

UNAUDITED

# ANNUAL FINANCIAL REPORT

of

**Texas A&M AgriLife Research**

*For the Year Ended August 31, 2016*

*With Comparative Totals for the Year Ended August 31, 2015*



**Dr. Craig Nessler, Director**  
**Debra A. Cummings, CFO**



UNAUDITED

TEXAS A&M AGRILIFE RESEARCH

TABLE OF CONTENTS

<u>REFERENCE</u>	<u>EXHIBITS</u>	<u>PAGE</u>
III	Statement of Net Position	556-1-1
IV	Statement of Revenues, Expenses, and Changes in Net Position	556-2-1
IV -1	Schedule of NACUBO Function to Natural Classification Matrix	556-3-1
V	Statement of Cash Flows	556-4-1
	<u>SCHEDULES</u>	
THREE	Schedule of Cash & Cash Equivalents	556-13-1
N-2	Note 2 - Capital Assets	556-14-1

UNAUDITED

EXHIBIT III  
TEXAS A&M AGRILIFE RESEARCH  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED AUGUST 31, 2016

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Assets and Deferred Outflows		
Current Assets		
Cash & Cash Equivalents [Schedule Three]	\$ 171,618.76	\$ (1,375,116.38)
Investments		
Derivative Instruments		
Restricted		
Cash & Cash Equivalents [Schedule Three]	8,561,927.85	7,756,548.99
Investments		
Legislative Appropriations	8,876,284.46	7,140,420.15
Receivables, Net [Note 24]		
Federal	10,928,891.13	9,368,470.44
Other Intergovernmental	2,836,080.88	2,213,582.23
Interest and Dividends		
Gifts		
Self-Insured Health and Dental		
Student		
Investment Trades		
Accounts	5,353,642.73	6,433,593.96
Other	21,305.98	19,412.80
Due From Other Agencies	2,326,784.14	1,986,816.86
Due From Other Members	3,832,034.01	3,768,465.32
Due From Other Funds	24,818,504.66	5,236,211.94
Consumable Inventories	195,341.87	181,694.61
Merchandise Inventories	545,667.89	459,086.08
Loans and Contracts		
Interfund Receivable [Note 12]	129,212.11	129,212.12
Other Current Assets		
<b>Total Current Assets</b>	<b>\$ 68,597,296.47</b>	<b>\$ 43,318,399.12</b>
Non-Current Assets		
Restricted		
Cash & Cash Equivalents [Schedule Three]	\$	\$
Assets Held By System Office	65,950,702.27	75,405,686.09
Investments [Note 3]		
Loans, Contracts and Other		
Gifts Receivable		
Loans and Contracts		
Assets Held By System Office	120,162,036.52	112,717,844.46
Investments [Note 3]		
Interfund Receivable [Note 12]		129,212.11
Capital Assets, Non-Depreciable [Note 2]		
Land and Land Improvements	14,157,144.58	14,128,098.94
Construction In Progress	12,061,785.80	5,735,642.08
Other Tangible Capital Assets	32,457.00	32,457.00
Land Use Rights		
Other Intangible Capital Assets		
Capital Assets, Depreciable [Note 2]		
Buildings and Building Improvements	117,863,587.30	118,349,366.17
Infrastructure	3,098,869.22	3,098,869.22
Facilities and Other Improvements	2,818,576.83	2,818,576.83
Furniture and Equipment	80,357,772.32	76,959,305.69
Vehicles, Boats, and Aircraft	12,052,571.51	12,512,033.89
Other Capital Assets	30,000,000.00	30,000,000.00
Intangible Capital Assets, Amortized [Note 2]		
Land Use Rights		
Computer Software	65,696.70	74,439.70
Other Intangible Capital Assets		
Accumulated Depreciation/Amortization	(140,871,788.82)	(130,895,622.71)
Assets Held In Trust		
Other Non-Current Assets		
<b>Total Non-Current Assets</b>	<b>\$ 317,749,411.23</b>	<b>\$ 321,065,909.47</b>
Deferred Outflows of Resources [Note 28]		
Unamortized Loss On Refunding Debt	\$	\$
Government Acquisition		
Pensions		
<b>Total Deferred Outflows of Resources</b>	<b>\$</b>	<b>\$</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 386,346,707.70</b>	<b>\$ 364,384,308.59</b>

