

UNAUDITED

# ANNUAL FINANCIAL REPORT

of

**Texas A&M Forest Service**

*For the Year Ended August 31, 2018*

*With Comparative Totals for the Year Ended August 31, 2017*



**Tom G. Boggus, Director**  
**Robby DeWitt, Associate Director for Finance and Administration**



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TEXAS A&M FOREST SERVICE

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EXHIBIT III  
TEXAS A&M FOREST SERVICE  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED AUGUST 31, 2018

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Assets and Deferred Outflows		
Current Assets		
Cash & Cash Equivalents [Schedule Three]	\$ 80,036,755.69	\$ 79,869,341.87
Investments		
Restricted		
Cash & Cash Equivalents [Schedule Three]	182,516.72	
Investments		
Legislative Appropriations	4,047,653.74	5,475,218.38
Receivables, Net [Note 24]		
Federal	4,476,842.31	4,082,642.96
Other Intergovernmental	57,843.06	126,377.55
Interest and Dividends		
Gifts		
Self-Insured Health and Dental		
Student		
Investment Trades		
Accounts	197,131.57	170,389.50
Other	48,070.88	650.00
Due From Other Agencies	2,646,052.25	2,533,908.73
Due From Other Members	251,934.27	12,528.05
Due From Other Funds	2,220,771.11	69,652.66
Consumable Inventories	515,671.88	524,037.02
Merchandise Inventories	499,789.42	478,547.17
Loans and Contracts	26,985.90	63,854.00
Interfund Receivable [Note 12]		
Other Current Assets	9,365.00	2,928.51
Total Current Assets	<u>\$ 95,217,383.80</u>	<u>\$ 93,410,076.40</u>
Non-Current Assets		
Restricted		
Cash & Cash Equivalents [Schedule Three]	\$	\$
Assets Held By System Office	383,257.02	
Investments [Note 3]		
Loans, Contracts and Other		
Gifts Receivable		
Loans and Contracts	293,838.07	360,186.00
Assets Held By System Office	6,837,912.84	13,947,589.46
Investments [Note 3]		
Interfund Receivable [Note 12]		
Capital Assets, Non-Depreciable [Note 2]		
Land and Land Improvements	2,316,522.01	2,316,522.01
Construction In Progress	2,021,120.08	1,102,755.12
Other Tangible Capital Assets		
Land Use Rights		
Other Intangible Capital Assets		
Capital Assets, Depreciable [Note 2]		
Buildings and Building Improvements	2,209,354.47	2,209,354.47
Infrastructure		
Facilities and Other Improvements		
Furniture and Equipment	37,395,053.02	36,781,233.45
Vehicles, Boats, and Aircraft	27,668,391.09	28,814,553.47
Other Capital Assets		
Intangible Capital Assets, Amortized [Note 2]		
Land Use Rights		
Computer Software		
Other Intangible Capital Assets		
Accumulated Depreciation/Amortization	(40,115,596.28)	(36,626,951.15)
Assets Held In Trust		
Other Non-Current Assets		
Total Non-Current Assets	<u>\$ 39,009,852.32</u>	<u>\$ 48,905,242.83</u>
Deferred Outflows of Resources [Note 28]		
Unamortized Loss On Refunding Debt	\$	\$
Government Acquisition		
Pension		
Other Post Employment Benefits		
Total Deferred Outflows of Resources	<u>\$</u>	<u>\$</u>
Total Assets and Deferred Outflows	<u>\$ 134,227,236.12</u>	<u>\$ 142,315,319.23</u>

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EXHIBIT III  
TEXAS A&M FOREST SERVICE  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED AUGUST 31, 2018

