

# SUL ROSS STATE UNIVERSITY

*A Member of the Texas State University System*

**ALPINE, TEXAS**



*Financial Report*

For the Year Ended

**August 31, 2016**

UNAUDITED

SUL ROSS STATE UNIVERSITY

FINANCIAL REPORT

For the Year Ended August 31, 2016





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

Office of The President  
PO Box C-100

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

November 17, 2016

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

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the Sul Ross State University for the year ended Aug. 31, 2016, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in [Governmental Accounting Standards Board \(GASB\) 34](#), the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report* (CAFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report. If you have any questions, please contact Oscar P. Jimenez at 432-837-8042. John Young may be contacted at 432-837-8180 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Bill Kibler, Ph.D.  
President



UNAUDITED

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BOARD OF REGENTS  
TEXAS STATE UNIVERSITY SYSTEM  
At August 31, 2016

OFFICERS

Dr. Jaime R. Garza.....Chairman  
Rossanna Salazar..... Vice Chairman

MEMBERS

Terms Expire February 1, 2017  
Donna N. Williams..... Arlington

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

Terms Expire February 1, 2021  
Alan L. Tinglen.....Madisonville  
David Montage.....Orange  
Veronica Muzquiz Edwards.....San Antonio

Brian McCall, Chancellor

ADMINISTRATIVE OFFICIALS  
SUL ROSS STATE UNIVERSITY  
At August 31, 2016

Dr. William Kibler .....President  
Cesario Valenzuela.....Vice President for Finance & Operations  
Jim Case ..... Executive Vice President and Provost for Academic and Student Affairs  
Mary Beth Marks..... Vice President for Enrollment Management  
Butch Worley ..... Vice President for External Affairs  
David Gibson .....Chief Information Officer  
Jeanne Qvarstrom.....Assistant Vice President Institutional Effectiveness  
J.Paul Sorrels.....Vice President -Rio Grande College  
Leo Dominguez.....Associate Vice President for University Services



Sul Ross State University  
Headcount Enrollment for Academic Year 2015-2016

		Fall 2015	Spring 2016	SUMMER I 2016	SUMMER II 2016
		<b>Academic Classification</b>			
<b>Alpine</b>	Undergraduate	1,359	1,178	325	326
	Graduate	614	616	358	330
	<b>Total</b>	<b>1,973</b>	<b>1,794</b>	<b>683</b>	<b>656</b>
<b>RGC</b>	Undergraduate	800	770	423	330
	Graduate	219	204	101	100
	<b>Total</b>	<b>1,019</b>	<b>974</b>	<b>524</b>	<b>430</b>
<b>Total</b>	Undergraduate	2,159	1,948	748	656
	Graduate	833	820	459	430
	<b>Total</b>	<b>2,992</b>	<b>2,768</b>	<b>1,207</b>	<b>1,086</b>

		<b>Residency Status</b>			
<b>Alpine</b>	Resident	1,908	1,734	664	633
	Non Resident	48	46	16	20
	Foreign	17	14	3	3
	<b>Total</b>	<b>1,973</b>	<b>1,794</b>	<b>683</b>	<b>656</b>
<b>RGC</b>	Resident	1,015	970	521	428
	Non Resident	1	1	2	1
	Foreign	3	3	1	1
	<b>Total</b>	<b>1,019</b>	<b>974</b>	<b>524</b>	<b>430</b>

Enrollment Data (Fall Semester) - Duplicated

	<u>Students</u>	<u>Semester Hours</u>
Fall 2015	2,992	27,756

**UNAUDITED**  
**Student Enrollment**  
**Sul Ross State University**  
For the Year Ended August 31, 2016

TYPE OF STUDENT	NUMBER OF STUDENTS BY SEMESTER			
	FALL 2015	SPRING 2016	SUMMER TERM 2016	
			FIRST	SECOND
Texas Residents	1,972	1,838	434	511
Out of State (Classified as Residents)				
Out of State	49	47	18	21
Foreign	20	17	4	4
Children of Disabled Firemen or Peace Officers	1	1		
Children of Deceased Public Servants				
Children of Professional Nurses				
Peace Officer	2	3		1
Concurrent Enrollment	26	19		1
Foster Children of the State	7	8	5	3
Good Neighbor				
High School Honor Scholarships				
High Ranking Senior	2	2		
Hazelwood Act	104	97	42	39
Senior Citizens	4	7		1
Commission for the Blind/Deaf	6	6	4	3
Fireman Exempt	4	5	1	1
Thesis Only				
Nursing				
Faculty/Staff	51	50	23	25
Teaching Assistants	9	9	3	5
Competitive Scholarships	15	17	3	2
Military Personnel and Dependents	1			
Louisiana Adjacent County				
Mexico Pilot				
National Student Exchange Program				
Reciprocal Exchange International				
New Mexico Adjacent County	10	8	5	5
Texas Tomorrow Waiver				
Adopted Students	4	2		
Pase	6	4	2	1
Distance Learning	691	627	662	585
Family & Consumer Science Alliance Agreement				
Clinical Preceptor Exempt	1	1	1	
Beaumont-Louisiana Non-resident				
Economic Development				
Multi Texas University				
TDCJ-54.218 Education Code				
Trio Grant Math 0301	6			
HB 1406 Non US Citizen	1			
Totals	<u>2,992</u>	<u>2,768</u>	<u>1,207</u>	<u>1,208 *</u>

Enrollment Data (Fall Semester )

Fiscal Year	STUDENTS	SEMESTER HOURS
2016	2,992	27,756
2015	2,906	27,185
2014	2,865	25,466
2013	2,700	26,077
2012	2,956	29,858

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PRIMARY FINANCIAL STATEMENTS

Texas State University System  
Sul Ross State University  
Statement of Net Position  
As of August 31, 2016

