

UNAUDITED

ANNUAL FINANCIAL REPORT

of

Texas A&M Transportation Institute

For the Year Ended August 31, 2016

With Comparative Totals for the Year Ended August 31, 2015



Dennis L. Christiansen, Ph.D., P.E., Director
Joseph N. Dunn, Assistant Agency Director and Chief Financial Officer
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Marie Ethridge, Director of Accounting and Controller
Karen Coleman, Financial Reporting Manager

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TEXAS A&M TRANSPORTATION INSTITUTE

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EXHIBIT III
TEXAS A&M TRANSPORTATION INSTITUTE
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]	\$ 4,661,977.96	\$ 5,115,851.47
Investments		
Derivative Instruments		
Restricted		
Cash & Cash Equivalents [Schedule Three]		
Investments		
Legislative Appropriations	1,079,532.41	305,039.16
Receivables, Net [Note 24]		
Federal	2,158,059.95	1,818,629.05
Other Intergovernmental	604,716.57	824,461.56
Interest and Dividends		
Gifts		
Self-Insured Health and Dental		
Student		
Investment Trades		
Accounts	11,950,718.34	10,134,775.80
Other	23,270.67	31,231.98
Due From Other Agencies	1,744,677.31	4,242,935.05
Due From Other Members	936,694.49	1,188,004.75
Due From Other Funds	8,116,140.84	8,145,769.80
Consumable Inventories		
Merchandise Inventories		
Loans and Contracts		
Interfund Receivable [Note 12]		
Other Current Assets		
Total Current Assets	<u>\$ 31,275,788.54</u>	<u>\$ 31,806,698.62</u>
Non-Current Assets		
Restricted		
Cash & Cash Equivalents [Schedule Three]	\$ 439,654.18	\$ 443,992.46
Assets Held By System Office		
Investments [Note 3]		
Loans, Contracts and Other		
Gifts Receivable		
Loans and Contracts		
Assets Held By System Office	10,320,382.44	9,906,478.10
Investments [Note 3]		
Interfund Receivable [Note 12]		
Capital Assets, Non-Depreciable [Note 2]		
Land and Land Improvements		
Construction In Progress	1,038,626.89	1,192,419.19
Other Tangible Capital Assets		
Land Use Rights		
Other Intangible Capital Assets		
Capital Assets, Depreciable [Note 2]		
Buildings and Building Improvements	24,583,351.77	24,583,351.77
Infrastructure		
Facilities and Other Improvements	1,419,329.52	1,419,329.52
Furniture and Equipment	19,673,254.87	14,885,966.90
Vehicles, Boats, and Aircraft	2,790,210.99	2,374,558.58
Other Capital Assets		
Intangible Capital Assets, Amortized [Note 2]		
Land Use Rights		
Computer Software	195,388.80	270,388.80
Other Intangible Capital Assets		
Accumulated Depreciation/Amortization	(24,263,631.63)	(21,708,224.13)
Assets Held In Trust	362,100.00	362,100.00
Other Non-Current Assets		
Total Non-Current Assets	<u>\$ 36,558,667.83</u>	<u>\$ 33,730,361.19</u>
Deferred Outflows of Resources [Note 28]		
Unamortized Loss On Refunding Debt	\$	\$
Government Acquisition		
Pensions		
Total Deferred Outflows of Resources	<u>\$</u>	<u>\$</u>
Total Assets and Deferred Outflows	<u><u>\$ 67,834,456.37</u></u>	<u><u>\$ 65,537,059.81</u></u>

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EXHIBIT III
TEXAS A&M TRANSPORTATION INSTITUTE
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	\$ 1,284,517.76	\$ 743,049.44
Payroll	4,159,950.14	3,909,023.11
Investment Trades		
Self-Insured Health and Dental		
Student		
Other	37,467.12	12,886.09
Interfund Payable [Note 12]		
Due to Other Agencies	8,523.90	22,015.80
Due to Other Funds	8,116,140.84	8,145,769.80
Due to Other Members	4,257.36	589.29
Funds Held for Investment		
Unearned Revenue	2,086,143.37	2,071,709.97
Employees' Compensable Leave	287,537.00	234,531.68
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		
Total Current Liabilities	<u>\$ 15,984,537.49</u>	<u>\$ 15,139,575.18</u>
Non-Current Liabilities		
Interfund Payable [Note 12]	\$	\$
Employees' Compensable Leave	4,160,832.78	4,195,318.44
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	362,100.00	362,100.00
Liabilities Payable From Restricted Assets		
Funds Held for Others		
Capital Lease Obligations		
Other Non-Current Liabilities		
Total Non-Current Liabilities	<u>\$ 4,522,932.78</u>	<u>\$ 4,557,418.44</u>
Deferred Inflows of Resources [Note 28]		
Pension	\$	\$
Total Deferred Inflows of Resources	<u>\$</u>	<u>\$</u>
Total Liabilities and Deferred Inflows	<u>\$ 20,507,470.27</u>	<u>\$ 19,696,993.62</u>
Net Position		
Net Investment In Capital Assets	\$ 25,436,531.21	\$ 23,017,790.63
Restricted for		
Debt Service		
Capital Projects	691,428.43	721,335.99
Education	2,738,825.83	1,444,997.54
Endowment and Permanent Funds		
Nonexpendable		
Expendable	439,654.18	443,992.46
Unrestricted	18,020,546.45	20,211,949.57
Total Net Position [Exhibit IV]	<u>\$ 47,326,986.10</u>	<u>\$ 45,840,066.19</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 67,834,456.37</u>	<u>\$ 65,537,059.81</u>

