

UNAUDITED

ANNUAL FINANCIAL REPORT

of

Texas A&M Forest Service

For the Year Ended August 31, 2015

With Comparative Totals for the Year Ended August 31, 2014



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

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TEXAS A&M FOREST SERVICE

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EXHIBIT III
TEXAS A&M FOREST SERVICE
STATEMENT OF NET POSITION
FOR THE YEAR ENDED AUGUST 31, 2015

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Assets and Deferred Outflows		
Current Assets		
Cash & Cash Equivalents [Schedule Three]	\$ 97,174,075.37	\$ 92,791,376.93
Investments		
Derivative Instruments		
Restricted		
Cash & Cash Equivalents [Schedule Three]	73,578.00	46,836.27
Investments		
Legislative Appropriations	4,364,832.99	3,138,964.36
Receivables, Net [Note 24]		
Federal	1,532,674.00	2,550,161.43
Other Intergovernmental		42,907.85
Interest and Dividends		
Gifts		
Self-Insured Health and Dental		
Student		
Investment Trades		
Accounts	289,595.14	98,856.77
Other	679.00	1,639.00
Due From Other Agencies	2,245,510.89	2,032,199.89
Due From Other Members	1,404.16	3,853.02
Due From Other Funds		748,792.53
Consumable Inventories	1,237,598.84	1,195,391.43
Merchandise Inventories	531,011.38	649,457.04
Loans and Contracts	87,234.51	99,058.51
Interfund Receivable [Note 12]		
Other Current Assets	555.00	1,229.21
Total Current Assets	<u>\$ 107,538,749.28</u>	<u>\$ 103,400,724.24</u>
Non-Current Assets		
Restricted		
Cash & Cash Equivalents [Schedule Three]	\$ 227,879.29	\$ 146,922.74
Assets Held By System Office		
Investments [Note 3]		
Loans, Contracts and Other		
Gifts Receivable		
Loans and Contracts	545,712.00	638,840.00
Assets Held By System Office	13,898,398.81	14,138,349.99
Investments [Note 3]		
Interfund Receivable [Note 12]		
Capital Assets, Non-Depreciable [Note 2]		
Land and Land Improvements	1,998,535.89	1,890,235.89
Construction In Progress	815,240.11	664,082.66
Other Tangible Capital Assets		
Land Use Rights		
Other Intangible Capital Assets		
Capital Assets, Depreciable [Note 2]		
Buildings and Building Improvements	2,209,354.47	1,879,667.47
Infrastructure		
Facilities and Other Improvements		
Furniture and Equipment	27,568,523.64	23,394,853.81
Vehicles, Boats, and Aircraft	24,493,273.65	20,919,588.57
Other Capital Assets		
Intangible Capital Assets, Amortized [Note 2]		
Land Use Rights		
Computer Software		
Other Intangible Capital Assets		
Accumulated Depreciation/Amortization	(27,605,213.73)	(23,831,703.01)
Assets Held In Trust		
Other Non-Current Assets		
Total Non-Current Assets	<u>\$ 44,151,704.13</u>	<u>\$ 39,840,838.12</u>
Deferred Outflows of Resources [Note 28]		
Derivative Instruments	\$	\$
Government Acquisition		
Pensions		
Total Deferred Outflows of Resources	<u>\$</u>	<u>\$</u>
Total Assets and Deferred Outflows	<u>\$ 151,690,453.41</u>	<u>\$ 143,241,562.36</u>

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EXHIBIT III
TEXAS A&M FOREST SERVICE
STATEMENT OF NET POSITION
FOR THE YEAR ENDED AUGUST 31, 2015

