



ANNUAL FINANCIAL REPORT

for the fiscal year ended August 31, 2012

TEXAS HIGHER EDUCATION
COORDINATING BOARD

NOV 19 2012

PLANNING AND
ACCOUNTABILITY

SAM HOUSTON STATE UNIVERSITY
Huntsville, Texas

*Sam Houston State University is a Member of
The Texas State University System*





Sam Houston State University

A Member of The Texas State University System
OFFICE OF THE PRESIDENT

Dana L. Gibson

November 16, 2012

Honorable Rick Perry, Governor
Honorable Susan Combs, State Comptroller
Ursula Parks, Acting Director, Legislative Budget Board
John Keel, CPA, State Auditor

Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of Sam Houston State University for the year ended August 31, 2012, in compliance with TEX.GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all 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 Aaron LeMay, Controller, at (936) 294-3899.

Sincerely,

Dana L. Gibson
President



UNAUDITED

FINANCIAL REPORT

SAM HOUSTON STATE UNIVERSITY

For the Year Ended August 31, 2012

Huntsville, Texas



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Sam Houston State University

A Member of The Texas State University System

November 16, 2012

Dr. Dana L. Gibson, President
Sam Houston State University
Huntsville, Texas 77341

Dear Dr. Gibson:

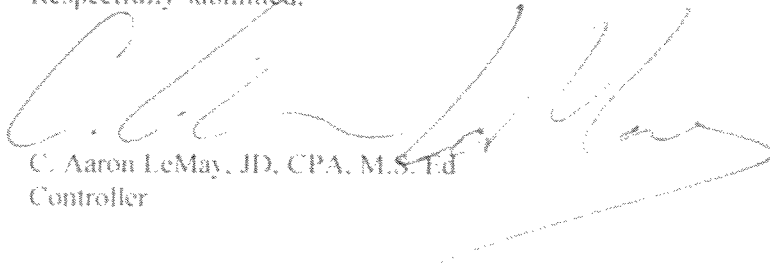
Submitted herein is the Annual Financial Report of Sam Houston State University for the fiscal year ended August 31, 2012.

The financial statements in this report have been prepared in conformity with the General Provisions of the Appropriations Act, Article IX, and in accordance with the requirements established by the Comptroller of Public Accounts.

The Annual Financial Report will be audited by the State Auditor as part of the audit of the Statewide Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the statements and related information contained in this report.

If you have any questions, please contact Aaron LeMay, Controller, at (936) 294-3899.

Respectfully submitted,



C. Aaron LeMay, JD, CPA, M.S.Ed
Controller

Approved:



Al Hooter
Vice President for Finance & Operations



Paige Smith, MBA, CPA, CIA
Associate Vice President for
Financial Services

Sam Houston State University is an Equal Opportunity/Affirmative Action Institution

Huntsville, Texas 77341-2185 · 936-294-3899 · Fax 936-294-3903 · caaronlemay@shsu.edu



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BOARD OF REGENTS
TEXAS STATE UNIVERSITY SYSTEM

August 31, 2012

OFFICERS

Charlie Amato Chairman

MEMBERS

Terms Expires February 1, 2013
Charlie Amato, Chairman San Antonio
Trisha Pollard Bellaire
William F. Scott Nederland

Terms Expire May 31, 2013
Andrew Greenberg, Student Regent Beaumont

Terms Expires February 1, 2015
Kevin J. Lilly Houston
Ron Mitchell Horseshoe Bay
David Montagne Beaumont

Terms Expires February 1, 2017
Dr. Jaime R. Garza San Antonio
Rossanna Salazar Austin
Donna N. Williams, Vice Chair Arlington

Chancellor
Brian McCall, Ph.D.

ADMINISTRATIVE OFFICIALS
SAM HOUSTON STATE UNIVERSITY

PRESIDENT

Dana L. Gibson, Ph.D.

FISCAL OFFICE

Al Hooten	Vice President for Finance and Operations
Paige Smith, MBA, CIA, CPA	Associate Vice President for Financial Services
C. Aaron LeMay, JD, CPA, M.S. Ed	Controller



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Sam Houston State University

Student Enrollment Data
For the Year Ended August 31, 2012

TYPE OF STUDENT	NUMBER OF STUDENTS BY SEMESTER			
	FALL 2011	SPRING 2012	SUMMER TERM 2012	
			FIRST	SECOND
Texas Residents	15,807	14,675	5,233	3,484
Out of State (Classified as Residents)	12	18	5	3
Out of State	496	470	354	134
Foreign	184	194	66	39
Children of Disabled	2	2	1	1
Concurrent Enrollment				
Foster Children of the State	23	20	13	11
Good Neighbor	5	5	4	1
High School Honor Scholarships				
High Ranking Senior	20	21	0	0
Hazelwood Act	220	222	125	77
Senior Citizens	1	1	1	1
Commission for the Blind/Deaf	34	32	13	12
Fireman Exempt	10	13	8	5
Thesis Only				
Student Service Fees				
Nursing				
Faculty/Staff	114	99	54	27
Teaching Assistants	75	82	51	4
Competitive Scholarships	193	202	78	55
Military Personnel	20	21	10	10
Louisiana Adjacent County				
Mexico Pilot				
National Student Exchange Program				
New Mexico Adjacent County				
Texas Tomorrow Waiver	23	284	57	39
Adopted Students	25	25	9	3
Military Dependent	326	326	135	125
Pase				
TANF				
H.B. 877				
Distance Learning				
Family & Consumer Science Alliance Agreement	1	1	6	3
Clinical Preceptor Exempt	2	4	0	0
Beaumont-Louisiana Non-resident				
UACH				
Early HS Grad	43	0	0	0
TAPS Tuition Voucher 54.2111				
TDCJ-54.218 Education Code				
Trio Grant Math 0301				
HB 1406 Non US Citizen				
Totals	<u>17,636</u>	<u>16,717</u>	<u>6,223</u>	<u>4,034</u>

Enrollment Data (Fall Semester)

Fiscal Year	STUDENTS	SEMESTER HOURS
2012	17,636	209,816



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SAM HOUSTON STATE UNIVERSITY

PROPRIETARY FUND STATEMENTS



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**Sam Houston State University
Statement of Net Assets
August 31, 2012**

	Total
ASSETS AND DEFERRED OUTFLOWS	
Current Assets:	\$
Cash and Cash Equivalents	
Cash on Hand	26,850.00
Cash in Bank	40,315,494.02
Cash in Transit/Reimburse from Treasury	2,792,609.53
Cash in State Treasury	23,074,038.01
Cash Equivalents	41,522,656.77
Securities Lending Collateral	
Short Term Investments	
Restricted:	
Cash and Cash Equivalents	
Cash on Hand	
Cash in Bank	3,166,824.58
Cash in Transit/Reimburse from Treasury	
Cash in State Treasury	
Cash Equivalents	13,639,184.68
Short Term Investments	
Legislative Appropriations	11,587,318.11
Investments	
Receivables:	
Federal	4,069,635.33
Other Intergovernmental	
Interest and Dividends	93,680.08
Accounts	25,834,530.85
Gifts	
Investment Trades	
Other	381.68
Interfund Receivable	
Due From Other Agencies	363,810.55
<hr/>	
Consumable Inventories	
Merchandise Inventories	342,506.19
Prepaid Items	860,077.20
Loans and Contracts	1,543,700.01
Other Current Assets	24,918,098.62
Total Current Assets	\$ 194,151,396.21

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**Sam Houston State University
Statement of Net Assets
August 31, 2012**

	Total
Non-Current Assets and Deferred Outflows:	\$
Restricted:	
Cash and Cash Equivalents	
Cash on Hand	
Cash in Bank	
Cash in Transit/Reimburse from Treasury	
Cash in State Treasury	
Cash Equivalents	
Short Term Investments	
Receivables	167,673.55
Investments	92,643,717.81
Loans and Contracts	
Other Assets	
Deferred Charges	
Loans and Contracts	
Investments	
Derivative Instrument Assets	
Deferred Outflow of Resources	
Interfund Receivables	
Capital Assets:	
Non-Depreciable:	
Land and Land Improvements	17,942,926.25
Infrastructure	
Construction in Progress	6,583,840.59
Other Capital Assets	759,903.50
Depreciable:	
Buildings and Building Improvements	403,650,647.01
Less Accumulated Depreciation	(177,593,211.84)
Infrastructure	12,009,083.94
Less Accumulated Depreciation	(5,504,570.64)
Facilities and Other Improvements	22,303,278.61
Less Accumulated Depreciation	(7,889,273.51)
Furniture and Equipment	31,703,013.57
Less Accumulated Depreciation	(19,189,382.56)
Vehicles, Boats, and Aircraft	3,561,339.11
Less Accumulated Depreciation	(2,479,099.39)
Other Capital Assets	12,530,508.71
Less Accumulated Depreciation	(8,475,836.38)
Amortizable Assets-Intangible	3,129,537.02
Less Accumulated Amortization	(873,331.67)
Other Non-Current Assets	
Total Non-Current Assets	\$ 384,980,763.68
Total Assets	\$ 579,132,159.89

Sam Houston State University
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended August 31, 2012

