

UNAUDITED

# ANNUAL FINANCIAL REPORT

of

**Tarleton State University**

*For the Year Ended August 31, 2016*

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



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**President**

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**Vice President for Finance & Administration**

**Lori L. Beaty, CPA**  
**Assistant Vice President for Finance & Administration/Controller**

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TARLETON STATE UNIVERSITY  
STUDENT ENROLLMENT DATA

CURRENT YEAR

<u>TYPE OF STUDENT</u>	<u>NUMBER OF STUDENTS BY SEMESTER</u>	
	<u>FALL 2015</u>	<u>FALL 2016</u>
Texas Resident	12,021	12,776
Out-of-State	230	226
Foreign	82	55
Total Students	<u>12,333</u>	<u>13,057</u>

HISTORICAL  
(Fall Semester)

<u>FISCAL YEAR</u>	<u>HEADCOUNT</u>	<u>SEMESTER CREDIT HOURS</u>
2012-13	10,276	117,791
2013-14	10,937	126,510
2014-15	11,681	136,263
2015-16	12,333	142,504

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TARLETON STATE UNIVERSITY

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EXHIBIT III  
TARLETON STATE UNIVERSITY  
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]	\$ 27,848,737.30	\$ 23,672,234.50
Investments		
Derivative Instruments		
Restricted		
Cash & Cash Equivalents [Schedule Three]	1,154,616.44	867,043.30
Investments		
Legislative Appropriations	2,210,712.97	2,469,511.97
Receivables, Net [Note 24]		
Federal	3,450,732.87	10,517,641.49
Other Intergovernmental		
Interest and Dividends		
Gifts	58,333.00	65,145.65
Self-Insured Health and Dental		
Student	986,992.46	2,113,060.78
Investment Trades		
Accounts	998,589.14	297,856.84
Other	699,700.77	33,759.79
Due From Other Agencies	602,735.64	820,370.89
Due From Other Members	6,154,876.27	6,955,017.50
Due From Other Funds		
Consumable Inventories	327,433.57	308,635.64
Merchandise Inventories		6,704.76
Loans and Contracts	327,966.12	802,298.29
Interfund Receivable [Note 12]		
Other Current Assets	15,766,757.14	7,185,314.93
Total Current Assets	<u>\$ 60,588,183.69</u>	<u>\$ 56,114,596.33</u>
Non-Current Assets		
Restricted		
Cash & Cash Equivalents [Schedule Three]	\$ 32,985,179.18	\$ 32,167,155.70
Assets Held By System Office		
Investments [Note 3]		
Loans, Contracts and Other		
Gifts Receivable	58,333.00	116,667.00
Loans and Contracts		
Assets Held By System Office	102,984,878.85	100,093,862.13
Investments [Note 3]		
Interfund Receivable [Note 12]		
Capital Assets, Non-Depreciable [Note 2]		
Land and Land Improvements	4,799,836.72	4,616,922.05
Construction In Progress	26,889,825.60	18,696,817.04
Other Tangible Capital Assets	1,423,800.63	1,423,800.63
Land Use Rights		
Other Intangible Capital Assets		
Capital Assets, Depreciable [Note 2]		
Buildings and Building Improvements	217,815,052.63	214,261,178.21
Infrastructure	24,065,159.50	23,958,763.00
Facilities and Other Improvements	21,891,177.04	17,576,147.97
Furniture and Equipment	25,305,517.49	23,276,671.33
Vehicles, Boats, and Aircraft	1,591,542.09	1,603,570.09
Other Capital Assets	8,933,734.93	9,039,548.73
Intangible Capital Assets, Amortized [Note 2]		
Land Use Rights		
Computer Software	674,186.29	674,186.29
Other Intangible Capital Assets		
Accumulated Depreciation/Amortization	(155,019,476.24)	(142,737,410.78)
Assets Held In Trust		
Other Non-Current Assets	5,019,060.75	5,019,060.75
Total Non-Current Assets	<u>\$ 319,417,808.46</u>	<u>\$ 309,786,940.14</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>\$ 380,005,992.15</u>	<u>\$ 365,901,536.47</u>

