



# ANNUAL FINANCIAL REPORT

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for the fiscal year ended August 31, 2011

TEXAS HIGHER EDUCATION  
COORDINATING BOARD

DEC 21 2011

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, 2011

Honorable Rick Perry, Governor  
Honorable Susan Combs, State Comptroller  
John O'Brien, Director, Legislative Budget Board  
John Keel, CPA, State Auditor

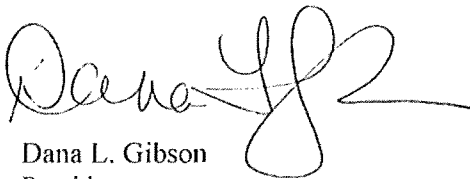
Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of Sam Houston State University for the year ended August 31, 2011, 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, 2011

Huntsville, Texas



## UNAUDITED

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# Sam Houston State University

*A Member of The Texas State University System*

November 16, 2011

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

Dear Dr. Gibson:

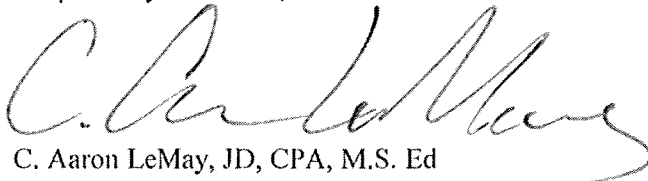
Submitted herein is the Annual Financial Report of Sam Houston State University for the fiscal year ended August 31, 2011.

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) 294-3389.

Respectfully submitted,



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

Approved:



Al Hooten  
Vice President for Finance & Operations



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



**UNAUDITED**  
**BOARD OF REGENTS**  
**TEXAS STATE UNIVERSITY SYSTEM**

August 31, 2011

**OFFICERS**

Charlie Amato	Chairman
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**MEMBERS**

Terms Expire May 31, 2012 Ryan Bridges, Student Regent	Huntsville
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Terms Expires February 1, 2013 Charlie Amato, Chairman Trisha Pollard William F. Scott	San Antonio Bellaire Nederland
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Terms Expires February 1, 2015 Kevin J. Lilly Ron Mitchell David Montagne	Houston Horseshoe Bay Beaumont
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Terms Expires February 1, 2017 Dr. Jaime R. Garza Rossanna Salazar Donna N. Williams, Vice Chair	San Antonio Austin Arlington
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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



UNAUDITED

Sam Houston State University  
Student Enrollment Data  
For the Year Ended August 31, 2011

TYPE OF STUDENT	NUMBER OF STUDENTS BY SEMESTER			
	FALL 2010	SPRING 2011	SUMMER TERM 2011	
			FIRST	SECOND
Texas Residents	10,922	9,052	1,933	1,077
Out of State (Classified as Residents)	0	0	1	0
Out of State	274	302	424	163
Foreign	279	280	203	125
Children of Disabled	3	2	0	0
Concurrent Enrollment				
Foster Children of the State	19	15	8	6
Good Neighbor	1	1	2	0
High School Honor Scholarships				
High Ranking Senior	17	12	0	0
Hazelwood Act	259	319	168	138
Senior Citizens	8	6	3	2
Commission for the Blind/Deaf	32	32	14	11
Fireman Exempt				
Thesis Only				
Student Service Fees				
Nursing				
Faculty/Staff	1,841	1,840	1,548	1,542
Teaching Assistants	164	162	17	17
Competitive Scholarships	219	205	16	11
Military Personnel	1	2	1	2
Louisiana Adjacent County	1	0	0	0
Mexico Pilot				
National Student Exchange Program	4	4	1	1
New Mexico Adjacent County				
Texas Tomorrow Waiver	31	40	0	0
Adopted Students	24	19	10	9
Military Dependent	1	2	0	0
Pase				
TANF				
H.B. 877				
Distance Learning	3,155	4,005	2,192	1,616
Family & Consumer Science Alliance Agreement	0	0	0	2
Clinical Preceptor Exempt	1	1	1	1
Beaumont-Louisiana Non-resident				
UACH				
Early HS Grad	34	30	0	0
TAPS Tuition Voucher 54.2111				
TDCJ-54.218 Education Code				
Trio Grant Math 0301				
HB 1406 Non US Citizen	1	1	0	1
Totals	17,291	16,332	6,542	4,724

Enrollment Data (Fall Semester )

Fiscal Year	STUDENTS	SEMESTER HOURS
2011	17,291	207,288



**UNAUDITED**

**SAM HOUSTON STATE UNIVERSITY**

**PROPRIETARY FUND STATEMENTS**





**Sam Houston State University**  
**Statement of Net Assets**  
**August 31, 2011**

	<u>Total</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>	
Current Assets:	
Cash and Cash Equivalents	\$
Cash on Hand	26,850.00
Cash in Bank	20,459,718.39
Cash in Transit/Reimburse from Treasury	2,792,609.53
Cash in State Treasury	28,959,321.03
Cash Equivalents	14,181,997.67
Securities Lending Collateral	
Short Term Investments	
Restricted:	
Cash and Cash Equivalents	
Cash on Hand	
Cash in Bank	11,918,637.59
Cash in Transit/Reimburse from Treasury	
Cash in State Treasury	
Cash Equivalents	50,365,197.77
Short Term Investments	
Legislative Appropriations	10,990,932.56
Investments	
Receivables:	
Federal	2,365,522.67
Other Intergovernmental	
Interest and Dividends	181,394.25
Accounts	26,241,182.80
Gifts	
Investment Trades	
Other	
Interfund Receivable	
Due From Other Agencies	696,535.07
Consumable Inventories	
Merchandise Inventories	382,722.77
Prepaid Items	871,091.72
Loans and Contracts	1,646,599.77
Other Current Assets	24,947,354.79
Total Current Assets	<u>\$ 197,027,668.38</u>

**Sam Houston State University**  
**Statement of Net Assets**  
**August 31, 2011**

	<u>Total</u>
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	1,953,557.54
Short Term Investments	
Receivables	196,638.86
Investments	83,777,225.15
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	16,709,455.81
Infrastructure	-
Construction in Progress	45,359,034.37
Other Capital Assets	759,903.50
Depreciable:	
Buildings and Building Improvements	342,976,028.37
Less Accumulated Depreciation	(164,682,608.19)
Infrastructure	11,262,207.97
Less Accumulated Depreciation	(5,045,583.00)
Facilities and Other Improvements	22,168,248.61
Less Accumulated Depreciation	(7,005,641.28)
Furniture and Equipment	26,657,907.11
Less Accumulated Depreciation	(16,965,655.02)
Vehicles, Boats, and Aircraft	3,433,131.76
Less Accumulated Depreciation	(2,250,803.66)
Other Capital Assets	11,928,771.40
Less Accumulated Depreciation	(8,086,751.36)
Amortizable Assets-Intangible	3,731,164.39
Less Accumulated Amortization	(943,855.78)
Other Non-Current Assets	
Total Non-Current Assets	<u>\$ 365,932,376.55</u>
Total Assets	<u>\$ 562,960,044.93</u>

**Sam Houston State University**  
**Statement of Net Assets**  
**August 31, 2011**

	<u>Total</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>	
Current Liabilities:	\$
Payables:	
Accounts	18,564,765.76
Investment Trades	
Payroll	7,786,766.60
Other Intergovernmental	
Federal	
Other	
Interfund Payable	
Due to Other Agencies	53,057.57
Deferred Revenues	70,086,749.42
Notes and Loans Payable	
Revenue Bonds Payable, Net	
General Obligation Bonds Payable, Net	
Claims and Judgments	154,222.82
Employees' Compensable Leave	1,725,690.89
Capital Lease Obligations	
Liabilities Payable from Restricted Assets	
Obligations/Reverse Purchase Agreements	
Obligations Under Securities Lending	
Funds Held for Others	2,049,125.49
Other Current Liabilities	769,116.49
Total Current Liabilities	<u>\$ 101,189,495.04</u>
Non-Current Liabilities and Deferred Inflows:	\$
Interfund Payables	
Notes and Loans Payable	
Revenue Bonds Payable, Net	
General Obligation Bonds Payable, Net	
Derivative Instrument Liabilities	
Deferred Inflow of Resources	
Net OPEB Obligation	
Pollution Remediation Obligations	
Liabilities Payable from Restricted Assets	
Claims and Judgments	
Employees' Compensable Leave	2,616,480.46
Capital Lease Obligations	
Other Non-Current Liabilities	1,471,115.89
Total Non-Current Liabilities and Deferred Inflows	<u>\$ 4,087,596.35</u>
Total Liabilities and Deferred Inflows	<u>\$ 105,277,091.39</u>