UNAUDITED

EXHIBIT III  
TEXAS A&M AGRILIFE RESEARCH  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED AUGUST 31, 2016

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Liabilities and Deferred Inflows		
Current Liabilities		
Payables		
Accounts	\$ 9,119,292.99	\$ 6,921,142.99
Payroll	9,456,018.76	8,254,949.49
Investment Trades		
Self-Insured Health and Dental		
Student		
Other	26,002.03	109.71
Interfund Payable [Note 12]		
Due to Other Agencies	109,793.52	93,642.29
Due to Other Funds	24,818,504.66	5,236,211.94
Due to Other Members	14,081,369.33	2,390,950.99
Funds Held for Investment		
Unearned Revenue	11,651,032.02	11,631,818.28
Employees' Compensable Leave	766,418.39	796,048.67
Claims and Judgments		
Notes and Loans Payable [Note 5]		
Bonds Payable [Note 6]		
Capital Lease Obligations		
Liabilities Payable From Restricted Assets		
Funds Held for Others		
Other Current Liabilities	114,416.70	116,747.68
Total Current Liabilities	<u>\$ 70,142,848.40</u>	<u>\$ 35,441,622.04</u>
Non-Current Liabilities		
Interfund Payable [Note 12]	\$ 7,317,990.40	\$ 8,104,285.43
Employees' Compensable Leave		
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	70,000.00	40,000.00
Total Non-Current Liabilities	<u>\$ 7,387,990.40</u>	<u>\$ 8,144,285.43</u>
Deferred Inflows of Resources [Note 28]		
Pension	\$	\$
Total Deferred Inflows of Resources	<u>\$</u>	<u>\$</u>
Total Liabilities and Deferred Inflows	<u>\$ 77,530,838.80</u>	<u>\$ 43,585,907.47</u>
Net Position		
Net Investment In Capital Assets	\$ 131,636,672.44	\$ 132,813,166.81
Restricted for		
Debt Service		
Capital Projects	2,919,978.55	2,112,295.64
Education	20,189,243.54	14,153,716.48
Endowment and Permanent Funds		
Nonexpendable	100,000.00	100,000.00
Expendable	65,850,702.27	74,759,956.78
Unrestricted	88,119,272.10	96,859,265.41
Total Net Position [Exhibit IV]	<u>\$ 308,815,868.90</u>	<u>\$ 320,798,401.12</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 386,346,707.70</u>	<u>\$ 364,384,308.59</u>

UNAUDITED

EXHIBIT IV  
 TEXAS A&M AGRILIFE RESEARCH  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED AUGUST 31, 2016

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Operating Revenues		
Tuition and Fees	\$	\$
Discounts and Allowances		
Professional Fees		
Auxiliary Enterprises		
Discounts and Allowances		
Other Sales of Goods and Services	26,966,299.82	27,601,071.52
Discounts and Allowances		
Interest Revenue		
Federal Revenue - Operating	56,426,119.41	52,713,607.79
Federal Pass Through Revenue	4,459,282.09	3,908,578.95
State Grant Revenue	35,762.35	316,190.25
State Pass Through Revenue	1,668,956.01	2,504,096.22
Other Grants and Contracts - Operating	21,875,704.02	21,693,583.16
Other Operating Revenue	655,853.47	685,935.95
Total Operating Revenues	<u>\$ 112,087,977.17</u>	<u>\$ 109,423,063.84</u>
Operating Expenses		
Instruction	\$	\$
Research	180,578,706.33	176,598,958.42
Public Service	5,712,470.32	5,210,245.56
Academic Support		
Student Services		
Institutional Support		
Operation & Maintenance of Plant		
Scholarships & Fellowships		
Auxiliary		
Depreciation/Amortization	12,870,732.72	12,719,333.08
Total Operating Expenses [Schedule IV-1]	<u>\$ 199,161,909.37</u>	<u>\$ 194,528,537.06</u>
Total Operating Income [Loss]	<u>\$ (87,073,932.20)</u>	<u>\$ (85,105,473.22)</u>
Nonoperating Revenues [Expenses]		
Legislative Revenue	\$ 70,200,943.19	\$ 67,429,350.84
Federal Revenue Non-Operating	9,156,520.00	9,202,351.00
Federal Pass Through Non-Operating		
State Pass Through Non-Operating		
Gifts	2,134,475.21	1,347,979.88
Investment Income	5,326,774.31	(2,310,654.49)
Investing Activities Expense	(270,153.22)	(252,288.05)
Interest Expense	(7,206.75)	
Borrower Rebates and Agent Fees		
Gain [Loss] On Sale or Disposal of Capital Assets	(31,831.40)	37,875,607.46
Settlement of Claims	(35,435.00)	
Other Nonoperating Revenues	501,159.40	219,131.35
Other Nonoperating [Expenses]	(1,108,587.99)	(763,564.09)
Total Nonoperating Revenues [Expenses]	<u>\$ 85,866,657.75</u>	<u>\$ 112,747,913.90</u>
Income [Loss] Before Other Revenues and Transfers	<u>\$ (1,207,274.45)</u>	<u>\$ 27,642,440.68</u>