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EXHIBIT III  
 TARLETON STATE UNIVERSITY  
 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	\$ 10,053,016.06	\$ 3,184,920.59
Payroll	5,701,699.29	4,799,184.90
Investment Trades		
Self-Insured Health and Dental		
Student	234,983.66	213,476.94
Other	268,378.99	211,959.33
Interfund Payable [Note 12]		
Due to Other Agencies		
Due to Other Funds		
Due to Other Members	5,710,238.67	372,262.45
Funds Held for Investment		
Unearned Revenue	44,149,781.16	38,226,064.37
Employees' Compensable Leave	467,445.11	451,297.87
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	3,135,601.56	2,329,243.11
Other Current Liabilities	1,106,801.25	1,580,643.79
Total Current Liabilities	<u>\$ 70,827,945.75</u>	<u>\$ 51,369,053.35</u>
Non-Current Liabilities		
Interfund Payable [Note 12]	\$	\$
Employees' Compensable Leave	3,256,270.68	3,049,240.32
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		3,763,509.59
Capital Lease Obligations		
Other Non-Current Liabilities	100,000.00	110,000.00
Total Non-Current Liabilities	<u>\$ 3,356,270.68</u>	<u>\$ 6,922,749.91</u>
Deferred Inflows of Resources [Note 28]		
Pension	\$	\$
Total Deferred Inflows of Resources	<u>\$</u>	<u>\$</u>
Total Liabilities and Deferred Inflows	<u>\$ 74,184,216.43</u>	<u>\$ 58,291,803.26</u>
Net Position		
Net Investment In Capital Assets	\$ 178,370,356.68	\$ 172,390,194.56
Restricted for		
Debt Service		
Capital Projects	5,045,987.67	6,429,724.04
Education	19,892,565.65	20,367,644.46
Endowment and Permanent Funds		
Nonexpendable	22,857,763.47	22,342,750.64
Expendable	10,427,602.40	10,670,967.58
Unrestricted	69,227,499.85	75,408,451.93
Total Net Position [Exhibit IV]	<u>\$ 305,821,775.72</u>	<u>\$ 307,609,733.21</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 380,005,992.15</u>	<u>\$ 365,901,536.47</u>

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EXHIBIT IV  
TARLETON STATE UNIVERSITY  
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	\$ 89,989,836.55	\$ 83,022,004.46
Discounts and Allowances	(17,463,935.83)	(17,844,236.04)
Professional Fees		
Auxiliary Enterprises	28,650,931.17	26,593,812.21
Discounts and Allowances	(4,650,144.91)	(4,995,620.02)
Other Sales of Goods and Services	2,839,494.74	2,854,267.32
Discounts and Allowances		
Interest Revenue	591.35	3,544.58
Federal Revenue - Operating	4,903,759.05	7,985,205.60
Federal Pass Through Revenue	1,205,298.33	1,209,666.62
State Grant Revenue	138,601.19	25,000.00
State Pass Through Revenue	7,657,492.04	6,914,204.81
Other Grants and Contracts - Operating	1,128,129.26	556,413.57
Other Operating Revenue	557,059.26	514,449.05
Total Operating Revenues	<u>\$ 114,957,112.20</u>	<u>\$ 106,838,712.16</u>
Operating Expenses		
Instruction	\$ 59,295,934.07	\$ 55,956,943.64
Research	8,263,265.89	8,411,792.42
Public Service	2,333,493.46	2,193,255.26
Academic Support	12,185,776.55	11,061,123.84
Student Services	10,392,362.26	8,244,367.03
Institutional Support	13,059,869.57	10,092,461.23
Operation & Maintenance of Plant	15,365,154.08	15,429,501.06
Scholarships & Fellowships	13,483,416.17	14,331,596.46
Auxiliary	31,513,668.17	28,584,273.60
Depreciation/Amortization	12,603,483.13	12,024,661.35
Total Operating Expenses [Schedule IV-1]	<u>\$ 178,496,423.35</u>	<u>\$ 166,329,975.89</u>
Total Operating Income [Loss]	<u>\$ (63,539,311.15)</u>	<u>\$ (59,491,263.73)</u>
Nonoperating Revenues [Expenses]		
Legislative Revenue	\$ 47,106,999.50	\$ 43,190,223.62
Federal Revenue Non-Operating	18,520,810.55	17,865,527.73
Federal Pass Through Non-Operating		
State Pass Through Non-Operating		
Gifts	1,502,655.07	1,442,788.59
Investment Income	5,311,388.10	(1,260,367.61)
Investing Activities Expense	(249,043.39)	(251,926.87)
Interest Expense		
Borrower Rebates and Agent Fees		
Gain [Loss] On Sale or Disposal of Capital Assets	(1,482.56)	2,046.19
Settlement of Claims	(1,021.75)	
Other Nonoperating Revenues	458,685.69	26,742.49
Other Nonoperating [Expenses]	(1,111,477.91)	(2,428,509.89)
Total Nonoperating Revenues [Expenses]	<u>\$ 71,537,513.30</u>	<u>\$ 58,586,524.25</u>
Income [Loss] Before Other Revenues and Transfers	<u>\$ 7,998,202.15</u>	<u>\$ (904,739.48)</u>