	Total
OPERATING REVENUES	
Sales of Goods and Services	\$
Tuition and Fees (PR-Chgs for Services)	
Tuition and Fees - Pledged (PR-Chgs for Services)	137,001,167.14
Discounts and Allowances	(32,086,757.38)
Hospitals (PR-Chgs for Services)	
Hospitals - Pledged (PR-Chgs for Services)	
Discounts and Allowances	
Professional Fees (PR-Chgs for Services)	
Professional Fees - Pledged (PR-Chgs for Services)	
Discounts and Allowances	
Auxiliary Enterprises (PR-Chgs for Services)	32,706,322.35
Auxiliary Enterprises - Pledged (PR-Chgs for Services)	
Discounts and Allowances	
Other Sales of Goods and Services	5,954,521.29
Other Sales of Goods and Services - Pledged	
Discounts and Allowances	
Interest and Investment Income (PR-Chgs for Services)	
Interest and Investment Income (GR) Pledged	
Net Increase (Decrease) Fair Market Value (PR-OP Grants/Contributions)	
Net Increase (Decrease) Fair Market Value (GR) - Pledged	
Federal Revenue-Operating (PR-OP Grants/Contributions)	6,086,769.34
Federal Pass-Through Revenue (PR-OP Grants/Contributions)	1,173,616.30
State Grant Revenue (PR-OP Grants/Contributions)	548,041.65
State Grant Pass-Through Revenue (PR-OP Grants/Contributions)	8,500,837.63
Other Grants and Contracts (PR-OP Grants/Contributions)	395,855.83
Other Grants and Contracts (PR-OP Grants/Contributions) - Pledged	
Contributions to Retirement Systems (PR-Chgs for Services)	
Other Operating Revenues (PR-Chgs for Services)	8,235,205.30
Other Operating Revenues (GR) - Pledged	
Total Operating Revenues	\$ 168,515,579.45
OPERATING EXPENSES	
Instruction	\$ 64,247,404.14
Research	4,869,435.91
Hospitals and Clinics	-
Public Service	11,440,643.63
Academic Support	30,813,998.42
Student Services	18,183,721.69
Institutional Support	17,813,355.66
Operation and Maintenance of Plant	18,067,797.95
Scholarship and Fellowships	26,743,058.28
Auxiliary Enterprise Expenditures	40,048,192.45
Depreciation and Amortization	18,458,394.81
Total Operating Expenses	\$ 250,686,002.94
Operating Income (Loss)	\$ (82,170,423.49)
NONOPERATING REVENUES (EXPENSES):	
Legislative Revenue (GR)	\$ 39,842,949.02
Additional Appropriations (GR)	8,754,031.12

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Sam Houston State University
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended August 31, 2012

	Total
Federal Revenue (PR-OP Grants/Contributions)	25,301,475.99
Federal Pass-Through Revenue (PR-OP Grants/Contributions)	-
Gifts (PR-OP Grants/Contributions)	10,871,059.29
Interest and Investment Income (Expense) (PR-OP Grants/Contributions)	1,303,324.50
Interest and Investment Income (Expense) (GR) - Pledged	
Loan Premium/Fees Securities Lending (PR-OP Grants/Contributions)	
Investing Activities Expenses	
Interest Expenses and Fiscal Charges	
Borrower Rebates and Agent Fees	
Gain (Loss) on Sale of Capital Assets (GR)	(314,370.41)
Net Increase (Decrease) in Fair Value of Investments (PR-OP Grants/Contributi	5,406,479.65
Net Increase (Decrease) in Fair Value of Investments (GR) - Pledged	
Settlement of Claims (PR-Chgs for Services)	(255,355.70)
Settlement of Claims (GR) - Pledged	
Other Nonoperating Revenues (Expenses) (PR-Chgs for Services)	286,417.17
Other Nonoperating Expenses (GR)	(68,672.45)
Total Nonoperating Revenues (Expenses)	\$ 91,127,338.18
Income (Loss) before Other Revenues, Expenses, Gains/Losses and Transfers	\$ 8,956,914.69
 OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS	
Capital Contributions	\$
Capital Appropriations (HEAF)	11,893,110.00
Federal Grant - Capital Grant Contributions	
Contributions to Permanent and Term Endowments	
Special Items	
Extraordinary Items	
Increase NA Interagency Transfer Capital Assets	
Decrease NA Interagency Transfer Capital Assets	(141,085.23)
Transfer In	1,000,000.00
Transfer Out	(14,354,410.50)
Legislative Transfer In	
Legislative Transfer Out	(2,721,740.43)
Lapses	(0.57)
Total Other Revenues, Expenses, Gains/Losses and Transfers	(4,324,126.73)
CHANGE IN NET ASSETS	\$ 4,632,787.96
Net Assets, September 1, 2011	\$ 457,682,953.54
Restatements	4,492,607.44
Net Assets, September 1, 2011, as Restated	\$ 462,175,560.98
NET ASSETS, August 31, 2012	\$ 466,808,348.94

Sam Houston State University
Matrix of Operating Expenses Reported by Function
For the Fiscal Year Ended August 31, 2012

	Instruction	Research	Hospitals and Clinics	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarship and Fellowships	Auxiliary Enterprises	Depreciation and Amortization*	Total Expenses
Operating Expenses	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost of Goods Sold	-	-	-	62,981.10	3,758.23	66,166.76	-	-	-	409,180.37	-	542,066.46
Salaries and Wages	50,078,165.17	2,073,692.29	-	6,175,811.12	14,559,388.56	10,443,640.65	8,304,568.92	6,262,942.32	774,287.75	13,244,268.78	-	111,915,965.56
Payroll Related Costs	10,974,220.76	402,246.85	-	1,418,181.64	2,946,779.91	2,375,656.48	5,234,230.17	1,901,816.91	14,060.98	3,355,626.89	-	28,622,819.59
Professional Fees and Services	1,132,004.25	125,940.87	-	(195,712.19)	553,649.40	625,761.53	179,059.27	405,157.25	10,975.61	982,496.87	-	3,819,232.86
Federal Grant Pass-Through Expense	-	181,652.69	-	96,072.84	-	-	-	-	-	-	-	277,725.53
State Grant Pass-Through Expense	-	-	-	-	-	-	-	-	-	-	-	-
Travel	303,693.42	287,866.99	-	174,378.88	1,174,775.67	149,534.71	229,156.79	17,946.41	11,894.25	1,945,506.75	-	4,294,773.87
Materials and Supplies	734,421.12	549,230.20	-	812,043.20	5,415,174.95	1,679,714.86	2,083,729.02	1,421,782.14	31,714.09	11,273,021.97	-	24,000,831.55
Communications and Utilities	20,654.77	37,235.71	-	177,823.26	2,089,356.96	594,902.96	294,471.49	3,960,117.45	-	2,390,821.40	-	9,555,384.00
Repairs and Maintenance	40,614.07	38,503.78	-	79,647.71	851,734.85	1,275,679.05	234,085.06	1,990,361.26	191.58	1,798,871.52	-	6,309,688.88
Rentals and Leases	23,307.94	69,761.88	-	302,494.18	521,378.86	87,741.98	104,040.72	51,988.66	5,182.35	825,103.83	-	1,991,000.40
Printing and Reproduction	38,457.12	12,826.65	-	63,100.04	259,498.51	149,931.70	200,376.06	1,270.93	1,572.31	463,203.32	-	1,180,236.64
Depreciation and Amortization*	-	-	-	-	-	-	-	-	-	-	18,458,394.81	18,458,394.81
Bad Debt Expense	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	4.66	-	110.86	141.79	25.62	-	0.04	-	-	-	282.97
Scholarships	8,004.00	322,927.32	-	41,981.00	54,000.00	1,890.00	-	-	25,828,802.55	-	-	26,257,604.87
Claims and Judgments	-	-	-	-	200.00	-	-	-	-	-	-	200.00
Net Change in Pension/OPPEB Obligations	-	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	863,861.52	767,425.02	-	2,231,729.99	2,385,160.73	733,076.39	949,638.16	2,054,414.58	64,376.81	3,370,090.75	-	13,449,774.95
Total Operating Expenses	\$64,247,404.44	\$4,869,435.91	\$-	\$11,440,643.63	\$30,813,998.42	\$18,183,721.69	\$17,813,355.66	\$18,067,797.95	\$26,743,058.28	\$40,048,192.45	\$18,458,394.81	\$250,666,002.94

* Depreciation and Amortization may be allocated to the various functions or shown entirely in the Depreciation and Amortization column

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Sam Houston State University
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2012

	Total
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$
Proceeds from Tuition and Fees	124,747,369.59
Proceeds from Research Grants and Contracts	17,037,845.27
Proceeds from Gifts	
Proceeds from Loan Programs	11,069,655.85
Proceeds from Auxiliaries	32,706,322.35
Proceeds from Other Revenues	13,009,603.82
Payments to Suppliers for Goods and Services	(73,595,240.75)
Payments to Employees for Salaries	(111,915,965.56)
Payments to Employees for Benefits	(27,525,433.74)
Payments for Loans Provided	(9,603,500.00)
Payments for Other Expenses	(31,179,623.95)
Net Cash Provided by Operating Activities	\$ (55,248,967.12)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Debt Issuance	\$
Proceeds from State Appropriations	48,000,594.02
Proceeds from Gifts	10,900,024.60
Proceeds from Endowments	
Proceeds of Transfers from Other Funds	
Proceeds from Grant Receipts	25,301,475.99
Proceeds from Advances from Other Funds	
Proceeds from Loan Programs	
Proceeds from Other Financing Activities	630,367.51
Proceeds from Contributed Capital	
Payments of Principal on Debt Issuance	
Payments of Interest	
Payments of Other Costs of Debt Issuance	
Payments for Transfers to Other Funds	
Payments for Grant Disbursements	
Payments for Advances to Other Funds	
Payments for Other Uses	(207,410.94)
Net Cash Provided by Noncapital Financing Activities	\$ 84,625,051.18
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from the Sale of Capital Assets	\$
Proceeds from Debt Issuance	1,000,000.00
Proceeds from State Grants and Contracts	
Proceeds from Federal Grants and Contracts	
Proceeds from Gifts	
Proceeds from Other Financing Activities	
Proceeds from Capital Contributions	
Proceeds from Advances from Other Funds	
Payments for Additions to Capital Assets	(19,713,400.40)
Payments of Principal on Debt	(13,501,513.71)
Payments for Capital Lease	
Payments of Interest on Debt Issuance	
Payments of Other Costs of Debt Issuance	
Net Cash Provided by Capital and Related Financing Activities	\$ (32,214,914.11)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales of Investments	\$ 3,400,342.76
Proceeds from Interest Income	
Proceeds from Investment Income	1,303,324.50
Proceeds from Principal Payments on Loans	
Payments to Acquire Investments	(7,985,069.14)

