

ANNUAL FINANCIAL REPORT

OF

ANGELO STATE UNIVERSITY

FOR THE YEAR ENDED AUGUST 31, 2009

SAN ANGELO, TEXAS

A MEMBER OF THE TEXAS TECH UNIVERSITY SYSTEM

**ANGELO STATE UNIVERSITY
FY 2009 FINANCIAL REPORT**

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ANGELO STATE UNIVERSITY

Office of the President

November 20, 2009

The Honorable Rick Perry
Governor of Texas

Mr. John O'Brien
Deputy Director, Legislative Budget Board

The Honorable Susan Combs
Texas Comptroller

Mr. John Keel, CPA
State Auditor

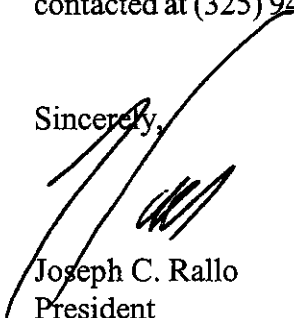
Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of Angelo State University for the year ended August 31, 2009, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement 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 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; 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 Denise Brodnax at (325) 942-2014. Janet Coleman may be contacted at (325) 942-2014 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,



Joseph C. Rallo
President



ANGELO STATE UNIVERSITY

Office of the Vice President for Finance and Administration

November 20, 2009

Dr. Joseph C. Rallo
 President
 Angelo State University
 2601 West Avenue N
 San Angelo, Texas 76909

Dear Dr. Rallo:

Submitted herein is the Annual Financial Report of Angelo State University for the fiscal year ended August 31, 2009.

The financial statements in this report have been prepared in conformity with the General Provisions of the Appropriations Act, Article IX, and in accordance with the requirements established by the Comptroller of Public Accounts.

The accompanying Annual Financial Report will be considered for audit by the State Auditor as part of the audit of the State's Comprehensive Annual Report; therefore, an opinion has not been expressed on the statements and related information contained in this report.

If you have any questions, please contact Denise Brodnax at (325) 942-2014. Janet Coleman may be contacted at (325) 942-2014 for questions related to the Schedule of Expenditures of Federal Awards.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Sharon K. Meyer'.

Sharon K. Meyer
 Vice President for
 Finance and Administration

A handwritten signature in black ink, appearing to read 'Denise Brodnax'.

Denise Brodnax
 Controller

A handwritten signature in black ink, appearing to read 'Janet Coleman'.

Janet Coleman
 Director of Accounting

A handwritten signature in black ink, appearing to read 'Christina Chavez'.

Christina Chavez
 Accountant

A handwritten signature in black ink, appearing to read 'Jackie Baxter'.

Jackie Baxter
 Accountant

**ANGELO STATE UNIVERSITY
ORGANIZATIONAL DATA
For the Fiscal Year 2008 - 2009**

**BOARD OF REGENTS
TEXAS TECH UNIVERSITY SYSTEM**

OFFICERS

Mr. Larry K. Anders
Kent Hance

Chair
Chancellor

MEMBERS

<u>Name</u>	<u>Residence</u>	<u>Term Expires February 1</u>
Mr. Larry K. Anders	Dallas, Tx	2011
Mr. Dan T. Serna	Arlington, Tx	2011
Mr. L. Frederick 'Rick' Francis	El Paso, Tx	2013
Mr. John F. Scovell	Dallas, Tx	2013
Mr. Jerry E. Turner	Blanco, Tx	2013
Mr. John Huffaker	Amarillo, Tx	2015
Mr. Mickey L. Long	Midland, Tx	2015
Mrs. Nancy R. Neal	Lubbock, Tx	2015

PRESIDENT

Dr. Joseph C. Rallo

OFFICE OF FINANCE AND ADMINISTRATION

Sharon K. Meyer
Denise Brodnax

Vice President for Finance and Administration
Controller

ADMISSIONS & REGISTRAR

Lorri Moore
Cindy Weeaks

Dean of Admissions
Registrar

**ANGELO STATE UNIVERSITY
ENROLLMENT DATA
For the Fiscal Year 2008-2009**

Type of Student	NUMBER OF STUDENTS BY SEMESTER			
	FALL	SPRING	SUMMER TERMS 2009	
	2008	2009	First	Second
Texas Resident	5,852	5,215	1,824	1,442
Out-of State	150	142	52	40
Foreign	59	40	18	15
High School Honor Scholarship	27	24	0	0
Hazelwood Act	57	50	23	13
State Commission for the Blind	13	11	6	6
	<u>6,158</u>	<u>5,482</u>	<u>1,923</u>	<u>1,516</u>

