7999)		\$ 287,373.83
(Agy 758, D23 Fund 7999)		\$ 1,372,913.75
<b>Total Transfer for Fund 9999</b>	<b>\$ 0.00</b>	<b>\$ 1,660,287.58</b>
<b>Total Transfers</b>	<b>\$ 27,715.00</b>	<b>\$ 1,682,446.86</b>

<b>Required Note 12 Presentation:</b>		
	<b>Legislative Transfers In</b>	<b>Legislative Transfers Out</b>
General Revenue (01)		
Appd Fund 0001 and D23 Fund 0001		
(Agy 758, D23 Fund 0001)		\$ 2,724,800.00
(Agy 902, D23 Fund 0001)	\$ 48,083.00	
<b>Total Transfer for Fund 0001</b>	<b>\$ 48,083.00</b>	<b>\$ 2,724,800.00</b>
<b>Total Legislative Transfers</b>	<b>\$ 48,083.00</b>	<b>\$ 2,724,800.00</b>

**Note 13: CONTINUANCE SUBJECT TO REVIEW**

Sul Ross State University is not subject to the Texas Sunset Act.

**Note 14: ADJUSTMENTS TO FUND BALANCES AND NET ASSETS**

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Sul Ross State University did not have any adjustments to fund Balance for FY 2018.

**Note 15: CONTINGENCIES AND COMMITMENTS**

At August 31, 2018, various lawsuits and claims involving the University were pending. While the ultimate liability with respect to litigation and other claims asserted against the University cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the University.

**Note 16: SUBSEQUENT EVENTS**

Sul Ross State University did not have any events to report that may materially affect the financial condition of the university.

**NOTE 17: RISK MANAGEMENT**

The State provides coverage for workers' compensation and unemployment compensation benefits from appropriations made to other State agencies for Sul Ross State University employees. The current General Appropriations Act provides that Sul Ross State University must reimburse General Revenue Fund Consolidated, from Sul Ross State University appropriations, one-half of the unemployment benefits paid and twenty-five percent of the workers compensation benefits paid for former and current employees. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. Sul Ross State University must reimburse the General Revenue Fund one-hundred percent of the cost for workers compensation and unemployment compensation for any employees paid from funds held in local bank accounts. Workers compensation and unemployment plans are on a pay-as-you-go basis, in which no assets are set aside to be accumulated for the payment of claims. No material outstanding claims are pending at August 31, 2018. The University has reserved funds for uninsured losses. These are reported in the Designated Funds. At August 31, 2018 there were no accrued contingent liabilities.

The Texas Motor Vehicle Safety Responsibility Act requires that every non-governmental vehicle operated on a state highway be insured for minimum limits of liability in the amount of \$20,000/\$40,000 bodily injury and \$15,000 property damage. All vehicles owned or leased by Sul Ross State University are covered by one of two commercial insurance policies specifically customized for the Texas State University System. Both policies provide coverage to the extent of \$1,000,000 combined single liability. The coverage exceeds the extent of the waiver of state immunity in the Tort Claims Act.

Sul Ross State University maintains Fire and Extended Coverage and Boiler insurance on all buildings. There were \$-0- insurance claims made during the fiscal year ended August 31, 2018.

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August 31, 2018

**Note 18: MANAGEMENT DISCUSSION AND ANALYSIS (MO&A)**

Sul Ross State University is not required to issue a Management Discussion and Analysis report.

**Note 19: The Financial Reporting Entity**

**Component Units (CUs)**

CUs are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, CUs can be other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would create misleading or incomplete financial statements. Sul Ross State University has determined that it does not have legally separate organizations that should be considered Component Units.

**Related Parties**

The following foundations and organizations, while not component units, are disclosed due to their significant relationship with the University:

**Sul Ross State University Friends of the Center for Big Bend Studies Inc.**

Sul Ross State University Friends of the Center for Big Bend Studies Inc. was formed in 2003 to seek, receive, and disperse funding in support of the programs of the Sul Ross State University Center for Big Bend Studies. During 2018, the Friends of the Center for Big Bend Studies expended \$ 521,253.00 in support of the Center for Big Bend Studies.

**Sul Ross State University Support Organization**

Sul Ross State University Support Organization was formed in 2003 exclusively for charitable, educational, and scientific purposes. During 2018, the Support Organization expended \$ 134,263.12 in support of the mission and programs of the University.

**Note 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Sul Ross State University is not aware of any non-compliance items or material violation of financial related issues.