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Liabilities and Deferred Inflows		
Current Liabilities		
Payables		
Accounts	\$ 5,271,776.08	\$ 3,881,475.80
Payroll	1,662,585.26	1,453,133.39
Investment Trades		
Self-Insured Health and Dental		
Student		
Other		
Interfund Payable [Note 12]		
Due to Other Agencies	15,077.36	22,270.91
Due to Other Funds		748,792.53
Due to Other Members		1,232.04
Funds Held for Investment		
Unearned Revenue	73,115.08	153,627.93
Employees' Compensable Leave	185,273.37	175,803.00
Claims and Judgments		
Notes and Loans Payable [Note 5]		
Bonds Payable [Note 6]		
Capital Lease Obligations		
Liabilities Payable From Restricted Assets		148,307.32
Funds Held for Others		
Other Current Liabilities	18,067.91	19,468.78
Total Current Liabilities	<u>\$ 7,225,895.06</u>	<u>\$ 6,604,111.70</u>
Non-Current Liabilities		
Interfund Payable [Note 12]	\$	\$
Employees' Compensable Leave	2,179,524.24	1,889,631.92
Other Post Employment Benefits [Note 11]		
Pension Liability [Note 9]		
Claims and Judgments		
Notes and Loans Payable [Note 5]		
Bonds Payable [Note 6]		
Assets Held In Trust		
Liabilities Payable From Restricted Assets		
Funds Held for Others		
Capital Lease Obligations		
Other Non-Current Liabilities		
Total Non-Current Liabilities	<u>\$ 2,179,524.24</u>	<u>\$ 1,889,631.92</u>
Deferred Inflows of Resources [Note 28]		
Pension	\$	\$
Total Deferred Inflows of Resources	<u>\$</u>	<u>\$</u>
Total Liabilities and Deferred Inflows	<u>\$ 9,405,419.30</u>	<u>\$ 8,493,743.62</u>
Net Position		
Net Investment In Capital Assets	\$ 29,479,714.03	\$ 24,916,725.39
Restricted for		
Debt Service		
Capital Projects	1,404.16	1,943.28
Education	813,944.49	830,222.93
Endowment and Permanent Funds		
Nonexpendable		
Expendable		
Unrestricted	111,989,971.43	108,998,927.14
Total Net Position [Exhibit IV]	<u>\$ 142,285,034.11</u>	<u>\$ 134,747,818.74</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 151,690,453.41</u>	<u>\$ 143,241,562.36</u>

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EXHIBIT IV
 TEXAS A&M FOREST SERVICE
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED AUGUST 31, 2015

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Operating Revenues		
Tuition and Fees	\$	\$
Discounts and Allowances		
Hospitals and Clinics		
Discounts and Allowances		
Professional Fees		
Auxiliary Enterprises		
Discounts and Allowances		
Other Sales of Goods and Services	2,905,030.66	2,313,518.78
Discounts and Allowances		
Interest Revenue		
Federal Revenue - Operating	5,955,293.58	8,417,185.07
Federal Pass Through Revenue	2,940,022.20	291,578.22
State Grant Revenue		
State Pass Through Revenue	59,022.49	
Other Grants and Contracts - Operating	313,115.95	441,383.80
Other Operating Revenue	20,637,262.52	20,450,715.08
Total Operating Revenues	\$ 32,809,747.40	\$ 31,914,380.95
Operating Expenses		
Instruction	\$	\$
Research	2,119,249.41	1,973,303.29
Public Service	50,875,502.99	47,881,005.34
Hospitals and Clinics		
Academic Support		
Student Services		
Institutional Support	3,523,934.31	3,256,392.40
Operation & Maintenance of Plant	1,426,118.86	1,353,009.47
Scholarships & Fellowships		
Auxiliary		
Depreciation/Amortization	4,810,702.86	3,605,198.52
Total Operating Expenses [Schedule IV-1]	\$ 62,755,508.43	\$ 58,068,909.02
Total Operating Income [Loss]	\$ (29,945,761.03)	\$ (26,154,528.07)
Nonoperating Revenues [Expenses]		
Legislative Revenue	\$ 13,856,447.16	\$ 13,586,249.91
Federal Revenue Non-Operating		
Federal Pass Through Non-Operating		
State Pass Through Non-Operating		
Gifts	142,504.81	21,095.68
Land Income		
Investment Income	(93,258.75)	1,970,621.62
Investing Activities Expense	(34,803.03)	(38,901.60)
Interest Expense		
Borrower Rebates and Agent Fees		
Gain [Loss] On Sale or Disposal of Capital Assets	235,770.98	98,135.76
Settlement of Claims	(7,916.92)	(1,501.26)
Other Nonoperating Revenues	22,148.78	21,195.18
Other Nonoperating [Expenses]	(122,713.97)	(2,047.89)
Total Nonoperating Revenues [Expenses]	\$ 13,998,179.06	\$ 15,654,847.40
Income [Loss] Before Other Revenues and Transfers	\$ (15,947,581.97)	\$ (10,499,680.67)