**ASSETS**

Current Assets:	
Cash and Cash Equivalents (Note 3):	
Cash on Hand	12,754.93
Cash in Bank	(584,890.33)
Cash in Transit/Reimburse from Treasury	1,466,778.39
Cash in State Treasury (Schedule 3)	1,122,207.94
Cash Equivalents	20,404,197.31
Securities Lending Collateral	-
Short Term Investments (Note 3)	-
Restricted:	
Cash and Cash Equivalents (Note 3):	
Cash on Hand	661.17
Cash in Bank	754,373.62
Cash in Transit/Reimburse from Treasury	-
Cash in State Treasury	-
Cash Equivalents	1,309,968.15
Short Term Investments (Note 3)	-
Legislative Appropriations	3,106,080.67
Receivables:	
Federal	857,626.62
Other Intergovernmental	-
Interest and Dividends	25,878.35
Accounts Receivable	4,444,816.63
Gifts, Pledges and Donations	-
Investment Trades	-
Other	-
Interfund Receivable (Note 12)	-
Due From Other Agencies (Note 12)	103,235.85
Consumable Inventories	183,243.96
Merchandise Inventories	20,535.29
Prepaid Items	581,388.82
Loans and Contracts	542,603.68
Other Current Assets	-
Total Current Assets	<u>34,351,461.05</u>
Non-Current Assets:	
Restricted:	
Cash and Cash Equivalents (Note 3):	
Cash on Hand	-
Cash in Bank	-
Cash in Transit/Reimburse from Treasury	-
Cash in State Treasury	-
Cash Equivalents	-
Short Term Investments (Note3)	-
Receivables	-
Investments (Note 3)	-
Loans and Contracts	-
Other Assets	-
Loans and Contracts	-
Investments (Note 3)	16,645,250.98
Interfund Receivables (Note 12)	-
Gifts, Pledges and Donations	-
Capital Assets (Note 2):	
Non-Depreciable or Non-Amortizable:	
Land and Land Improvements	929,918.48
Infrastructure	-
Construction in Progress	420,349.55
Other Capital Assets	257,700.00
Depreciable or Amortizable:	
Buildings and Building Improvements	113,427,422.46
Less Accumulated Depreciation	(70,465,043.43)
Infrastructure	666,789.36
Less Accumulated Depreciation	(666,789.36)
Facilities and Other Improvements	7,321,575.34
Less Accumulated Depreciation	(2,776,945.73)
Furniture and Equipment	9,290,395.49
Less Accumulated Depreciation	(7,021,920.78)
Vehicles, Boats, and Aircraft	1,833,705.72
Less Accumulated Depreciation	(1,219,533.03)
Other Capital Assets	7,153,727.34
Less Accumulated Depreciation	(4,592,202.25)
Amortizable Assets-Intangible	173,740.00
Less Accumulated Amortization	(173,740.00)
Assets Held in Trust	-
Other Non-Current Assets	-
Total Non-Current Assets	<u>71,204,400.14</u>
Total Assets	<u>105,555,861.19</u>

Texas State University System  
Sul Ross State University  
Statement of Net Position  
As of August 31, 2016

<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Derivative Hedging Instrument Assets	-
Deferred Outflow of Resources	-
Total Deferred Outflows of Resources	-
<b>LIABILITIES</b>	
Current Liabilities:	
Payables from:	
Accounts	1,156,435.97
Investment Trades	-
Payroll	831,215.76
Other Intergovernmental	-
Federal	-
Interest	-
Other	76,794.68
Interfund Payable (Note 12)	-
Due to Other Agencies (Note 12)	-
Unearned Revenues	10,065,362.23
Short Term Debt	-
Notes and Loans Payable (Note 5)	-
Revenue Bonds Payable (Note 5, 6)	-
General Obligation Bonds Payable (Note 5, 6)	-
Claims and Judgments (Note 5)	-
Employees' Compensable Leave (Note 5)	493,605.00
Capital Lease Obligations (Note 5, 8)	-
Contract Retainage Payable	-
Liabilities Payable from Restricted Assets	-
Obligations/Reverse Repurchase Agreements	-
Obligations Under Securities Lending	-
Funds Held for Others	235,229.02
Other Current Liabilities	585,932.49
Total Current Liabilities	13,444,575.15
Non-Current Liabilities:	
Interfund Payable (Note 12)	-
Notes and Loans Payable (Note 5)	-
Revenue Bonds Payable (Note 5, 6)	-
General Obligation Bonds Payable (Note 5, 6)	-
Claims and Judgments (Note 5)	-
Liabilities Payable from Restricted Assets	-
Employees' Compensable Leave (Note 5)	634,065.00
Capital Lease Obligations (Note 5, 8)	-
Assets Held for Others	-
Pollution Remediation Obligations	-
Other Non-Current Liabilities	-
Total Non-Current Liabilities	634,065.00
Total Liabilities	14,078,640.15
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Derivative Instrument Liabilities	-
Deferred Inflow of Resources	-
Total Deferred Inflows of Resources	-
<b>NET POSITION</b>	
Invested in Capital Assets, Net of Related Debt	54,559,149.16
Restricted for:	
Education	3,846,490.09
Debt Service	1,647,503.89
Capital Projects	1,856,406.84
Funds Held As Permanent Investments:	
Non-Expendable	15,576,019.14
Expendable	1,803,710.28
Other	2,928,087.90
Unrestricted	9,259,853.74
Total Net Position	91,477,221.04

Texas State University System  
Sul Ross State University  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Fiscal Year Ended August 31, 2016

**OPERATING REVENUES**

Sales of Goods and Services:	
Tuition and Fees - Pledged	16,030,796.22
Discounts and Allowances	(7,511,030.37)
Professional Fees-Non-pledged	-
Professional Fees - Pledged	-
Discounts and Allowances	-
Auxiliary Enterprises-Non-pledged	-
Auxiliary Enterprises - Pledged	5,043,908.37
Discounts and Allowances	-
Other Sales of Goods and Services-Non-Pledged	-
Other Sales of Goods and Services - Pledged	1,122,093.34
Discounts and Allowances	-
Interest and Investment Income Non-pledged	-
Interest and Investment Income Pledged	-
Net Increase (Decrease) Fair Market Value -Non-pledged	-
Net Increase (Decrease) Fair Market Value -Pledged	-
Federal Revenue-Operating	4,880,962.49
Federal Pass-Through Revenue	336,623.99
State Grant Revenue	-
State Grant Pass-Through Revenue	1,535,059.65
Other Grants and Contracts -Non-pledged	212,527.99
Other Grants and Contracts-Pledged	-
Contributions to Retirement System	-
Other Operating Revenues - Non-pledged	-
Other Operating Revenues - Pledged	-
	<hr/>
Total Operating Revenues	<u>21,650,941.68</u>

**OPERATING EXPENSES**

Instruction	12,858,118.70
Research	1,662,548.45
Public Service	1,806,937.39
Academic Support	5,168,626.86
Student Services	3,422,691.27
Institutional Support	9,191,235.03
Operation and Maintenance of Plant	4,095,936.09
Scholarship and Fellowships	2,968,275.40
Auxiliary Enterprise Expenditures	6,321,256.84
Depreciation and Amortization	4,545,665.44
	<hr/>
Total Operating Expenses	<u>52,041,291.47</u>
Operating Income (Loss)	<u>(30,390,349.79)</u>

Texas State University System  
Sul Ross State University  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Fiscal Year Ended August 31, 2016