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Liabilities and Deferred Inflows		
Current Liabilities		
Payables		
Accounts	\$ 54,513,078.94	\$ 7,111,977.90
Payroll	2,327,138.86	2,075,664.94
Investment Trades		
Self-Insured Health and Dental		
Student		
Other		
Interfund Payable [Note 12]		
Due to Other Agencies	1,041.25	8,477.55
Due to Other Funds	2,220,771.11	69,652.66
Due to Other Members		
Funds Held for Investment		
Unearned Revenue	171,002.87	47,715.86
Employees' Compensable Leave	148,442.61	161,904.45
Other Post Employment Benefits		
Claims and Judgments		
Notes and Loans Payable [Note 5]		
Bonds Payable [Note 6]		
Capital Lease Obligations [Note 8]		
Liabilities Payable From Restricted Assets		
Funds Held for Others		
Other Current Liabilities	19,311.21	30,294.46
Total Current Liabilities	\$ 59,400,786.85	\$ 9,505,687.82
Non-Current Liabilities		
Interfund Payable [Note 12]	\$	\$
Employees' Compensable Leave	2,443,919.36	2,423,876.42
Other Post Employment Benefits [Note 11]		
Pension Liability [Note 9]		
Claims and Judgments		
Notes and Loans Payable [Note 5]		
Bonds Payable [Note 6]		
Assets Held In Trust		
Liabilities Payable From Restricted Assets		
Funds Held for Others		
Capital Lease Obligations [Note 8]		
Other Non-Current Liabilities		
Total Non-Current Liabilities	\$ 2,443,919.36	\$ 2,423,876.42
Deferred Inflows of Resources [Note 28]		
Pension	\$	\$
Other Post Employment Benefits		
Split-Interest Agreements		
Total Deferred Inflows of Resources	\$	\$
Total Liabilities and Deferred Inflows	\$ 61,844,706.21	\$ 11,929,564.24
Net Position		
Net Investment In Capital Assets	\$ 31,494,844.39	\$ 34,597,467.37
Restricted for		
Debt Service		
Capital Projects	204,602.09	9,101.36
Education	939,054.80	688,168.72
Endowment and Permanent Funds		
Nonexpendable		
Expendable		
Unrestricted	39,744,028.63	95,091,017.54
Total Net Position [Exhibit IV]	\$ 72,382,529.91	\$ 130,385,754.99
Total Liabilities, Deferred Inflows, and Net Position	\$ 134,227,236.12	\$ 142,315,319.23

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EXHIBIT IV  
 TEXAS A&M FOREST SERVICE  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED AUGUST 31, 2018

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Operating Revenues		
Tuition and Fees	\$	\$
Discounts and Allowances		
Professional Fees		
Auxiliary Enterprises		
Discounts and Allowances		
Other Sales of Goods and Services	2,737,477.57	5,506,801.67
Discounts and Allowances		
Interest Revenue		
Federal Revenue - Operating	8,449,422.30	9,192,707.45
Federal Pass Through Revenue	302,654.09	2,638,581.95
State Grant Revenue		
State Pass Through Revenue	400,000.00	
Other Grants and Contracts - Operating	394,196.11	438,065.87
Other Operating Revenue	23,157,518.28	18,700,730.47
Total Operating Revenues	<u>\$ 35,441,268.35</u>	<u>\$ 36,476,887.41</u>
Operating Expenses		
Instruction	\$	\$
Research	2,217,011.92	2,370,943.85
Public Service	123,437,538.70	73,589,000.75
Academic Support		
Student Services		
Institutional Support	2,958,603.29	2,863,807.37
Operation & Maintenance of Plant	1,430,584.56	1,703,985.34
Scholarships & Fellowships		
Auxiliary		
Depreciation/Amortization	6,433,620.08	6,269,991.04
Total Operating Expenses [Schedule IV-1]	<u>\$ 136,477,358.55</u>	<u>\$ 86,797,728.35</u>
Total Operating Income [Loss]	<u>\$ (101,036,090.20)</u>	<u>\$ (50,320,840.94)</u>
Nonoperating Revenues [Expenses]		
Legislative Revenue	\$ 12,878,565.25	\$ 20,794,913.33
Federal Revenue Non-Operating		
Federal Pass Through Non-Operating		
State Pass Through Non-Operating		
Gifts	23,064.03	11,619.42
Investment Income	873,885.39	1,303,192.38
Investing Activities Expense	(33,859.40)	(34,714.02)
Interest Expense		
Borrower Rebates and Agent Fees		
Gain [Loss] On Sale or Disposal of Capital Assets	581,152.28	256,693.68
Settlement of Claims	(17,825.41)	(10,026.60)
Other Nonoperating Revenues	11,651.57	61,822.24
Other Nonoperating [Expenses]	(14,640.94)	(15,085.49)
Total Nonoperating Revenues [Expenses]	<u>\$ 14,301,992.77</u>	<u>\$ 22,368,414.94</u>
Income [Loss] Before Other Revenues and Transfers	<u>\$ (86,734,097.43)</u>	<u>\$ (27,952,426.00)</u>