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SCHEDULE IV-1  
 TARLETON STATE UNIVERSITY  
 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	\$ 203.19	\$	\$ 9,021.04	\$ 122,526.86	\$ 2,171.45
Salaries & Wages	40,730,996.75	4,625,978.05	960,495.82	6,303,102.94	5,189,256.17
Payroll Related Costs	10,268,329.08	1,198,391.63	175,357.86	1,782,669.13	1,410,245.18
Payroll Related Costs-TRS Pension					
Professional Fees & Services	1,671,191.17	673,554.82	292,078.46	369,089.96	772,259.62
Travel	1,622,986.50	258,124.05	102,925.03	358,439.66	546,011.78
Materials & Supplies	2,525,949.25	545,401.04	210,285.31	1,105,679.58	987,649.33
Communication & Utilities	169,691.29	56,531.35	19,541.35	1,259,804.32	115,513.66
Repairs & Maintenance	637,667.60	514,853.53	22,577.99	265,927.43	101,401.46
Rentals & Leases	871,832.23	45,942.71	310,031.36	161,830.57	371,373.36
Printing & Reproduction	41,044.60	1,048.97	20,227.56	56,854.50	180,672.88
Federal Pass-Through		89,791.41			
State Pass-Through					
Depreciation & Amortization					
Bad Debt Expense					12,539.84
Interest	5.07				17.08
Scholarships	38,343.00	3,047.00	36,500.00	19,548.04	
Claims & Losses					
Net Change In OPEB Obligation					
Other Operating Expenses	<u>717,694.34</u>	<u>250,601.33</u>	<u>174,451.68</u>	<u>380,303.56</u>	<u>703,250.45</u>
Total Operating Expenses	<u>\$ 59,295,934.07</u>	<u>\$ 8,263,265.89</u>	<u>\$ 2,333,493.46</u>	<u>\$ 12,185,776.55</u>	<u>\$ 10,392,362.26</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>
\$	\$	\$	\$ 35,740.20	\$	\$ 169,662.74	\$ 169,771.57
5,758,997.20	944,568.60	91,672.74	6,231,710.61		70,836,778.88	65,482,132.10
3,106,715.01	749,415.54	1,293.20	1,662,269.28		20,354,685.91	18,379,182.50
1,417,690.17	9,734,968.60	1,586.81	12,300,115.12		27,232,534.73	22,791,397.44
177,784.77	24,450.73		492,720.16		3,583,442.68	3,343,773.64
497,937.05	882,147.67		1,750,069.57		8,505,118.80	6,895,718.93
171,182.13	2,100,707.53		1,566,857.60		5,459,829.23	6,023,338.86
102,508.60	72,053.98		181,449.43		1,898,440.02	2,077,284.49
195,286.45	782,105.50		4,739,182.27		7,477,584.45	8,186,675.21
102,744.02	2,868.72		78,948.73		484,409.98	605,495.82
					89,791.41	57,148.38
				12,603,483.13	12,603,483.13	12,024,661.35
					12,539.84	(27,522.62)
4.95					27.10	154.94
		13,256,863.42	1,333,024.67		14,687,326.13	15,527,174.99
1,529,019.22	71,867.21	132,000.00	1,141,580.53		5,100,768.32	4,793,588.29
<u>\$ 13,059,869.57</u>	<u>\$ 15,365,154.08</u>	<u>\$ 13,483,416.17</u>	<u>\$ 31,513,668.17</u>	<u>\$ 12,603,483.13</u>	<u>\$ 178,496,423.35</u>	<u>\$ 166,329,975.89</u>

