

UNAUDITED

ANNUAL FINANCIAL REPORT

of

Texas A&M Veterinary Medical Diagnostic Laboratory

*For the Year Ended August 31, 2016
With Comparative Totals for the Year Ended August 31, 2015*



Bruce L. Akey, DVM, Director
Vic S. Seidel, CPA, Assistant Agency Director for Finance

UNAUDITED

TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY

TABLE OF CONTENTS

<u>REFERENCE</u>	<u>EXHIBITS</u>	<u>PAGE</u>
III	Statement of Net Position	557-1-1
IV	Statement of Revenues, Expenses, and Changes in Net Position	557-2-1
IV - 1	Schedule of NACUBO Function to Natural Classification Matrix	557-3-1
V	Statement of Cash Flows	557-4-1
<u>SCHEDULES</u>		
THREE	Schedule of Cash & Cash Equivalents	557-13-1
N-2	Note 2 - Capital Assets	557-14-1

UNAUDITED

EXHIBIT III
 TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY
 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]	\$ 1,843,445.08	\$ 1,491,119.16
Investments		
Derivative Instruments		
Restricted		
Cash & Cash Equivalents [Schedule Three]	1,192.39	32,166.92
Investments		
Legislative Appropriations	31,028.60	97,024.81
Receivables, Net [Note 24]		
Federal	343.33	13,670.98
Other Intergovernmental		
Interest and Dividends		
Gifts		
Self-Insured Health and Dental		
Student		
Investment Trades		
Accounts	949,194.89	892,490.51
Other		
Due From Other Agencies		
Due From Other Members	89,940.04	199,000.00
Due From Other Funds	31.62	16,685.09
Consumable Inventories	373,810.43	310,654.38
Merchandise Inventories		
Loans and Contracts		
Interfund Receivable [Note 12]		
Other Current Assets		
Total Current Assets	<u>\$ 3,288,986.38</u>	<u>\$ 3,052,811.85</u>
Non-Current Assets		
Restricted		
Cash & Cash Equivalents [Schedule Three]	\$	\$
Assets Held By System Office		
Investments [Note 3]		
Loans, Contracts and Other		
Gifts Receivable		
Loans and Contracts		
Assets Held By System Office		
Investments [Note 3]		
Interfund Receivable [Note 12]		
Capital Assets, Non-Depreciable [Note 2]		
Land and Land Improvements	105,700.00	105,700.00
Construction In Progress		
Other Tangible Capital Assets		
Land Use Rights		
Other Intangible Capital Assets		
Capital Assets, Depreciable [Note 2]		
Buildings and Building Improvements	10,084,601.55	10,084,601.55
Infrastructure		
Facilities and Other Improvements		
Furniture and Equipment	6,432,626.93	6,493,891.17
Vehicles, Boats, and Aircraft	120,198.45	115,281.45
Other Capital Assets		
Intangible Capital Assets, Amortized [Note 2]		
Land Use Rights		
Computer Software	929,751.54	929,751.54
Other Intangible Capital Assets		
Accumulated Depreciation/Amortization	(12,347,218.71)	(11,855,605.08)
Assets Held In Trust		
Other Non-Current Assets		
Total Non-Current Assets	<u>\$ 5,325,659.76</u>	<u>\$ 5,873,620.63</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>\$ 8,614,646.14</u>	<u>\$ 8,926,432.48</u>