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SCHEDULE IV-1  
 TEXAS A&M FOREST SERVICE  
 NACUBO FUNCTION TO NATURAL CLASSIFICATION MATRIX  
 FOR THE YEAR ENDED AUGUST 31, 2018

	<u>INSTRUCTION</u>	<u>RESEARCH</u>	<u>PUBLIC SERVICE</u>	<u>ACADEMIC SUPPORT</u>	<u>STUDENT SERVICES</u>
Natural Classification					
Cost of Goods Sold	\$	\$	\$	\$	\$
Salaries & Wages		1,389,581.75	24,131,362.59		
Payroll Related Costs		450,436.05	9,144,737.95		
Payroll Related Costs-TRS Pension					
Payroll Related Costs-OPEB					
Professional Fees & Services		15,002.78	1,802,337.06		
Travel		67,898.33	2,801,218.53		
Materials & Supplies		167,495.13	7,595,268.89		
Communication & Utilities		34,890.25	857,888.66		
Repairs & Maintenance		21,527.00	1,779,951.56		
Rentals & Leases		26,753.75	1,238,951.46		
Printing & Reproduction		912.13	67,251.17		
Federal Pass-Through			8,034.00		
State Pass-Through					
Depreciation & Amortization					
Bad Debt Expense					
Interest		.11	1,746.81		
Scholarships					
Claims & Losses					
Net Change In OPEB Obligation					
Other Operating Expenses		42,514.64	73,844,049.57		
Total Operating Expenses	<u>\$</u>	<u>\$ 2,217,011.92</u>	<u>\$ 123,437,538.70</u>	<u>\$</u>	<u>\$</u>



<u>INSTITUTIONAL SUPPORT</u>	<u>OPERATION &amp; MAINTENANCE OF PLANT</u>	<u>SCHOLARSHIPS &amp; FELLOWSHIPS</u>	<u>AUXILIARY</u>	<u>DEPRECIATION &amp; AMORTIZATION</u>	<u>TOTAL</u>	<u>PRIOR YEAR</u>
\$	\$	\$	\$	\$	\$	\$
2,007,688.47	177,336.10				164,740.45	274,113.08
553,439.95	41,660.49				27,705,968.91	25,043,093.13
					10,190,274.44	9,704,018.68
146,109.20	28,433.75				1,991,882.79	2,036,914.62
27,212.89	11,297.33				2,907,627.08	2,398,819.65
91,975.25	171,244.06				8,025,983.33	4,927,586.51
28,218.37	302,068.29				1,223,065.57	1,111,063.09
15,165.74	100,479.85				1,917,124.15	2,764,241.46
26,995.62	326,900.75				1,619,601.58	1,665,443.98
3,554.36					71,717.66	52,726.59
					8,034.00	34,933.44
				6,433,620.08	6,433,620.08	6,269,991.04
1.65	8.53				1,757.10	(73.86)
<u>58,241.79</u>	<u>271,155.41</u>				<u>74,215,961.41</u>	<u>30,514,856.94</u>
<u>\$ 2,958,603.29</u>	<u>\$ 1,430,584.56</u>	<u>\$</u>	<u>\$</u>	<u>\$ 6,433,620.08</u>	<u>\$ 136,477,358.55</u>	<u>\$ 86,797,728.35</u>

[Exhibit IV]

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EXHIBIT V  
TEXAS A&M FOREST SERVICE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2018