ENROLLMENT TREND DATA

(Fall Semester)

FISCAL YEAR	STUDENTS	SEMESTER HOURS
2009	6,158	77,282
2008	6,240	79,255
2007	6,267	79,860
2006	6,156	78,137
2005	6,137	77,184
2004	6,043	75,269
2003	6,268	78,076
2002	6,262	78,342
2001	6,309	78,455
2000	6,220	77,135
1999	6,315	77,109

* Furnished by the Office of the Registrar.

Angelo State University
Statement of Net Assets (Unaudited)
August 31, 2009

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ASSETS

Current Assets:

Cash and Cash Equivalents (Note 1)	\$ 39,607,221.86
Restricted:	
Cash and Cash Equivalents (Note 1)	907,133.27
Legislative Appropriations	5,800,642.21
Receivables from:	
Federal Receivables	269,890.81
Student Receivables	8,125,736.68
Accounts Receivables	922,624.72
Due From Other Agencies	17,344.64
Prepaid Expenses	19,847,386.61
Consumable Inventories	233,450.42
Loans and Notes Receivable, net	1,137,538.59
Total Current Assets	<u>76,868,969.81</u>

Noncurrent Assets:

Investments (Note 3)	92,468,358.42
Capital Assets (Note 2)	
Non-Depreciable	32,456,472.61
Depreciable	162,911,653.14
Accumulated Depreciation	<u>(89,929,949.69)</u>
Total Non-Current Assets	<u>197,906,534.48</u>

Total Assets **\$ 274,775,504.29**

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 4,474,471.01
Payroll Payable	3,993,639.94
Deferred Revenues	25,369,694.58
Revenue Bonds Payable (Note 5)	1,290,000.00
Employees' Compensable Leave (Note 5)	364,698.95
Commercial Paper Payable (Note 5)	5,527,822.00
Funds Held for Others	11,614,568.42
Other Current Liabilities	337,420.00
Total Current Liabilities	<u>52,972,314.90</u>

Non-current Liabilities:

Employees Compensable Leave (Note 5)	1,460,601.36
Revenue Bonds Payable (Note 5)	33,505,000.00
Other Non-Current Liabilities	525,948.17
Total Non-Current Liabilities	<u>35,491,549.53</u>

Total Liabilities **\$ 88,463,864.43**

NET ASSETS

Invested in Capital Assets, Net of Related Debt	65,811,507.89
Restricted:	
Non-Expendable:	
Endowments	92,889,195.78
Expendable:	
Higher Education Assistance Fund	2,386,089.25
Other	6,667,778.32
Unrestricted (Note 1)	<u>18,557,068.62</u>
Total Net Assets	<u>186,311,639.86</u>

Total Liabilities and Net Assets **\$ 274,775,504.29**

See Accompanying Notes to the Financial Statements

Angelo State University
Statement of Revenues, Expenses, and Changes in Net Assets (Unaudited)
For the Fiscal Year Ended August 31, 2009

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OPERATING REVENUES

Tuition and Fees - Pledged	\$ 32,230,521.25
Discounts and Allowances	(4,408,621.85)
Auxiliary Enterprises - Pledged	14,413,425.41
Discounts and Allowances	(2,308,051.37)
Other Sales of Goods and Services - Pledged	1,797,120.35
Federal Revenue-Operating (Sch 1A)	940,702.79
Federal Pass Through Revenue (Sch 1A)	550,218.16
State Grant Pass Through Revenue (Sch 1B)	3,843,769.34
Nongovernmental Grants and Contracts	415,810.29
Total Operating Revenues	<u>47,474,894.37</u>

OPERATING EXPENSES:

Instruction	34,934,043.49
Research	957,779.12
Public Service	1,469,904.74
Academic Support	4,342,266.76
Student Services	4,057,795.34
Institutional Support	14,443,075.09
Operation and Maintenance of Plant	6,934,452.85
Scholarship and Fellowships	5,979,730.79
Auxiliary Enterprise Expenditures	16,582,673.15
Depreciation and Amortization	5,374,409.81
Total Operating Expenses	<u>95,076,131.14</u>
Operating Income (Loss)	<u>(47,601,236.77)</u>