**Note 21: Note Used**

This note is not applicable to the AFR.

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**Note 22: DONOR-RESTRICTED ENDOWMENTS**

Donor Restricted Endowment	Amounts of Net Appreciation	Reported in Net Assets
True Endowments	\$ 4,256,170.19	Restricted for Expendable
Term Endowments	723,840.07	Restricted for Expendable
	<u>\$ 4,980,010.26</u>	

	<b>SRSU 756</b>
<b>Net appreciation related to true/term endowments</b>	<b>4,980,010.26</b>
<b>Fair value adjustment</b>	<b>2,457,064.85</b>
<b>Changes from PY Balances:</b>	
<b>True – Expendable</b>	<b>1,543,513.67</b>
<b>Term –Expendable</b>	<b>253,312.07</b>
<b>True-Nonexpendable</b>	<b>105,140.95</b>
<b>Term –Nonexpendable</b>	<b>-0-</b>

**Note 23: EXTRAORDINARY AND SPECIAL ITEMS**

Sul Ross State University does not have any Extraordinary or Special items to report for FY 2018.

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**Note 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES**

Federal Receivables at August 31, 2018 are comprised of the following:

Federal Receivables by Program:

Research	48,642.53
Public Service	58,479.35
Academic Support	8,149.06
Student Services	18,048.04
Operation and Maintenance of Plant	.00
Scholarships and Fellowships	<u>1,634,241.22</u>
Total	\$ 1,767,560.20

As Reported on the Financial Statements

Current Federal Receivable	\$1,767,560.20
Noncurrent Federal Receivable	<u>- 0 -</u>
Total Net Federal Receivable	\$ 1,767,560.20

**Note 25: TERMINATION BENEFITS**

Sul Ross State University does not have any Termination Benefits to disclose for FY 18.

**Note 26: SEGMENT INFORMATION**

Sul Ross State University does not have any identifiable activity (or group of activities), to disclose segment information for FY 18.

**Note 27: SERVICE CONCESSION ARRANGEMENTS**

Sul Ross State University does not have any guarantees and commitment arrangements to report for FY 18.

**Note 28: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

Sul Ross State University does not have any deferred outflows or inflows of resources to disclose for FY 18.

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**Note 29: TROUBLED DEBT RESTRUCTURING**

Sul Ross State University does not have any Troubled Debt Restructuring to disclose for FY 18.

**Note 30: NON-EXCHANGE FINANCIAL GUARANTEES**

Sul Ross State University does not have any Non-Exchange Financial Guarantees to report for FY 18.

**Note 31: Tax Abatements**

For the fiscal year ended August 31, 2018, Sul Ross State University had -0- abated taxes with businesses.

**Note 32: Fund Balance**

Sul Ross State University had no restrictions/covenants causing fund balances to be committed and restricted: Fund balances are classified as non-spendable, restricted, committed, assigned or unassigned.

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SUPPLEMENTAL SUPPORTING INFORMATION

SCHEDULES



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SUL ROSS STATE UNIVERSITY  
SCHEDULE 1A  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended August 31, 2018