<b>NONOPERATING REVENUES (EXPENSES):</b>	
Legislative Revenue	17,656,158.00
Additional Appropriations	4,962,419.12
Federal Revenue	5,703,391.13
Federal Pass-Through Revenue	-
State Grant Pass-Through Revenue	-
Gifts-Non-Pledged	2,501,532.70
Gifts - Pledged	-
Land Income	-
Interest and Investment Income (Expense) -Non-Pledged	22,258.44
Interest and Investment Income (Expense) - Pledged	12,143.09
Loan Premium/Fees on Securities Lending	-
Investing Activities Expenses	(53,115.75)
Interest Expenses and Fiscal Charges	-
Borrower Rebates and Agent Fees	-
Gain (Loss) on Sale of Capital Assets	-
Net Increase (Decrease) in Fair Value of Investments-Non-pledged	735,459.29
Net Increase (Decrease) in Fair Value of Investments - Pledged	-
Settlement of Claims	-
Other Nonoperating Revenues (Expenses) Non-pledged	1,539,137.05
Other Nonoperating Revenue (Expenses)-Pledged	-
	<hr/>
Total Nonoperating Revenues (Expenses)	33,079,383.07
Income (Loss) before Other Revenues, Expenses, Gains/Losses and Transfers	<hr/> 2,689,033.28 <hr/>
<b>OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS</b>	
Capital Contributions	-
Capital Appropriations (HEAF)	1,697,507.00
Federal Grant - Capital Grant Contributions	362,949.28
Contributions to Permanent and Term Endowments	49,227.19
Special Items	-
Extraordinary Items	-
Increase NA Interagency Transfer Capital Assets (Note 12)	-
Decrease NA Interagency Transfer Capital Assets (Note 12)	-
Transfer In (Note 12)	2,500,104.00
Transfer Out (Note 12)	(1,243,133.34)
Legislative Transfer In (Note 12)	36,135.00
Legislative Transfer Out (Note 12)	(2,447,063.98)
Lapses	(16.02)
	<hr/>
Total Other Revenues, Expenses, Gains/Losses and Transfers	955,709.13
	<hr/>
CHANGE IN NET POSITION	3,644,742.41
Net Position, September 1, 2015	87,832,478.63
	<hr/>
Restatements (Note 14)	-
	<hr/>
Net Position, September 1, 2015, as Restated	87,832,478.63
NET Position, August 31, 2016	<hr/> <u>91,477,221.04</u> <hr/>



Texas State University System  
Sul Ross State University  
Statement of Cash Flows  
For the Fiscal Year Ended August 31, 2016

**CASH FLOWS FROM OPERATING ACTIVITES**

Receipts from Customers	1,169,793.34
Proceeds from Tuition and Fees	8,762,933.89
Proceeds from Research Grants and Contracts	7,266,352.05
Proceeds from Gifts	-
Proceeds from Loan Programs	12,704,767.96
Proceeds from Auxiliaries	4,990,323.10
Proceeds from Other Operating Revenues	3,932.00
Payments to Suppliers for Goods and Services	(16,086,960.07)
Payments to Employees for Salaries	(22,992,467.89)
Payments to Employees for Benefits	(8,069,594.77)
Payments for Loans Provided	(12,850,494.34)
Payments for Other Operating Expenses	-
	<hr/>
Net Cash Provided by Operating Activities	<u>(25,101,414.73)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITES**

Proceeds from Debt Issuance	-
Proceeds from State Appropriations	25,621,607.78
Proceeds from Gifts	2,471,646.53
Proceeds from Endowments	-
Proceeds of Transfers from Other Funds	63,578.00
Proceeds from Grant Receipts	5,703,391.13
Proceeds from Advances from Other Funds	-
Proceeds from Loan Programs	-
Proceeds from Other Noncapital Financing Activities	1,539,137.05
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	(190,348.00)
Payments for Grant Disbursements	-
Payments for Advances to Other Funds	-
Payments for Other Noncapital Financing Uses	(14,212.46)
	<hr/>
Net Cash Provided by Noncapital Financing Activities	<u>35,194,800.03</u>

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

Proceeds from the Sale of Capital Assets	-
Proceeds from Debt Issuance	2,472,661.00
Proceeds from State Grants and Contracts	-
Proceeds from Federal Grants and Contracts	379,252.49
Proceeds from Gifts	-
Proceeds from Other Capital and Related Financing Activities	-
Proceeds from Capital Contributions	-
Proceeds from Advances from Other Funds	-
Payments for Additions to Capital Assets	(6,529,835.12)
Payments of Principal on Debt	(2,298,321.85)
Payments for Capital Leases	-
Payments of Interest on Debt Issuance	(1,201,527.47)
Payments for interfund receivables	-
Payments of Other Costs of Debt Issuance	-
	<hr/>
Net Cash Provided by Capital and Related Financing Activities	<u>(7,177,770.95)</u>

Texas State University System  
Sul Ross State University  
Statement of Cash Flows  
For the Fiscal Year Ended August 31, 2016

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sales of Investments	-
Proceeds from Interest Income	-
Proceeds from Investment Income	-
Proceeds from Principal Payments on Loans	-
Payments to Acquire Investments	(18,736.74)
Payments for Nonprogram loans provided	-
	<hr/>
Net Cash Provided by Investing Activities	(18,736.74)

Net Increase (Decrease) in Cash and Cash Equivalents	2,896,877.61
Cash and Cash Equivalents, September 1, 2015	21,589,173.57
Changes in Accounting Principle	-
Changes in Reporting Entity	-
Restatements to Beginning Cash and Cash Equivalents	-
	<hr/>
Cash and Cash Equivalents, September 1, 2015 - Restated	21,589,173.57
Cash and Cash Equivalents, August 31, 2016	<u>24,486,051.18</u>

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

Operating Income (Loss)	(30,390,349.79)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Amortization and Depreciation	4,545,665.44
Bad Debt Expense	302,655.00
Operating Income (Loss) and Cash Flow Categories: Classification Differences	-
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(171,351.33)
(Increase) Decrease in Due from Other Funds	-
(Increase) Decrease in Inventories	3,104.57
(Increase) Decrease in Prepaid Expenses	(107,967.78)
(Increase) Decrease in Notes Receivable	-
(Increase) Decrease in Loans & Contracts	(145,726.38)
(Increase) Decrease in Other Assets	-
(Increase) Decrease in State Appropriations	-
Increase (Decrease) in Payables	154,306.27
Increase (Decrease) in Deposits	47,700.00
Increase (Decrease) in Due to Other Funds	-
Increase (Decrease) in Unearned Revenue	666,044.03
Increase (Decrease) in Compensated Absence Liability	120,410.00
Increase (Decrease) in Benefits Payable	-
Increase (Decrease) in Other Liabilities	(125,904.76)
	<hr/>
Total Adjustments	5,288,935.06
Net Cash Provided by Operating Activities	<u>(25,101,414.73)</u>

**Non Cash Transactions**

Donation of Capital Assets	79,113.36
Net Change in Fair Value of Investments	735,459.29
Borrowing Under Capital Lease Purchase	-
Other	-

Texas State University System  
 Sul Ross State University  
 Matrix of Operating Expenses, Reported by Function  
 For the Fiscal Year Ended August 31, 2016