NONOPERATING REVENUES (EXPENSES)

Federal Revenue-Nonoperating (Sch 1A)	3,267,663.51
Legislative Revenue	30,237,684.69
Gifts	915,512.91
Investment Income (Expense)	1,335,903.98
Interest Expense on Capital Asset Financing	(783,255.27)
Gain (Loss) on Disposal of Capital Assets	471,067.89
Net Increase (Decrease) in Fair Value of Investments	(5,773,547.84)
Other Nonoperating Revenues (Expenses)	1,028,682.97
Total Nonoperating Revenues (Expenses)	<u>30,699,712.84</u>

Income (Loss) before Other Revenues, Expenses, Gains/Losses and Transfers (16,901,523.93)

OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS

Capital Appropriations (HEAF)	3,667,497.00
Transfers-Out (Note 12)	(10,726,789.66)
Interagency Transfer Capital Assets (Note 12)	(12,603.63)
Legislative Transfers-Out (Note 12)	(3,119,951.43)
Legislative Appropriations Lapsed	(150.76)
Total Other Revenues, Expenses, Gains, Losses, and Transfers	<u>(10,191,998.48)</u>

Total Changes in Net Assets \$ (27,093,522.41)

Beginning Net Assets (September 1, 2008) 213,405,162.27

Ending Net Assets (August 31, 2009) \$ 186,311,639.86

See Accompanying Notes to the Financial Statements

Angelo State University
Matrix of Operating Expenses by Natural Classification
For the Fiscal Year Ended August 31, 2009

Function	Salaries and Wages	Payroll Related Costs	Professional Fees and Services	Travel	Materials and Supplies
Instruction	\$ 19,502,068.81	\$ 5,196,445.22	\$ 54,442.76	\$ 431,533.07	\$ 615,352.92
Research	543,143.09	121,183.77	2,850.00	42,896.12	133,006.46
Public Service	562,054.85	119,986.53	15,372.69	12,404.80	162,590.00
Academic Support	2,093,946.98	613,042.62	12,474.87	105,879.62	149,413.03
Student Services	2,432,740.25	540,791.13	4,270.00	129,757.14	263,468.48
Institutional Support	8,071,957.91	2,091,806.06	223,665.24	189,923.15	681,721.34
Operation and Maintenance of Plant Scholarships and Fellowships	1,991,775.54	620,469.83	45,974.13	21,366.61	670,506.90
Auxiliary Enterprises	5,069,493.72	1,028,684.32	138,243.39	362,139.24	4,838,846.51
Depreciation and Amortization					
Total Operating Expenses	\$ 40,267,181.15	\$ 10,332,409.48	\$ 497,293.08	\$ 1,295,899.75	\$ 7,514,905.64

Function	Communication and Utilities	Repairs and Maintenance	Rentals and Leases	Printing and Reproduction	Federal Pass Thru Expense
Instruction	\$ 73,805.30	\$ 98,316.59	\$ 71,456.70	\$ 62,172.77	\$ -
Research	3,482.79	4,750.00	861.50	1,692.72	3,786.58
Public Service	160,050.20	122,803.55	11,579.05	14,662.43	-
Academic Support	15,679.58	60,618.11	8,595.24	24,903.79	-
Student Services	19,819.23	300,587.05	40,029.27	61,040.50	-
Institutional Support	180,202.00	487,873.03	82,741.98	284,447.77	-
Operation and Maintenance of Plant Scholarships and Fellowships	2,462,908.43	432,190.35	105,329.37	5,434.11	-
Auxiliary Enterprises	494,736.61	357,139.01	444,785.13	74,000.99	-
Depreciation and Amortization					
Total Operating Expenses	\$ 3,410,684.14	\$ 1,864,277.69	\$ 765,378.24	\$ 528,355.08	\$ 3,786.58

Function	State Pass Thru Expense	Depreciation and Amortization	Bad Debt	Scholarships	Other Operating
Instruction	\$ 4,500.00	\$ -	\$ -	\$ -	\$ 8,823,949.35
Research	-	-	-	-	100,126.09
Public Service	-	-	-	-	288,400.64
Academic Support	-	-	-	-	1,257,712.92
Student Services	-	-	-	-	265,292.29
Institutional Support	-	-	923,349.97	-	1,225,386.64
Operation and Maintenance of Plant Scholarships and Fellowships	-	-	-	5,979,730.79	578,497.58
Auxiliary Enterprises	-	-	-	-	3,774,604.23
Depreciation and Amortization		5,374,409.81			
Total Operating Expenses	\$ 4,500.00	\$ 5,374,409.81	\$ 923,349.97	\$ 5,979,730.79	\$ 16,313,969.74