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EXHIBIT IV
TEXAS A&M FOREST SERVICE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED AUGUST 31, 2015

	<u>CURRENT YEAR TOTAL</u>	<u>PRIOR YEAR TOTAL</u>
Other Revenues and Transfers		
Capital Contributions	\$ 1,061,924.32	\$ 167,441.00
Capital Appropriations [Higher Education Fund]		
Additions to Permanent and Term Endowments		
Special Items		
Extraordinary Items		
Transfers In		
Transfers From Other State Agencies	25,124,202.89	23,331,699.74
Mandatory Transfers From Other Members		
Nonmandatory Transfers From Other Members	128,496.00	42,744.00
Nonmandatory Transfers From Members/Agencies-Cap Assets		
Transfers Out		
Transfers to Other State Agencies	(2,829,825.87)	
Mandatory Transfers to Other Members		
Nonmandatory Transfers to Other Members		
Nonmandatory Transfers to Members/Agencies - Cap Assets		(26,495.68)
Legislative Transfers - In		
Legislative Transfers - Out		
Legislative Appropriations Lapsed		
Total Other Revenues and Transfers	<u>\$ 23,484,797.34</u>	<u>\$ 23,515,389.06</u>
Change In Net Position	<u>\$ 7,537,215.37</u>	<u>\$ 13,015,708.39</u>
Net Position, Beginning of Year	<u>\$ 134,747,818.74</u>	<u>\$ 121,732,110.35</u>
Restatement		
Net Position, Beginning of Year, Restated	<u>\$ 134,747,818.74</u>	<u>\$ 121,732,110.35</u>
Net Position, End of Year	<u>\$ 142,285,034.11</u>	<u>\$ 134,747,818.74</u>

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SCHEDULE IV-1
 TEXAS A&M FOREST SERVICE
 NACUBO FUNCTION TO NATURAL CLASSIFICATION MATRIX
 FOR THE YEAR ENDED AUGUST 31, 2015

	<u>INSTRUCTION</u>	<u>RESEARCH</u>	<u>PUBLIC SERVICE</u>	<u>HOSPITALS & CLINICS</u>	<u>ACADEMIC SUPPORT</u>
Natural Classification					
Cost of Goods Sold	\$	\$	\$ 249,994.49	\$	\$
Salaries & Wages		1,336,948.35	18,438,925.18		
Payroll Related Costs		432,609.29	7,351,300.79		
Payroll Related Costs-TRS Pension					
Professional Fees & Services		18,860.57	901,881.99		
Travel		67,717.20	1,370,582.28		
Materials & Supplies		143,086.77	4,153,774.04		
Communication & Utilities		26,380.62	654,149.48		
Repairs & Maintenance		37,796.87	875,621.01		
Rentals & Leases		22,890.29	374,298.02		
Printing & Reproduction		1,457.64	175,071.75		
Federal Pass-Through			128,849.10		
State Pass-Through					
Depreciation & Amortization					
Bad Debt Expense					
Interest		4.01	519.41		
Scholarships					
Claims & Losses					
Net Change In OPEB Obligation					
Other Operating Expenses		31,497.80	16,200,535.45		
Total Operating Expenses	\$	\$ 2,119,249.41	\$ 50,875,502.99	\$	\$