UNAUDITED

EXHIBIT III
 TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY
 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	\$ 422,287.41	\$ 194,404.81
Payroll	913,886.83	797,891.52
Investment Trades		
Self-Insured Health and Dental		
Student		
Other		
Interfund Payable [Note 12]	129,212.11	129,212.12
Due to Other Agencies		
Due to Other Funds	31.62	16,685.09
Due to Other Members		
Funds Held for Investment		
Unearned Revenue	1,000.00	
Employees' Compensable Leave	123,540.58	91,138.20
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	192.39	192.39
Other Current Liabilities		
Total Current Liabilities	<u>\$ 1,590,150.94</u>	<u>\$ 1,229,524.13</u>
Non-Current Liabilities		
Interfund Payable [Note 12]	\$ 819,173.99	\$ 129,212.11
Employees' Compensable Leave	819,173.99	860,248.71
Other Post Employment Benefits [Note 11]		
Pension Liability [Note 9]		
Claims and Judgments		
Notes and Loans Payable [Note 5]		
Bonds Payable [Note 6]		
Assets Held In Trust		
Liabilities Payable From Restricted Assets		
Funds Held for Others		
Capital Lease Obligations		
Other Non-Current Liabilities		
Total Non-Current Liabilities	<u>\$ 819,173.99</u>	<u>\$ 989,460.82</u>
Deferred Inflows of Resources [Note 28]		
Pension	\$	\$
Total Deferred Inflows of Resources	<u>\$</u>	<u>\$</u>
Total Liabilities and Deferred Inflows	<u>\$ 2,409,324.93</u>	<u>\$ 2,218,984.95</u>
Net Position		
Net Investment In Capital Assets	\$ 5,325,659.76	\$ 5,873,620.63
Restricted for		
Debt Service		
Capital Projects	89,940.04	199,000.00
Education		31,974.98
Endowment and Permanent Funds		
Nonexpendable		
Expendable		
Unrestricted	789,721.41	602,851.92
Total Net Position [Exhibit IV]	<u>\$ 6,205,321.21</u>	<u>\$ 6,707,447.53</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 8,614,646.14</u>	<u>\$ 8,926,432.48</u>

UNAUDITED

EXHIBIT IV
 TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY
 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	11,092,157.26	9,515,831.56
Discounts and Allowances		
Interest Revenue		
Federal Revenue - Operating	237,278.24	237,229.15
Federal Pass Through Revenue		211,112.16
State Grant Revenue		
State Pass Through Revenue		
Other Grants and Contracts - Operating	49,000.00	
Other Operating Revenue		
Total Operating Revenues	<u>\$ 11,378,435.50</u>	<u>\$ 9,964,172.87</u>
Operating Expenses		
Instruction	\$	\$
Research	154,529.64	295,553.08
Public Service	15,880,264.74	15,555,511.01
Academic Support		
Student Services		
Institutional Support	1,915,290.46	1,905,233.41
Operation & Maintenance of Plant	9,009.20	
Scholarships & Fellowships		
Auxiliary		
Depreciation/Amortization	<u>804,379.01</u>	<u>892,091.65</u>
Total Operating Expenses [Schedule IV-1]	<u>\$ 18,763,473.05</u>	<u>\$ 18,648,389.15</u>
Total Operating Income [Loss]	<u>\$ (7,385,037.55)</u>	<u>\$ (8,684,216.28)</u>
Nonoperating Revenues [Expenses]		
Legislative Revenue	\$ 9,895,678.27	\$ 9,851,755.24
Federal Revenue Non-Operating		
Federal Pass Through Non-Operating		
State Pass Through Non-Operating		
Gifts		
Investment Income	7,156.77	3,115.83
Investing Activities Expense		
Interest Expense		
Borrower Rebates and Agent Fees		
Gain [Loss] On Sale or Disposal of Capital Assets	(20,539.46)	521.05
Settlement of Claims		
Other Nonoperating Revenues	1,070.00	45,000.00
Other Nonoperating [Expenses]	<u>(1,868.35)</u>	<u></u>
Total Nonoperating Revenues [Expenses]	<u>\$ 9,881,497.23</u>	<u>\$ 9,900,392.12</u>
Income [Loss] Before Other Revenues and Transfers	<u>\$ 2,496,459.68</u>	<u>\$ 1,216,175.84</u>

UNAUDITED

EXHIBIT IV
 TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED AUGUST 31, 2016