Function	Grand Total
Instruction	\$ 34,934,043.49
Research	957,779.12
Public Service	1,469,904.74
Academic Support	4,342,266.76
Student Services	4,057,795.34
Institutional Support	14,443,075.09
Operation and Maintenance of Plant Scholarships and Fellowships	6,934,452.85
Auxiliary Enterprises	16,582,673.15
Depreciation and Amortization	5,374,409.81
Total Operating Expenses	\$ 95,076,131.14

Angelo State University
Statement of Cash Flows (Unaudited)
For the Year Ended August 31, 2009

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Cash Flows from Operating Activities	
Tuition and Fees	\$ 31,213,623.11
Grants and Contracts	5,652,384.93
Sales and Services of Auxiliary Enterprises	11,755,408.44
Other Sales and Services	(416,008.60)
Collections (payments) for Loans Issued to Students	3,162,997.44
Payments to Employees	(50,599,590.63)
Payments for Other Operating Activities	(42,921,089.29)
Net Cash Provided (Used) by Operating Activities	<u>(42,152,274.60)</u>
Cash Flows from Noncapital Financing Activities	
State Appropriations	31,861,745.36
Noncapital Gifts and Grants	5,101,339.12
Transfers Out to Other State Agencies	(939,177.46)
Other Noncapital Financing Activities	(6,440,470.16)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>29,583,436.86</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from Capital Debt Issuance	19,495,822.00
Capital Appropriations	3,667,497.00
Purchases of Capital Assets	(9,019,963.63)
Principal Paid on Capital Debt	(13,742,563.63)
Payments of Interest on Debt Issuance	(783,255.27)
Payments of Other Costs of Debt Issuance	(382,463.53)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(382,463.53)</u>
Cash Flows from Investing Activities	
Proceeds from Investment Sales and Maturities	4,534,750.98
Interest and Dividends Received	1,362,363.44
Purchases of Investments	(2,278,587.59)
Net Cash Provided by Investing Activities	<u>3,618,526.83</u>
TOTAL NET CASH FLOWS	\$ <u>(9,332,774.44)</u>
Beginning Cash and Cash Equivalents, September 1, 2008	49,847,129.57
Ending Cash and Cash Equivalents, August 31, 2009	\$ <u>40,514,355.13</u>

Reconciliation of Operating Income (Loss) to	
Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(47,601,236.77)
Adjustments:	
Depreciation Expense	5,374,409.81
(Increase) Decrease in Accounts Receivables	(1,820,043.16)
Increase (Decrease) in Due from Other Agency	(17,344.64)
(Increase) Decrease in Loans and Notes Receivable	17,205.15
(Increase) Decrease in Inventory	(8,246.72)
(Increase) Decrease in Prepaid Expenses	(3,035,604.48)
(Increase) Decrease in Other Assets	1,674,268.86
Increase (Decrease) in Accounts Payable	235,873.28
Increase (Decrease) in Payrolls Payable	449,622.37
Increase (Decrease) in Due to Other Funds	
Increase (Decrease) in Deferred Revenue	2,649,174.66
Increase (Decrease) in Compensable Leave	172,052.13
Increase (Decrease) in Other Liabilities	(242,405.09)
Net Cash Used for Operating Activities	<u>(42,152,274.60)</u>

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2009

NOTE 1: Summary of Significant Accounting Policies

ENTITY

Angelo State University is considered 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 for State Institutions of Higher Education.

Angelo State University serves the state by offering a wide range of academic programs leading to baccalaureates and masters degrees. Angelo State University is committed to providing educational excellence for Texas.

Due to the significant changes related to Governmental Accounting Standards Board Statement 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 be in compliance with generally accepted accounting principles (GAAP). 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. The fund designation for institutions of higher education is a Business Type Activity within the Proprietary Fund Type.

Proprietary FundsBusiness Type Activity

Business type funds are used for activities that are financed through the charging of fees and sales for 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.

Component Units

The fund types of the individual discrete component units are available from the component units' separately issued financial statements. Additional information about component units can be found in Note 19.

Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Business activity type funds (proprietary funds) are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary funds principal ongoing operations. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2009

BUDGETS 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

Assets

Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents. For reporting purposes, this account includes cash on hand, cash in local banks, cash in transit, and cash in the Treasury.

Cash and Cash Equivalents as reported on the Statement of Net Assets.

	<u>Current Unrestricted</u>	<u>Current Restricted</u>	<u>Total</u>
Cash on Hand	\$ 14,166.20	\$ 60.00	\$ 14,226.20
Cash in Bank	8,945,604.24	(4,565,723.41)	4,379,880.83
Cash in State Treasury	4,179,868.31		4,179,868.31
Reimbursement Due from Treasury	3,788,687.94		3,788,687.94
TexPool	<u>22,678,895.17</u>	<u>5,472,796.68</u>	<u>28,151,691.85</u>
Total Cash and Cash Equivalents	<u>\$ 39,607,221.86</u>	<u>\$ 907,133.27</u>	<u>\$ 40,514,355.13</u>

Securities Lending Collateral

Investments are stated at fair value in all funds except pension trust funds in accordance with **GASB Statement 31 - Accounting and Financial Reporting for Certain Investments and for External Investment Pools**. For pension trust funds, investments are required to be reported at fair value using the accrual basis of accounting in accordance with **GASB Statement 25 - Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans**. Securities lent are reported as assets on the balance sheet. The costs of securities lending transactions are reported as expenditures or expenses in the Operating Statement. These costs are reported at gross.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements. Assets held in reserve for guaranteed student loan defaults are also included.

Inventories

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally utilizing the last-in, first-out method. Inventories for governmental fund types are the purchase method of accounting. The consumption method of accounting is used to account for inventories that appear in the proprietary fund types and the government-wide statements. The cost of these items is expensed when the items are consumed.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2009

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost or, if not purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets such as works of art and historical treasures are not depreciated. A road and highway infrastructure is reported on the modified basis. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

All capital assets acquired by proprietary funds or trust funds are reported at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the acquisition date. Depreciation is charged to operations over the estimated useful life of each asset, using the straight-line method.

Other Receivables

Other receivables include year-end accruals not included in any other receivable category. This account can appear in governmental and proprietary fund types.

Liabilities

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.

Other Payables

Other payables are the accrual at year-end of expenditure transactions not included in any of the other payable descriptions. Other payables may be included in either the governmental or proprietary fund types.

Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that becomes 'due' upon the occurrence of relevant events such as resignation, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net assets. GASB Statement No. 16, Accounting for Compensated Absences, establishes the standards of accounting and reporting for compensated absences (i.e., vacation, unpaid overtime, and sick leave) by State entities.

Capital Lease Obligations

Capital Lease Obligations represent the liability for future lease payments under capital lease contracts contingent upon the appropriation of funding by the Legislature. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

Bonds Payable - General Obligation Bonds

The unmatured principal of general obligations bonds are accounted for in the Long-term Liabilities column. Payables are reported separately as either current or noncurrent in the statement of net assets.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2009

Bonds payable are recorded at par. The bond proceeds are accounted for as an "Other Financing Source" in the governmental funds when received, and expenditures for payment of principal and interest are recorded in the Debt Service funds when paid. These amounts are adjusted in the Long-term Liabilities column.

Bonds Payable - Revenue Bonds

Revenue bonds are generally accounted for in the proprietary funds. The bonds payable are reported at par less unamortized discount or plus unamortized premiums. Interest expense is reported on the accrual basis, with amortization of discount or premium. Payables are reported separately as either current or noncurrent in the statement of net assets.

Fund Balance/Net Assets

The difference between fund assets and liabilities is 'Net Assets' on the government-wide, proprietary and fiduciary fund statements, and the 'Fund Balance' is the difference between fund assets and liabilities on the governmental fund statements.

Reservation of Fund Balance

Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditure.

Reserve for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Reserve for Consumable Inventories

This represents the amount of supplies, postage, and prepaid assets to be used in the next fiscal year.

Unreserved/Undesignated

This represents the unappropriated balance at year-end.