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Identifying #	Pass Through From			Direct Program Amt	Total PT From & Direct Program
			Agy./ Univ.	Agy./Univ Amount	Non-State Entities Amt		
			\$	\$	\$	\$	
<b>U.S. Department of Agriculture</b>							
Pass Through From:							
New Mexico State University							
Hispanic Serving Institutions Education Grants	10.223	2015-38422-24068		32,761.60		32,761.60	32,761.60
Total U.S. Department of Agriculture				-	32,761.60	-	32,761.60
<b>Institute of Museum and Library Services</b>							
Pass Through From:							
Texas State Library and Archives Commission							
Grants to States	45.310		306	545.09		545.09	545.09
Total Institute of Museum and Library Services				545.09	-	-	545.09
<b>U.S. Small Business Administration</b>							
Pass Through From:							
University of Texas at San Antonio							
Small Business Development Center	59.037		743	196,084.01		20,334.23	216,418.24
Total U.S. Small Business Administration				196,084.01	-	20,334.23	216,418.24
<b>U.S. Department of Education</b>							
Direct Programs:							
Higher Education-Institutional Aid	84.031					1,456,982.15	1,456,982.15
Pass Through From:							
San Antonio College							
Pass Through To:		P031C110039		213.12			213.12
Midland College							
Gaining Early Awareness and Readiness for Undergraduate Program	84.334					451,818.95	451,818.95
Total U.S. Department of Education				-	213.12	1,908,801.10	1,909,014.22
<b>Research and Development (R&amp;D) Cluster</b>							
<b>U.S. Department of Agriculture</b>							
Pass Through From:							
Texas A&M University - Kingsville							
Soil Survey	10.902		732	11,593.32		31.24	11,624.56
Total U.S. Department of Agriculture				11,593.32	-	31.24	11,624.56
<b>U.S. Department of the Interior</b>							
Direct Programs:							
Challenge Cost Share	15.238					20,416.00	20,416.00
Migratory Bird Monitoring, Assessment and Conservation	15.655					23,921.60	23,921.60
Cooperative Ecosystem Studies Units	15.678					45,553.08	45,553.08
Outdoor Recreation Acquisition, Development and Planning	15.916					9,837.60	9,837.60
Cooperative Research and Training Programs	15.945					48,862.93	48,862.93
Pass Through From:							
National Wild Turkey Federation							
Wildland Fire Research and Studies Program	15.232	L13AC00117			10,241.89		10,241.89
Texas State University - San Marcos							
Multistate Conservation Grant Program Cooperative Endanger	15.615		754	1,381.58			1,381.58
State Wildlife Grants	15.634		754	373.12		(373.14)	(0.02)
Texas Parks and Wildlife Department							
Wildlife Restoration and Basic Hunter Education	15.611		802	306,168.10		9,084.90	315,253.00
Multistate Conservation Grant Program	15.628		802				
State Wildlife Grants	15.634		802	21,857.03		1,997.55	23,854.58
Total U.S. Department of the Interior				329,779.83	10,241.89	159,300.52	499,322.24
<b>Fish and Wildlife Cluster</b>							
<b>U.S. Department of the Interior</b>							
Pass Through From:							
Texas A&M University - Kingsville							
Wildland Fire Research and Studies Program	15.611		732	4,000.00		(517.46)	3,482.54
Total U.S. Department of Education				4,000.00	-	(517.46)	3,482.54
<b>Student Financial Assistance Cluster</b>							
<b>U.S. Department of Education</b>							
Direct Programs:							
Federal Supplemental Educational Opportunity Grants	84.007					89,374.00	89,374.00
Federal Work-Study Program	84.033					217,332.00	217,332.00
Federal Family Education Loans	84.038						
Federal Pell Grant Program	84.063					5,656,442.44	5,656,442.44
Federal Direct Student Loans	84.268					9,817,125.00	9,817,125.00
Total U.S. Department of Education				-	-	15,780,273.44	15,780,273.44
<b>TRIO Cluster</b>							
<b>U.S. Department of Education</b>							
Direct Programs:							
TRIO-Student Support Services	84.042					231,941.53	231,941.53
TRIO-Talent Search	84.044					224,350.09	224,350.09
TRIO-Upward Bound	84.047					295,080.14	295,080.14
TRIO-McNair Post-Baccalaureate Achievement	84.217					194,277.68	194,277.68
Total U.S. Department of Education				-	-	945,649.44	945,649.44
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>				\$ 542,002.25	\$ 43,216.61	\$ 18,813,872.51	\$ 19,399,091.37

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Pass Through To			Expenditures Amount	Total PT To & Expenditures
Agy./ Univ. #	Agy./Univ Amount	Non-State Entities Amt		
\$	\$	\$	\$	\$
			32,761.60	32,761.60
	-	-	32,761.60	32,761.60
			545.09	545.09
	-	-	545.09	545.09
			216,418.24	216,418.24
	-	-	216,418.24	216,418.24
			1,456,982.15	1,456,982.15
			213.12	213.12
			451,818.95	451,818.95
	-	-	1,909,014.22	1,909,014.22
			11,624.56	11,624.56
	-	-	11,624.56	11,624.56
			20,416.00	20,416.00
			23,921.60	23,921.60
			45,553.08	45,553.08
			9,837.60	9,837.60
			48,862.93	48,862.93
			10,241.89	10,241.89
			1,381.58	1,381.58
			(0.02)	(0.02)
			315,253.00	315,253.00
			23,854.58	23,854.58
	-	-	499,322.24	499,322.24
			3,482.54	3,482.54
	-	-	3,482.54	3,482.54
			89,374.00	89,374.00
			217,332.00	217,332.00
			5,656,442.44	5,656,442.44
			9,817,125.00	9,817,125.00
	-	-	15,780,273.44	15,780,273.44
			231,941.53	231,941.53
			224,350.09	224,350.09
			295,080.14	295,080.14
			194,277.68	194,277.68
	-	-	945,649.44	945,649.44
\$	-	\$ -	\$ 19,399,091.37	\$ 19,399,091.37