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
	_____ _____ _____	_____ _____ _____
Other Revenues and Transfers		
Capital Contributions	\$	\$
Capital Appropriations [Higher Education Fund]		
Additions to Permanent and Term Endowments		
Special Items		
Extraordinary Items		
Transfers In		
Transfers From Other State Agencies		
Mandatory Transfers From Other Members		
Nonmandatory Transfers From Other Members	1,414.00	201,214.00
Nonmandatory Transfers From Members/Agencies-Cap Assets		
Transfers Out		
Transfers to Other State Agencies		
Mandatory Transfers to Other Members		
Nonmandatory Transfers to Other Members		
Nonmandatory Transfers to Members/Agencies - Cap Assets		(23,572.28)
Legislative Transfers - In		
Legislative Transfers - Out	(2,999,800.00)	(2,999,603.33)
Legislative Appropriations Lapsed	(200.00)	(396.67)
Total Other Revenues and Transfers	\$ (2,998,586.00)	\$ (2,822,358.28)
Change In Net Position	\$ (502,126.32)	\$ (1,606,182.44)
Net Position, Beginning of Year	\$ 6,707,447.53	\$ 8,313,629.97
Restatement		
Net Position, Beginning of Year, Restated	\$ 6,707,447.53	\$ 8,313,629.97
Net Position, End of Year	<u>\$ 6,205,321.21</u>	<u>\$ 6,707,447.53</u>

UNAUDITED

SCHEDULE IV-1
 TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY
 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		120,282.10	7,709,915.28		
Payroll Related Costs		27,228.41	2,484,262.81		
Payroll Related Costs-TRS Pension					
Professional Fees & Services			669,030.39		
Travel		61.44	124,543.03		
Materials & Supplies		1,348.17	2,653,888.16		
Communication & Utilities			965,237.33		
Repairs & Maintenance			571,838.19		
Rentals & Leases			56,040.26		
Printing & Reproduction			14,498.07		
Federal Pass-Through					
State Pass-Through			89,475.00		
Depreciation & Amortization					
Bad Debt Expense					
Interest			497.86		
Scholarships					
Claims & Losses					
Net Change In OPEB Obligation					
Other Operating Expenses		5,609.52	541,038.36		
Total Operating Expenses	\$	\$ 154,529.64	\$ 15,880,264.74	\$	\$

<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>
\$	\$	\$	\$	\$	\$	\$
1,169,903.16					9,000,100.54	8,859,586.99
263,014.95					2,774,506.17	2,707,002.26
203,195.52					872,225.91	885,682.20
30,029.27					154,633.74	157,165.37
110,706.01	5,209.20				2,771,151.54	2,640,032.75
468.00					965,705.33	911,715.42
7,500.54	3,800.00				583,138.73	805,136.15
3,700.51					59,740.77	72,675.94
1,677.36					16,175.43	9,494.58
					89,475.00	225,000.00
				804,379.01	804,379.01	892,091.65
8.96					506.82	122.20
9,396.13					9,396.13	6,765.25
<u>115,690.05</u>					<u>662,337.93</u>	<u>475,918.39</u>
<u>\$ 1,915,290.46</u>	<u>\$ 9,009.20</u>	<u>\$</u>	<u>\$</u>	<u>\$ 804,379.01</u>	<u>\$ 18,763,473.05</u>	<u>\$ 18,648,389.15</u>

[Exhibit IV]