<u>STUDENT SERVICES</u>	<u>INSTITUTIONAL SUPPORT</u>	<u>OPERATION & MAINTENANCE OF PLANT</u>	<u>SCHOLARSHIPS & FELLOWSHIPS</u>	<u>AUXILIARY</u>	<u>DEPRECIATION & AMORTIZATION</u>	<u>TOTAL</u>	<u>PRIOR YEAR</u>
\$	\$	\$	\$	\$	\$	\$	\$
	2,010,470.35	164,243.15				249,994.49	417,635.23
	506,029.18	34,073.23				21,950,587.03	19,338,774.73
						8,324,012.49	7,205,415.04
	570,291.44	12,695.35				1,503,729.35	1,512,749.15
	27,604.06	2,600.70				1,468,504.24	1,100,248.11
	129,951.69	177,713.56				4,604,526.06	4,704,523.42
	56,953.52	221,867.66				959,351.28	980,606.36
	8,396.65	172,167.13				1,093,981.66	1,575,715.14
	42,302.64	367,627.56				807,118.51	838,167.09
	4,699.51					181,228.90	195,828.17
						128,849.10	55,900.30
					4,810,702.86	4,810,702.86	3,605,198.52
	8.33	.88				532.63	574.14
	167,226.94	273,129.64				16,672,389.83	16,537,573.62
<u>\$</u>	<u>\$ 3,523,934.31</u>	<u>\$ 1,426,118.86</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,810,702.86</u>	<u>\$ 62,755,508.43</u>	<u>\$ 58,068,909.02</u>

[Exhibit IV]

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EXHIBIT V
TEXAS A&M FOREST SERVICE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2015

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Cash Flows From Operating Activities		
Proceeds Received From Tuition and Fees	\$	\$
Proceeds Received From Customers	3,529,876.04	2,651,573.16
Proceeds From Grants and Contracts	9,304,139.39	9,101,002.02
Proceeds From Auxiliary Enterprises		
Proceeds From Loan Programs	104,952.00	126,199.49
Proceeds From Other Operating Revenues	20,635,861.65	20,449,971.11
Payments to Suppliers for Goods and Services	(12,404,480.33)	(12,180,921.54)
Payments to Employees	(29,765,784.96)	(26,264,471.68)
Payments for Loans Provided		
Payments for Other Operating Expenses	(14,528,959.11)	(15,474,073.11)
Net Cash Provided [Used] By Operating Activities	\$ (23,124,395.32)	\$ (21,590,720.55)
Cash Flows From Noncapital Financing Activities		
Proceeds From State Appropriations	\$ 12,630,578.53	\$ 10,722,133.41
Proceeds From Gifts	19,790.84	19,047.79
Proceeds From Endowments		
Proceeds From Transfers From Other Funds	24,930,882.36	23,119,883.46
Proceeds From Other Grant Receipts		
Proceeds From Other Noncapital Financing Activities	22,148.78	21,195.18
Payments of Interest		
Payments for Transfers to Other Funds	(2,829,825.87)	
Payments for Grant Disbursements		
Payments for Other Noncapital Financing Uses	(7,916.92)	(1,501.26)
Other Noncapital Transfers From/To System	28,496.00	42,744.00
Transfers Between Fund Groups		
Net Cash Provided [Used] By Noncapital Financing Activities	\$ 34,794,153.72	\$ 33,923,502.58
Cash Flows From Capital and Related Financing Activities		
Proceeds From Sale of Capital Assets	\$ 258,990.00	\$ 98,328.00
Proceeds From Debt Issuance		
Proceeds From State Grants and Contracts		
Proceeds From Federal Grants and Contracts		
Proceeds From Gifts		
Proceeds From Interfund Payables		
Proceeds From Other Financing Activities		
Proceeds From Capital Contributions		
Payments for Additions to Capital Assets	(7,650,780.20)	(9,947,155.07)
Payments of Principal On Debt		
Payments for Capital Leases		
Payments of Interest On Debt Issuance		
Payments for Interfund Receivables		
Payments of Other Costs On Debt Issuance		
Transfer of Capital Debt Proceeds From System [Nonmandatory]	100,539.12	38,593.36
Intrasystem Transfers for Capital Debt [Mandatory]		
Intrasystem Transfers for Construction Proceeds [Non-Mand]		
Net Cash Provided [Used] By Capital and Related Financing Act.	\$ (7,291,251.08)	\$ (9,810,233.71)
Cash Flows From Investing Activities		
Proceeds From Sales of Investments	\$	\$
Sales and Purchases of Investments Held By System	(195,863.02)	3,786,771.53
Proceeds From Interest and Investment Income	226,795.87	247,602.65
Payments to Acquire Investments		
Net Cash Provided [Used] By Investing Activities	\$ 30,932.85	\$ 4,034,374.18
Net Increase [Decrease] In Cash and Cash Equivalents	\$ 4,409,440.17	\$ 6,556,922.50
Cash and Cash Equivalents, Beginning of Year	\$ 92,838,213.20	\$ 86,281,290.70
Restatement		
Cash and Cash Equivalents, Beginning of Year, As Restated	\$ 92,838,213.20	\$ 86,281,290.70
Cash and Cash Equivalents, End of Year [Sch Three]	\$ 97,247,653.37	\$ 92,838,213.20