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EXHIBIT IV
 TEXAS A&M TRANSPORTATION INSTITUTE
 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	3,581,202.96	4,528,352.23
Discounts and Allowances		
Interest Revenue		
Federal Revenue - Operating	10,695,005.21	10,819,437.97
Federal Pass Through Revenue	3,692,336.25	3,555,744.13
State Grant Revenue	1,167,770.83	539,373.96
State Pass Through Revenue		630,000.00
Other Grants and Contracts - Operating	44,057,562.51	35,668,596.21
Other Operating Revenue	145,566.49	127,857.65
Total Operating Revenues	\$ 63,339,444.25	\$ 55,869,362.15
Operating Expenses		
Instruction	\$	\$
Research	68,450,890.77	65,696,552.30
Public Service	1,815,186.31	1,637,653.40
Academic Support		
Student Services		
Institutional Support		
Operation & Maintenance of Plant		
Scholarships & Fellowships		
Auxiliary		
Depreciation/Amortization	2,746,476.67	2,372,365.91
Total Operating Expenses [Schedule IV-1]	\$ 73,012,553.75	\$ 69,706,571.61
Total Operating Income [Loss]	\$ (9,673,109.50)	\$ (13,837,209.46)
Nonoperating Revenues [Expenses]		
Legislative Revenue	\$ 11,191,727.43	\$ 2,497,043.73
Federal Revenue Non-Operating		
Federal Pass Through Non-Operating		
State Pass Through Non-Operating		
Gifts	340,237.32	311,375.00
Investment Income	457,924.57	(44,765.11)
Investing Activities Expense	(25,097.98)	(27,669.76)
Interest Expense		
Borrower Rebates and Agent Fees		
Gain [Loss] On Sale or Disposal of Capital Assets	7,183.75	10,128.75
Settlement of Claims		
Other Nonoperating Revenues	23,606.86	2,516.55
Other Nonoperating [Expenses]	(477,076.98)	(305,951.01)
Total Nonoperating Revenues [Expenses]	\$ 11,518,504.97	\$ 2,442,678.15
Income [Loss] Before Other Revenues and Transfers	\$ 1,845,395.47	\$ (11,394,531.31)

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SCHEDULE IV-1
 TEXAS A&M TRANSPORTATION INSTITUTE
 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	\$	\$	\$	\$	\$
Salaries & Wages		36,529,855.77	607,871.15		
Payroll Related Costs		8,819,208.47	155,086.26		
Payroll Related Costs-TRS Pension					
Professional Fees & Services		7,722,939.83	172,252.21		
Travel		1,729,934.75	41,608.57		
Materials & Supplies		2,794,532.74	15,764.14		
Communication & Utilities		2,229,328.02	3,322.43		
Repairs & Maintenance		1,233,642.71	17,502.76		
Rentals & Leases		1,785,818.11	162,306.31		
Printing & Reproduction		246,491.18	11,042.14		
Federal Pass-Through		263,557.63			
State Pass-Through					
Depreciation & Amortization					
Bad Debt Expense					
Interest		2,098.93			
Scholarships		406,983.64			
Claims & Losses		15,499.58			
Net Change In OPEB Obligation					
Other Operating Expenses		4,670,999.41	628,430.34		
Total Operating Expenses	<u>\$</u>	<u>\$ 68,450,890.77</u>	<u>\$ 1,815,186.31</u>	<u>\$</u>	<u>\$</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>
\$	\$	\$	\$	\$	\$	\$
					37,137,726.92	36,597,186.37
					8,974,294.73	8,812,898.29
					7,895,192.04	7,735,152.93
					1,771,543.32	1,843,868.15
					2,810,296.88	2,198,408.36
					2,232,650.45	2,071,527.26
					1,251,145.47	1,230,989.50
					1,948,124.42	2,009,282.44
					257,533.32	218,313.87
					263,557.63	340,593.65
				2,746,476.67	2,746,476.67	2,372,365.91
					2,098.93	1,360.67
					406,983.64	275,867.78
					15,499.58	
					5,299,429.75	3,998,756.43
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,746,476.67</u>	<u>\$ 73,012,553.75</u>	<u>\$ 69,706,571.61</u>