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Sam Houston State University
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2012

	Total
Net Cash Provided by Investing Activities	\$ (3,281,401.88)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (6,120,231.93)
Cash and Cash Equivalents, September 1, 2011 - Restated	130,657,889.52
Changes in Accounting Principle	
Changes in Reporting Entity	
Restatements to Beginning Cash and Cash Equivalents	
Cash and Cash Equivalents, September 1, 2011 - Restated	\$130,657,889.52
Cash and Cash Equivalents, August 31, 2012	\$124,537,657.59

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ (82,170,423.49)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Amortization and Depreciation	18,458,394.81
Bad Debt Expense	
Operating Income (Loss) and Cash Flow Categories: Classification Differences	
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(1,180,122.77)
(Increase) Decrease in Due from Other Funds	
(Increase) Decrease in Inventories	40,216.58
(Increase) Decrease in Prepaid Expenses	40,270.69
(Increase) Decrease in Notes Receivable	
(Increase) Decrease in Loans & Contracts	102,899.76
(Increase) Decrease in Other Assets	
(Increase) Decrease in State Appropriations	
Increase (Decrease) in Payables	(10,547,209.07)
Increase (Decrease) in Deposits	
Increase (Decrease) in Due to Other Funds	
Increase (Decrease) in Deferred Income	19,832,959.83
Increase (Decrease) in Compensated Absence Liability	1,097,385.85
Increase (Decrease) in Benefits Payable	
Increase (Decrease) in Other Liabilities	(923,339.31)
Total Adjustments	26,921,456.37
Net Cash Provided by Operating Activities	\$ (55,248,967.12)

Non Cash Transactions

Donation of Capital Assets	
Net Change in Fair Value of Investments	\$ 5,406,479.64
Borrowing Under Capital Lease Purchase	
Other	

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SAM HOUSTON STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended August 31, 2012

Note 1: Summary of Significant Accounting Policies

GENERAL INTRODUCTION

Sam Houston State University is an agency of the State of Texas and a component of The Texas State University System and its financial records comply with applicable State statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for Annual Financial Reports of State Agencies and Universities.

Sam Houston State University serves the state by providing a high quality education to residents of the state.

Sam Houston State University includes within this report all components as determined by an analysis of their relationship to Sam Houston State University as listed below.

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

FUND STRUCTURE

The financial statements of Sam Houston State University have been prepared on the basis of funds, each of which is considered a separate accounting entity. The fund designation for institutions of higher education is Business-Type Activity within the Proprietary Fund Type.

Proprietary Fund Types

Business-Type Activity

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

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BASIS OF ACCOUNTING

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

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

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

ASSETS

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less at the time of purchase are considered cash and cash equivalents.

Securities Lending Collateral

The University reports investments at fair value in the Statement of Net Assets with the following exceptions. (Fair value is the amount at which an investment could be exchanged in a current transaction between parties, other than in a forced or liquidation sale.) The exceptions are as follows:

1. Nonparticipating contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the financial institution's credit standing or other relevant factors.
2. Money market investments and participating interest-earning investment contracts that mature within one year or less of the date of their acquisition may be reported at amortized cost, assuming that the investment is not affected by the financial institution's credit standing or other relevant factors.

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3. For real estate, mortgages, venture capital, limited partnerships, and future and forward contracts, etc. held by non-external pool entities, fair value is not permitted. Instead, amortized cost or historical cost should be used.

Restricted Assets

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

Inventories

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

Capital Assets

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

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

Other Receivables

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

LIABILITIES

Accounts Payable

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

Other Payables

Other payables are the accrual at year-end of expenditure transactions not included in any of the other payable descriptions.

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Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

Capital Lease Obligations

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

FUND BALANCE/NET ASSETS

The difference between fund assets and liabilities is "Net Assets" on the government-wide, proprietary and fiduciary fund statements, and the "Fund Balance" is the difference between fund assets and liabilities on the governmental fund statements.

Reservations of Fund Balance

Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditure.

Reserved for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Reserved for Consumable Inventories

This represents the amount of supplies, postage and prepaid assets to be used in the next fiscal year.

Unreserved/Undesignated

Other represents the unappropriated balance at year-end.

Invested In Capital Assets, Net Of Related Debt

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

Restricted Net Assets

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

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Unrestricted Net Assets

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

INTERFUND TRANSACTIONS AND BALANCES

The agency has the following types of transactions among funds:

Transfers

Legally required transfers that are reported when incurred as “Transfers In” by the recipient fund and “Transfers Out” by the disbursing fund.

Reimbursements

Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

Interfund receivables and payables

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

Interfund Sales and Purchases

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. At August 31, 2012, there were no outstanding interfund receivables or payables.

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

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Note 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2012 is presented below:

	WAMINGTON STATE (A.M. BY F175)							
	NOTE 2							
	August 31, 2012							
	Reconciliation							
	Balance 8/31/11	Additions/Disposals	Completed CB	Impairity	Disposal	Appropriations	Depreciation	Balance 8/31/12
Non-Depreciable Assets								
Land and Land Improvements	16,730,658.82	0.00	0.00	0.00	0.00	1,233,470.44	0.00	17,964,129.26
Construction in Progress	45,820,064.87	(2,087,073.69)	101,111,188.08	0.00	0.00	21,313,997.99	0.00	165,858,066.25
Other Assets	750,000.00	0.00	0.00	0.00	0.00	0.00	0.00	750,000.00
Total Non-Depreciable Assets	63,300,723.69	(2,087,073.69)	101,111,188.08	0.00	0.00	22,547,468.43	0.00	165,858,066.25
Depreciable Assets								
Buildings and Building Improvements	141,079,418.27	0.00	59,267,040.23	0.00	0.00	967,989.31	0.45	201,354,447.81
Infrastructure	11,243,417.83	0.00	0.00	0.00	0.00	869,870.87	0.00	12,113,288.70
Furniture and Equipment	26,057,972.11	0.00	1,460,438.75	0.00	(4,225,077.67)	4,648,998.27	(1,927,214.28)	31,974,157.18
Vehicles, Buses, and Aircraft	3,433,141.29	0.00	0.00	0.00	0.00	186,430.75	(58,273.47)	3,661,308.57
Other Capital Assets	11,825,721.40	0.00	0.00	0.00	0.00	665,723.21	(24,888.85)	12,668,555.76
Right-of-Way and Other Improvements	27,168,748.81	0.00	0.00	0.00	0.00	138,040.00	0.00	27,306,788.81
Total Depreciable Assets	219,812,318.68	0.00	60,727,479.28	0.00	(4,225,077.67)	2,748,252.14	(24,888.33)	274,382,711.96
Less Accumulated Depreciation Exp.								
Buildings and Building Improvements	(104,682,256.13)	0.00	0.00	0.00	0.00	(7,420,480.65)	0.00	(112,102,736.78)
Infrastructure	(2,412,881.04)	0.00	0.00	0.00	0.00	(4,064,887.60)	0.00	(6,477,768.64)
Furniture and Equipment	(25,905,900.02)	0.00	0.00	0.00	83,901.44	(4,797,887.64)	(690,571.64)	(30,819,366.22)
Vehicles, Buses, and Aircraft	(2,241,967.64)	0.00	0.00	0.00	0.00	(786,516.13)	58,273.47	(2,969,210.30)
Other Capital Assets	(8,086,781.38)	0.00	0.00	0.00	0.00	(446,170.84)	36,888.85	(8,496,062.37)
Right-of-Way and Other Improvements	(7,518,441.28)	0.00	0.00	0.00	0.00	(881,612.24)	0.00	(8,399,053.52)
Total Accumulated Depreciation	(146,848,227.45)	0.00	0.00	0.00	83,901.44	(17,745,757.46)	(618,589.32)	(164,128,672.83)
Depreciable Assets, Net	73,464,091.23	0.00	60,727,479.28	0.00	(4,141,176.23)	2,002,494.68	(24,888.33)	110,254,039.13
Intangible Capital Assets Amortized								
Land Use Rights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Computer Software	3,231,184.89	0.00	0.00	0.00	0.00	0.00	(612,121.37)	2,619,063.52
Other Intangible Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Intangible Capital Assets Amortized	3,231,184.89	0.00	0.00	0.00	0.00	0.00	(612,121.37)	2,619,063.52
Less Accumulated Amortization								
Land Use Rights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Computer Software	(143,854.78)	(143,854.52)	0.00	0.00	0.00	(671,686.42)	(374,746.21)	(1,160,141.93)
Other Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Accumulated Amortization	(143,854.78)	(143,854.52)	0.00	0.00	0.00	(671,686.42)	(374,746.21)	(1,160,141.93)
Business Type Activities Capital Assets, Net	72,320,236.45	(2,230,929.12)	60,727,479.28	0.00	(4,141,176.23)	1,330,808.26	(24,888.33)	109,093,897.20

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Note 3: Deposits, Investments and Repurchase Agreements

Sam Houston State University is authorized by statute to make investments following the “prudent person rule.” There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2012, the carrying amount of deposits was \$43,482,318.60 as presented below.