[Exhibit IV]

UNAUDITED

EXHIBIT V  
TARLETON STATE UNIVERSITY  
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	\$ 73,802,937.44	\$ 70,756,752.83
Proceeds Received From Customers	3,652,134.99	2,127,855.48
Proceeds From Grants and Contracts	13,516,742.19	23,134,490.23
Proceeds From Auxiliary Enterprises	23,613,477.73	21,602,155.09
Proceeds From Loan Programs	437,642.37	51,669.24
Proceeds From Other Operating Revenues	75,068.14	635,622.73
Payments to Suppliers for Goods and Services	(54,212,530.92)	(56,980,279.56)
Payments to Employees	(90,065,772.80)	(83,177,588.50)
Payments for Loans Provided		
Payments for Other Operating Expenses	(23,169,506.33)	(16,384,677.22)
Net Cash Provided [Used] By Operating Activities	\$ (52,349,807.19)	\$ (38,233,999.68)
Cash Flows From Noncapital Financing Activities		
Proceeds From State Appropriations	\$ 47,678,925.50	\$ 44,340,045.21
Proceeds From Gifts	1,567,801.72	1,274,418.91
Proceeds From Endowments	479,357.80	1,165,701.24
Proceeds From Transfers From Other Funds	582,359.67	206,019.00
Proceeds From Other Grant Receipts	25,910,338.55	17,436,728.70
Proceeds From Other Noncapital Financing Activities	5,799,564.32	3,977,993.67
Payments of Interest		
Payments for Transfers to Other Funds		(1,181,164.39)
Payments for Grant Disbursements		
Payments for Other Noncapital Financing Uses	(2,070,993.42)	(791,278.88)
Other Noncapital Transfers From/To System	808,756.67	1,651,911.79
Transfers Between Fund Groups		
Net Cash Provided [Used] By Noncapital Financing Activities	\$ 80,756,110.81	\$ 68,080,375.25
Cash Flows From Capital and Related Financing Activities		
Proceeds From Sale of Capital Assets	\$ 8,805.00	\$ 2,046.19
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	(19,462,418.24)	(15,516,536.45)
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]	5,534,430.86	4,795,779.79
Intrasystem Transfers for Capital Debt [Mandatory]	(10,912,115.18)	(10,733,879.13)
Intrasystem Transfers for Construction Proceeds [Non-Mand]	(464,234.63)	331,872.92
Net Cash Provided [Used] By Capital and Related Financing Act.	\$ (25,295,532.19)	\$ (21,120,716.68)
Cash Flows From Investing Activities		
Proceeds From Sales of Investments	\$	\$
Sales and Purchases of Investments Held By System	(785,654.80)	(4,264,222.11)
Proceeds From Interest and Investment Income	2,138,959.31	2,267,854.87
Payments to Acquire Investments		
Net Cash Provided [Used] By Investing Activities	\$ 1,353,304.51	\$ (1,996,367.24)
Net Increase [Decrease] In Cash and Cash Equivalents	\$ 4,464,075.94	\$ 6,729,291.65
Cash and Cash Equivalents, Beginning of Year Restatement	\$ 24,539,277.80	\$ 17,809,986.15
Cash and Cash Equivalents, Beginning of Year, As Restated	\$ 24,539,277.80	\$ 17,809,986.15
Cash and Cash Equivalents, End of Year [Sch Three]	\$ 29,003,353.74	\$ 24,539,277.80







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SCHEDULE N-2  
 TARLETON STATE UNIVERSITY  
 NOTE 2 - CAPITAL ASSETS  
 FOR THE YEAR ENDED AUGUST 31, 2016