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EXHIBIT V
TEXAS A&M FOREST SERVICE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2015

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Reconciliation of Operating Income [Loss] to Net Cash Provided [Used] By Operating Activities	\$	\$
Operating Income [Loss]	(29,945,761.03)	(26,154,528.07)
Adjustments to Reconcile Operating Income [Loss] to Net Cash Provided [Used] By Operating Activities		
Amortization and Depreciation	4,810,702.86	3,605,198.52
Bad Debt Expense		
Operating Income [Loss] and Cash Flow Categories Classification Differences		
Changes In Assets and Liabilities		
[Increase] Decrease In Receivables	870,616.91	80,757.64
[Increase] Decrease In Due From Other Funds	(19,990.47)	307,576.09
[Increase] Decrease In Due From System Members	1,909.74	888.06
[Increase] Decrease In Inventories	76,238.25	74,120.52
[Increase] Decrease In Prepaid Expenses		
[Increase] Decrease In Loans and Contracts	104,952.00	126,199.49
[Increase] Decrease In Other Assets	674.21	(356.73)
[Increase] Decrease In Payables	767,238.83	327,266.85
[Increase] Decrease In Due to Other Agencies/Funds	(7,193.55)	(84,154.60)
[Increase] Decrease In Due to System Members	(1,232.04)	(13,927.98)
[Increase] Decrease In Unearned Revenue	(80,512.85)	(60,051.29)
[Increase] Decrease In Deposits	(1,400.87)	(743.97)
[Increase] Decrease In Employees' Compensable Leave	299,362.69	201,034.92
[Increase] Decrease In OPEB Liability		
[Increase] Decrease In Pension Liability		
[Increase] Decrease In Self Insured Accrued Liability		
[Increase] Decrease In Other Liabilities		
Total Adjustments	\$ 6,821,365.71	\$ 4,563,807.52
Net Cash Provided [Used] By Operating Activities	\$ (23,124,395.32)	\$ (21,590,720.55)
Non-Cash Transactions		
Donation of Capital Assets	\$ 1,061,924.32	\$ 167,441.00
Net Change In Fair Value of Investments	(809,011.06)	1,003,940.47
Refunding of Long Term Debt		
Amortization of Bond Premiums and Discounts		
Borrowing Under Capital Lease Purchase		
Other	358,484.95	73,687.97

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SCHEDULE THREE
 TEXAS A&M FOREST SERVICE
 SCHEDULE OF CASH & CASH EQUIVALENTS
 FOR THE YEAR ENDED AUGUST 31, 2015