Governmental and Business-Type Activities	
CASH IN BANK - CARRYING VALUE	\$ 43,482,318.60
Less: Certificates of Deposit included in carrying value and reported as Cash Equivalent	0.00
Less: Uninvested Securities Lending Cash Collateral included in carrying value and reported as Securities Lending Collateral	0.00
Less: Securities Lending CD Collateral included in carrying value and reported as Securities Lending Collateral	0.00
Cash In Bank per AFR	\$ 43,482,318.60
Governmental Funds Current Assets Cash in Bank	
Governmental Funds Current Assets Restricted Cash in Bank	
Governmental Funds Non-Current Assets Restricted Cash in Bank	
Proprietary Funds Current Assets Cash in Bank	40,315,494.02
Proprietary Funds Current Assets Restricted Cash in Bank	3,166,824.58
Proprietary Funds Non-Current Restricted Cash in Bank	0.00
Cash in Bank per AFR	\$ 43,482,318.60

These amounts consist of all cash in local banks and a portion of short-term investments. These amounts are included on the Combined Statement of Net Assets as part of the “Cash and Cash Equivalents” and “Securities Lending Collateral” accounts.

As of August 31, 2012, the total bank balance was as follows.

Governmental and Business-Type Activities	\$29,580,093.41	Fiduciary Funds		Discrete Component Units	
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Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The agency does not have a deposit policy for custodial credit risk. As of August 31, 2012, Sam Houston State University was subject to minimal custodial credit risk for deposits.

Foreign currency risk for deposits is the risk that changes in exchange rates will adversely affect the deposit. The agency’s policy is to limit deposits subject to foreign currency risk to 5% of total deposits. Sam Houston State University held no exposure to foreign currency risk for deposits as of August 31, 2012.

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Investments

Sam Houston State University invests its endowment funds to provide funding for scholarships, fellowships, professorships, academic chairs, and other uses as specified by donors. Investments of University funds for endowments and quasi endowments shall be accomplished in accordance with the following principals:

There are two primary investment objectives. One is to provide a continuing and dependable cash payout, stable, and preferably growing in real terms, after giving effect to inflation. The second is to cause the total value of the funds to appreciate, over time, exclusive of growth derived from donations.

1. The cash payout requirement for endowment and quasi endowment funds are significant and continuous. Income must be sufficient to provide an adequate cash stream to support the programs for which the endowments and quasi endowment accounts need to appreciate to insure preservation of purchasing power, and also to satisfy the need for future growth in payouts.
2. The endowment and quasi endowment funds will be invested to meet these objectives, by maximizing returns consistent with an appropriate level of risk and subject to generation of adequate current income. Additionally, the investments shall be diversified at all times to provide reasonable assurance that investment in a single security, a class of securities, or industry will not have an excessive impact on the funds.

As of August 31, 2012, the carrying value and fair value of investments are as presented below.

Governmental and Business-Type Activities	Carrying Value	Fair Value
U.S. Government		
U.S. Treasury Securities		
U.S. Treasury Strips		
U.S. Treasury TIPS		
U.S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Sallie Mae, etc)		
U.S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co)		
Corporate Obligations		
Corporate Asset and Mortgage Backed Securities		
Equity		34,282,781.06
International Obligations (Govt and Corp)		
International Equity		
Repurchase Agreement		
Repurchase Agreement (Texas Treasury Safekeeping Trust Co)		
Fixed Income Money Market and Bond Mutual Fund		57,962,371.48
Other Commingled Funds		398,565.27
SUBTOTAL LONG-TERM INVESTMENTS		92,643,717.81

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Other Commingled Funds (Texpool)		55,161,841.45
Commercial Paper		
Securities Lending Collateral Investment Pool		
Real Estate		
Misc (alternative investments, limited partnerships, guaranteed investment contract, political subdivision, bankers' acceptance, negotiable CD)		
SUBTOTAL CASH EQUIVALENTS		55,161,841.45
Total		\$147,805,559.26

The Miscellaneous category consists of one investment type, defined portfolios, Nuveen Unit Trusts. These are non-rated investments in municipal bonds.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The agency's investment policy limits holding of securities by counterparties to those involved with securities lending. As of August 31, 2012, Sam Houston State University had minimal investments subject to custodial credit risk.

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. The agency's policy is to limit investments subject to foreign currency risk to 5% of total investments. As of August 31, 2012, Sam Houston State University was not subject to foreign currency risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The general investment policy of the agency limits investments in debt securities that are not in the top three investment grade ratings issued by nationally recognized statistical rating organizations to 5% of total investments. As of August 31, 2012, Sam Houston State University was not subject to credit risk.

Investment Type	AAAf	AAf	Unrated
Fixed Income Money Market and Bond Mutual Fund	\$0.00	\$0.00	\$57,962,371.48

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this disclosure requirement. As of August 31, 2012, Sam Houston State University was not subject to concentration of credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Sam Houston State University is not required to disclose interest rate risk.

REVERSE REPURCHASE, SECURITIES LENDING, DERIVATIVE INVESTING

Sam Houston State University did not participate in Reverse Repurchase Agreements, Securities Lending, or Derivative Investing during fiscal year 2012.

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Note 4: Short-Term Debt

Not Applicable.

During the fiscal year ended August 31, 2012, Sam Houston State had no short-term debt activity.

Note 5: Long Term Liabilities

CHANGES IN LONG-TERM LIABILITIES

During the year ended August 31, 2012, the following changes occurred in liabilities.

BUSINESS-TYPE ACTIVITIES	Balance 09/01/11	Additions	Reductions	Balance 08/31/12	Amounts Due Within One Year	Amounts Due Thereafter
Compensable Leave	\$4,342,171.35	\$777,320.43	\$0	\$5,119,491.78	\$2,823,076.74	\$2,296,415.04
Claims & Judgments	\$154,222.82	\$0	\$154,222.82	\$0	\$0	\$0
TOTAL BUSINESS-TYPE ACTIVITIES	\$4,496,394.17	\$777,320.43	\$154,222.82	\$5,119,491.78	\$2,823,076.74	\$2,296,415.04

NOTES AND LOANS PAYABLE

None.

CLAIMS & JUDGEMENTS

At August 31, 2012, various lawsuits and claims involving Sam Houston State 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.

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EMPLOYEES' COMPENSABLE LEAVE

Full-time State employees earn annual leave from eight to twenty-one hours per month depending on the respective employee's years of State employment. The State's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 532 for those employees with 35 or more years of State service. Employees with at least six months of State service, who terminate their employment, are entitled to payment for all accumulated annual leave up to the maximum allowed. The University recognizes the accrued liability for the unpaid annual leave in the Unrestricted Current Funds. For the year ended August 31, 2012, the accrued liability totaled \$5,119,491.78.

The University made lump sum payments totaling \$513,865.96 for accrued vacation and/or compensatory time to employees who separated from state service during fiscal year ending August 31, 2012.

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

Note 6: Bonded Indebtedness

All bonded indebtedness for Sam Houston 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 informational purposes only.

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DEBT SERVICE REQUIREMENTS ATTRIBUTABLE
TO SAM HOUSTON STATE UNIVERSITY

Description	Year	Principal	Interest	Total
All Series	2013	7,770,322.77	6,724,071.38	14,494,394.15
	2014	7,948,577.46	6,373,284.90	14,321,862.36
	2015	8,253,693.46	5,989,859.00	14,243,552.46
	2016-2020	45,293,589.07	23,514,978.39	68,808,567.46
	2021-2025	31,877,687.56	13,119,023.26	44,996,710.82
	2026-2030	14,895,000.00	6,731,556.34	21,626,556.34
	2031-2035	8,905,000.00	4,231,743.80	13,136,743.80
	2036-2040	10,170,000.00	1,840,312.51	12,010,312.51
	2041	1,485,000.00	74,250.00	1,559,250.00
TOTALS		\$136,598,870.32	\$68,599,079.58	\$205,197,949.90

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. The institution was appropriated \$2,754,430 during the current fiscal year for Tuition Revenue Bond debt service. The institution expects future legislative appropriations to meet debt service requirements for Tuition Revenue Bonds.

Note 7: Derivative Instruments

Not applicable.

Sam Houston State did not have any derivative activity for the fiscal year ended August 31, 2012.

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Note 8: Leases

As of August 31, 2012, Sam Houston is not involved in any capital lease agreements. Sam Houston State has entered into various operating leases for equipment. Rental expenses for operating leases were \$78,755.07 for the fiscal year ended August 31, 2012.

Future minimum lease payments under operating leases having an initial term in excess of one year as of August 31, 2012 were as follows:

Fiscal Year Ended August 31, 2012	
2013	\$ 78,755.07
2014	78,755.07
2015	45,668.40
2016	48,000.00
Total future minimum lease payments	<u>\$ 251,178.54</u>

Note 9: Pension Plans

Optional Retirement Program contributions for Sam Houston State University are reported by the Texas State University System office in the consolidated annual financial report.

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 disclosure of information on post-employment benefits other than pension benefits (OPEB) will be provided by Employees Retirement System.

Note 12: Interfund Activity and Transactions

As explained in Note 1 on Interfund Transactions and Balances, there are transactions between funds and agencies.

At year-end amounts to be received or paid are reported as (when applicable):

- X Interfund Receivables or Interfund Payables - None
- X Due From Other Agencies or Due To Other Agencies - See Schedule 1A - *Schedule of Expenditures of Federal Awards*, and Schedule 1B - *Schedule of Grant Pass Through From/To State Agencies*
- X Due From Other Funds or Due To Other Funds - None
- X Transfers in or transfers out - None
- X Legislative Transfers In or Legislative Transfers Out - See below.

Sam Houston State University has not participated in any interfund borrowing during fiscal year 2012.