	BALANCE 9-1-15	ADJUSTMENTS	COMPLETED CIP
<b>Non-Depreciable/Non-Amortizable Assets</b>			
Land and Land Improvements	\$ 4,616,922.05	\$	\$
Construction In Progress	18,696,817.04		(9,032,556.32)
Other Tangible Capital Assets	1,423,800.63		
<b>Total Non-Depreciable/Non-Amortizable Assets</b>	<b>\$ 24,737,539.72</b>	<b>\$</b>	<b>\$ (9,032,556.32)</b>
<b>Depreciable Assets</b>			
Buildings	\$ 214,261,178.21	\$	\$ 4,611,130.75
Infrastructure	23,958,763.00		106,396.50
Facilities and Other Improvements	17,576,147.97		4,315,029.07
Furniture and Equipment	23,276,671.33		
Vehicles, Boats and Aircraft	1,603,570.09		
Other Capital Assets	9,039,548.73		
<b>Total Depreciable Assets at Historical Cost</b>	<b>\$ 289,715,879.33</b>	<b>\$</b>	<b>\$ 9,032,556.32</b>
<b>Less Accumulated Depreciation for</b>			
Buildings	\$ (103,972,946.09)	\$	\$
Infrastructure	(5,936,709.89)		
Facilities and Other Improvements	(7,595,314.38)		
Furniture and Equipment	(16,186,019.31)		
Vehicles, Boats and Aircraft	(1,293,481.83)		
Other Capital Assets	(7,078,752.99)		
<b>Total Accumulated Depreciation</b>	<b>\$ (142,063,224.49)</b>	<b>\$</b>	<b>\$</b>
<b>Depreciable Assets, Net</b>	<b>\$ 147,652,654.84</b>	<b>\$</b>	<b>\$ 9,032,556.32</b>
<b>Amortizable Assets - Intangible</b>			
Computer Software	\$ 674,186.29	\$	\$
<b>Total Intangible Assets at Historical Cost</b>	<b>\$ 674,186.29</b>	<b>\$</b>	<b>\$</b>
<b>Less Accumulated Amortization for</b>			
Computer Software	\$ (674,186.29)	\$	\$
<b>Total Accumulated Amortization</b>	<b>\$ (674,186.29)</b>	<b>\$</b>	<b>\$</b>
<b>Amortizable Assets, Net</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Capital Assets, Net</b>	<b>\$ 172,390,194.56</b>	<b>\$</b>	<b>\$</b>

INC-INTERAGENCY TRANSACTIONS	DEC-INTERAGENCY TRANSACTIONS	ADDITIONS	DELETIONS	BALANCE 8-31-16
\$	\$	\$ 182,914.67	\$	\$ 4,799,836.72
		17,225,564.88		26,889,825.60
				1,423,800.63
<u>\$</u>	<u>\$</u>	<u>\$ 17,408,479.55</u>	<u>\$</u>	<u>\$ 33,113,462.95</u>
\$	\$	\$	\$ (1,057,256.33)	\$ 217,815,052.63
				24,065,159.50
				21,891,177.04
		2,098,478.86	(69,632.70)	25,305,517.49
			(12,028.00)	1,591,542.09
		144,230.73	(250,044.53)	8,933,734.93
<u>\$</u>	<u>\$</u>	<u>\$ 2,242,709.59</u>	<u>\$ (1,388,961.56)</u>	<u>\$ 299,602,183.68</u>
\$	\$	\$ (8,270,604.69)	\$	\$ (112,243,550.78)
		(995,950.84)		(6,932,660.73)
		(806,837.37)		(8,402,151.75)
		(2,105,886.29)	59,345.14	(18,232,560.46)
		(91,886.84)	12,028.00	(1,373,340.67)
		(332,317.10)	250,044.53	(7,161,025.56)
<u>\$</u>	<u>\$</u>	<u>\$ (12,603,483.13)</u>	<u>\$ 321,417.67</u>	<u>\$ (154,345,289.95)</u>
<u>\$</u>	<u>\$</u>	<u>\$ (10,360,773.54)</u>	<u>\$ (1,067,543.89)</u>	<u>\$ 145,256,893.73</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 674,186.29</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 674,186.29</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (674,186.29)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (674,186.29)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>\$</u>	<u>\$</u>	<u>\$ 7,047,706.01</u>	<u>\$ (1,067,543.89)</u>	<u>\$ 178,370,356.68</u>