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maint. of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Operating Expenses
Cost of Goods Sold	-	-	-	-	-	-	-	-	-	-	-
Salaries and Wages	8,825,551.58	999,626.55	997,969.96	2,761,298.53	1,968,402.39	4,215,135.06	1,092,423.42	462,393.61	1,664,172.03	-	22,986,973.13
Payroll Related Costs	3,326,891.47	214,456.45	329,260.53	891,875.09	692,124.02	1,534,302.93	450,158.82	-	630,525.46	-	8,069,594.77
Professional Fees and Services	57,334.40	121,695.47	3,945.00	336,830.36	24,805.62	154,026.77	16,588.55	-	27,258.72	-	742,484.89
Federal Grant Pass-Through Expense	-	-	-	-	-	-	-	-	-	-	-
State Grant Pass-Through Expense	-	-	-	-	-	-	-	-	-	-	-
Travel	133,812.81	80,484.00	50,893.97	161,683.41	137,938.56	139,747.71	852.07	-	252,695.97	-	958,108.50
Materials and Supplies	224,762.22	195,775.64	168,473.58	548,980.38	261,226.30	1,267,636.56	173,858.97	-	2,193,676.31	-	5,034,389.96
Communications and Utilities	90,759.09	5,844.00	22,845.56	24,890.48	33,721.28	222,437.59	785,478.91	-	788,072.83	-	1,974,049.74
Repairs and Maintenance	1,478.25	6,155.64	-	16,382.75	13,417.80	102,283.38	14,662.52	-	27,272.93	-	181,653.27
Rentals and Leases	29,059.54	3,866.48	15,138.70	74,401.76	8,331.27	36,043.41	1,490,204.93	-	17,683.01	-	1,674,729.10
Printing and Reproduction	27,767.29	4,168.79	29,432.35	24,669.17	33,066.22	32,934.10	160.00	-	26,747.93	-	178,945.85
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	4,545,665.44	4,545,665.44
Bad Debt Expense	-	-	-	-	-	162,205.00	-	-	140,450.00	-	302,655.00
Interest	-	-	-	-	-	600.85	-	-	-	-	600.85
Scholarships	11,000.00	-	-	186,656.00	77,988.00	100,568.08	-	2,505,881.79	-	-	2,882,093.87
Claims and Judgments	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	129,702.05	30,475.43	188,977.74	140,958.93	171,669.81	1,223,313.59	71,547.90	-	552,701.65	-	2,509,347.10
<b>Total Operating Expenses</b>	<b>12,858,118.70</b>	<b>1,662,548.45</b>	<b>1,806,937.39</b>	<b>5,168,626.86</b>	<b>3,422,691.27</b>	<b>9,191,235.03</b>	<b>4,095,936.09</b>	<b>2,968,275.40</b>	<b>6,321,256.84</b>	<b>4,545,665.44</b>	<b>52,041,291.47</b>

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

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

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

**Fund Structure**

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

Proprietary Fund

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

Blended Component Units

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

Discrete Component Units

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

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

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

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**Budget and Budgetary Accounting**

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

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

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

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

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

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

Inventories consisted of the following at August 31, 2016:

General Stores	\$ 155,327.07
Print Shop	10,636.95
Industrial Technology	6,397.46
RAS Meats Lab	3,062.26
Museum	27,916.89
Motor Pool	438.62
	<u>\$203,779.25</u>

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

Deferred Revenue: Deferred revenues include amounts received from students and grant and contract sponsors that have not yet been earned. As of August 31, 2016, this amount totaled \$10,065,362.23.

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

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Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 50 years for buildings, 20 to 25 years for infrastructure and land improvements, and 3 to 7 years for equipment. Inexhaustible assets such as works of art and historical treasures are not depreciated.

Accounts Payable: Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending. Accounts payable as of August 31, 2016 total \$1,156,435.97.

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

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

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

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

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

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

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

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

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

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

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

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

Interfund Activities and Balances

The agency has the following types of transactions between funds:

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

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



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**Note 2: Capital Assets**

Following are the changes in capital assets for the year ended August 31, 2016:

	Balance 9/1/2015	Adjustments	Completed CIP	Increase Interagency Transfers	Decrease Interagency Transfers	Additions	Deletions	Balance 8/31/2016
<b>Non-Depreciable Assets</b>								
Land and Land Improvements	\$ 929,918.48	0.00	0.00	0.00	0.00	0.00	0.00	\$ 929,918.48
Construction in Progress	\$ 819,833.17	0.00	(399,483.62)	0.00	0.00	0.00	0.00	\$ 420,349.55
Other Assets	\$ 257,700.00	0.00	0.00	0.00	0.00	0.00	0.00	\$ 257,700.00
<b>Total Non-Depreciable Assets</b>	<b>\$ 2,007,451.65</b>	<b>0.00</b>	<b>(399,483.62)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>\$ 1,607,968.03</b>
<b>Depreciable Assets</b>								
Buildings and Building Improvements	\$ 112,171,039.96	0.00	0.00	0.00	0.00	1,256,382.50	0.00	\$ 113,427,422.46
Infrastructure	\$ 666,789.36	0.00	0.00	0.00	0.00	0.00	0.00	\$ 666,789.36
Furniture & Equipment	\$ 9,097,629.59	0.00	0.00	0.00	0.00	850,711.74	(657,945.84)	\$ 9,290,395.49
Vehicles, Boats and Aircraft	\$ 1,609,560.81	0.00	0.00	57,198.79	0.00	331,313.00	(164,366.88)	\$ 1,833,705.72
Other Assets	\$ 6,534,290.92	0.00	0.00	0.00	0.00	619,436.42	0.00	\$ 7,153,727.34
Facilities & Other Improvements	\$ 3,224,983.46	0.00	399,483.62	0.00	0.00	3,697,108.26	0.00	\$ 7,321,575.34
<b>Total Depreciable Assets at Historical Costs</b>	<b>\$ 133,304,294.10</b>	<b>0.00</b>	<b>399,483.62</b>	<b>57,198.79</b>	<b>0.00</b>	<b>6,754,951.92</b>	<b>(822,312.72)</b>	<b>\$ 139,693,615.71</b>
<b>Less Accumulated Depreciation for</b>								
Buildings and Building Improvements	\$ (67,073,540.66)	0.00	0.00	0.00	0.00	(3,391,502.77)	0.00	\$ (70,465,043.43)
Infrastructure	\$ (666,789.36)	0.00	0.00	0.00	0.00	0.00	0.00	\$ (666,789.36)
Furniture & Equipment	\$ (6,777,197.55)	0.00	0.00	0.00	0.00	(766,508.44)	521,785.21	\$ (7,021,920.78)
Vehicles, Boats and Aircraft	\$ (1,194,569.89)	0.00	0.00	(57,198.79)	0.00	(116,438.30)	148,673.95	\$ (1,219,533.03)
Other Assets	\$ (4,367,385.22)	0.00	0.00	0.00	0.00	(224,817.03)	0.00	\$ (4,592,202.25)
Facilities & Other Improvements	\$ (2,730,546.83)	0.00	0.00	0.00	0.00	(46,398.90)	0.00	\$ (2,776,945.73)
<b>Total Accumulated Depreciation</b>	<b>\$ (82,810,029.51)</b>	<b>0.00</b>	<b>0.00</b>	<b>(57,198.79)</b>	<b>0.00</b>	<b>(4,545,665.44)</b>	<b>670,459.16</b>	<b>\$ (86,742,434.58)</b>
<b>Total Depreciable Assets, Net</b>	<b>\$ 50,494,264.59</b>	<b>0.00</b>	<b>399,483.62</b>	<b>0.00</b>	<b>0.00</b>	<b>2,209,286.48</b>	<b>(151,853.56)</b>	<b>\$ 52,951,181.13</b>
<b>Intangible Capital Assets Amortized</b>								
Intangible Computer Software	\$ 173,740.00	0.00	0.00	0.00	0.00	0.00	0.00	\$ 173,740.00
<b>Total Intangible Capital Assets Amortized</b>	<b>\$ 173,740.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>\$ 173,740.00</b>
<b>Less Accumulated Amortization for</b>								
Intangible Computer Software	\$ (173,740.00)	0.00	0.00	0.00	0.00	0.00	0.00	\$ (173,740.00)
<b>Total Accumulated Amortization</b>	<b>\$ (173,740.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>\$ (173,740.00)</b>
<b>Total Amortizable Assets, Net</b>	<b>\$ -</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>\$ -</b>
<b>Total Capital Assets, Net</b>	<b>\$ 52,501,716.24</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,209,286.48</b>	<b>(151,853.56)</b>	<b>\$ 54,559,149.16</b>

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

**Authorized Investments**

The University is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Governmental Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit and (5) other instruments and obligations authorized by statute.