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, 2012, follows:

Current Portion	Current Interfund Receivable	Current Interfund Payable	Purpose (Disclosure required)
GENERAL (01)			
Total Interfund Receivable/Payable			

Non-Current Portion	Non-Current Interfund Receivable	Non-Current Interfund Payable	Purpose (Disclosure required)
GENERAL REVENUE (01)			
SPECIAL REVENUE (2)			
Appd Fund 0210 and D23 Fund 0210			

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(Agency 700, D23 Fund 0400)			
ENTERPRISE FUND (05)			
Appd Fund 9999, D23 Fund 1999			
(Agency 700, D23 Fund 0500)			
Total Interfund Receivable/Payable	-0-	-0-	-0-

DUE FROM/TO OTHER STATE ENTITIES	Due From Other Agencies	Due to Other Agencies	Purpose
GENERAL (01)			
Appd Fund 0001, D23 Fund 0001			
(Agency 781, D23 Fund 0001)			
Federal Pass Throughs			
(Agency 556, D23 Fund 7999)			
(Agency 601, D23 Fund 0006)			
(Agency 730, D23 Fund 7999)			
SPECIAL REVENUE (02)			
Appd Fund 9999, D23 Fund 7999			
Federal Pass Throughs			
(Agency 555, D23 Fund 7999)	\$19,462.89		FEDERAL P-T
(Agency 556, D23 Fund 7999)	\$29,681.18		FEDERAL P-T
(Agency 601, D23 Fund 0006)	\$213,256.58		FEDERAL P-T
(Agency 721, D23 Fund 7999)	\$13,840.88		FEDERAL P-T
(Agency 730, D23 Fund 7999)	\$20,321.00		FEDERAL P-T
(Agency 781, D23 Fund 0001)	\$62,527.28		FEDERAL P-T
(Agency 720, D23 Fund 7999)		\$88.07	FEDERAL P-T
(Agency 781, D23 Fund 0001)		\$36,290.36	FEDERAL P-T
(Agency 802, D23 Fund 0640)		\$5,453.32	FEDERAL P-T
Appd Fund 9999, D23 Fund 7999			
State Pass Throughs			

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Appd Fund 9999, D23 Fund 7999			
University Components			
Appd Fund 9999, D23 Fund 9999			
State Shared Cash Funds			
(Agency 608, D23 Fund 5015)	\$4,720.74		N/A
TOTAL DUE TO AND DUE FROM	\$363,810.55	\$41,831.75	

TRANSFERS IN FROM/OUT TO OTHER STATE ENTITIES	Transfers In from Other State Entities	Transfers Out to Other State Entities	Purpose
Agency 758, D23 Fund 9999	\$1,000,000.00		Transfer from System for Bond Proceeds
Agency 758, D23 Fund 9999		\$11,924,753.70	Transfer to TSUS for Bond Payment
Agency 758, D23 Fund 9999		\$841,817.00	Transfer to TSUS for System Shared Expense
Agency 781, D23 Fund 5103		\$1,578,431.80	Transfer to THECB for Be on Time
Agency 781, D23 Fund 0001		\$9,408.00	Transfer to THECB for Doctoral Set Asides
Total Interfund Receivable/Payable	\$1,000,000.00	\$14,354,410.50	

Legislative transfers in and out were as follows:

	Legislative Transfers In	Legislative Transfers Out
GENERAL REVENUE (01)		
Appd Fund 0001, D23 Fund 0001		
(Agency 758, D23 Fund 0001)		\$2,721,740.43
Total Legislative Transfers	\$0.00	\$2,721,740.43

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

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Note 13: Continuance Subject to Review

Not Applicable.
Sam Houston State is not subject to the Texas Sunset Act.

Note 14: Adjustments to Fund Balances/Net Assets

In 2012, Sam Houston State University fully integrated financial activity from the prior years' student accounts receivable system into the financial software system which now encompasses all financial activity for the University. \$5.0 million of receivables were determined to have been excluded from the prior year statement of net assets; however, it was determined due to the age of such receivables \$5.0 million should be included in the allowance for doubtful of accounts. This activity creates a net effect of \$0 on 2012 beginning net assets.

As of August 31, 2011, Sam Houston State University reported \$7.3 million of accounts payable related to construction projects. In the current year, it was determined that these projects were expensed and paid for throughout fiscal years 2010 and 2011 without reducing the associated payable balances. As such, SHSU increased 2012 beginning net assets by \$7.3 million to reduce the payable balance.

At August 31, 2011, SHSU overstated Construction in Progress. A net total of \$2.9 million was reported in the fiscal year 2011 ending Construction in Progress balance. The related activity occurred in 2012 or a prior year. As such, SHSU decreased 2012 beginning net asset by \$2.9 million.

Finally, accumulated depreciation related to computer software that was disposed of prior to fiscal year 2012 was not disposed of at the time of the disposal of the asset resulting in an overstatement of beginning accumulated depreciation. SHSU decreased beginning net assets by \$162 thousand.

Net Asset Balance September 1, 2011	\$457,682,953.54
Restatement of Accounts Receivable	5,050,097.58
Restatement of Allowance for Bad Debt Expense	(5,050,097.58)
Restatement of Accumulated Depreciation	162,964.52
Restatement of Payables	7,317,616.61
Restatement of Construction in Progress	(2,987,973.69)
Net asset balance September 1, 2011 as Restated	\$462,175,560.98

Note 15: Contingencies and Commitments

At August 31, 2012, various lawsuits and claims involving Sam Houston State 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

There have been no subsequent events that would have a material effect on the University's financial statements for fiscal year ended August 31, 2012.

Note 17: Risk Management

Sam Houston State University is self-insured by the State of Texas for coverage in the areas of workers' compensation and unemployment compensation.

Unemployment Compensation: The State provides coverage for unemployment benefits for University employees from appropriations made to the Texas Workforce Commission (TWC). The current General Appropriations Act provides that the University must reimburse the General Revenue Fund, from University appropriations, 50% of the unemployment benefits paid for State funded positions and 100% of the cost for unemployment compensation for any positions paid from funds held in local bank accounts and local funds held in the State Treasury. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. The unemployment benefit plan is on a pay-as-you-go basis, in which no assets are set aside to be accumulated for the payment of claims. It is estimated that there were no material liabilities as of August 31, 2012.

Workers' Compensation: The administration of the State's employee workers' compensation program is vested with the State Office of Risk Management (SORM). In accordance with H.B. No. 1203, 77th Legislature, SORM developed and imposed a formula driven charge for workers' compensation costs upon participating agencies. The workers' compensation assessment is prepaid to SORM through an Interagency Contract for risk management services and workers' compensation coverage for its employees in compliance with TEX.LABOR CODE Chapter 412 and Chapter 501. The assessment for SHSU for FY 2012 was \$292,384.69. The assessment for SHSU for FY 2013 is \$267,023.15.

Sam Houston State University is required by certain bond covenants to carry fire and extended coverage and boiler insurance on buildings financed through the issuance of bonds using pledged Auxiliary Enterprise or other non-Educational and General Funds. The insurance protects the bond holders from a disruption to the revenue stream that is being utilized to make the bond interest and principal payments. Sam Houston State University had no insurance claims made during the fiscal year ended August 31, 2012.

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

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bodily injury and \$15,000 property damage. All vehicles owned and/or leased by Sam Houston 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 waivers of state immunity specified in the Texas Tort Claims Act, Civil Properties and Remedies Code Section 101.023.

Sam Houston State University is exposed to a variety of civil claims resulting from the performance of its duties. It is University policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The University assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently, there is no purchase of commercial insurance, nor is the University involved in any risk pools with other governmental entities. The liability of Sam Houston State University for personal injury and property damage is controlled by the Texas Tort Claims Act, VT.c.A Civil Practice and Remedies Code, Chapter 101, Section 101.021. The limits of liability are \$250,000 for each person, \$500,000 for each single occurrence for bodily injury or death and \$100,000 for each single occurrence for injury to or destruction of property. Following this limited exposure, Sam Houston State University, as a state agency, is protected by the doctrine of sovereign immunity, and as such, is self-insured up the aforementioned limits.

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

Note 18: Management Discussion and Analysis

Not Applicable.

Management Discussion and Analysis is a required part of the basic financial statements. Management Discussion and Analysis is omitted because Sam Houston State is reported in a consolidated format with Texas State University System, which is reported as a component of the State of Texas. Management Discussion and Analysis as it relates to Texas State University System can be found in the State of Texas basic financial statements.

Note 19: The Financial Reporting Entity

Sam Houston State University is an agency of the State of Texas and a component of the Texas State University System and its financial records comply with applicable State statutes and regulations. As

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required by generally accepted accounting principles, these financial statements present Sam Houston State University.

The Sam Houston Foundation is a separate nonprofit organization which was established for the purpose of cooperating with and working on behalf of the University. Neither the balance nor the transactions of this organization's fund are reflected in the financial statements during the year ended August 31, 2012.

Note 20: Stewardship, Compliance and Accountability

Sam Houston State has no material violations of finance related and contract provisions and no new component units are included in the financial report. Per the laws of the State of Texas, Sam Houston State cannot spend amounts in excess of appropriations granted by the Texas Legislature and there are no deficits reported in net assets.

Note 21: N/A

Note 22: Donor-Restricted Endowments

Nonexpendable restricted net assets consist of endowments 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.

<u>Donor-Restricted Endowment</u>	<u>Amounts Of Net Appreciation</u>	<u>Reported in Net Assets</u>
True Endowments	\$8,612,021.38	Restricted for Nonexpendable
Term Endowments	0	Restricted for Nonexpendable
True Endowments	0	Restricted for Expendable

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Note 23: Extraordinary and Special Items

Not Applicable.

Sam Houston State had no special or extraordinary items to report for the fiscal year ended August 31, 2012.