[Exhibit IV]

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EXHIBIT V
TEXAS A&M TRANSPORTATION INSTITUTE
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	3,604,336.13	4,525,341.62
Proceeds From Grants and Contracts	58,150,678.22	49,603,908.84
Proceeds From Auxiliary Enterprises		
Proceeds From Loan Programs		
Proceeds From Other Operating Revenues	145,566.49	127,857.65
Payments to Suppliers for Goods and Services	(22,824,516.72)	(21,157,864.00)
Payments to Employees	(45,842,574.96)	(43,551,761.76)
Payments for Loans Provided		
Payments for Other Operating Expenses	(695,864.68)	(691,244.70)
Net Cash Provided [Used] By Operating Activities	\$ (7,462,375.52)	\$ (11,143,762.35)
Cash Flows From Noncapital Financing Activities		
Proceeds From State Appropriations	\$ 10,417,234.18	\$ 2,524,903.96
Proceeds From Gifts	340,237.32	311,375.00
Proceeds From Endowments		
Proceeds From Transfers From Other Funds	2,044,013.22	8,847,089.43
Proceeds From Other Grant Receipts		
Proceeds From Other Noncapital Financing Activities	3,339.86	2,516.55
Payments of Interest		
Payments for Transfers to Other Funds		
Payments for Grant Disbursements		
Payments for Other Noncapital Financing Uses	(294,320.09)	(3,072.69)
Other Noncapital Transfers From/To System	(93,263.28)	(724,106.10)
Transfers Between Fund Groups		
Net Cash Provided [Used] By Noncapital Financing Activities	\$ 12,417,241.21	\$ 10,958,706.15
Cash Flows From Capital and Related Financing Activities		
Proceeds From Sale of Capital Assets	\$ 7,183.75	\$ 10,128.75
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	(5,491,475.44)	(1,600,895.49)
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]	529,907.56	578,580.60
Intrasystem Transfers for Capital Debt [Mandatory]	(477,615.60)	(483,007.26)
Intrasystem Transfers for Construction Proceeds [Non-Mand]		
Net Cash Provided [Used] By Capital and Related Financing Act.	\$ (5,431,999.73)	\$ (1,495,193.40)
Cash Flows From Investing Activities		
Proceeds From Sales of Investments	\$	\$
Sales and Purchases of Investments Held By System	(152,789.45)	1,138,388.50
Proceeds From Interest and Investment Income	176,049.98	165,443.66
Payments to Acquire Investments		
Net Cash Provided [Used] By Investing Activities	\$ 23,260.53	\$ 1,303,832.16
Net Increase [Decrease] In Cash and Cash Equivalents	\$ (453,873.51)	\$ (376,417.44)
Cash and Cash Equivalents, Beginning of Year	\$ 5,115,851.47	\$ 5,492,268.91
Restatement		
Cash and Cash Equivalents, Beginning of Year, As Restated	\$ 5,115,851.47	\$ 5,492,268.91
Cash and Cash Equivalents, End of Year [Sch Three]	\$ 4,661,977.96	\$ 5,115,851.47