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Cash Flows From Operating Activities		
Proceeds Received From Tuition and Fees	\$	\$
Proceeds Received From Customers	2,179,316.25	3,679,851.19
Proceeds From Grants and Contracts	9,979,298.72	12,403,948.59
Proceeds From Auxiliary Enterprises		
Proceeds From Loan Programs	103,216.03	37,989.00
Proceeds From a Defined Benefit Pension Plan		
Proceeds From a Defined Benefit OPEB Plan		
Proceeds From Other Operating Revenues	23,146,535.03	18,703,376.62
Payments to Suppliers for Goods and Services	(21,606,682.71)	(23,813,795.81)
Payments to Employees	(37,638,188.33)	(34,391,942.87)
Payments for Loans Provided		
Payments for Pension Benefits to Plan Members		
Payments for OPEB Benefits to Plan Members		
Payments for Other Operating Expenses	(22,800,057.30)	(26,830,884.14)
Net Cash Provided [Used] By Operating Activities	\$ (46,636,562.31)	\$ (50,211,457.42)
Cash Flows From Noncapital Financing Activities		
Proceeds From State Appropriations	\$ 14,259,159.01	\$ 20,478,101.49
Proceeds From Gifts	20,386.03	11,135.00
Proceeds From Endowments		
Proceeds From Transfers From Other Funds	29,411,839.05	27,678,023.97
Proceeds From Other Grant Receipts		
Proceeds From Other Noncapital Financing Activities	11,651.57	44,760.24
Payments of Interest		
Payments for Transfers to Other Funds	(1,346,606.81)	(1,583,825.00)
Payments for Grant Disbursements		
Payments for Other Noncapital Financing Uses	(17,825.41)	(10,026.60)
Other Noncapital Transfers From/To System	95,151.00	
Transfers Between Fund Groups		
Net Cash Provided [Used] By Noncapital Financing Activities	\$ 42,433,754.44	\$ 46,618,169.10
Cash Flows From Capital and Related Financing Activities		
Proceeds From Sale of Capital Assets	\$ 858,283.00	\$ 300,082.33
Proceeds From Debt Issuance		
Proceeds From State Grants and Contracts		
Proceeds From Federal Grants and Contracts		
Proceeds From Gifts		
Proceeds From Interfund Payables		
Proceeds From Other Financing Activities		
Proceeds From Capital Contributions		
Payments for Additions to Capital Assets	(3,814,176.29)	(8,637,428.05)
Payments of Principal On Debt		
Payments for Capital Leases		
Payments of Interest On Debt Issuance		
Payments for Interfund Receivables		
Payments of Other Costs On Debt Issuance		
Transfer of Capital Debt Proceeds From System [Nonmandatory]	(57,813.89)	94,941.13
Intrasystem Transfers for Capital Debt [Mandatory]		
Intrasystem Transfers for Construction Proceeds [Non-Mand]		
Net Cash Provided [Used] By Capital and Related Financing Act.	\$ (3,013,707.18)	\$ (8,242,404.59)
Cash Flows From Investing Activities		
Proceeds From Sales of Investments	\$	\$
Sales and Purchases of Investments Held By System	7,308,684.87	1,820,860.28
Proceeds From Interest and Investment Income	257,760.72	216,519.29
Payments to Acquire Investments		
Net Cash Provided [Used] By Investing Activities	\$ 7,566,445.59	\$ 2,037,379.57
Net Increase [Decrease] In Cash and Cash Equivalents	\$ 349,930.54	\$ (9,798,313.34)
Cash and Cash Equivalents, Beginning of Year	\$ 79,869,341.87	\$ 89,667,655.21
Restatement		
Cash and Cash Equivalents, Beginning of Year, As Restated	\$ 79,869,341.87	\$ 89,667,655.21
Cash and Cash Equivalents, End of Year [Sch Three]	\$ 80,219,272.41	\$ 79,869,341.87

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EXHIBIT V  
TEXAS A&M FOREST SERVICE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2018

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Reconciliation of Operating Income [Loss] to Net Cash Provided [Used] By Operating Activities	\$	\$
Operating Income [Loss]	(101,036,090.20)	(50,320,840.94)
Adjustments to Reconcile Operating Income [Loss] to Net Cash Provided [Used] By Operating Activities		
Amortization and Depreciation	6,433,620.08	6,269,991.04
Bad Debt Expense		
Pension Expense		
OPEB Expense		
Operating Income [Loss] and Cash Flow Categories Classification Differences		
Changes In Assets and Liabilities		
[Increase] Decrease In Receivables	(352,856.93)	(1,719,415.97)
[Increase] Decrease In Due From Agencies/Funds	104,853.63	33,557.43
[Increase] Decrease In Due From System Members	1,407.67	(1,887.48)
[Increase] Decrease In Inventories	(12,877.11)	(615.88)
[Increase] Decrease In Prepaid Expenses		
[Increase] Decrease In Loans and Contracts	103,216.03	37,989.00
[Increase] Decrease In Other Assets	(6,436.49)	(2,025.69)
[Increase] Decrease In Deferred Outflows - Pensions		
[Increase] Decrease In Deferred Outflows - OPEB		
Increase [Decrease] In Payables	48,017,152.45	(4,555,210.86)
Increase [Decrease] In Due to Other Agencies/Funds	(7,436.30)	1,747.49
Increase [Decrease] In Due to System Members		
Increase [Decrease] In Unearned Revenue	123,287.01	(5,412.58)
Increase [Decrease] In Deposits	(10,983.25)	2,646.15
Increase [Decrease] In Employees' Compensable Leave	6,581.10	48,020.87
Increase [Decrease] In OPEB Liability		
Increase [Decrease] In Pension Liability		
Increase [Decrease] In Self Insured Accrued Liability		
Increase [Decrease] In Other Liabilities		
Increase [Decrease] In Deferred Inflows - Pensions		
Increase [Decrease] In Deferred Inflows - OPEB		
Total Adjustments	\$ 54,399,527.89	\$ 109,383.52
Net Cash Provided [Used] By Operating Activities	\$ (46,636,562.31)	\$ (50,211,457.42)
Non-Cash Transactions		
Donation of Capital Assets	\$ 194,491.00	\$ 1,114,648.31
Net Change In Fair Value of Investments	(809,146.09)	736,252.77
Refunding of Long Term Debt		
Amortization of Bond Premiums and Discounts		
Borrowing Under Capital Lease Purchase		
Other	559,831.24	271,372.40