**Sam Houston State University**  
**Statement of Net Assets**  
**August 31, 2011**

	<u><b>Total</b></u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	\$ 277,550,296.58
Restricted For	
Education	
Debt Retirement	
Capital Projects	44,382,053.95
Employee Benefits	
Funds Held As Permanent Investments:	
Non-Expendable	53,037,990.92
Expendable	
Other	21,533,588.45
Unrestricted	<u>61,179,023.64</u>
Total Net Assets	<u><u>\$ 457,682,953.54</u></u>

**Sam Houston State University System**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Fiscal Year Ended August 31, 2011**

	<u>Total</u>
<b>OPERATING REVENUES</b>	
Sales of Goods and Services	\$
Tuition and Fees (PR-Chgs for Services)	
Tuition and Fees - Pledged (PR-Chgs for Services)	118,645,675.17
Discounts and Allowances	(29,387,707.46)
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)	24,738,477.49
Auxiliary Enterprises - Pledged (PR-Chgs for Services)	
Discounts and Allowances	
Other Sales of Goods and Services	12,370,053.60
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)	9,193,917.09
Federal Pass-Through Revenue (PR-OP Grants/Contributions)	1,120,492.35
State Grant Revenue (PR-OP Grants/Contributions)	349,536.90
State Grant Pass-Through Revenue (PR-OP Grants/Contributions)	9,594,094.97
Other Grants and Contracts (PR-OP Grants/Contributions)	1,973,272.67
Other Grants and Contracts (PR-OP Grants/Contributions) - Pledged	
Contributions to Retirement Systems (PR-Chgs for Services)	
Other Operating Revenues (PR-Chgs for Services)	11,476,607.79
Other Operating Revenues (GR) - Pledged	
Total Operating Revenues	<u>\$ 160,074,420.57</u>
<b>OPERATING EXPENSES</b>	
Instruction	\$ 61,751,143.25
Research	5,376,981.90
Hospitals and Clinics	-
Public Service	14,507,687.22
Academic Support	28,574,793.51
Student Services	18,627,021.53
Institutional Support	18,343,982.12
Operation and Maintenance of Plant	14,808,098.74
Scholarship and Fellowships	22,918,405.93
Auxiliary Enterprise Expenditures	39,188,131.96
Depreciation and Amortization	15,151,212.50
Total Operating Expenses	<u>\$ 239,247,458.66</u>
Operating Income (Loss)	<u>\$ (79,173,038.09)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Legislative Revenue (GR)	\$ 40,944,232.00
Additional Appropriations (GR)	11,635,254.12

**Sam Houston State University System**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Fiscal Year Ended August 31, 2011**

	<b>Total</b>
Federal Revenue (PR-OP Grants/Contributions)	25,489,954.51
Federal Pass-Through Revenue (PR-OP Grants/Contributions)	2,660,934.97
Gifts (PR-OP Grants/Contributions)	1,478,601.01
Interest and Investment Income (Expense) (PR-OP Grants/Contributions)	1,269,255.64
Interest and Investment Income (Expense) (GR) - Pledged	
Loan Premium/Fees Securities Lending (PR-OP Grants/Contributions)	
Investing Activities Expenses	(55,817.11)
Interest Expenses and Fiscal Charges	
Borrower Rebates and Agent Fees	
Gain (Loss) on Sale of Capital Assets (GR)	(168,986.22)
Net Increase (Decrease) in Fair Value of Investments (PR-OP Grants/Contrib)	3,928,675.76
Net Increase (Decrease) in Fair Value of Investments (GR) - Pledged	
Settlement of Claims (PR-Chgs for Services)	(99,294.46)
Settlement of Claims (GR) - Pledged	(187,250.76)
Other Nonoperating Revenues (Expenses) (PR-Chgs for Services)	(221,079.61)
Other Nonoperating Expenses (GR)	
Total Nonoperating Revenues (Expenses)	\$ 86,674,479.85
Income (Loss) before Other Revenues, Expenses, Gains/Losses and Transfers	\$ 7,501,441.76
<b>OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS</b>	
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	
Transfer In	25,500,000.00
Transfer Out	(12,822,544.67)
Legislative Transfer In	
Legislative Transfer Out	(2,674,523.53)
Lapses	(1,843.01)
Total Other Revenues, Expenses, Gains/Losses and Transfers	21,894,198.79
CHANGE IN NET ASSETS	\$ 29,395,640.55
Net Assets, September 1, 2010	\$ 428,287,312.99
Restatements	
Net Assets, September 1, 2010, as Restated	\$ 428,287,312.99
NET ASSETS, August 31, 2011	\$ 457,682,953.54

**Sam Houston State University**  
**Matrix of Operating Expenses Reported by Function**  
**For the Fiscal Year Ended August 31, 2011**

Operating Expenses	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
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -	\$ 1,170.40	\$ 46,241.25	\$ -	\$ -	\$ -	\$ 422,926.65	\$ -	\$ 517,671.21
Salaries and Wages	51,000,567.00	2,272,111.24	-	7,351,747.04	12,628,869.42	10,274,096.72	8,754,283.42	6,182,370.12	1,198,965.61	11,755,916.64	-	111,422,927.21
Payroll Related Costs	7,818,539.57	387,737.08	-	1,464,559.86	1,971,381.57	1,925,900.13	5,119,592.05	1,385,542.47	20,233.00	3,015,048.12	-	23,108,533.85
Professional Fees and Services	997,745.42	40,255.80	-	62,601.46	392,504.92	1,520,612.87	155,552.05	671,629.94	9,900.00	346,405.70	-	4,197,208.16
Federal Grant Pass-Through Expense	-	416,628.31	-	2,457.64	-	-	-	-	-	-	-	419,085.95
State Grant Pass-Through Expense	-	-	-	-	-	-	-	-	-	-	-	-
Travel	200,679.89	193,231.92	-	253,824.24	1,132,663.10	131,350.13	106,174.67	11,373.19	20,795.00	1,522,457.35	-	3,572,549.49
Materials and Supplies	558,050.57	345,469.45	-	1,120,583.09	4,714,899.92	1,606,585.29	1,909,847.92	1,417,935.37	45,409.32	10,732,111.26	-	22,450,872.19
Communications and Utilities	28,462.71	30,422.43	-	220,148.46	1,833,340.96	557,711.26	271,230.85	3,342,451.67	690.00	2,112,829.14	-	8,397,287.48
Repairs and Maintenance	43,725.83	44,486.01	-	205,850.34	1,247,862.16	872,204.34	257,996.06	408,767.27	1,966.82	1,841,670.20	-	4,924,529.03
Rentals and Leases	15,615.89	19,312.99	-	413,603.35	430,356.10	54,864.03	69,666.98	130,788.01	6,457.74	675,340.43	-	1,816,005.52
Printing and Reproduction	25,528.11	10,423.51	-	135,688.09	202,348.39	121,139.18	277,330.13	1,725.11	11,541.04	398,051.68	-	1,183,775.24
Depreciation and Amortization*	-	-	-	-	-	-	-	-	-	-	15,151,212.50	15,151,212.50
Bad Debt Expense	-	-	-	278,891.51	557,783.02	-	145,983.76	-	-	-	-	982,658.29
Interest	4.02	1.51	-	23.68	1,217.38	0.90	0.13	3.26	-	-	-	1,250.88
Scholarships	302,826.25	345,677.07	-	51,440.00	405,011.71	15,500.00	4,000.00	-	21,550,118.03	3,339,671.44	-	26,014,244.50
Claims and Judgments	15,000.00	-	-	-	-	-	21,021.50	-	-	-	-	36,021.50
Net Change in Pension/OPEB Obligations	-	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	744,397.99	1,271,224.58	-	2,898,875.55	3,055,444.46	1,500,835.43	1,251,302.60	1,255,512.33	52,329.37	3,021,703.35	-	15,051,625.66
Total Operating Expenses	\$ 61,751,143.25	\$ 5,376,981.90	\$ -	\$ 14,507,687.22	\$ 28,574,793.51	\$ 18,627,021.53	\$ 18,343,982.12	\$ 14,808,098.74	\$ 22,918,405.93	\$ 39,188,131.96	\$ 15,151,212.50	\$ 239,247,468.66