UNAUDITED

EXHIBIT V
TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY
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	11,035,452.88	9,475,245.40
Proceeds From Grants and Contracts	299,783.48	481,960.50
Proceeds From Auxiliary Enterprises		
Proceeds From Loan Programs		
Proceeds From Other Operating Revenues		
Payments to Suppliers for Goods and Services	(5,920,067.24)	(5,926,410.66)
Payments to Employees	(11,667,283.74)	(11,445,553.07)
Payments for Loans Provided		
Payments for Other Operating Expenses	(98,871.13)	(231,765.25)
Net Cash Provided [Used] By Operating Activities	\$ (6,350,985.75)	\$ (7,646,523.08)
Cash Flows From Noncapital Financing Activities		
Proceeds From State Appropriations	\$ 9,961,474.48	\$ 9,768,372.85
Proceeds From Gifts		
Proceeds From Endowments		
Proceeds From Transfers From Other Funds		
Proceeds From Other Grant Receipts		
Proceeds From Other Noncapital Financing Activities	1,070.00	45,000.00
Payments of Interest		
Payments for Transfers to Other Funds		
Payments for Grant Disbursements		
Payments for Other Noncapital Financing Uses		(45,000.00)
Other Noncapital Transfers From/To System	1,414.00	2,214.00
Transfers Between Fund Groups		
Net Cash Provided [Used] By Noncapital Financing Activities	\$ 9,963,958.48	\$ 9,770,586.85
Cash Flows From Capital and Related Financing Activities		
Proceeds From Sale of Capital Assets	\$	\$ 2,855.00
Proceeds From Debt Issuance		
Proceeds From State Grants and Contracts		
Proceeds From Federal Grants and Contracts		
Proceeds From Gifts		
Proceeds From Interfund Payables		
Proceeds From Other Financing Activities		
Proceeds From Capital Contributions		
Payments for Additions to Capital Assets	(278,825.95)	(180,921.78)
Payments of Principal On Debt		
Payments for Capital Leases		
Payments of Interest On Debt Issuance		
Payments for Interfund Receivables	(129,212.12)	(129,212.12)
Payments of Other Costs On Debt Issuance		
Transfer of Capital Debt Proceeds From System [Nonmandatory]	109,059.96	
Intrasystem Transfers for Capital Debt [Mandatory]	(2,999,800.00)	(2,999,603.33)
Intrasystem Transfers for Construction Proceeds [Non-Mand]		
Net Cash Provided [Used] By Capital and Related Financing Act.	\$ (3,298,778.11)	\$ (3,306,882.23)
Cash Flows From Investing Activities		
Proceeds From Sales of Investments	\$	\$
Sales and Purchases of Investments Held By System		
Proceeds From Interest and Investment Income	7,156.77	3,115.83
Payments to Acquire Investments		
Net Cash Provided [Used] By Investing Activities	\$ 7,156.77	\$ 3,115.83
Net Increase [Decrease] In Cash and Cash Equivalents	\$ 321,351.39	\$ (1,179,702.63)
Cash and Cash Equivalents, Beginning of Year	\$ 1,523,286.08	\$ 2,702,988.71
Restatement		
Cash and Cash Equivalents, Beginning of Year, As Restated	\$ 1,523,286.08	\$ 2,702,988.71
Cash and Cash Equivalents, End of Year [Sch Three]	\$ 1,844,637.47	\$ 1,523,286.08

UNAUDITED

EXHIBIT V
 TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED AUGUST 31, 2016

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
	<u> </u>	<u> </u>
Reconciliation of Operating Income [Loss] to Net Cash Provided [Used] By Operating Activities	\$	\$
Operating Income [Loss]	(7,385,037.55)	(8,684,216.28)
Adjustments to Reconcile Operating Income [Loss] to Net Cash Provided [Used] By Operating Activities		
Amortization and Depreciation	804,379.01	892,091.65
Bad Debt Expense	1,533.97	1,671.04
Operating Income [Loss] and Cash Flow Categories Classification Differences		
Changes In Assets and Liabilities		
[Increase] Decrease In Receivables	(44,910.70)	(45,152.15)
[Increase] Decrease In Due From Other Funds		
[Increase] Decrease In Due From System Members		41,681.83
[Increase] Decrease In Inventories	(63,156.05)	1,010.76
[Increase] Decrease In Prepaid Expenses		
[Increase] Decrease In Loans and Contracts		
[Increase] Decrease In Other Assets		
Increase [Decrease] In Payables	343,877.91	56,992.84
Increase [Decrease] In Due to Other Agencies/Funds		
Increase [Decrease] In Due to System Members		
Increase [Decrease] In Unearned Revenue	1,000.00	
Increase [Decrease] In Deposits		
Increase [Decrease] In Employees' Compensable Leave	(8,672.34)	89,397.23
Increase [Decrease] In OPEB Liability		
Increase [Decrease] In Pension Liability		
Increase [Decrease] In Self Insured Accrued Liability		
Increase [Decrease] In Other Liabilities		
Total Adjustments	<u>\$ 1,034,051.80</u>	<u>\$ 1,037,693.20</u>
Net Cash Provided [Used] By Operating Activities	<u>\$ (6,350,985.75)</u>	<u>\$ (7,646,523.08)</u>
Non-Cash Transactions		
Donation of Capital Assets	\$	\$
Net Change In Fair Value of Investments		
Refunding of Long Term Debt		
Amortization of Bond Premiums and Discounts		
Borrowing Under Capital Lease Purchase		
Other	(20,539.46)	(25,906.23)