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

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Reconciliation of Operating Income [Loss] to Net Cash Provided [Used] By Operating Activities	\$	\$
Operating Income [Loss]	(9,673,109.50)	(13,837,209.46)
Adjustments to Reconcile Operating Income [Loss] to Net Cash Provided [Used] By Operating Activities		
Amortization and Depreciation	2,746,476.67	2,372,365.91
Bad Debt Expense	102,200.00	30,000.00
Operating Income [Loss] and Cash Flow Categories Classification Differences		
Changes In Assets and Liabilities		
[Increase] Decrease In Receivables	(2,029,867.14)	(1,329,892.54)
[Increase] Decrease In Due From Other Funds	330,416.14	(582,865.13)
[Increase] Decrease In Due From System Members	221,402.70	97,969.85
[Increase] Decrease In Inventories		
[Increase] Decrease In Prepaid Expenses		
[Increase] Decrease In Loans and Contracts		
[Increase] Decrease In Other Assets		
Increase [Decrease] In Payables	816,976.38	1,330,299.93
Increase [Decrease] In Due to Other Agencies/Funds	(13,491.90)	(75,372.56)
Increase [Decrease] In Due to System Members	3,668.07	589.29
Increase [Decrease] In Unearned Revenue	14,433.40	142,188.83
Increase [Decrease] In Deposits		
Increase [Decrease] In Employees' Compensable Leave	18,519.66	708,163.53
Increase [Decrease] In OPEB Liability		
Increase [Decrease] In Pension Liability		
Increase [Decrease] In Self Insured Accrued Liability		
Increase [Decrease] In Other Liabilities		
Total Adjustments	\$ 2,210,733.98	\$ 2,693,447.11
Net Cash Provided [Used] By Operating Activities	\$ (7,462,375.52)	\$ (11,143,762.35)
Non-Cash Transactions		
Donation of Capital Assets	\$ 22,883.00	\$ 27,848.53
Net Change In Fair Value of Investments	197,930.72	(769,440.35)
Refunding of Long Term Debt		
Amortization of Bond Premiums and Discounts		
Borrowing Under Capital Lease Purchase		
Other	(179,467.55)	(76,528.18)

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

	BALANCE 9-1-15	ADJUSTMENTS	COMPLETED CIP
Non-Depreciable/Non-Amortizable Assets			
Construction In Progress	\$ 1,192,419.19	\$	\$ (451,299.94)
Total Non-Depreciable/Non-Amortizable Assets	\$ 1,192,419.19	\$	\$ (451,299.94)
Depreciable Assets			
Buildings	\$ 24,583,351.77	\$	\$
Facilities and Other Improvements	1,419,329.52		
Furniture and Equipment	14,885,966.90		451,299.94
Vehicles, Boats and Aircraft	2,374,558.58		
Total Depreciable Assets at Historical Cost	\$ 43,263,206.77	\$	\$ 451,299.94
Less Accumulated Depreciation for			
Buildings	\$ (8,260,617.41)	\$	\$
Facilities and Other Improvements	(600,988.93)		
Furniture and Equipment	(10,955,748.65)		
Vehicles, Boats and Aircraft	(1,620,480.34)		
Total Accumulated Depreciation	\$ (21,437,835.33)	\$	\$
Depreciable Assets, Net	\$ 21,825,371.44	\$	\$ 451,299.94
Amortizable Assets - Intangible			
Computer Software	\$ 270,388.80	\$	\$
Total Intangible Assets at Historical Cost	\$ 270,388.80	\$	\$
Less Accumulated Amortization for			
Computer Software	\$ (270,388.80)	\$	\$
Total Accumulated Amortization	\$ (270,388.80)	\$	\$
Amortizable Assets, Net	\$	\$	\$
Capital Assets, Net	\$ 23,017,790.63	\$	\$

INC-INTERAGENCY TRANSACTIONS	DEC-INTERAGENCY TRANSACTIONS	ADDITIONS	DELETIONS	BALANCE 8-31-16
\$	\$	\$ 297,507.64	\$	\$ 1,038,626.89
\$	\$	\$ 297,507.64	\$	\$ 1,038,626.89
\$	\$	\$	\$	\$ 24,583,351.77
	(205,916.29)	4,763,440.39	(221,536.07)	1,419,329.52
		473,677.41	(58,025.00)	19,673,254.87
\$	\$ (205,916.29)	\$ 5,237,117.80	\$ (279,561.07)	\$ 2,790,210.99
\$	\$	\$ (1,066,831.80)	\$	\$ (9,327,449.21)
		(56,294.04)		(657,282.97)
	19,264.99	(1,419,810.28)	59,046.18	(12,297,247.76)
		(203,540.55)	37,758.00	(1,786,262.89)
\$	\$ 19,264.99	\$ (2,746,476.67)	\$ 96,804.18	\$ (24,068,242.83)
\$	\$ (186,651.30)	\$ 2,490,641.13	\$ (182,756.89)	\$ 24,397,904.32
\$	\$	\$	\$ (75,000.00)	\$ 195,388.80
\$	\$	\$	\$ (75,000.00)	\$ 195,388.80
\$	\$	\$	\$ 75,000.00	\$ (195,388.80)
\$	\$	\$	\$ 75,000.00	\$ (195,388.80)
\$	\$	\$	\$	\$
\$	\$ (186,651.30)	\$ 2,788,148.77	\$ (182,756.89)	\$ 25,436,531.21