Note 24: Disaggregation of Receivable and Payable Balances

Sam Houston State University had the following aggregate receivable and payable balances as of August 31, 2012:

Current Receivables:

Federal Receivable

Instructional and Departmental	\$	0.00
Research		815,886.03
Public Service		0.00
Financial Aid		3,253,749.30
Academic Support		0.00
Total Net Federal Receivable		<u>\$ 4,069,635.33</u>

As Reported on the Financial Statements

Current Federal Receivable	\$	4,069,635.33
Non-Current Federal Receivable		0.00
Total Net Federal Receivable		<u>\$ 4,069,635.33</u>

Accounts Receivable

Installment Plans	\$21,838,305.34
Contract and Grants	4,845,722.50
Parking	951,651.44
Returned Checks	475,784.81
Allowance for Doubtful Accounts	(6,063,795.81)
Armed Forces Receivable	130,043.76
Other Receivables	3,656,818.81
Total Net Accounts Receivable	<u>\$25,834,530.85</u>

Accounts Receivable is reported net of Allowance for Doubtful Accounts. For FY 2012, Allowance for Doubtful Accounts (\$6,063,795.81) increased from FY 2011 (\$1,013,698.23). The change is due to the \$5,050,097.58 of receivables that were determined to have been excluded from the prior year statement of net assets and determined to be uncollectible and is further explained in Note 14: Adjustments to

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Fund Balances/Net Assets. As such, the change in Allowance for Doubtful Accounts does not represent the amount of Bad Debt Expense for FY 2012.

Noncurrent Receivables:

Pledge Receivables \$ 167,673.55

Current Payables:

Accounts Payable

Taxes Payable	24,100.11
Financial Aid Residual Checks	2,683,664.35
Other Payables	<u>5,450,173.89</u>
Total Accounts Payable	<u>\$ 8,157,938.35</u>

Noncurrent Payables:

The amount shown on the Statement of Net Assets for "Other Non-Current Liabilities," consists of the following:

<u>Type</u>	<u>Amount</u>
Student Deposit Payables	\$2,307,780.89
Other	<u>37,075.19</u>
Total	<u>\$2,344,856.08</u>

Note 25: Termination Benefits

Not Applicable.

During the fiscal year ended August 31, 2012, Sam Houston State did not provide termination benefits.

Note 26: Segment Information

Not applicable.

Sam Houston State does not report Enterprise Funds, nor does it use enterprise fund accounting and reporting standards.

Federal Grantor/ Pass-through Grantor/ Program Title	FEDA Number	NSE Name/ Identifying Number	Agy/ Univ No	Pass-Through From		Direct Program Amount	Total PT From and Direct Prog. Amount	Pass-Through To		Total PT and Expenditures Amount
				Agencies or Universities Amount	Non-State Entities Amount			Agencies or Universities Amount	Non-State Entities Amount	
U.S. Department of Agriculture										
Direct Programs:										
Plant and Animal Disease, Pest Control, and Animal Care	10-025				\$	\$	\$	\$	\$	\$
Federal State Marketing Improvement Program	10-156				\$	\$	\$	\$	\$	\$
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	10-226				\$	\$	\$	\$	\$	\$
Pass-Through From:										
Cooperative Extension Service	10-500		555	\$	\$	\$	\$	\$	\$	\$
Pass-Through From:				\$	\$	\$	\$	\$	\$	\$
Texas A&M Agrilife Extension Service				\$	\$	\$	\$	\$	\$	\$
Totals - U.S. Department of Agriculture				\$	\$	\$	\$	\$	\$	\$
U.S. Department of Justice										
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16-580	Center for Innovative Public Policies, Inc./CIPP, BJA-0181.1		\$	\$	\$	\$	\$	\$	\$
Direct Programs:										
Project Safe Neighborhoods	16-609			\$	\$	\$	\$	\$	\$	\$
Project Safe Neighborhoods	16-609			\$	\$	\$	\$	\$	\$	\$
Pass-Through To:				\$	\$	\$	\$	\$	\$	\$
Attorney General				\$	\$	\$	\$	\$	\$	\$
Congressionally Recommended Awards	16-753			\$	\$	\$	\$	\$	\$	\$
Totals - U.S. Department of Justice				\$	\$	\$	\$	\$	\$	\$
General Services Administration										
Pass-Through From:										
Donation of Federal Surplus Personal Property	19-003	Texas Facilities Commission	303	\$	\$	\$	\$	\$	\$	\$
Totals - General Services Administration				\$	\$	\$	\$	\$	\$	\$
National Endowment For The Humanities										
Direct Programs:										
Laura Bush 21st Century Librarian Program	15-313			\$	\$	\$	\$	\$	\$	\$
Totals - National Endowment For The Humanities				\$	\$	\$	\$	\$	\$	\$
Small Business Administration										
Pass-Through From:										
Small Business Development Centers	19-037		730	\$	\$	\$	\$	\$	\$	\$
Pass-Through From:				\$	\$	\$	\$	\$	\$	\$
University of Houston				\$	\$	\$	\$	\$	\$	\$
Totals - Small Business Administration				\$	\$	\$	\$	\$	\$	\$
U.S. Department of Energy										
Pass-Through From:										
U.S. Department of Energy	18-000	Houston Advanced Research Center/Subcontract EEDTP-107		\$	\$	\$	\$	\$	\$	\$
Totals - U.S. Department of Energy				\$	\$	\$	\$	\$	\$	\$
U.S. Department of Education										
Pass-Through From:										
Fund for the Improvement of Education	14-215	Corpus Christi ISD Bunk/Sw-kes		\$	\$	\$	\$	\$	\$	\$
National Writing Project	14-928	National Writing Project/06-1Y16		\$	\$	\$	\$	\$	\$	\$
Pass-Through From:				\$	\$	\$	\$	\$	\$	\$
Career and Technical Education - Basic Grants to States	14-048			\$	\$	\$	\$	\$	\$	\$
Totals - U.S. Department of Education				\$	\$	\$	\$	\$	\$	\$

CFDA Number	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	NSF NAME/ IDENTIFYING NUMBER	AGY/ UNIV NO.	PASS-THROUGH FROM		AGY/ UNIV NO.	TOTAL PT FROM AND DIRECT PROG. AMOUNT	PASS-THROUGH TO AGENCIES OR UNIVERSITIES AMOUNT	PASS-THROUGH TO NON-STATE ENTITIES AMOUNT	PASS-THROUGH TO ENTITIES AMOUNT	EXPENDITURES AMOUNT	TOTAL PT TO AND EXPENDITURES AMOUNT
				AGENCIES OR UNIVERSITIES AMOUNT	NON-STATE ENTITIES AMOUNT							
84.367	Pass-Through From: Texas A&M Agrilife Research		556	\$ 16,145.02	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Improving Teacher Quality State Grants			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Pass-Through From: Texas Higher Education Coordinating Board		781	\$ 115,584.85	\$ -		\$ 115,584.85	\$ -	\$ -	\$ -	\$ 115,584.85	\$ 115,584.85
	Totals - U.S. Department of Education			\$ 131,729.87	\$ 22,192.29	0	\$ 153,922.16	\$ -	\$ -	\$ -	\$ 153,922.16	\$ 153,922.16
93.243	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	Harris County/Sub Abuse		\$ -	\$ 55,607.68		\$ 55,607.68	\$ -	\$ -	\$ -	\$ 55,607.68	\$ 55,607.68
93.137	Disrupt Programs: Community Programs to Improve Minority Health Grant Program			\$ -	\$ 2,988.44		\$ 2,988.44	\$ -	\$ -	\$ -	\$ 2,988.44	\$ 2,988.44
	Totals - U.S. Department of Health and Human Services			\$ -	\$ 58,596.12	0	\$ 58,596.12	\$ -	\$ -	\$ -	\$ 58,596.12	\$ 58,596.12
94.005	Corporation for National and Community Service	State University/State 11-CINCS-1044		\$ -	\$ 34,352.94		\$ 34,352.94	\$ -	\$ -	\$ -	\$ 34,352.94	\$ 34,352.94
	Learn and Serve America_Higher Education			\$ -	\$ 34,352.94	0	\$ 34,352.94	\$ -	\$ -	\$ -	\$ 34,352.94	\$ 34,352.94
	Totals - Corporation for National and Community Service			\$ -	\$ 34,352.94	0	\$ 34,352.94	\$ -	\$ -	\$ -	\$ 34,352.94	\$ 34,352.94
	Executive Office of the President			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95.001	Direct Programs: High Intensity Drug Trafficking Areas Program			\$ -	\$ 1,278,902.95		\$ 1,278,902.95	\$ -	\$ -	\$ -	\$ 1,278,902.95	\$ 1,278,902.95
	Totals-Executive Office of the President			\$ -	\$ 1,278,902.95		\$ 1,278,902.95	\$ -	\$ -	\$ -	\$ 1,278,902.95	\$ 1,278,902.95
	U.S. Department of Homeland Security			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97.069	Aviation Research Grants	Systems Research and Applications Corporation/Subcontract 05R0080		\$ -	\$ 5,189.08		\$ 5,189.08	\$ -	\$ -	\$ -	\$ 5,189.08	\$ 5,189.08
	Totals-U.S. Department of Homeland Security			\$ -	\$ 5,189.08		\$ 5,189.08	\$ -	\$ -	\$ -	\$ 5,189.08	\$ 5,189.08
	Research & Development Cluster			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	U.S. Department of Agriculture			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10.200	Pass-Through From: Grants for Agricultural Research, Special Research Grants			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Pass-Through From: Sul Ross State University			\$ 20,679.70	\$ -		\$ 20,679.70	\$ -	\$ -	\$ -	\$ 20,679.70	\$ 20,679.70
	Totals - U.S. Department of Agriculture		756	\$ 20,679.70	\$ -		\$ 20,679.70	\$ -	\$ -	\$ -	\$ 20,679.70	\$ 20,679.70
	U.S. Department of Defense			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Direct Programs:			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12.360	Research on Chemical and Biological Defense			\$ -	\$ 245,740.01		\$ 245,740.01	\$ -	\$ -	\$ -	\$ 245,740.01	\$ 245,740.01
12.431	Basic Scientific Research			\$ -	\$ 153,796.63		\$ 153,796.63	\$ -	\$ -	\$ -	\$ 153,796.63	\$ 153,796.63
12.431	Basic Scientific Research			\$ -	\$ -		\$ -	\$ 60,810.43	\$ -	\$ 60,810.43	\$ 60,810.43	\$ 60,810.43
12.630	Basic, Applied, and Advanced Research in Science and Engineering			\$ -	\$ 285,628.49		\$ 285,628.49	\$ -	\$ -	\$ -	\$ 285,628.49	\$ 285,628.49
12.630	Basic, Applied, and Advanced Research in Science and Engineering			\$ -	\$ 180,426.26		\$ 180,426.26	\$ -	\$ -	\$ -	\$ 180,426.26	\$ 180,426.26
	Pass-Through To: Lamar University			\$ -	\$ -	734	\$ 180,426.26	\$ -	\$ -	\$ -	\$ 180,426.26	\$ 180,426.26
	Pass-Through To: Sul Ross State University			\$ -	\$ 96,072.84		\$ 96,072.84	\$ -	\$ -	\$ -	\$ 96,072.84	\$ 96,072.84
12.630	Basic, Applied, and Advanced Research in Science and Engineering			\$ -	\$ -	756	\$ 96,072.84	\$ -	\$ -	\$ -	\$ 96,072.84	\$ 96,072.84
	Mathematical Sciences Grants Program			\$ -	\$ 10,195.69		\$ 10,195.69	\$ -	\$ -	\$ -	\$ 10,195.69	\$ 10,195.69
12.630	Pass-Through From: Basic, Applied, and Advanced Research in Science and Engineering			\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Totals-U.S. Department of Defense			\$ -	\$ 518,585.39		\$ 518,585.39	\$ -	\$ -	\$ -	\$ 518,585.39	\$ 518,585.39