**Deposits of Cash in Bank**

Governmental and Business - Type Activities	
Cash in Bank - Carrying Amount	\$ 169,483.29
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalent	-
Less: Unvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral	-
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral	169,483.29
Total Cash in Bank per AFR	\$
Governmental Funds Current Assets Cash in Bank	-
Governmental Funds Current Assets Restricted Cash in Bank	-
Governmental Funds Noncurrent Assets Restricted Cash in Bank	-
Propriety Funds Current Assets Cash in Bank	\$ (584,890.33)
Propriety Funds Current Assets Restricted Cash in Bank	754,373.62
Propriety Funds Noncurrent Restricted Cash in Bank	-
Cash in Bank per AFR	\$ 169,483.29

At August 31, 2016, the actual balance on deposit with local banks was \$3,050,006.60.

**Investments**

The investments as of August 31, 2016 are at the "Fair Market Value". To comply with the reporting requirements of GASB Statement No. 40, the University's investments are shown below to give an indication of credit risk assumed by the University at year end.

Credit risk is the risk that another party to a deposit or investment transaction will not fulfill its obligations. This is not to be confused with market risk which is the risk that the market value of an investment, collateral protecting a deposit,

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or securities underlying a repurchase agreement will decline. Market risk is not depicted in this note.

U.S. Government Agency Obligations	
U.S. Government Agency Obligations (Texas Treasury Safekeeping)	10,000.00
Corporatate Obligations	-
Corporate Obligations (Texas Treasury Safekeeping)	-
Corporate Asset and Mortgage Backed Securities	-
Equity	16,438,870.28
Repurchase Agreement	-
Fixed Income Money Market and Bond Mutual Fund	170,380.70
Other Commingled Funds	-
Other Commingled Funds - Texpool	21,714,165.46
Commercial Paper	-
Real Estate	26,000.00
Miscellaneous	-
	<hr/>
Total	<u><u>\$ 38,359,416.44</u></u>

**Consisting of the Following**

Proprietary Funds Current Cash Equivalents	\$ 20,404,197.31
Proprietary Funds Current Restricted Cash Equivalents	1,309,968.15
Proprietary Funds Short Term Investments	-
Proprietary Funds Non-Current Restricted Cash Equivalents	-
Proprietary Funds Non-Current Restricted Investments	-
Proprietary Funds Non-Current Investments	16,645,250.98
	<hr/>
Total as Above	<u><u>\$ 38,359,416.44</u></u>

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**Securities Lending and Reverse Repurchase Agreements**

The University does not participate in reverse repurchase agreements or a securities lending program and had no securities out on loan to brokers/dealers at August 31, 2016.

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**NOTE 4: SHORT-TERM DEBT**

Sul Ross State University did not have any short-term debt activity for FY 2016.

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

Changes in Long-Term Liabilities

	Balance September 1, 2015	<u>Additions</u>	<u>Reductions</u>	Balance August 31, 2016	Due within One year
Accrued compensated absences	1,007,260.00	808,759.00	(688,349.00)	1,127,670.00	493,605.00
Total Long-Term Liabilities	<u>1,007,260.00</u>	<u>808,759.00</u>	<u>(688,349.00)</u>	<u>1,127,670.00</u>	<u>493,605.00</u>

**Compensated Absences**

Full-time state employees earn annual leave from seven to twenty hours per month depending on the respective employee's years of state employment. The State's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 520 for those employees with 35 or more years of state service. Employees with at least six months of state services who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The University recognized the accrued liability for the unpaid annual leave in the Statement of Net Assets. For the year ended August 31, 2016, the total accrued liability including accrued overtime totaled \$1,127,670.00. 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 to an employee's estate is one-half of the employee's accumulated entitlement or 336 hours, whichever is less. No liability is recorded for non-vesting accumulating rights to receive pay benefits.

The University made lump sum payments totaling \$114,533.24 for accrued vacation (and/or compensatory time) to employees who separated from state service during fiscal year August 31, 2016.

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

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

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**Note 6: BONDED INDEBTEDNESS**

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

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

<u>Description</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
All Series	2017	\$ 2,382,516.70	\$ 1,102,360.70	\$ 3,484,877.40
	2018	2,285,149.79	992,563.28	3,277,713.07
	2019	1,555,037.26	881,709.98	2,436,747.24
	2020-2024	6,652,420.71	3,299,017.58	9,951,438.29
	2025-2029	4,780,000.00	1,971,200.00	6,751,200.00
	2030-2034	5,865,000.00	823,000.00	6,688,000.00
	2035-2039			
	2040-2044			
<b>TOTALS</b>		<b>\$ 23,520,124.46</b>	<b>\$ 9,069,851.54</b>	<b>\$ 32,589,976.00</b>

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. The institution was appropriated \$2,441,623 during the current fiscal year for Tuition Revenue Bond debt service. The University expects future Legislative appropriations to meet the debt service for Tuition Revenue Bonds.

**NOTE 7: DERIVATIVE INSTRUMENTS**

**Derivative Investing**

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

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and Collateralized Mortgage Obligations (CMOs) are considered a more conservative lower risk investment. In contrast, principal only and interest only strips are considered higher risk investments.

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

These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to pre-payments by mortgagees, which may result from a decline in interest rates. However, these investments do not pose a significant risk. The University's investments in derivatives comprise less than 1% as of August 31, 2016 and August 31, 2015 with a fair value of \$0.00 and \$0.00 respectively.

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

**NOTE 8: LEASES**

**Operating Lease Obligations and Rental Agreement**

Included in operating expenses is \$171,915.48 rent paid or due under operating leases for FY 2016.