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SUL ROSS STATE UNIVERSITY  
SCHEDULE 1B  
SCHEDULE OF STATE GRANT PASS THROUGH FROM/TO STATE AGENCIES  
For the Fiscal Year Ended August 31, 2018

Pass Through From:

University of Texas System Office (Agy #720)	
Joint Admissions Medical Program (JAMP)	\$ 8,999.02
	<u>\$ 8,999.02</u>
Texas Higher Education Coordinating Board (Agy #781)	
Texas Grants Program	\$ 1,790,937.00
College Work Study Program	21,884.00
Top 10% Scholarships	6,000.00
	<u>\$ 1,818,821.00</u>
Texas Parks and Wildlife Department (Agy #803)	
Optimization of Toxicants for Controlling Feral Swine	\$ 22,500.00
Black-tailed Prairie Dog Reintroduction to Marfa Grassland	\$ 12,600.00
	<u>\$ 35,100.00</u>
Total Pass Through From Other Agencies (Exh. II)	<u><u>\$ 1,862,920.02</u></u>

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SUL ROSS STATE UNIVERSITY  
SCHEDULE 2A  
MISCELLANEOUS BOND  
INFORMATION For the Year Ended  
August 31, 2018

(SCHEDULE NOT USED)

SUL ROSS STATE UNIVERSITY  
SCHEDULE 2B  
CHANGES IN BONDED  
INDEBTEDNESS For the Year Ended  
August 31, 2018  
(SCHEDULE NOT USED)

SUL ROSS STATE UNIVERSITY  
SCHEDULE 2C  
DEBT SERVICE REQUIREMENTS  
GENERAL OBLIGATION AND REVENUE BONDS  
For the Year Ended August 31, 2018

(SCHEDULE NOT USED)

SUL ROSS STATE UNIVERSITY  
SCHEDULE 2D  
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE  
GENERAL OBLIGATION AND REVENUE BONDS  
For the Year Ended August 31, 2018

(SCHEDULE NOT USED)

SUL ROSS STATE UNIVERSITY  
SCHEDULE 2E DEFEASED BONDS  
OUTSTANDING  
For the Year Ended August 31, 2018

(SCHEDULE NOT USED)

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**UNAUDITED**  
**Texas State University System**  
**Sul Ross State University**  
**Reconciliation of Cash in the State Treasury**  
**For the Year Ended August 31, 2018**

<u>Fund No.</u>	<u>Fund Name</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
0262	Local Revenue Fund 0262	1,274,297.73		1,274,297.73
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00
<b>Total Cash in State Treasury</b>		<u>1,274,297.73</u>	<u>0.00</u>	<u>1,274,297.73</u>

SUL ROSS STATE UNIVERSITY  
SCHEDULE 4  
SCHEDULE OF HIGHER EDUCATION ASSISTANCE FUND  
For the Year Ended August 31, 2018

	Totals
Balance September 1, 2017	\$ <u>2,924,290.05</u>
<b>REVENUES</b>	
HEAF Appropriation	<u>2,546,261.00</u>
Total Revenues	<u>2,546,261.00</u>
<b>EXPENSES</b>	
Equipment Capitalized	0.00
Salaries and Benefits	43,292.40
Equine Facilities Enhancement	23,700.92
Amphitheater Renovation	5,157.00
Kokernot Lodge Renovation	1,710.18
Campus Network Layer One Upgrade	0.00
Campus Access Project Phase III	0.00
Equipment -Non Capitalized	732,283.11
Electrical Upgrade	63,406.19
President's Residence	63.79
Campus Access Project Phase I	52,014.34
Hailstorm 2014 Repairs	0.00
Library Acquisitions	296,072.88
E&G Building Repairs	<u>123,738.02</u>
Total Expenses	<u>1,341,438.83</u>
<b>OTHER REVENUES (EXPENSES), GAINS/ (LOSSES) AND TRANSFERS</b>	
Fund Adjustment from prior year	<u>0.00</u>
Total Other Revenue Gains/(Losses) and Transfers	0.00
 BALANCE AT AUGUST 31, 2018	 \$ <u><u>4,129,112.22</u></u>

UNAUDITED