Sam Houston State University
 Schedule 1A
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2012

Federal Grantor/ Pass-through Grantor/ Program Title	FEDA Number	NSE Name/ Identifying Number	ABU/ Univ No	Pass-Through From		Total PT From and Direct Prog. Amount	Pass-Through To Agencies or Universities		Pass-Through To Non-State Entities Amount	Expenditures Amount	Total PT To and Expenditures Amount
				Agencies or Universities Amount	Non-State Entities Amount		Agencies or Universities Amount	Non-State Entities Amount			
U.S. Department of Defense											
<i>Pass-Through From: Sul Ross State University</i>											
			756	\$ 4,371.44	\$ -	\$ 971,859.97	\$ -	\$ 276,499.10	\$ 67,210.43	\$ 632,511.83	\$ 976,231.36
U.S. Department of the Interior											
<i>Direct Programs:</i>											
	5-517			\$ -	\$ -	\$ 36,618.62	\$ -	\$ -	\$ -	\$ 36,618.62	\$ 36,618.62
<i>Pass-Through From:</i>											
	5-805		556	\$ 3,920.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,920.90	\$ 3,920.90
				\$ 3,920.90	\$ -	\$ 36,618.62	\$ -	\$ -	\$ -	\$ 40,539.52	\$ 40,539.52
U.S. Department of Justice											
<i>National Institute of Justice Research, Evaluation, and Development Project Grants</i>											
	6-560	Forensic Sciences Foundation/Award EFDATED 10-17-11		\$ -	\$ 13,514.27	\$ -	\$ -	\$ -	\$ -	\$ 13,514.27	\$ 13,514.27
	6-609	Houston Police Dept/FC7435072011- 0667		\$ -	\$ 182,490.38	\$ -	\$ -	\$ -	\$ -	\$ 182,490.38	\$ 182,490.38
		Northeastern University/SUBCONTRACT 599251		\$ -	\$ 87.30	\$ -	\$ -	\$ -	\$ -	\$ 87.30	\$ 87.30
<i>Direct Programs:</i>											
	6-560	National Institute of Justice Research, Evaluation, and Development Project Grants		\$ -	\$ -	\$ 417,832.52	\$ -	\$ 108,539.30	\$ -	\$ 308,993.22	\$ 417,832.52
	6-609	Project Safe Neighborhoods		\$ -	\$ 158,139.93	\$ 158,139.93	\$ -	\$ 158,139.93	\$ -	\$ 158,139.93	\$ 158,139.93
		Totals - U.S. Department of Justice		\$ -	\$ 190,081.95	\$ 575,972.45	\$ -	\$ 266,679.23	\$ -	\$ 509,085.17	\$ 772,064.40
National Aeronautics and Space Administration											
	43-001	Science		\$ -	\$ -	\$ 29,720.11	\$ -	\$ -	\$ -	\$ 29,720.11	\$ 29,720.11
		Totals - National Aeronautics and Space Administration		\$ -	\$ -	\$ 29,720.11	\$ -	\$ -	\$ -	\$ 29,720.11	\$ 29,720.11
National Science Foundation											
<i>Mathematical and Physical Sciences</i>											
	47-049	University of Richmond/Contract Dated 5/14/2009		\$ -	\$ 4,745.58	\$ -	\$ -	\$ -	\$ -	\$ 4,745.58	\$ 4,745.58
	47-076	Florida Agriculture and Mechanical University/FAMU Contract		\$ -	\$ 1,483.23	\$ -	\$ -	\$ -	\$ -	\$ 1,483.23	\$ 1,483.23
<i>Direct Programs:</i>											
	47-074	Biological Sciences		\$ -	\$ -	\$ 16,205.84	\$ -	\$ -	\$ -	\$ 16,205.84	\$ 16,205.84
	47-075	Social, Behavioral, and Economic Sciences		\$ -	\$ -	\$ 33,720.91	\$ -	\$ -	\$ -	\$ 33,720.91	\$ 33,720.91
	47-076	Education and Human Resources		\$ -	\$ -	\$ 180,540.71	\$ -	\$ -	\$ -	\$ 180,540.71	\$ 180,540.71
	47-079	International Science and Engineering (ISEF)		\$ -	\$ -	\$ 122,527.20	\$ -	\$ -	\$ -	\$ 122,527.20	\$ 122,527.20
<i>Pass-Through From:</i>											
	47-074	Biological Sciences		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Pass-Through From: University of Texas at Austin	721	\$ 13,840.88	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,840.88	\$ 13,840.88
		Totals - National Science Foundation		\$ 13,840.88	\$ -	\$ 352,994.66	\$ -	\$ -	\$ -	\$ 373,064.35	\$ 373,064.35
U.S. Department of Energy											
<i>Fossil Energy Research and Development</i>											
	41-089	Houston Advanced Research Center 08422-35		\$ -	\$ -	\$ 6,006.28	\$ -	\$ -	\$ -	\$ 6,006.28	\$ 6,006.28
		Totals - U.S. Department of Energy		\$ -	\$ -	\$ 6,006.28	\$ -	\$ -	\$ -	\$ 6,006.28	\$ 6,006.28
U.S. Department of Education											
<i>Direct Programs:</i>											
	44-325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		\$ -	\$ -	\$ 214,611.19	\$ -	\$ -	\$ -	\$ 214,611.19	\$ 214,611.19
		Totals - U.S. Department of Education		\$ -	\$ -	\$ 214,611.19	\$ -	\$ -	\$ -	\$ 214,611.19	\$ 214,611.19

CFDA Number	NSE Name/ Identifying Number	Federal Grantor/ Pass-through Grantor/ Program Title	Agy/ Univ No	Pass-Through From Agencies or Universities Amount	Pass-through From Pass-Through From Non-State Entities Amount	Direct Program Amount	Total PT From and Direct Prog. Amount	Agy/ Univ No.	Pass-Through To Agencies or Universities Amount	Pass-through To Pass-Through To Non-State Entities Amount	Expenditures Amount	Total PT To and Expenditures Amount
93.279		U.S. Department of Health and Human Services Drug Abuse and Addiction Research Programs		\$ -	\$ -	\$ 285,820.97	\$ 285,820.97	0	\$ -	\$ 160,559.80	\$ 125,261.17	\$ 285,820.97
		Totals - U.S. Department of Health and Human Services		\$ -	\$ -	\$ 285,820.97	\$ 285,820.97	0	\$ -	\$ 160,559.80	\$ 125,261.17	\$ 285,820.97
20.601		Highway Safety Cluster U.S. Department of Transportation	601	\$ 810,601.21	\$ -	\$ -	\$ 810,601.21		\$ -	\$ -	\$ 810,601.21	\$ 810,601.21
		Pass-Through From: Alcohol Impaired Driving Countermeasures Incentive Grants I Texas Department of Transportation		\$ 810,601.21	\$ -	\$ -	\$ 810,601.21		\$ -	\$ -	\$ 810,601.21	\$ 810,601.21
		Totals - U.S. Department of Transportation		\$ 810,601.21	\$ -	\$ -	\$ 810,601.21		\$ -	\$ -	\$ 810,601.21	\$ 810,601.21
		Student Financial Assistance Cluster U.S. Department of Education										
		Direct Programs: Federal Supplemental Educational Opportunity Grants Federal Work-Study Program Federal Perkins Loan Program, Federal Capital Contributions Federal Pell Grant Program Federal Direct Student Loans Academic Competitiveness Grants National Science and Mathematics Access to Retain Talent (SMART) Grants		\$ -	\$ -	\$ 326,755.00	\$ 326,755.00		\$ -	\$ -	\$ 326,755.00	\$ 326,755.00
84.007				\$ -	\$ -	\$ 343,067.38	\$ 343,067.38		\$ -	\$ -	\$ 343,067.38	\$ 343,067.38
84.033				\$ -	\$ -	\$ 32,140.00	\$ 32,140.00		\$ -	\$ -	\$ 32,140.00	\$ 32,140.00
84.038				\$ -	\$ -	\$ 25,301,475.99	\$ 25,301,475.99		\$ -	\$ -	\$ 25,301,475.99	\$ 25,301,475.99
84.063				\$ -	\$ -	\$ 93,460,658.00	\$ 93,460,658.00		\$ -	\$ -	\$ 93,460,658.00	\$ 93,460,658.00
84.268				\$ -	\$ -	\$ 1,575.00	\$ 1,575.00		\$ -	\$ -	\$ 1,575.00	\$ 1,575.00
84.375				\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
84.376				\$ -	\$ -	\$ 30,000.00	\$ 30,000.00		\$ -	\$ -	\$ 30,000.00	\$ 30,000.00
84.379		Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)		\$ -	\$ -	\$ 357,478.00	\$ 357,478.00		\$ -	\$ -	\$ 357,478.00	\$ 357,478.00
		Totals - U.S. Department of Education		\$ -	\$ -	\$ 119,853,149.37	\$ 119,853,149.37		\$ -	\$ -	\$ 119,853,149.37	\$ 119,853,149.37
		TRIO Cluster U.S. Department of Education										
		Direct Programs: TRIO Student Support Services TRIO McNair Post-Baccalaureate Achievement		\$ -	\$ -	\$ 233,674.16	\$ 233,674.16		\$ -	\$ -	\$ 233,674.16	\$ 233,674.16
84.042				\$ -	\$ -	\$ 230,765.73	\$ 230,765.73		\$ -	\$ -	\$ 230,765.73	\$ 230,765.73
84.217				\$ -	\$ -	\$ 464,439.89	\$ 464,439.89		\$ -	\$ -	\$ 464,439.89	\$ 464,439.89
		Totals - U.S. Department of Education		\$ -	\$ -	\$ 728,879.78	\$ 728,879.78		\$ -	\$ -	\$ 728,879.78	\$ 728,879.78
		Total Expenditures of Federal Awards		\$ 1,182,999.04	\$ 336,783.54	\$ 124,544,289.79	\$ 126,064,042.37		\$ 277,725.53	\$ 494,749.46	\$ 125,291,567.38	\$ 126,064,042.37