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

Year Ended August 31,

2017 (Future Year 1)	\$171,915.48
2018 (Future Year 2)	\$171,915.48

Total Minimum Future Lease Rental Payments \$343,830.96

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

ORP CONTRIBUTIONS

**MEMBER CONTRIBUTIONS \$424,882.00**

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<b>EMPLOYER CONTRIBUTIONS</b>	<b><u>469,966.00</u></b>
<b>TOTAL</b>	<b>\$894,848.00</b>

**Note 10 DEFERRED COMPENSATION**

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

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

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

**Note 12: INTERFUND ACTIVITY AND TRANSACTIONS**

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

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

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

Individual balances and activity at August 31, 2016, follows:

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

<b>Required Note 12 Presentation:</b>			
<b>Non-Current Portion</b>	<b>Non-Current Interfund Receivable</b>	<b>Non-Current Interfund Receivable</b>	<b>Purpose (Disclosure Required)</b>
General Revenue (01)	\$ 0.00	\$ 0.00	

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Special Revenue (02)	\$ 0.00	\$ 0.00	
Enterprise Fund (05)	\$ 0.00	\$ 0.00	
<b>Total Interfund Receivable/Payable</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	

<b>Optional Note 12 Presentation:</b>			
	<b>Due From Other Agencies</b>	<b>Due To Other Agencies</b>	<b>Source</b>
General Revenue (01)			
Special Revenue (02)			
Enterprise Fund (05)			
Appd Fund 0802 and D23 Fund 0802			
(Agy 608, D23 Fund 0802)	\$ 19,150.19		TDMV Shared Cash
Appd Fund 9999 and D23 Fund 7999			
(Agy 802, D23 Fund 7999)	\$ 84,085.66		USFWS Fed P-T
<b>Total Due From/To Other Agencies</b>	<b>\$ 103,235.85</b>	<b>\$ 0.00</b>	

<b>Optional Note 12 Presentation:</b>		
	<b>Transfers In</b>	<b>Transfers Out</b>
General Revenue (01)		
Special Revenue (02)		
Enterprise Fund (05)		
Appd Fund 0210 and D23 Fund 0210		
(Agy 902, D23 Fund 0210)	\$ 27,443.00	
<b>Total Transfer for Fund 0210</b>	<b>\$ 27,443.00</b>	<b>\$ 0.00</b>
Appd Fund 9999 and D23 Fund 7999		
(Agy 758, D23 Fund 7999)	\$ 2,472,661.00	\$ 16,159.34
(Agy 758, D23 Fund 7999)		1,226,974.00
<b>Total Transfer for Fund 9999</b>	<b>\$ 2,472,661.00</b>	<b>\$ 1,243,133.34</b>
<b>Total Transfers</b>	<b>\$ 2,500,104.00</b>	<b>\$ 1,243,133.34</b>

<b>Required Note 12 Presentation:</b>		
	<b>Legislative Transfers In</b>	<b>Legislative Transfers Out</b>



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General Revenue (01)		
Appd Fund 0001 and D23 Fund 0001		
(Agy 403, D23 Fund 0001)	\$ 36,135.00	
(Agy 758, D23 Fund 0001)		\$ 2,447,063.98
<b>Total Transfer for Fund 0001</b>	<b>\$ 36,135.00</b>	<b>\$ 2,447,063.98</b>
<b>Total Legislative Transfers</b>	<b>\$ 36,135.00</b>	<b>\$ 2,447,063.98</b>

**Note 13: CONTINUANCE SUBJECT TO REVIEW**

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

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

Sul Ross State University did not have any adjustments to fund Balance for FY 2016.

**Note 15: CONTINGENCIES AND COMMITMENTS**

At August 31, 2016, various lawsuits and claims involving the University were pending. While the ultimate liability with respect to litigation and other claims asserted against the University cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the University.

**Note 16: SUBSEQUENT EVENTS**

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

**NOTE 17: RISK MANAGEMENT**

The State provides coverage for workers' compensation and unemployment compensation benefits from appropriations made to other State agencies for Sul Ross State University employees. The current General Appropriations Act provides that Sul Ross State University must reimburse General Revenue Fund Consolidated, from Sul Ross State University appropriations, one-half of the unemployment benefits paid and twenty-five percent of the workers compensation benefits paid for former and current employees. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. Sul Ross State University must reimburse the General Revenue Fund one-hundred percent of the cost for workers compensation and unemployment compensation for any employees paid from funds held in local bank accounts. Workers compensation and unemployment plans are on a pay-as-you-go basis, in which no assets are set aside to be accumulated for the payment of claims. No material outstanding claims are pending at August 31, 2016. The University has reserved funds for uninsured

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losses. These are reported in the Designated Funds. At August 31, 2016 there were no accrued contingent liabilities.

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

Sul Ross State University maintains Fire and Extended Coverage and Boiler insurance on all buildings. There were \$-0- insurance claims made during the fiscal year ended August 31, 2016.

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

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

**Note 19: The Financial Reporting Entity**

**Component Units (CUs)**

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

**Related Parties**

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

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

Sul Ross State University Friends of the Center for Big Bend Studies Inc. was formed in 2003 to seek, receive, and disperse funding in support of the programs of the Sul Ross State University Center for Big Bend Studies. During 2016, the Friends of the Center for Big Bend Studies expended \$ 386,998.75 in support of the Center for Big Bend Studies.

**Sul Ross State University Support Organization**

Sul Ross State University Support Organization was formed in 2003 exclusively for charitable, educational, and scientific purposes. During 2016, the Support

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Organization expended \$ 46,526.86 in support of the mission and programs of the University.

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

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

**Note 21: Note Used**

This note is not applicable to the AFR.

**Note 22: DONOR-RESTRICTED ENDOWMENTS**

Donor Restricted Endowment	Amounts of Net Appreciation	Reported in Net Assets
True Endowments	\$ 1,528,399.80	Restricted for Expendable
Term Endowments	275,310.48	Restricted for Expendable
	<u>\$ 1,803,710.28</u>	

**Note 23: EXTRAORDINARY AND SPECIAL ITEMS**

Sul Ross State University does not have any Extraordinary or Special items to report for FY 2016.

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

Other Current Payables for the University at August 31, 2016 is comprised of the following:

Financial Aid Funds Received on 8/31/16 held in clearing accounts to be applied 9/1/16	\$ 74,857.84
Petty Cash Clearing	1,936.84
Payroll Deposits held in clearing account as of 8/31/16	<u>- 0 -</u>
	\$ 76,794.68

Federal Receivables at August 31, 2016 are comprised of the following:

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Federal Receivables by Program:

Research	56,427.10
Public Service	68,394.44
Academic Support	239,681.12
Student Services	107,399.02
Operation and Maintenance of Plant	1,368.05
Scholarships and Fellowships	384,356.89
Total	<u>\$857,626.62</u>

As Reported on the Financial Statements

Current Federal Receivable	\$ 857,626.62
Noncurrent Federal Receivable	<u>- 0 -</u>
Total Net Federal Receivable	\$ 857,626.62

**Note 25: TERMINATION BENEFITS**

Sul Ross State University does not have any Termination Benefits to disclose for FY 16.

**Note 26: SEGMENT INFORMATION**

Sul Ross State University does not have any identifiable activity (or group of activities), to disclose segment information for FY 16.

**Note 27: SERVICE CONCESSION ARRANGEMENTS**

Sul Ross State University does not have any guarantees and commitment arrangements to report for FY 16.

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

Sul Ross State University does not have any deferred outflows or inflows of resources to disclose for FY 16.