UNAUDITED

SCHEDULE THREE
 TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY
 SCHEDULE OF CASH & CASH EQUIVALENTS
 FOR THE YEAR ENDED AUGUST 31, 2016

		CURRENT YEAR TOTAL
Cash & Cash Equivalents		
Current Assets		
Cash On Hand		
Cashiers Account	\$	125.00
Petty Cash Department Working Fund		250.00
Total Cash On Hand	\$	375.00
Cash In State Treasury		
Assets Held By System Offices-Current	\$	1,843,070.08
Total Current Cash and Cash Equivalents [Exhibit III]	\$	1,843,445.08
Restricted		
Assets Held By System Offices-Current	\$	1,192.39
Total Restricted Cash and Cash Equivalents [Exhibit III]	\$	1,192.39
Total Cash & Cash Equivalents [Exhibit V]	\$	1,844,637.47

UNAUDITED

SCHEDULE N-2
 TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY
 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	\$ 105,700.00	\$	\$
Total Non-Depreciable/Non-Amortizable Assets	\$ 105,700.00	\$	\$
Depreciable Assets			
Buildings	\$ 10,084,601.55	\$	\$
Furniture and Equipment	6,493,891.17		
Vehicles, Boats and Aircraft	115,281.45		
Total Depreciable Assets at Historical Cost	\$ 16,693,774.17	\$	\$
Less Accumulated Depreciation for			
Buildings	\$ (6,587,303.75)	\$	\$
Furniture and Equipment	(4,621,723.03)		
Vehicles, Boats and Aircraft	(67,900.28)		
Total Accumulated Depreciation	\$ (11,276,927.06)	\$	\$
Depreciable Assets, Net	\$ 5,416,847.11	\$	\$
Amortizable Assets - Intangible			
Computer Software	\$ 929,751.54	\$	\$
Total Intangible Assets at Historical Cost	\$ 929,751.54	\$	\$
Less Accumulated Amortization for			
Computer Software	\$ (578,678.02)	\$	\$
Total Accumulated Amortization	\$ (578,678.02)	\$	\$
Amortizable Assets, Net	\$ 351,073.52	\$	\$
Capital Assets, Net	\$ 5,873,620.63	\$	\$

INC-INTERAGENCY TRANSACTIONS	DEC-INTERAGENCY TRANSACTIONS	ADDITIONS	DELETIONS	BALANCE 8-31-16
\$	\$	\$	\$	\$ 105,700.00
\$	\$	\$	\$	\$ 105,700.00
\$	\$	\$	\$	\$ 10,084,601.55
		258,335.95	(319,600.19)	6,432,626.93
		20,490.00	(15,573.00)	120,198.45
\$	\$	\$ 278,825.95	\$ (335,173.19)	\$ 16,637,426.93
\$	\$	\$ (222,091.80)	\$	\$ (6,809,395.55)
		(444,604.39)	297,192.38	(4,769,135.04)
		(16,258.54)	15,573.00	(68,585.82)
\$	\$	\$ (682,954.73)	\$ 312,765.38	\$ (11,647,116.41)
\$	\$	\$ (404,128.78)	\$ (22,407.81)	\$ 4,990,310.52
\$	\$	\$	\$	\$ 929,751.54
\$	\$	\$	\$	\$ 929,751.54
\$	\$	\$ (121,424.28)	\$	\$ (700,102.30)
\$	\$	\$ (121,424.28)	\$	\$ (700,102.30)
\$	\$	\$ (121,424.28)	\$	\$ 229,649.24
\$	\$	\$ (525,553.06)	\$ (22,407.81)	\$ 5,325,659.76