	CURRENT YEAR TOTAL
Cash & Cash Equivalents	
Current Assets	
Cash On Hand	
Petty Cash Department Working Fund	\$ 450.00
Total Cash On Hand	<u>\$ 450.00</u>
Cash In State Treasury	
Fund 5064	\$ 88,313,230.17
Fund 5066	4,687,442.48
Total Cash In State Treasury	<u>\$ 93,000,672.65</u>
Reimbursements Due From State Treasury	\$ 496,082.73
Assets Held By System Offices-Current	3,676,869.99
Total Current Cash and Cash Equivalents [Exhibit III]	<u>\$ 97,174,075.37</u>
Restricted	
Assets Held By System Offices-Current	\$ 73,578.00
Total Restricted Cash and Cash Equivalents [Exhibit III]	<u>\$ 73,578.00</u>
Total Cash & Cash Equivalents [Exhibit V]	<u>\$ 97,247,653.37</u>

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SCHEDULE N-2
 TEXAS A&M FOREST SERVICE
 NOTE 2 - CAPITAL ASSETS
 FOR THE YEAR ENDED AUGUST 31, 2015

	BALANCE 9-1-14	ADJUSTMENTS	COMPLETED CIP
Non-Depreciable/Non-Amortizable Assets			
Land and Land Improvements	\$ 1,890,235.89	\$	\$
Construction In Progress	664,082.66		
Total Non-Depreciable/Non-Amortizable Assets	<u>\$ 2,554,318.55</u>	<u>\$</u>	<u>\$</u>
Depreciable Assets			
Buildings	\$ 1,879,667.47	\$	\$
Furniture and Equipment	23,394,853.81		
Vehicles, Boats and Aircraft	20,919,588.57		
Total Depreciable Assets at Historical Cost	<u>\$ 46,194,109.85</u>	<u>\$</u>	<u>\$</u>
Less Accumulated Depreciation for			
Buildings	\$ (911,826.90)	\$	\$
Furniture and Equipment	(12,221,912.82)		
Vehicles, Boats and Aircraft	(10,697,963.29)		
Total Accumulated Depreciation	<u>\$ (23,831,703.01)</u>	<u>\$</u>	<u>\$</u>
Depreciable Assets, Net	<u>\$ 22,362,406.84</u>	<u>\$</u>	<u>\$</u>
Capital Assets, Net	<u><u>\$ 24,916,725.39</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

<u>INC-INTERAGENCY TRANSACTIONS</u>	<u>DEC-INTERAGENCY TRANSACTIONS</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE 8-31-15</u>
\$	\$	\$ 108,300.00	\$	\$ 1,998,535.89
		151,157.45		815,240.11
<u>\$</u>	<u>\$</u>	<u>\$ 259,457.45</u>	<u>\$</u>	<u>\$ 2,813,776.00</u>
\$	\$	\$ 329,687.00	\$	\$ 2,209,354.47
		4,374,509.77	(200,839.94)	27,568,523.64
		4,433,256.30	(859,571.22)	24,493,273.65
<u>\$</u>	<u>\$</u>	<u>\$ 9,137,453.07</u>	<u>\$ (1,060,411.16)</u>	<u>\$ 54,271,151.76</u>
\$	\$	\$ (84,118.14)	\$	\$ (995,945.04)
		(2,455,170.57)	181,792.34	(14,495,291.05)
		(2,271,414.15)	855,399.80	(12,113,977.64)
<u>\$</u>	<u>\$</u>	<u>\$ (4,810,702.86)</u>	<u>\$ 1,037,192.14</u>	<u>\$ (27,605,213.73)</u>
<u>\$</u>	<u>\$</u>	<u>\$ 4,326,750.21</u>	<u>\$ (23,219.02)</u>	<u>\$ 26,665,938.03</u>
<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$ 4,586,207.66</u></u>	<u><u>\$ (23,219.02)</u></u>	<u><u>\$ 29,479,714.03</u></u>