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

**Sam Houston State University**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended August 31, 2011**

	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	\$ -
Proceeds from Tuition and Fees	83,006,104.24
Proceeds from Research Grants and Contracts	26,220,487.64
Proceeds from Gifts	-
Proceeds from Loan Programs	5,666,541.41
Proceeds from Auxiliaries	23,084,135.34
Proceeds from Other Revenues	17,851,108.06
Payments to Suppliers for Goods and Services	(82,822,206.64)
Payments to Employees for Salaries	(107,215,075.08)
Payments to Employees for Benefits	(23,108,533.85)
Payments for Loans Provided	(2,946,229.67)
Payments for Other Expenses	154,222.82
Net Cash Provided by Operating Activities	<b>\$ (60,109,445.73)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Proceeds from Debt Issuance	\$ -
Proceeds from State Appropriations	52,227,893.13
Proceeds from Gifts	1,452,362.43
Proceeds from Endowments	-
Proceeds of Transfers from Other Funds	-
Proceeds from Grant Receipts	28,150,889.48
Proceeds from Advances from Other Funds	-
Proceeds from Loan Programs	-
Proceeds from Other Financing Activities	-
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	(3,899,207.78)
Net Cash Provided by Noncapital Financing Activities	<b>\$ 77,931,937.26</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from the Sale of Capital Assets	\$ -
Proceeds from Debt Issuance	25,500,000.00
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	(32,945,210.05)
Payments of Principal on Debt	(13,327,182.05)
Payments for Capital Lease	(204,448.13)
Payments of Interest on Debt Issuance	-
Payments of Other Costs of Debt Issuance	-
Net Cash Provided by Capital and Related Financing Activities	<b>\$ (20,976,840.23)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Sales of Investments	\$ 3,928,675.76
Proceeds from Interest Income	(198,025.73)
Proceeds from Investment Income	1,269,255.64
Proceeds from Principal Payments on Loans	-
Payments to Acquire Investments	(3,253,255.45)
Net Cash Provided by Investing Activities	<b>\$ 1,746,650.22</b>



**Sam Houston State University**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended August 31, 2011**

	<u>Total</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (1,407,698.48)
Cash and Cash Equivalents, September 1, 2010	132,065,588.00
Changes in Accounting Principle	
Changes in Reporting Entity	
Restatements to Beginning Cash and Cash Equivalents	
Cash and Cash Equivalents, September 1, 2010 - Restated	<u>\$ 132,065,588.00</u>
Cash and Cash Equivalents, August 31, 2011	<u><u>\$ 130,657,889.52</u></u>

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

Operating Income (Loss)	\$ (79,173,038.09)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	-
Amortization and Depreciation	15,151,212.50
Bad Debt Expense	982,658.29
Operating Income (Loss) and Cash Flow Categories: Classification Differences	-
Changes in Assets and Liabilities:	-
(Increase) Decrease in Receivables	(15,620,174.73)
(Increase) Decrease in Due from Other Funds	-
(Increase) Decrease in Inventories	75,941.79
(Increase) Decrease in Prepaid Expenses	(6,935,938.53)
(Increase) Decrease in Notes Receivable	2,724,854.74
(Increase) Decrease in Loans & Contracts	-
(Increase) Decrease in Other Assets	-
(Increase) Decrease in State Appropriations	-
Increase (Decrease) in Payables	16,636,752.70
Increase (Decrease) in Deposits	427,872.65
Increase (Decrease) in Due to Other Funds	-
Increase (Decrease) in Deferred Income	4,359,632.59
Increase (Decrease) in Compensated Absence Liability	1,106,557.54
Increase (Decrease) in Benefits Payable	-
Increase (Decrease) in Other Liabilities	154,222.82
Total Adjustments	<u>19,063,592.36</u>
Net Cash Provided by Operating Activities	<u><u>\$ (60,109,445.73)</u></u>

**Non Cash Transactions**

Donation of Capital Assets	
Net Change in Fair Value of Investments	\$ 3,928,675.76
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, 2011*

***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 dated. 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 as '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, 2011, 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, 2011 is presented below:

SAM HOUSTON STATE UNIVERSITY (753)								
NOTE 2								
August 31, 2011								
	Balance 9/1/2010	Adjustments- Restatements	Reductions			Additions	Deletions	Balance 8/31/2011
			Completed CIP	In-Int'g Trans	Dec-Int'g Trans			
Non-Depreciable Assets								
Land and Land Improvements	16,559,555.81	0.00	0.00	0.00	0.00	149,960.00	0.00	16,709,455.81
Construction in Progress	50,047,025.11	0.00	(45,302,333.65)	0.00	0.00	(40,614,312.91)	0.00	42,359,034.37
Other Assets	759,903.50	0.00	0.00	0.00	0.00	0.00	0.00	759,903.50
Total Non-Depreciable Assets	67,366,514.42	0.00	(45,302,333.65)	0.00	0.00	40,764,212.91	0.00	62,828,393.68
Depreciable Assets								
Buildings and Building Improvements	301,363,834.75	0.00	40,792,271.81	0.00	0.00	365,139.06	(545,317.25)	341,976,028.37
Infrastructure	11,262,207.97	0.00	6.00	0.00	0.00	0.00	0.00	11,262,207.97
Furniture and Equipment	25,311,868.63	0.00	10,335.06	0.00	(9,847.74)	2,458,024.38	(1,112,493.16)	26,657,907.11
Vehicles, Boats, and Aircraft	2,918,315.34	0.00	0.00	0.00	0.00	624,431.17	(101,614.75)	3,433,131.76
Other Capital Assets	11,360,214.57	0.00	0.00	0.00	0.00	626,412.53	(57,855.70)	11,928,771.40
Facilities and Other Improvements	20,262,576.77	0.00	1,095,671.84	0.00	0.00	0.00	0.00	22,168,248.61
Total Depreciable Assets	373,471,018.03	0.00	42,708,298.65	0.00	(9,847.74)	4,074,107.14	(1,817,280.86)	418,426,295.22
Less Accumulated Depreciation for:								
Buildings and Improvements	(154,625,830.28)	0.00	0.00	0.00	0.00	(10,577,4819.29)	518,051.38	(164,642,606.19)
Infrastructure	(4,586,295.66)	0.00	0.00	0.00	0.00	(458,967.40)	0.00	(5,045,263.06)
Furniture and Equipment	(15,305,831.16)	0.00	0.00	0.00	9,847.74	(2,435,996.28)	766,324.68	(16,965,655.62)
Vehicles, Boats, and Aircraft	(2,682,286.73)	0.00	0.00	0.00	0.00	(264,129.68)	101,614.75	(2,250,603.66)
Other Capital Assets	(7,715,281.24)	0.00	0.00	0.00	0.00	(429,325.62)	57,855.70	(8,086,751.36)
Facilities and Other Improvements	(6,193,897.40)	0.00	0.00	0.00	0.00	(811,743.68)	0.00	(7,005,641.28)
Total Accumulated Depreciation	(190,515,734.41)	0.00	0.00	0.00	9,847.74	(14,975,002.35)	1,443,846.51	(204,037,642.51)
Depreciable Assets, Net	182,955,283.62	0.00	42,708,298.65	0.00	0.00	(10,900,895.21)	(373,434.35)	214,389,252.71
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	1,137,129.39	0.00	2,594,055.00	0.00	0.00	0.00	0.00	3,731,184.39
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	1,137,129.39	0.00	2,594,055.00	0.00	0.00	0.00	0.00	3,731,184.39
Less Accumulated Amortization								
Land Use Rights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Computer Software	(767,645.63)	0.00	0.00	0.00	0.00	(176,216.15)	0.00	(943,861.78)
Other Intangible Capital Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accumulated Amortization Total	(767,645.63)	0.00	0.00	0.00	0.00	(176,216.15)	0.00	(943,861.78)
Business-Type Activities Capital Assets, Net	250,691,281.80	0.00	0.00	0.00	0.00	29,687,107.55	(373,434.35)	250,064,955.00