**Note 29: TROUBLED DEBT RESTRUCTURING**

Sul Ross State University does not have any Troubled Debt Restructuring to

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disclose for FY 16.

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

Sul Ross State University does not have any Non-Exchange Financial Guarantees to report for FY 16.

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SUPPLEMENTAL SUPPORTING INFORMATION SCHEDULES

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SUL ROSS STATE UNIVERSITY  
SCHEDULE 1A  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended August 31, 2016

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Identifying #	Pass Through From			Direct Program Amt	Total PT From & Direct Program
			Agy./ Univ.	Agy./Univ Amount	Non-State Entities Amt		
			\$	\$	\$	\$	
<b>U.S. Department of Agriculture</b>							
Pass Through From:							
New Mexico State University							
Hispanic Serving Institutions Education Grants	10.223	2015-38422-24068			12,773.36		12,773.36
Total U.S. Department of Agriculture				-	12,773.36	-	12,773.36
<b>Institute of Museum and Library Services</b>							
Pass Through From:							
Texas State Library and Archives Commission							
Grants to States	45.310		306	1,628.74			1,628.74
Total Institute of Museum and Library Services				1,628.74	-	-	1,628.74
<b>U.S. Small Business Administration</b>							
Pass Through From:							
University of Texas at San Antonio							
Small Business Development Center	59.037		743	222,955.46		100,553.05	323,508.51
Total U.S. Small Business Administration				222,955.46	-	100,553.05	323,508.51
<b>U.S. Department of Education</b>							
Direct Programs:							
Higher Education-Institutional Aid							
Pass Through From:	84.031					2,576,750.43	2,576,750.43
San Antonio College							
Pass Through To:		P031C110039			460,583.63		460,583.63
Midland College							
Gaining Early Awareness and Readiness for Undergraduate Program	84.334					78,873.64	78,873.64
Total U.S. Department of Education						625,629.09	625,629.09
				-	460,583.63	3,281,253.16	3,741,836.79
<b>Research and Development (R&amp;D) Cluster</b>							
<b>U.S. Department of Agriculture</b>							
Pass Through From:							
Texas A&M University - Kingsville							
Soil Survey	10.903		732	2,590.81		1,331.55	3,922.36
Total U.S. Department of Agriculture				2,590.81	-	1,331.55	3,922.36
<b>U.S. Department of the Interior</b>							
Direct Programs:							
Challenge Cost Share							
	15.238					1,515.75	1,515.75
Multistate Conservation Grant Program Cooperative Endangered							
	15.615					4,607.63	4,607.63
State Wildlife Grants							
	15.634					20,187.58	20,187.58
Migratory Bird Monitoring, Assessment and Conservation							
	15.655					22,529.59	22,529.59
Outdoor Recreation Acquisition, Development and Planning							
	15.916					9,964.68	9,964.68
Pass Through From:							
National Wild Turkey Federation							
Wildland Fire Research and Studies Program	15.232	L13AC00117			77,562.76		77,562.76
Texas Parks and Wildlife Department							
Multistate Conservation Grant Program	15.628		802	29,041.15			29,041.15
World Wildlife Foundation							
Natural Resource Stewardship	15.944	P14AC01243			3,390.02		3,390.02
Total U.S. Department of the Interior				29,041.15	80,952.78	58,805.23	168,799.16
<b>Fish and Wildlife Cluster</b>							
<b>U.S. Department of the Interior</b>							
Direct Programs:							
Wildlife Restoration and Basic Hunter Education							
	15.611					1,236.00	1,236.00
Pass Through From:							
Texas Parks and Wildlife Department							
Wildlife Restoration and Basic Hunter Education	15.611		802	80,407.83		1,001.29	81,409.12
Total U.S. Department of the Interior				80,407.83	-	2,237.29	82,645.12
<b>Student Financial Assistance Cluster</b>							
<b>U.S. Department of Education</b>							
Direct Programs:							
Federal Supplemental Educational Opportunity Grants							
	84.007					67,974.00	67,974.00
Federal Work-Study Program							
	84.033					218,957.74	218,957.74
Federal Pell Grant Program							
	84.063					5,703,391.13	5,703,391.13
Federal Direct Student Loans							
	84.268					11,642,485.00	11,642,485.00
Total U.S. Department of Education						17,632,807.87	17,632,807.87
<b>TRIO Cluster</b>							
<b>U.S. Department of Education</b>							
Direct Programs:							
TRIO-Student Support Services							
	84.042					218,930.99	218,930.99
TRIO-Talent Search							
	84.044					209,610.41	209,610.41
TRIO-Upward Bound							
	84.047					317,815.12	317,815.12
TRIO-McNair Post-Baccalaureate Achievement							
	84.217					212,133.46	212,133.46
Total U.S. Department of Education						958,489.98	958,489.98
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>							
				\$ 336,623.99	\$ 554,309.77	\$ 22,035,478.13	\$ 22,926,411.89

Pass Through To			Expenditures Amount	Total PT To & Expenditures
Agy./ Univ. #	Agy./Univ Amount	Non-State Entities Amt		
\$	\$	\$	\$	
			12,773.36	12,773.36
	-	-	12,773.36	12,773.36
			1,628.74	1,628.74
	-	-	1,628.74	1,628.74
			323,508.51	323,508.51
	-	-	323,508.51	323,508.51
			2,576,750.43	2,576,750.43
			460,583.63	460,583.63
		78,599.73	273.91	78,873.64
			625,629.09	625,629.09
	-	78,599.73	3,663,237.06	3,741,836.79
			3,922.36	3,922.36
	-	-	3,922.36	3,922.36
			1,515.75	1,515.75
			4,607.63	4,607.63
			20,187.58	20,187.58
			22,529.59	22,529.59
			9,964.68	9,964.68
			77,562.76	77,562.76
			29,041.15	29,041.15
			3,390.02	3,390.02
	-	-	168,799.16	168,799.16
			1,236.00	1,236.00
			81,409.12	81,409.12
	-	-	82,645.12	82,645.12
			67,974.00	67,974.00
			218,957.74	218,957.74
			5,703,391.13	5,703,391.13
			11,642,485.00	11,642,485.00
	-	-	17,632,807.87	17,632,807.87
			218,930.99	218,930.99
			209,610.41	209,610.41
			317,815.12	317,815.12
			212,133.46	212,133.46
	-	-	958,489.98	958,489.98
\$	-	\$ 78,599.73	\$ 22,847,812.16	\$ 22,926,411.89



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SUL ROSS STATE UNIVERSITY  
SCHEDULE 1A  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS continued  
For the Fiscal Year Ended August 31, 2016

**Note 1 - Non-monetary Assistance**

Sul Ross State University did not receive any non-monetary federal assistance during fiscal year 2016.

**Note 2 - Reconciliation**

Below is a reconciliation of the total of federal pass-through and federal expenditures as reported on the Schedule of Federal Financial Assistance to the total of federal revenues and federal grant pass-through revenues as reported in the general-purpose financial statements. Generally, federal funds are not earned until expended; therefore, federal revenues equal federal expenditures for the reporting period.