UNAUDITED

SCHEDULE IV-1  
 TEXAS A&M AGRILIFE RESEARCH  
 NACUBO FUNCTION TO NATURAL CLASSIFICATION MATRIX  
 FOR THE YEAR ENDED AUGUST 31, 2016

	<u>INSTRUCTION</u>	<u>RESEARCH</u>	<u>PUBLIC SERVICE</u>	<u>ACADEMIC SUPPORT</u>	<u>STUDENT SERVICES</u>
Natural Classification					
Cost of Goods Sold	\$	\$ 608,673.11	\$	\$	\$
Salaries & Wages		82,906,164.81	3,703,302.13		
Payroll Related Costs		23,694,439.91	1,058,397.41		
Payroll Related Costs-TRS Pension					
Professional Fees & Services		13,636,483.59	18,703.65		
Travel		4,468,192.71	177,803.12		
Materials & Supplies		17,252,483.78	468,719.81		
Communication & Utilities		5,691,562.17	34,175.60		
Repairs & Maintenance		6,403,286.89	145,189.61		
Rentals & Leases		2,250,917.37	28,883.41		
Printing & Reproduction		392,039.09	17,547.76		
Federal Pass-Through		3,426,480.89			
State Pass-Through		658,723.60			
Depreciation & Amortization					
Bad Debt Expense					
Interest		4,932.68	537.66		
Scholarships		4,376,938.66	5,094.56		
Claims & Losses					
Net Change In OPEB Obligation					
Other Operating Expenses		14,807,387.07	54,115.60		
Total Operating Expenses	<u>\$</u>	<u>\$ 180,578,706.33</u>	<u>\$ 5,712,470.32</u>	<u>\$</u>	<u>\$</u>



<u>INSTITUTIONAL SUPPORT</u>	<u>OPERATION &amp; MAINTENANCE OF PLANT</u>	<u>SCHOLARSHIPS &amp; FELLOWSHIPS</u>	<u>AUXILIARY</u>	<u>DEPRECIATION &amp; AMORTIZATION</u>	<u>TOTAL</u>	<u>PRIOR YEAR</u>
\$	\$	\$	\$	\$	\$ 608,673.11	\$ 667,570.64
					86,609,466.94	88,137,287.55
					24,752,837.32	25,145,135.84
					13,655,187.24	11,227,680.41
					4,645,995.83	4,267,726.72
					17,721,203.59	15,806,111.15
					5,725,737.77	6,035,616.45
					6,548,476.50	6,040,527.94
					2,279,800.78	1,813,911.15
					409,586.85	388,130.46
					3,426,480.89	3,329,069.04
					658,723.60	647,820.55
				12,870,732.72	12,870,732.72	12,719,333.08
					5,470.34	3,128.95
					4,382,033.22	3,017,690.65
					14,861,502.67	15,281,796.48
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 12,870,732.72</u>	<u>\$ 199,161,909.37</u>	<u>\$ 194,528,537.06</u>

[Exhibit IV]

UNAUDITED

EXHIBIT V  
TEXAS A&M AGRILIFE RESEARCH  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2016