The balance on August 31, 2011 represents capital assets net of depreciation; however, on the annual financial statement this amount is shown net of depreciation and capital lease obligation.

Net Carrying Value of Plant, Aug 31, 2011	\$280,004,955.00
Less: Deferred Revenue	2,454,658.42
Less: Capital Lease Payable	0.00
Net Investment in Plant, Aug 31, 2011	<u>\$277,550,296.58</u>

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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, 2011, the carrying amount of deposits was \$32,378,355.98 as presented below.

<b>Governmental and Business-Type Activities</b>	
CASH IN BANK – CARRYING VALUE	\$ 32,378,355.98
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	\$ 32,378,355.98
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	20,459,718.39
Proprietary Funds Current Assets Restricted Cash in Bank	11,918,637.59
Proprietary Funds Non-Current Restricted Cash in Bank	0.00
Cash in Bank per AFR	\$ 32,378,355.98

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, 2011, the total bank balance was as follows.

Governmental and Business-Type Activities	\$32,756,706.23	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, 2011, Sam Houston State University was not subject to 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, 2011.

#### 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



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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, 2011, the carrying value and fair value of investments are as presented below.

<b>Governmental and Business-Type Activities</b>	<b>Carrying Value</b>	<b>Fair Value</b>
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		27,409,261.21
International Obligations (Govt and Corp)		
International Equity		
Repurchase Agreement		
Repurchase Agreement (Texas Treasury Safekeeping Trust Co)		
Fixed Income Money Market and Bond Mutual Fund		55,982,392.94
Other Commingled Funds		385,571.00
<b>SUBTOTAL LONG-TERM INVESTMENTS</b>		<b>83,777,225.15</b>
Other Commingled Funds (Texpool)		66,500,752.98
Commercial Paper		
Securities Lending Collateral Investment Pool		
Real Estate		
Misc (alternative investments, limited partnerships, guaranteed investment contract, political subdivision, bankers' acceptance, negotiable CD)		
<b>SUBTOTAL CASH EQUIVALENTS</b>		<b>66,500,752.98</b>
<b>Total</b>		<b>\$150,277,978.13</b>

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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, 2011, Sam Houston State University had no 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, 2011, 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, 2011, 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	\$55,982,392.94

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, 2011, 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 2011.

#### **Note 4: Short-Term Debt**

Not Applicable.

During the fiscal year ended August 31, 2011, Sam Houston State had no short-term debt activity.

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## Note 5: Long Term Liabilities

### CHANGES IN LONG-TERM LIABILITIES

During the year ended August 31, 2011, the following changes occurred in liabilities.

BUSINESS-TYPE ACTIVITIES	Balance 09/01/10	Additions	Reductions	Balance 08/31/11	Amounts Due Within One Year	Amounts Due Thereafter
Compensable Leave	\$3,235,613.81	\$1,106,557.54	\$0	\$4,342,171.35	\$1,725,690.89	\$2,616,480.46
Other Non-current	\$1,127,029.58	\$344,086.31	\$0	\$1,471,115.89	\$0	
Claims & Judgments	\$0	\$154,222.82	\$0	\$154,222.82	\$154,222.82	
Capital Lease	\$204,448.13	\$0	\$204,448.13	\$0	\$0	
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$4,567,091.52</b>	<b>\$1,604,866.67</b>	<b>\$204,448.13</b>	<b>\$5,967,510.06</b>	<b>\$1,879,913.71</b>	<b>\$2,616,480.46</b>

### NOTES AND LOANS PAYABLE

None.

### CLAIMS & JUDGMENTS

At August 31, 2011, various lawsuits and claims involving Sam Houston State University were pending (including current payable for claims and judgments for fiscal year 2011 which is \$154,222.82).

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.

### 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, 2011, the accrued liability totaled \$4,342,171.35.

The University made lump sum payments totaling \$370,357.05 for accrued vacation and/or compensatory time to employees who separated from state service during fiscal year ending August 31, 2011.

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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.

#### **DEBT SERVICE REQUIREMENTS ATTRIBUTABLE TO SAM HOUSTON STATE UNIVERSITY**

<b>Description</b>	<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
All Series	2011	\$7,783,289.30	\$5,543,892.75	\$13,327,182.05
	2012	7,257,349.71	6,244,164.00	13,501,513.71
	2013	7,454,131.63	5,899,306.72	13,353,438.35
	2014-2018	39,464,916.96	24,175,213.14	63,640,130.10
	2019-2023	40,630,291.02	13,869,588.52	54,499,879.54
	2024-2028	22,970,000.00	5,718,256.30	28,688,256.30
	2029-2033	3,540,000.00	1,983,068.80	5,523,068.80
	2034-2038	4,170,000.00	1,096,843.78	5,266,843.78
	2039-2040	1,960,000.00	148,250.00	2,108,250.00
	<b>TOTALS</b>	<b>\$135,229,978.62</b>	<b>\$64,678,584.01</b>	<b>\$199,908,562.63</b>

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. The institution was appropriated \$2,850,145 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.

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***Note 7: Derivative Instruments***

Not applicable.

Sam Houston State did not have any derivative activity for the fiscal year ended August 31, 2011.

***Note 8: Leases***

As of August 31, 2011, Sam Houston is not involved in any lease agreements. The previous lease agreement that the University had entered into has been paid.

***Note 9: Retirement 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.

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***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):

- Interfund Receivables or Interfund Payables - None
- 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*
- Due From Other Funds or Due To Other Funds - None
- Transfers in or transfers out -
- Legislative Transfers In or Legislative Transfers Out - See below.

Sam Houston State University has not participated in any interfund borrowing during fiscal year 2011.

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, 2011, follows:

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

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<b>Non-Current Portion</b>	<b>Non-Current Interfund Receivable</b>	<b>Non-Current Interfund Payable</b>	<b>Purpose (Disclosure required)</b>
GENERAL REVENUE (01)			
SPECIAL REVENUE (2)			
Appd Fund 0210 and D23 Fund 0210			
(Agency 700, D23 Fund 0400)			
ENTERPRISE FUND (05)			
Appd Fund 9999, D23 Fund 1999			
(Agency 700, D23 Fund 0500)			
<b>Total Interfund Receivable/Payable</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