Federal Revenue per Exhibit IV/SRECNP:	
Operating	\$ 4,880,962.49
Non-operating	5,703,391.13
Capital Contributions	<u>362,949.28</u>
Total Federal Revenue	<u>\$10,947,302.90</u>
Federal Pass-Through Revenue per Exhibit IV/SRECNP:	
Operating	\$ 336,623.99
Non-operating	-
Capital Contributions	<u>-</u>
Total Federal Pass-Through Revenue	<u>\$ 336,623.99</u>
Total Federal and Federal Pass-Through Revenue	<u>\$11,283,926.89</u>
Reconciling Items:	
Non-monetary assistance	\$ -
Student Loans Processed:	
Federal Family Education Loans (CFDA 84.032)	-
Federal Perkins Loans (CFDA 84.038)	-
Federal Direct Student Loans (CFDA 84.268)	11,642,485.00
Health Education Assistance Loans (CFDA 93.108)	-
Federal revenue received on the fixed fee basis contract	-
Federal revenue received under a vendor relationship	<u>-</u>
Total Pass-Through and Expenditures per Federal Schedule	<u><u>\$22,926,411.89</u></u>

**Note 3 - Student Loans Processed and Administrative Costs Recovered**

Federal Grantor/CFDA Number/ Program Name	New Loans Processed	Admin. Costs Recovered	Total Loans Processed & Admin. Costs Recovered	Ending Balances of Previous Years' Loans
U.S. Department of Education:				
84.032 Federal Family Education Loans	\$ -	\$ -	\$ -	\$ -
84.038 Federal Perkins Loans (*)	-	-	-	729,033.34
84.268 Federal Direct Student Loans	11,642,485.00	-	11,642,485.00	-
93.108 Health Education Assistance Loans	-	-	-	-
Total U.S. Department of Education	<u>\$11,642,485.00</u>	<u>\$ -</u>	<u>\$ 11,642,485.00</u>	<u>\$ 729,033.34</u>

(\*) Sul Ross State University out-sources the Federal Perkins Loan Program to ACS, Inc.

**Note 4 - Depository Libraries for Government Publications**

Sul Ross State University does not participate as a depository library in the Government Publications program.

**Note 5 - Unemployment Insurance**

Sul Ross State University did not make any expenditures under CFDA 17.225 during fiscal year 2016.

**Note 6 - Rebates from the Special Supplemental Food Program for Women, Infant and Children (WIC)**

Sul Ross State University does not participate in the WIC program (CFDA 10.557).

**Note 7 - Federal Deferred Revenue**

Sul Ross State University is exempt from reporting federal deferred revenue.

**Note 8 - Disaster Grants - Public Assistance**

Sul Ross State University did not make any expenditures under CFDA 97.036 during fiscal year 2016.

**Note 9 - Economic Adjustment Assistance**

Sul Ross State University did not make any expenditures under CFDA 11.307 during fiscal year 2016.

**Note 10 - 10 Percent de Minimis Indirect Cost Rate**

Sul Ross State University negotiates a federal indirect cost rate with the Dept. of Health and Human Services.

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SCHEDULE 1B  
SCHEDULE OF STATE GRANT PASS THROUGH FROM/TO STATE AGENCIES  
For the Fiscal Year Ended August 31, 2016

Pass Through From:

University of Texas System Office (Agy #720)	
Joint Admissions Medical Program (JAMP)	\$ 10,576.32
	<u>\$ 10,576.32</u>
 Texas Higher Education Coordinating Board (Agy #781)	
Texas Grants Program	\$ 1,469,864.00
College Work Study Program	18,347.00
Top 10% Scholarships	19,150.00
	<u>\$ 1,507,361.00</u>
 Texas Parks and Wildlife Department (Agy #803)	
Study of Feral Pig Toxicants	\$ 17,122.33
	<u>\$ 17,122.33</u>
 Total Pass Through From Other Agencies (Exh. II)	<u><u>\$ 1,535,059.65</u></u>

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SUL ROSS STATE UNIVERSITY  
SCHEDULE 2A  
MISCELLANEOUS BOND INFORMATION  
For the Year Ended August 31, 2016

(SCHEDULE NOT USED)

SUL ROSS STATE UNIVERSITY  
SCHEDULE 2B  
CHANGES IN BONDED INDEBTEDNESS  
For the Year Ended August 31, 2016

(SCHEDULE NOT USED)

SUL ROSS STATE UNIVERSITY  
SCHEDULE 2C  
DEBT SERVICE REQUIREMENTS  
GENERAL OBLIGATION AND REVENUE BONDS  
For the Year Ended August 31, 2016

(SCHEDULE NOT USED)

SUL ROSS STATE UNIVERSITY  
SCHEDULE 2D  
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE  
GENERAL OBLIGATION AND REVENUE BONDS  
For the Year Ended August 31, 2016

(SCHEDULE NOT USED)

SUL ROSS STATE UNIVERSITY  
SCHEDULE 2E DEFEASED BONDS  
OUTSTANDING  
For the Year Ended August 31, 2016

(SCHEDULE NOT USED)

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**Texas State University System**  
**Sul Ross State University**  
**Schedule 3 - Reconciliation of Cash in State Treasury**  
**August 31, 2016**

<b>Cash in State Treasury</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Current Year Total</b>
Local Revenue Fund 0262	1,122,207.94		1,122,207.94
Departmental Suspense Fund 0900	0.00		0.00
Correction Account for Direct Deposit Fund 0980	0.00		0.00
Direct Deposit Hold - Transmit Account Fund 0979	0.00		0.00
Bill Blackwood Law Enforcement Management Institute Fund 0581	0.00		0.00
Correctional Management Institute and Criminal Justice Center Fund 5083	0.00		0.00
<b>Total Cash in State Treasury (Stmnt of Net Assets)</b>	1,122,207.94	0.00	1,122,207.94

SUL ROSS STATE UNIVERSITY  
SCHEDULE 4  
SCHEDULE OF HIGHER EDUCATION ASSISTANCE FUND  
For the Year Ended August 31, 2016

	Totals
Balance September 1, 2015	\$ <u>3,492,491.20</u>
<b>REVENUES</b>	
HEAF Appropriation	<u>1,697,507.00</u>
Total Revenues	<u>1,697,507.00</u>
<b>EXPENSES</b>	
Equipment Capitalized	300,520.66
Equipment -Non Capitalized	494,100.10
Fire Alarm	441,394.10
Electrical Upgrade	277,946.90
President's Residence	49,652.40
Campus Access Project Phase I	1,435,832.01
Hailstorm 2014 Repairs	14,840.00
Library Acquisitions	259,224.83
E&G Building Repairs	<u>60,080.36</u>
Total Expenses	<u>3,333,591.36</u>
<b>OTHER REVENUES (EXPENSES), GAINS/ (LOSSES) AND TRANSFERS</b>	
Fund Adjustment from prior year	<u>0.00</u>
Total Other Revenue Gains/(Losses) and Transfers	0.00
 BALANCE AT AUGUST 31, 2016	 \$ <u><u>1,856,406.84</u></u>

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