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Cash Flows From Operating Activities		
Proceeds Received From Tuition and Fees	\$	\$
Proceeds Received From Customers	27,281,174.96	26,779,629.80
Proceeds From Grants and Contracts	83,597,745.63	81,547,749.02
Proceeds From Auxiliary Enterprises		
Proceeds From Loan Programs		
Proceeds From Other Operating Revenues	653,522.49	687,053.97
Payments to Suppliers for Goods and Services	(63,987,915.81)	(61,035,321.80)
Payments to Employees	(110,977,160.30)	(111,773,996.81)
Payments for Loans Provided		
Payments for Other Operating Expenses	(7,953,533.62)	(7,174,059.95)
Net Cash Provided [Used] By Operating Activities	\$ (71,386,166.65)	\$ (70,968,945.77)
Cash Flows From Noncapital Financing Activities		
Proceeds From State Appropriations	\$ 68,465,078.88	\$ 68,649,768.87
Proceeds From Gifts	2,127,725.21	1,352,729.88
Proceeds From Endowments		
Proceeds From Transfers From Other Funds	662,670.77	663,897.08
Proceeds From Other Grant Receipts	9,156,520.00	9,202,351.00
Proceeds From Other Noncapital Financing Activities	146,420.32	68,324.54
Payments of Interest		
Payments for Transfers to Other Funds	(58,758.65)	(59,984.96)
Payments for Grant Disbursements		
Payments for Other Noncapital Financing Uses	(55,435.00)	(20,000.00)
Other Noncapital Transfers From/To System	5,088,276.10	2,811,999.40
Transfers Between Fund Groups		
Net Cash Provided [Used] By Noncapital Financing Activities	\$ 85,532,497.63	\$ 82,669,085.81
Cash Flows From Capital and Related Financing Activities		
Proceeds From Sale of Capital Assets	\$ 161,367.50	\$ 39,610,863.20
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	(17,127,740.23)	(7,453,347.28)
Payments of Principal On Debt		
Payments for Capital Leases		
Payments of Interest On Debt Issuance	(7,206.75)	
Payments for Interfund Receivables		
Payments of Other Costs On Debt Issuance		
Transfer of Capital Debt Proceeds From System [Nonmandatory]	946,649.32	1,387,035.49
Intrasystem Transfers for Capital Debt [Mandatory]	(1,377,565.15)	(1,981,187.52)
Intrasystem Transfers for Construction Proceeds [Non-Mand]	(1,457,134.52)	(1,213,589.33)
Net Cash Provided [Used] By Capital and Related Financing Act.	\$ (18,861,629.83)	\$ 30,349,774.56
Cash Flows From Investing Activities		
Proceeds From Sales of Investments	\$	\$
Sales and Purchases of Investments Held By System	4,467,344.59	(47,233,431.59)
Proceeds From Interest and Investment Income	2,600,068.26	2,094,459.01
Payments to Acquire Investments		
Net Cash Provided [Used] By Investing Activities	\$ 7,067,412.85	\$ (45,138,972.58)
Net Increase [Decrease] In Cash and Cash Equivalents	\$ 2,352,114.00	\$ (3,089,057.98)
Cash and Cash Equivalents, Beginning of Year	\$ 6,381,432.61	\$ 9,470,490.59
Restatement		
Cash and Cash Equivalents, Beginning of Year, As Restated	\$ 6,381,432.61	\$ 9,470,490.59
Cash and Cash Equivalents, End of Year [Sch Three]	\$ 8,733,546.61	\$ 6,381,432.61