<b>DUE FROM/TO OTHER STATE ENTITIES</b>	<b>Due From Other Agencies</b>	<b>Due to Other Agencies</b>	<b>Purpose</b>
<b>GENERAL (01)</b>			
<b>Appd Fund 0001, D23 Fund 0001</b>			
(Agency 781, D23 Fund 0001)			
<b>Federal Pass Throughs</b>			
(Agency 556, D23 Fund 7999)			
(Agency 601, D23 Fund 0006)			
(Agency 730, D23 Fund 7999)			
<b>SPECIAL REVENUE (02)</b>			
<b>Appd Fund 9999, D23 Fund 7999</b>			
<b>Federal Pass Throughs</b>			
(Agency 306, D23 Fund 0118)	\$8,000.00		FEDERAL P-T
(Agency 555, D23 Fund 7999)	\$22,134.35		FEDERAL P-T
(Agency 601, D23 Fund 0006)	\$14,085.04		FEDERAL P-T
(Agency 802, D23 Fund 0951)	\$152.56		FEDERAL P-T
(Agency 781, D23 Fund 0002)	\$32,000.00		FEDERAL P-T
(Agency 781, D23 Fund 0369)	\$426,067.21		FEDERAL P-T
(Agency 781, D23 Fund 0001)		\$53,057.57	FEDERAL P-T
<b>Appd Fund 9999, D23 Fund 7999</b>			
<b>State Pass Throughs</b>			

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<b>Appd Fund 9999, D23 Fund 7999</b>			
<b>University Components</b>			
(Agency 756, D23 Fund 7999)	\$71,836.86		Local
<b>Appd Fund 9999, D23 Fund 9999</b>			
<b>State Shared Cash Funds</b>			
(Agency 608, D23 Fund 5015)	\$375.83		N/A
<b>TOTAL DUE TO AND DUE FROM</b>	<b>\$574,651.85</b>	<b>\$53,057.57</b>	

<b>TRANSFERS IN FROM/OUT TO OTHER STATE ENTITIES</b>	<b>Transfers In from Other State Entities</b>	<b>Transfers Out to Other State Entities</b>	<b>Purpose</b>
Agency 758, D23 Fund 9999	\$25,500,000.00		Transfer from System for Bond Proceeds
Agency 758, D23 Fund 9999		\$10,652,658.52	Transfer to TSUS for Bond Payment
Agency 758, D23 Fund 9999		\$835,869.00	Transfer to TSUS for System Shared Expense
Agency 781, D23 Fund 5103		\$1,324,687.15	Transfer to THECB for Be on Time
Agency 781, D23 Fund 0001		\$9,330.00	Transfer to THECB for Doctoral Set Asides
<b>Total Interfund Receivable/Payable</b>	<b>\$25,500,000.00</b>	<b>\$12,822,544.67</b>	

Legislative transfers in and out were as follows:

	<b>Legislative Transfers In</b>	<b>Legislative Transfers Out</b>
<b>GENERAL REVENUE (01)</b>		
<b>Appd Fund 0001, D23 Fund 0001</b>		
(Agency 758, D23 Fund 0001)		\$2,674,523.53
<b>Total Legislative Transfers</b>	<b>\$0.00</b>	<b>\$2,674,523.53</b>

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***

Not applicable.  
Sam Houston State did not have any restatements for fiscal year ended August 31, 2011.

***Note 15: Contingencies and Commitments***

At August 31, 2011, 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, 2011.

***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, 2011.

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, 77<sup>th</sup> 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 2011 was \$314,649.60. The assessment for SHSU for FY 2012 is \$292,384.69.

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, 2011.

The Texas Motor Vehicle Safety Responsibility Act requires that every non-governmental vehicle operated on a state highway be insured for minimum limits of liability in the amount of \$20,000/\$40,000 bodily injury and \$15,000 property damage. All vehicles owned 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

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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 coverages 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 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, 2011.

Gifts were made to the University from the Sam Houston Foundation for fiscal year 2011 of \$10,000 to Endowment Funds and \$10,000 to restricted funds.

The SHSU Lettermen's Association was created in October 1974 for the stated purpose of providing a means for the former students of Sam Houston State University who won varsity letters in any of the sports recognized by the Conference to gather from time to time for certain fraternal beneficiary

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society purposes and to encourage support of the athletic staff and athletic programs of Sam Houston State University through the efforts of its members, including donations to Sam Houston State University for use by such educational institution.

The Lettermen's Association's funds are carried on the University's books, and comprise \$7,971.53 of Total Deposits Held in Custody for Others - Agency Funds, at August 31, 2011. Sam Houston State University has performed stewardship functions in support of this account, including the receipt of deposits and payment of expenditures. A gift was made to the University from the Lettermen's Associations for fiscal year 2011 of \$10,880 to Restricted Funds.

### ***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	\$5,047,415.57	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, 2011.

***Note 24: Disaggregation of Receivable and Payable Balances***

Sam Houston State University had the following aggregate receivable and payable balances as of August 31, 2011:

Current Receivables:

Federal Receivable

Instructional and Departmental	\$ 0.00
Research	486,359.93
Public Service	0.00
Scholarships and Fellowships	1,879,162.74
Academic Support	0.00
Total Net Federal Receivable	<u>\$ 2,365,522.67</u>

As Reported on the Financial Statements

Current Federal Receivable	\$ 2,365,522.67
Non-Current Federal Receivable	0.00
Total Net Federal Receivable	<u>\$ 2,365,522.67</u>

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## Accounts Receivable

Installment Plans	\$23,150,954.14
University Hotel	9,401.29
Raven Nest Golf Course	16,997.78
Returned Checks	563,268.27
Travel Advances	54,266.99
Contracts and Grants	1,733,161.47
Other Receivables	<u>835,016.08</u>
Total Net Accounts Receivable	<u>\$26,363,066.02</u>

Accounts Receivable is reported net of Allowance for Doubtful Accounts. For FY 2011, Allowance for Doubtful Accounts (\$1,013,698.23) decreased from FY 2010 Allowance for Doubtful Accounts (\$31,039.94). This difference resulted in a negative Bad Debt Expense of \$982,658.29.

## Noncurrent Receivables:

Pledge Receivables	<u>\$ 196,638.86</u>
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## Current Payables:

### Accounts Payable

Taxes Payable	25,533.31
Financial Aid Residual Checks	30,020,299.27
Other Payables	<u>3,693,961.92</u>
Total Accounts Payable	<u>\$33,739,794.50</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>
U.S. Government Grants Refundable (Perkins/NDL)	\$ 701,999.40
Student Deposit Payables	<u>769,116.49</u>
Total	<u>\$1,471,115.89</u>

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***Note 25: Termination Benefits***

Not Applicable.

During the fiscal year ended August 31, 2011, 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	CFDA Number	NSE Name/ Identifying Number	Agt/ Univ No	Pass-Through From Agencies or Universities Amount	Pass-through From Non-State Entities Amount	Direct Program Amount	Total PT From and Direct Prog. Amount	Agt/ Univ No.	Pass-Through To Agencies or Universities Amount	Pass-Through To Non-State Entities Amount	Expenditures Amount	Total PT To and Expenditures Amount
<b>U.S. Department of Agriculture</b>												
<b>Pass-Through From:</b>												
Cooperative Extension Service	10.500			31,755.87			31,755.87				31,755.87	31,755.87
<b>Pass-Through From:</b>												
Texas Aquatic Extension				31,755.87			31,755.87				31,755.87	
Totals - U.S. Department of Agriculture			555									
<b>U.S. Department of Justice</b>												
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	Center for Innovative Public Policies, Inc./CIPP-BIA-SHSU 1			15,154.26		15,154.26				15,154.26	15,154.26
<b>Direct Programs:</b>												
Edward Byrne Memorial Formula Grant Program	16.579					57,923.08	57,923.08				57,923.08	57,923.08
Project Safe Neighborhoods	16.609					586,482.24	586,482.24				586,482.24	586,482.24
Project Safe Neighborhoods	16.609					2,457.64	2,457.64				2,457.64	2,457.64
Pass-Through To: Attorney General								302	2,457.64			
Congressionally Recommended Awards	16.753					859,999.11	859,999.11				859,999.11	859,999.11
Totals - U.S. Department of Justice						1,506,862.07	1,522,016.33	302	2,457.64		1,519,558.69	1,522,016.33
<b>General Services Administration</b>												
<b>Pass-Through From:</b>												
Donation of Federal Surplus Personal Property	39.003			8,537.52			8,537.52				8,537.52	8,537.52
Pass-Through From: Texas Facilities Commission			303									
Totals - General Services Administration												
<b>National Endowment For The Humanities</b>												
Promotion of the Humanities_We the People	45.168	Humanities Text/GRANT 2011.4109			800.00		800.00				800.00	800.00
<b>Direct Programs:</b>												
Laura Bush 21st Century Librarian Program	45.313					417,954.28	417,954.28				417,954.28	417,954.28
Pass-Through From:												
Grants to States	45.310					8,000.00	8,000.00				8,000.00	8,000.00
Pass-Through From: Texas State Library and Archives Commission			306									
Totals - National Endowment For The Humanities												
<b>National Science Foundation</b>												
<b>Direct Programs:</b>												
Education and Human Resources	47.076	Florida Agricultural and Mechanical University/fmou8-31.07			702.80		702.80				702.80	702.80
Totals - National Science Foundation												
<b>Small Business Administration</b>												
Small Business Development Centers	59.037			108,508.19			108,508.19				108,508.19	108,508.19
Pass-Through From: University of Houston			730									
Totals - Small Business Administration												
<b>U.S. Department of Education</b>												
Fund for the Improvement of Education	84.215	Corpus Christi ISD District/Services			20,562.51		20,562.51				20,562.51	20,562.51
National Writing Project	84.928	National Writing Project/06-TX16			46,038.33		46,038.33				46,038.33	46,038.33
Pass-Through From:												
Career and Technical Education -- Basic Grants to States	84.048											
Pass-Through From:												



Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name/ Identifying Number	Agy/ Univ No	Pass-Through From		Direct Program Amount	Total PT From and Direct Prog. Amount	Agy/ Univ No.	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				Amount	Amount				
Texas Agriculture Research														
Improving Teacher Quality State Grants	84.367		556	\$	30,946.73	\$	30,946.73				\$	\$	-	
Pass-Through From:														
Texas Higher Education Coordinating Board				\$	-	\$	-			\$	149,477.88	\$	149,477.88	
College Access Challenge Grant Program	84.378		781	\$	149,477.88	\$	149,477.88				\$	\$	-	
Pass-Through From:														
Texas Higher Education Coordinating Board				\$	-	\$	-			\$	56,000.00	\$	56,000.00	
Pass-Through From:			781	\$	56,000.00	\$	56,000.00				\$	\$	-	
Totals - U.S. Department of Education				\$	236,424.61	\$	303,025.45	0	\$	-	\$	303,025.45	\$	303,025.45
U.S. Department of Health and Human Services														
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853					\$	94,756.87			\$	94,756.87	\$	94,756.87	
Pass-Through From:														
Texas Agriculture Research			556	\$	94,756.87		94,756.87			-	\$	94,756.87	\$	94,756.87
Totals - U.S. Department of Health and Human Services				\$	94,756.87	\$	94,756.87	0	\$	-	\$	94,756.87	\$	94,756.87
Corporation for National and Community Service														
Learn and Serve America_Higher Education	94.005	Duke University/Sub 11.CNCS-1044				\$	5,486.54			\$	5,486.54	\$	5,486.54	
Totals - Corporation for National and Community Service				\$	-	\$	5,486.54	0	\$	-	\$	5,486.54	\$	5,486.54
Direct Programs:														
High Intensity Drug Trafficking Areas Program	95.001					\$	1,378,944.13			\$	1,378,944.13	\$	1,378,944.13	
Totals -				\$	-	\$	1,378,944.13			\$	1,378,944.13	\$	1,378,944.13	
Research & Development Cluster														
U.S. Department of Agriculture														
Grants for Agricultural Research--Competitive Research Grants	10.206	University of Nebraska-Lincoln/ UNL 25-6242-0086-005			\$	4,250.18				\$	4,250.18	\$	4,250.18	
Pass-Through From:														
Grants for Agricultural Research, Special Research Grants	10.200			\$	-	\$	-							
Pass-Through From:														
Sul Ross State University			756	\$	91,840.50	\$	91,840.50			\$	91,840.50	\$	91,840.50	
Totals - U.S. Department of Agriculture				\$	91,840.50	\$	96,090.68			\$	96,090.68	\$	96,090.68	
U.S. Department of Defense														
Basic and Applied Scientific Research	12.300	University of New Haven/ SUB AGMT 2211-1-1			\$	61,193.44				\$	61,193.44	\$	61,193.44	
Research on Chemical and Biological Defense	12.360	ORISE/28023			\$	156,476.73				\$	156,476.73	\$	156,476.73	
Direct Programs:														
Research on Chemical and Biological Defense	12.360			\$	-	\$	12,995.89			\$	12,995.89	\$	12,995.89	
Basic Scientific Research	12.431			\$	-	\$	945,302.01			\$	945,302.01	\$	945,302.01	
Basic Scientific Research	12.431			\$	-	\$	86,695.79							
Pass-Through To:														
University of Texas at El Paso							724	\$		86,695.79	\$		86,695.79	
Basic Applied, and Advanced Research in Science and Engineering	12.630				\$	272,692.87				\$	272,692.87	\$	272,692.87	
Basic Applied, and Advanced Research in Science and Engineering	12.630				\$	299,729.26				\$	299,729.26	\$	299,729.26	
Pass-Through To:														
Lamar University							734	\$		299,729.26	\$		299,729.26	
Basic Applied, and Advanced Research in Science and Engineering	12.630				\$	30,203.26				\$	30,203.26	\$	30,203.26	
Pass-Through To:														
Sul Ross State University							756	\$		30,203.26	\$		30,203.26	
Mathematical Sciences Grants Program	12.901					5,000.00				\$	5,000.00	\$	5,000.00	
Totals - U.S. Department of Defense				\$	-	\$	1,870,289.25			\$	1,453,650.94	\$	1,870,289.25	
U.S. Department of the Interior														
Fish and Wildlife Coordination Act	15.517				\$	20,309.31				\$	20,309.31	\$	20,309.31	