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SCHEDULE N-2  
 TEXAS A&M FOREST SERVICE  
 NOTE 2 - CAPITAL ASSETS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	BALANCE 9-1-17	ADJUSTMENTS	COMPLETED CIP
Non-Depreciable/Non-Amortizable Assets			
Land and Land Improvements	\$ 2,316,522.01	\$	\$
Construction In Progress	1,102,755.12		(6,403.84)
Total Non-Depreciable/Non-Amortizable Assets	<u>\$ 3,419,277.13</u>	<u>\$</u>	<u>\$ (6,403.84)</u>
Depreciable Assets			
Buildings	\$ 2,209,354.47	\$	\$
Furniture and Equipment	36,781,233.45		6,403.84
Vehicles, Boats and Aircraft	28,814,553.47		
Total Depreciable Assets at Historical Cost	<u>\$ 67,805,141.39</u>	<u>\$</u>	<u>\$ 6,403.84</u>
Less Accumulated Depreciation for			
Buildings	\$ (1,146,960.17)	\$	\$
Furniture and Equipment	(20,089,022.49)		
Vehicles, Boats and Aircraft	(15,390,968.49)		
Total Accumulated Depreciation	<u>\$ (36,626,951.15)</u>	<u>\$</u>	<u>\$</u>
Depreciable Assets, Net	<u>\$ 31,178,190.24</u>	<u>\$</u>	<u>\$ 6,403.84</u>
Capital Assets, Net	<u><u>\$ 34,597,467.37</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

<u>INC-INTERAGENCY TRANSACTIONS</u>	<u>DEC-INTERAGENCY TRANSACTIONS</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE 8-31-18</u>
\$	\$	\$	\$	\$
		924,768.80		2,316,522.01
				2,021,120.08
<u>\$</u>	<u>\$</u>	<u>\$ 924,768.80</u>	<u>\$</u>	<u>\$ 4,337,642.09</u>
\$	\$	\$	\$	\$
		1,891,961.96	(1,284,546.23)	2,209,354.47
	(25,199.00)	827,359.04	(1,948,322.42)	37,395,053.02
				27,668,391.09
<u>\$</u>	<u>\$ (25,199.00)</u>	<u>\$ 2,719,321.00</u>	<u>\$ (3,232,868.65)</u>	<u>\$ 67,272,798.58</u>
\$	\$	\$	\$	\$
		(73,507.44)		(1,220,467.61)
		(3,689,334.27)	1,249,801.38	(22,528,555.38)
	1,199.96	(2,670,778.37)	1,693,973.61	(16,366,573.29)
<u>\$</u>	<u>\$ 1,199.96</u>	<u>\$ (6,433,620.08)</u>	<u>\$ 2,943,774.99</u>	<u>\$ (40,115,596.28)</u>
\$	\$	\$	\$	\$
	(23,999.04)	(3,714,299.08)	(289,093.66)	27,157,202.30
<u>\$</u>	<u>\$ (23,999.04)</u>	<u>\$ (2,789,530.28)</u>	<u>\$ (289,093.66)</u>	<u>\$ 31,494,844.39</u>