UNAUDITED

SCHEDULE N-2  
 TEXAS A&M AGRILIFE RESEARCH  
 NOTE 2 - CAPITAL ASSETS  
 FOR THE YEAR ENDED AUGUST 31, 2016

	BALANCE 9-1-15	ADJUSTMENTS	COMPLETED CIP
Non-Depreciable/Non-Amortizable Assets			
Land and Land Improvements	\$ 14,128,098.94	\$	\$
Construction In Progress	5,735,642.08		(4,030,878.45)
Other Tangible Capital Assets	32,457.00		
Total Non-Depreciable/Non-Amortizable Assets	<u>\$ 19,896,198.02</u>	<u>\$</u>	<u>\$ (4,030,878.45)</u>
Depreciable Assets			
Buildings	\$ 118,349,366.17	\$	\$ 3,307,347.07
Infrastructure	3,098,869.22		74,210.00
Facilities and Other Improvements	2,818,576.83		649,321.38
Furniture and Equipment	76,959,305.69		
Vehicles, Boats and Aircraft	12,512,033.89		
Other Capital Assets	30,000,000.00		
Total Depreciable Assets at Historical Cost	<u>\$ 243,738,151.80</u>	<u>\$</u>	<u>\$ 4,030,878.45</u>
Less Accumulated Depreciation for			
Buildings	\$ (45,289,597.10)	\$	\$
Infrastructure	(756,143.83)		
Facilities and Other Improvements	(1,327,539.36)		
Furniture and Equipment	(57,145,446.11)		
Vehicles, Boats and Aircraft	(9,839,399.53)		
Other Capital Assets	(16,463,057.08)		
Total Accumulated Depreciation	<u>\$ (130,821,183.01)</u>	<u>\$</u>	<u>\$</u>
Depreciable Assets, Net	<u>\$ 112,916,968.79</u>	<u>\$</u>	<u>\$ 4,030,878.45</u>
Amortizable Assets - Intangible			
Computer Software	\$ 74,439.70	\$	\$
Total Intangible Assets at Historical Cost	<u>\$ 74,439.70</u>	<u>\$</u>	<u>\$</u>
Less Accumulated Amortization for			
Computer Software	\$ (74,439.70)	\$	\$
Total Accumulated Amortization	<u>\$ (74,439.70)</u>	<u>\$</u>	<u>\$</u>
Amortizable Assets, Net	<u>\$</u>	<u>\$</u>	<u>\$</u>
Capital Assets, Net	<u>\$ 132,813,166.81</u>	<u>\$</u>	<u>\$</u>

INC-INTERAGENCY TRANSACTIONS	DEC-INTERAGENCY TRANSACTIONS	ADDITIONS	DELETIONS	BALANCE 8-31-16
\$	\$	\$ 29,045.64	\$	\$ 14,157,144.58
		10,357,022.17		12,061,785.80
				32,457.00
<u>\$</u>	<u>\$</u>	<u>\$ 10,386,067.81</u>	<u>\$</u>	<u>\$ 26,251,387.38</u>
\$	\$ (4,063,480.37)	\$ 550,191.43	\$ (279,837.00)	\$ 117,863,587.30
	(74,210.00)			3,098,869.22
	(649,321.38)			2,818,576.83
255,683.79	(85,785.58)	5,766,560.40	(2,537,991.98)	80,357,772.32
		759,080.56	(1,218,542.94)	12,052,571.51
				30,000,000.00
<u>\$ 255,683.79</u>	<u>\$ (4,872,797.33)</u>	<u>\$ 7,075,832.39</u>	<u>\$ (4,036,371.92)</u>	<u>\$ 246,191,377.18</u>
\$	\$ 314,235.85	\$ (4,795,798.13)	\$	\$ (49,771,159.38)
	4,281.34	(172,778.74)		(924,641.23)
	49,826.67	(199,546.23)		(1,477,258.92)
(151,528.80)	10,324.52	(4,921,777.85)	1,765,515.36	(60,442,912.88)
		(698,225.05)	893,168.67	(9,644,455.91)
		(2,082,606.72)		(18,545,663.80)
<u>\$ (151,528.80)</u>	<u>\$ 378,668.38</u>	<u>\$ (12,870,732.72)</u>	<u>\$ 2,658,684.03</u>	<u>\$ (140,806,092.12)</u>
<u>\$ 104,154.99</u>	<u>\$ (4,494,128.95)</u>	<u>\$ (5,794,900.33)</u>	<u>\$ (1,377,687.89)</u>	<u>\$ 105,385,285.06</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (8,743.00)</u>	<u>\$ 65,696.70</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (8,743.00)</u>	<u>\$ 65,696.70</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 8,743.00</u>	<u>\$ (65,696.70)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 8,743.00</u>	<u>\$ (65,696.70)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>\$ 104,154.99</u>	<u>\$ (4,494,128.95)</u>	<u>\$ 4,591,167.48</u>	<u>\$ (1,377,687.89)</u>	<u>\$ 131,636,672.44</u>