Federal Grantor/ Pass-through Grantor/ Program Title	CEDA Number	NSE Name/ Identifying Number	Agri/ Univ No	Pass-Through From Agencies or Universities Amount	Pass-Through From Non-State Entities Amount	Direct Program Amount	Total PT From and Direct Prog. Amount	Agri/ Univ No.	Pass-Through To Agencies or Universities Amount	Pass-Through To Non-State Entities Amount	Expenditures Amount	Total PT To and Expenditures Amount
<b>Pass-Through From:</b> Cooperative Endangered Species Conservation Fund <i>Pass-Through From:</i> <b>Parks and Wildlife Department</b>	15.615		802	\$ 2,906.14		\$	2,906.14				\$ 2,906.14	2,906.14
<b>Totals - U.S. Department of the Interior</b>				\$ 2,906.14	\$ -	\$ 20,309.31	\$ 23,215.45		\$ -	\$ -	\$ 23,215.45	\$ 23,215.45
<b>U.S. Department of Justice</b>												
<b>National Institute of Justice Research, Evaluation, and Development Project Grants</b>	16.560	Houston Police Department/ FC4350/2011.0867			1,975.38		1,975.38				1,975.38	1,975.38
National Institute of Justice Research, Evaluation, and Development Project Grants		Northeastern University/999251			\$ 56,475.87		\$ 56,475.87				\$ 56,475.87	\$ 56,475.87
<b>Criminal Justice Research and Development_Graduate Research Fellowships</b>	16.562	Forensic Sciences Foundation/ AWD LTR DATED 10-7-10			\$ 5,693.17		\$ 5,693.17				\$ 5,693.17	\$ 5,693.17
Criminal Justice Research and Development_Graduate Research Fellowships		Forensic Sciences Foundation/ AWD LTR DTD 10-7-10			\$ 4,166.59		\$ 4,166.59				\$ 4,166.59	\$ 4,166.59
Criminal Justice Research and Development_Graduate Research Fellowships		Forensic Sciences Foundation/ CR #2148 Date 1/6			\$ 965.13		\$ 965.13				\$ 965.13	\$ 965.13
<b>Edward Byrne Memorial Competitive Grant Program</b>	16.751	St. Petersburg College/ AGMT DATED 08/31/09			\$ 11,436.17		\$ 11,436.17				\$ 11,436.17	\$ 11,436.17
<b>Direct Programs:</b>												
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560			\$ -	\$ 80,712.31	\$ 429,597.41	\$ 429,597.41	0	\$ -	\$ -	\$ 429,597.41	\$ 429,597.41
<b>Totals - U.S. Department of Justice</b>				\$ -	\$ 80,712.31	\$ 429,597.41	\$ 510,309.72	0	\$ -	\$ -	\$ 510,309.72	\$ 510,309.72
<b>National Aeronautics and Space Administration</b>												
<b>Aerospace Education Services Program</b>	43.001	Lowell Observatory/2008-71542										
<b>Totals- National Aeronautics and Space Administration</b>												
<b>National Science Foundation</b>												
<b>Mathematical and Physical Sciences</b>	47.049	University of Richmond/			\$ 32,294.99		\$ 32,294.99				\$ 32,294.99	\$ 32,294.99
<b>Direct Programs:</b>												
Mathematical and Physical Sciences	47.049				\$	146,602.51	\$ 146,602.51				\$ 146,602.51	\$ 146,602.51
Biological Sciences	47.074				\$	5,857.43	\$ 5,857.43				\$ 5,857.43	\$ 5,857.43
Social, Behavioral, and Economic Sciences	47.075				\$	59,769.58	\$ 59,769.58				\$ 59,769.58	\$ 59,769.58
Education and Human Resources	47.076				\$	252,501.43	\$ 252,501.43				\$ 252,501.43	\$ 252,501.43
<b>Totals - National Science Foundation</b>				\$ -	\$ 32,294.99	\$ 464,730.95	\$ 497,025.94	0	\$ -	\$ -	\$ 497,025.94	\$ 497,025.94
<b>U.S. Department of Energy</b>												
<b>Fossil Energy Research and Development</b>	81.089	Houston Advanced Research Center/08122.35			\$ 34,650.95		\$ 34,650.95				\$ 34,650.95	\$ 34,650.95
<b>Totals - U.S. Department of Energy</b>				\$ -	\$ 34,650.95	\$ -	\$ 34,650.95	0	\$ -	\$ -	\$ 34,650.95	\$ 34,650.95
<b>U.S. Department of Education</b>												
<b>Direct Programs:</b>												
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325				\$	190,993.24	\$ 190,993.24				\$ 190,993.24	\$ 190,993.24
<b>Pass-Through From:</b>												
Bilingual Education, Professional Development	84.195					\$	10,000.00				\$ 10,000.00	\$ 10,000.00
<b>Pass-Through From:</b> <b>Texas A&amp;M University (Main University)</b>			711	\$ 10,000.00		\$						
<b>Totals - U.S. Department of Education</b>				\$ 10,000.00	\$ -	\$ 190,993.24	\$ 200,993.24	0	\$ -	\$ -	\$ 200,993.24	\$ 200,993.24
<b>U.S. Department of Health and Human Services</b>												
<b>Substance Abuse and Mental Health Services_Projects of Regional and National Significance</b>	93.243	Harris County/Interlocal			\$ 54,684.10		\$ 54,684.10				\$ 54,684.10	\$ 54,684.10
<b>Drug Abuse and Addiction Research Programs</b>	93.279	Univ of Maryland/Q259302			\$ 7,718.96		\$ 7,718.96				\$ 7,718.96	\$ 7,718.96

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name/ Identifying Number	Aggr/ Univ No	Pass-Through From Agencies or Universities Amount	Pass-Through From Non-State Entities Amount	Direct Program Amount	Total PT From and Direct Prog. Amount	AW/ Univ No.	Pass-Through To Agencies or Universities Amount	Pass-Through To Non-State Entities Amount	Expenditures Amount	Total PT To and Expenditures Amount		
Direct Programs:														
Substance Abuse and Mental Health Services, Projects of Regional and National Significance Drug Abuse and Addiction Research Programs Allergy, Immunology and Transplantation Research Totals - U.S. Department of Health and Human Services	93.243					\$	140,360.14 \$	140,360.14			\$	140,360.14 \$		
	93.279					\$	246,498.24 \$	246,498.24			\$	246,498.24 \$		
	93.855					\$	(2.97) \$	(2.97)			\$	(2.97) \$		
				\$	-	\$	62,403.06 \$	386,855.41 \$	449,258.47	0	\$	-	\$	449,258.47 \$
U.S. Department of Homeland Security														
Aviation Research Grants														
Systems Research and Applications Corporation/33800001														
Direct Programs:														
Aviation Research Grants	97.069					\$		2,348.25			\$	2,348.25 \$		
Totals - U.S. Department of Homeland Security														
			\$	-	\$	2,348.25	\$	118,123.48	\$	-	\$	118,123.48 \$		
			\$	-	\$	118,123.48	\$	120,471.73	\$	-	\$	120,471.73 \$		
Highway Safety Cluster														
U.S. Department of Transportation														
Pass-Through From:														
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601					\$		471,601.51			\$	471,601.51 \$		
Pass-Through From:														
Texas Department of Transportation			601	\$	471,601.51	\$					\$			
Totals - U.S. Department of Transportation														
			\$	471,601.51	\$	-	\$	471,601.51	\$	-	\$	471,601.51 \$		
Statewide Data Systems Cluster														
U.S. Department of Education														
Pass-Through From:														
Statewide Data Systems	84.372					\$		4,100.00			\$	4,100.00 \$		
Pass-Through From:														
Texas Higher Education Coordinating Board			781	\$	4,100.00	\$					\$			
Totals - U.S. Department of Education														
			\$	4,100.00	\$	-	\$	4,100.00	\$	-	\$	4,100.00 \$		
Student Financial Assistance Cluster														
U.S. Department of Education														
Direct Programs:														
Federal Supplemental Educational Opportunity Grants	84.007					\$	402,177.00 \$	402,177.00			\$	402,177.00 \$		
Federal Family Education Loans	84.032					\$	12,670.45 \$	12,670.45			\$	12,670.45 \$		
Federal Work-Study Program	84.033					\$	371,912.20 \$	371,912.20			\$	371,912.20 \$		
Federal Perkins Loan Program, Federal Capital Contributions	84.038					\$	25,075.00 \$	25,075.00			\$	25,075.00 \$		
Federal Pell Grant Program	84.063					\$	25,489,954.51 \$	25,489,954.51			\$	25,489,954.51 \$		
Federal Direct Student Loans	84.268					\$	66,318,361.49 \$	66,318,361.49			\$	66,318,361.49 \$		
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376					\$	598,154.78 \$	598,154.78			\$	598,154.78 \$		
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379					\$	291,028.00 \$	291,028.00			\$	291,028.00 \$		
Totals - U.S. Department of Education														
			\$	-	\$	93,509,333.43	\$	93,509,333.43	\$	-	\$	93,509,333.43 \$		
State Fiscal Stabilization Fund Cluster														
U.S. Department of Education														
Pass-Through From:														
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397					\$		2,660,934.97			\$	2,660,934.97 \$		
Pass-Through From:														
Texas Higher Education Coordinating Board			781	\$	2,660,934.97	\$					\$			
Totals - U.S. Department of Education														
			\$	2,660,934.97	\$	-	\$	2,660,934.97	\$	-	\$	2,660,934.97 \$		
TRIO Cluster														
U.S. Department of Education														
Direct Programs:														