Note 1 - Non Monetary Assistance

Donation of Federal Surplus Property

39.003	\$ 9,382.74
Total Non-Monetary Assistance	<u>\$ 9,382.74</u>

Note 2 - Reconciliation

**Per Combined Governmental Operating Statement
Statement of Activities and Proprietary Statement of Changes in Revenues, Expenses and
Net Assets**

Federal Revenue

Proprietary Funds

Operating	Exhibit IV/SRECNA	\$	6,086,769.34
Non-Operating	Exhibit IV/SRECNA	\$	25,301,475.99
Capital Contributions	Exhibit IV/SRECNA		

Total Federal Revenue \$ 31,388,245.33

Federal Pass-Through Revenue

Proprietary Funds

Operating	Federal Pass-Through Revenue from Other State Agencies (SRECNA)	\$	1,173,616.30
Non-Operating	Federal Pass-Through Revenue from Other State Agencies (SRECNA)	\$	-

Total Federal Pass-Through Revenue \$ 1,173,616.30

Total Federal & Federal Pass-Through Revenue \$ 32,561,861.63

Reconciling Items:

Non-monetary Items			
Donation of Federal Surplus Personal Property		\$	9,382.74

Total Non-monetary Items \$ 9,382.74

New Loans Processed:

Federal Family Education Loans	84.032	\$	-
Federal Perkins Loan Program	84.038		32,140.00
Federal Direct Student Loans	84.268		93,460,658.00

Total New Loans Processed \$ 93,492,798.00

Total Reconciliation Items \$ 93,502,180.74

Total Per Note 2 \$ 126,064,042.37

Total Pass Through & Expenditures per Federal Schedule \$ 126,064,042.37

Note 3 - Student Loans Processed and Administrative Costs Recovered

Federal Grantor/ CFDA number/Program Name	New Loans Processed	Admin. Costs Recovered	Total Loans Processed & Admin. Costs Recovered	Ending Balances of Previous Years' Loans
U.S. Department of Education				
84.032 Federal Family Education Loans	\$ -	\$ -	\$ -	\$ -
84.038 Federal Perkins Loan Program**	\$ 32,140.00	\$ -	\$ 32,140.00	\$ 202,113.78
84.268 Federal Direct Loan Program	93,460,658.00	-	93,460,658.00	-
Total Department of Education	\$ 93,492,798.00	\$ -	\$ 93,492,798.00	\$ 202,113.78

**Campus Partners is used as part of processing loans under the Perkins Program.

Sam Houston State University

UNAUDITED

Schedule 1B

State Pass-Through Grants from Other State Agencies

For the Year Ended August 31, 2012

Pass Through From:

Agency Name

Texas AgriLife Research		
Evaluate Effects of Elevated Application	\$	18,875.89
University of Texas - System		
Joint Admission Medical Program (JAMP)	\$	8,430.07
Texas Higher Education Coordinating Board		
Texas Grant Program	\$	7,754,210.00
Promote Participation & Success	\$	1,555.46
College Work Study Program	\$	92,739.15
5th Yr Accounting Students Scholarships Program	\$	14,544.00
Top 10% Scholarships	\$	523,258.00
Advanced Research Program	\$	(15,585.55)
Early High School Program SB1479	\$	48,321.00
College Readiness Initiative	\$	(403.43)
Outreach and Success	\$	9,957.32
Developmental Education Program	\$	39,102.32

Parks and Wildlife Department

Long term monitoring in two restored cienegas at Balmorhea State Park; Conservation of Comanche Springs pupfish and Pecos Gambusia	\$	5,833.40
---	----	----------

Total State Pass-Thru Grant Revenue \$ 8,500,837.63

Pass Through To:

None.

SAM HOUSTON STATE UNIVERSITY
SCHEDULE 2A
MISCELLANEOUS BOND INFORMATION
For the Year Ended August 31, 2012

UNAUDITED

Schedule Not Used

Sam Houston State University

UNAUDITED

Schedule 1B

State Pass-Through Grants from Other State Agencies

For the Year Ended August 31, 2012

Pass Through From:

Agency Name

Texas AgriLife Research		
Evaluate Effects of Elevated Application	\$	18,875.89
University of Texas - System		
Joint Admission Medical Program (JAMP)	\$	8,430.07
Texas Higher Education Coordinating Board		
Texas Grant Program	\$	7,754,210.00
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Outreach and Success	\$	9,957.32
Developmental Education Program	\$	39,102.32

Parks and Wildlife Department

Long term monitoring in two restored cienegas at Balmorhea State Park; Conservation of Comanche Springs pupfish and Pecos Gambusia	\$	5,833.40
---	----	----------

Total State Pass-Thru Grant Revenue \$ 8,500,837.63

Pass Through To:

None.

SAM HOUSTON STATE UNIVERSITY
SCHEDULE 2A
MISCELLANEOUS BOND INFORMATION
For the Year Ended August 31, 2012

UNAUDITED

Schedule Not Used

SAM HOUSTON STATE UNIVERSITY
SCHEDULE 2B
CHANGES IN BOND INDEBTEDNESS
For the Year Ended August 31, 2012

UNAUDITED

Schedule Not Used

SAM HOUSTON STATE UNIVERSITY
SCHEDULE 2C
DEBT SERVICE REQUIREMENTS
For the Year Ended August 31, 2012

UNAUDITED

Schedule Not Used

SAM HOUSTON STATE UNIVERSITY
SCHEDULE 2D
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
For the Year Ended August 31, 2012

UNAUDITED

Business Type Activities
General Obligation Bonds

Schedule Not Used

Business Type Activities
Revenue Bonds

Schedule Not Used

SAM HOUSTON STATE UNIVERSITY
SCHEDULE 2E
DEFEASED BONDS OUTSTANDING
For the Year Ended August 31, 2012

UNAUDITED

Schedule Not Used

SAM HOUSTON STATE UNIVERSITY
SCHEDULE 2F
EARLY EXTINGUISHMENT AND REFUNDING
For the Year Ended August 31, 2012

UNAUDITED

Business Type Activities
General Obligation Bonds

Schedule Not Used

Business Type Activities
Revenue Bonds

Schedule Not Used

SAM HOUSTON STATE UNIVERSITY
SCHEDULE 3
RECONCILIATION OF CASH IN STATE TREASURY
August 31, 2012

UNAUDITED

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
	\$	\$	\$
Local Revenue Fund 259	21,219,026.02		21,219,026.02
Law Enforcement Mgt. Institute Fund 581	1,233,198.26		1,233,198.26
CJ Correctional Management Institute Fund 5083	621,813.73		621,813.73
	\$	\$	\$
Total Cash in State Treasury (Stmnt of Net Assets)	<u>23,074,038.01</u>	<u>0.00</u>	<u>23,074,038.01</u>

**SAM HOUSTON STATE UNIVERSITY
 SCHEDULE 4
 HIGHER EDUCATION ASSISTANCE FUND
 For the Year Ended August 31, 2012**

UNAUDITED

	<u>Totals</u>
	\$
Balance September 1, 2011	<u>8,512,401.36</u>
REVENUES	
Appropriations	<u>11,893,110.00</u>
Total Revenues	<u>11,893,110.00</u>
EXPENSES	
Capital Expenditures	7,252,801.61
Professional Fees and Services	66,501.22
Materials and Supplies	3,740,062.60
Repairs and Maintenance	356,355.24
Service	100,612.20
Interest	168.11
Real Property	1,145,541.08
Other Expenses	443,663.44
Total Expenses	<u>13,105,705.50</u>
	\$
BALANCE AT AUGUST 31, 2012	<u><u>7,299,805.86</u></u>