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	NSE Name/ Identifying Number	Agt/ Univ No	Pass-Through From		Pass-Through From		Total PT From and Direct Prog. Amount	Agt/ Univ No.	Pass-Through To		Expenditures Amount	Total PT To and Expenditures Amount
				Agencies or Universities Amount	Non-State Entities Amount	Direct Program Amount	PT From and Direct Prog. Amount			Agencies or Universities Amount	Non-State Entities Amount		
TRIO Student Support Services	84.042					\$ 230,042.92	\$ 230,042.92					\$ 230,042.92	\$ 230,042.92
TRIO McNair Post-Baccalaureate Achievement	84.217					\$ 218,118.55	\$ 218,118.55					\$ 218,118.55	\$ 218,118.55
Totals - U.S. Department of Education				\$ -	\$ -	\$ 448,161.47	\$ 448,161.47			\$ -	\$ -	\$ 448,161.47	\$ 448,161.47
<b>WIA Cluster</b>													
<b>U.S. Department of Labor</b>													
Pass-Through From:													
WIA Dislocated Workers	37.260		320	\$ 52,061.14		\$ -	\$ 52,061.14					\$ 52,061.14	\$ 52,061.14
Pass-Through From:													
Texas Workforce Commission				\$ 52,061.14	\$ -	\$ -	\$ 52,061.14			\$ -	\$ -	\$ 52,061.14	\$ 52,061.14
Totals - U.S. Department of Labor				\$ 3,781,427.32	\$ 524,031.80	\$ 100,524,484.26	\$ 104,829,943.38			\$ 419,085.95	\$ -	\$ 104,410,857.43	\$ 104,829,943.38
Total Expenditures of Federal Awards													

## Note 1 - Non Monetary Assistance

### Donation of Federal Surplus Property

39.003	\$ 8,537.52
Total Non-Monetary Assistance	<u>\$ 8,537.52</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	\$	9,193,917.09
Non-Operating	Exhibit IV/SRECNA	\$	25,489,954.51
Capital Contributions	Exhibit IV/SRECNA		

<b>Total Federal Revenue</b>	<b>\$</b>	<b>34,683,871.60</b>
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#### Federal Pass-Through Revenue

##### Proprietary Funds

Operating	Federal Pass-Through Revenue from Other State Agencies (SRECNA)	\$	1,120,492.35
Non-Operating	Federal Pass-Through Revenue from Other State Agencies (SRECNA)	\$	2,660,934.97

<b>Total Federal Pass-Through Revenue</b>	<b>\$</b>	<b>3,781,427.32</b>
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<b>Total Federal &amp; Federal Pass-Through Revenue</b>	<b>\$</b>	<b>38,465,298.92</b>
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#### Reconciling Items:

Non-monetary Items			
Donation of Federal Surplus Personal Property	\$	8,537.52	

<b>Total Non-monetary Items</b>	<b>\$</b>	<b>8,537.52</b>
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#### New Loans Processed:

Federal Family Education Loans	84.032	\$	12,670.45
Federal Perkins Loan Program	84.038		25,075.00
Federal Direct Student Loans	84.268		66,318,361.49

<b>Total New Loans Processed</b>	<b>\$</b>	<b>66,356,106.94</b>
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<b>Total Reconciliation Items</b>	<b>\$</b>	<b>66,364,644.46</b>
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<b>Total Per Note 2</b>	<b>\$</b>	<b>104,829,943.38</b>
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<b>Total Pass Through &amp; Expenditures per Federal Schedule</b>	<b>\$</b>	<b>104,829,943.38</b>
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### 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	\$ 12,670.45	\$ -	\$ 12,670.45	\$ -
84.038 Federal Perkins Loan Program**	\$ 25,075.00	\$ -	\$ 25,075.00	\$ 317,855.04
84.268 Federal Direct Loan Program	66,318,361.49	-	66,318,361.49	-
<b>Total Department of Education</b>	<b>\$ 66,356,106.94</b>	<b>\$ -</b>	<b>\$ 66,356,106.94</b>	<b>\$ 317,855.04</b>

\*\*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, 2011

Pass Through From:

Agency Name

Texas Department of Public Safety Hurricane Gustav	\$ 2,292.74
University of Texas - System Joint Admission Medical Program (JAMP)	\$ 15,622.00
Texas State University - San Marcos Math for English Language Learners (MELL) 09-10	\$ 14,624.74
Texas A&M University-Corpus Christi College Readiness & Retention of Physics	\$ 10,000.00
Texas Higher Education Coordinating Board Texas Grant Program	\$ 8,703,814.00
Promote Participation & Success	\$ 13,444.54
College Work Study Program	\$ 90,852.00
5th Yr Accounting Students Scholarships Program	\$ 61,940.00
Top 10% Scholarships	\$ 473,249.00
Combat Exemption Prog SB297	\$ 9,128.00
Early High School Program SB1479	\$ 54,250.00
Certified Edu Aide Program	\$ 139,285.00
Parks and Wildlife Department Long term monitoring in two restored cienegas at Balmorhea State Park; Conservation of Comanche Springs pupfish and Pecos Gambusia	\$ 5,592.95
<b>Total State Pass-Thru Grant Revenue</b>	<b>\$ 9,594,094.97</b>

Pass Through To:

None.



**SAM HOUSTON STATE UNIVERSITY**  
**SCHEDULE 2A**  
**MISCELLANEOUS BOND INFORMATION**  
**For the Year Ended August 31, 2011**

**UNAUDITED**

**Schedule Not Used**

**SAM HOUSTON STATE UNIVERSITY**  
**SCHEDULE 2B**  
**CHANGES IN BOND INDEBTEDNESS**  
**For the Year Ended August 31, 2011**

**UNAUDITED**

**Schedule Not Used**

**SAM HOUSTON STATE UNIVERSITY**  
**SCHEDULE 2C**  
**DEBT SERVICE REQUIREMENTS**  
**For the Year Ended August 31, 2011**

**UNAUDITED**

**Schedule Not Used**

**SAM HOUSTON STATE UNIVERSITY**

**UNAUDITED**

**SCHEDULE 2D**

**ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE**

**For the Year Ended August 31, 2011**

**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, 2011**

**UNAUDITED**

**Schedule Not Used**

**SAM HOUSTON STATE UNIVERSITY**  
**SCHEDULE 2F**  
**EARLY EXTINGUISHMENT AND REFUNDING**  
**For the Year Ended August 31, 2011**

**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, 2011

UNAUDITED

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Local Revenue Fund 02XX	\$ 26,559,427.62		\$ 26,559,427.62
Departmental Suspense Fund 0900			
Correction Account for Direct Deposit Fund 0980			
Direct Deposit Hold - Transmit Account Fund 0979			
Texas State University System Special Mineral Fund 0283			
Bill Blackwood Law Enforcement Management Institute Fund 0581	1,300,980.15		1,300,980.15
Correctional Management Institute and Criminal Justice Center Fund 5083	1,098,913.26		1,098,913.26
			-
<b>Total Cash in State Treasury (Stmt of Net Assets)</b>	<u>\$ 28,959,321.03</u>	<u>\$ -</u>	<u>\$ 28,959,321.03</u>

**SAM HOUSTON STATE UNIVERSITY  
SCHEDULE 4  
HIGHER EDUCATION ASSISTANCE FUND  
For the Year Ended August 31, 2011**

**UNAUDITED**

	<u>Totals</u>
	\$
<b>Balance September 1, 2010</b>	<u>25,640,798.33</u>
<b>Less Prior Year Adjustment for Capital Projects</b>	<u>18,959,231.50</u>
<b>Adjustment as of September 1, 2010</b>	<u>6,681,566.83</u>
<b>REVENUES</b>	
Appropriations	<u>11,893,110.00</u>
Total Revenues	<u>11,893,110.00</u>
<b>EXPENSES</b>	
Capital Expenditures	5,527,393.54
Professional Fees and Services	133,920.63
Materials and Supplies	2,699,087.33
Repairs and Maintenance	425,287.10
Service	15,829.90
Interest	202.80
Real Property	463,373.95
Other Expenses	<u>797,180.22</u>
Total Expenses	<u>10,062,275.47</u>
	\$
<b>BALANCE AT AUGUST 31, 2011</b>	<u><u>8,512,401.36</u></u>