Invested in Capital Assets, Net of Related Debt

Invested in capital assets, net of related debt consists of capital assets. Net of accumulated depreciation and reduced by outstanding balances for bond, notes, and other debt, are attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Assets

Restricted net assets results when constraints placed on net assets uses either are externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets

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

**ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2009**

Unrestricted Net Assets as reported on the Statement of Net Assets:

Reserved for:		
Encumbrances	\$	5,192,922.20
State Appropriations to be Lapsed		104,997.87
Petty Cash		11,200.00
Accounts Receivable		9,135,613.07
Consumable Supplies Inventory		233,450.42
Prepaid Expenses		2,083,216.99
Communication Reserve		282,311.72
Future Operating Budgets		14,000.00
Fire and Extended Coverage Loss		5,922,451.00
Unreserved		<u>(4,423,094.65)</u>
Total Unrestricted Net Assets	\$	<u>18,557,068.62</u>

Interfund Transactions and Balances

Angelo State University has the following types of transactions among 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 for two (or more) years is classified as 'Non-Current'.
4. Interfund Sales and Purchases: Charges or collections for services rendered by one fund to another are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund. The composition of Angelo State University's Interfund receivables and payables at August 31, 2009 is presented in Note 12.

NOTE 2: Capital Assets

	PRIMARY GOVERNMENT							
	Balance 9/1/2008	Adjustments	Reclassifications			Additions	Deletions	Balance 8/31/2009
			Completed CIP	Inc-Int'g'y Trans	Dec-Int'g'y Trans			
Governmental activities:								
Non-depreciable Assets								
Land and Land Improvements	\$ 2,754,755.97	\$	\$	\$	\$	\$	\$	\$ 2,754,755.97
Infrastructure	0.00							0.00
Construction in Progress	22,065,875.02		(73,422.97)			7,431,509.59		29,423,961.64
Other Capital Assets	275,805.00					1,950.00		277,755.00
Total non-depreciable assets:	\$ 25,096,435.99	\$ 0.00	\$ (73,422.97)	\$ 0.00	\$ 0.00	\$ 7,433,459.59	\$ 0.00	\$ 32,456,472.61
Depreciable Assets								
Building and Building Improvements	\$ 131,263,224.46					2,122,327.84		\$ 133,385,552.30
Infrastructure	5,286,500.06							5,286,500.06
Facilities and Other Improvements	6,692,076.84		73,422.97			227,641.25		6,993,141.06
Furniture and Equipment	8,609,247.19					979,175.40	(373,925.74)	9,214,496.85
Vehicle, Boats, and Aircraft	1,310,192.39					113,191.94	(33,221.00)	1,377,559.70
Other Capital Assets	6,613,088.32					143,719.04	(102,404.19)	6,654,403.17
Total depreciable assets at historical cost:	\$ 159,774,329.26	\$ 0.00	\$ 73,422.97	\$ 0.00	\$ (12,603.63)	\$ 3,586,055.47	\$ (509,550.93)	\$ 162,911,853.14
Less Accumulated Depreciation for:								
Buildings and Improvements	\$ 67,515,350.98					3,875,484.16		\$ 71,390,835.14
Infrastructure	1,344,686.60					202,949.40		1,547,636.00
Facilities and Other Improvements	3,648,194.68					320,068.80		3,968,263.48
Furniture and Equipment	6,346,541.58					686,681.98	(327,362.29)	6,705,861.27
Vehicle, Boats, and Aircraft	1,100,556.91					75,460.93	(28,697.78)	1,134,716.43
Other Capital Assets	5,071,277.02					213,764.54	(102,404.19)	5,182,637.37
Total accumulated depreciation:	\$ 85,026,807.77	\$ 0.00	\$ 0.00	\$ 0.00	\$ (12,603.63)	\$ 5,374,409.81	\$ (458,464.26)	\$ 89,929,949.69
Depreciable Assets Net	74,747,721.49	0.00	73,422.97	0.00	0.00	(1,788,354.34)	(51,086.67)	72,981,703.45
Governmental activities capital assets, net:	\$ 99,844,157.48	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,645,105.25	\$ (51,086.67)	\$ 105,438,176.08

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2009

NOTE 3: Deposits, Investments, and Repurchase Agreements

Angelo State University is authorized by statute to make investments following "prudent person rule". There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2009, the carrying amount of deposits was \$4,379,880.03 (including Restricted Assets) as presented below.

Governmental and Business-Type Activities	
CASH IN BANK - CARRYING VALUE	\$4,379,880.83
Less: Certificates of Deposit included in carrying value and reported as Cash Equivalent	0.00
Less: Uninvested Securities Lending Cash Collateral included in carrying value and reported as Securities Lending Collateral	0.00
Less: Securities Lending CD Collateral included in carrying value and reported as Securities Lending Collateral	0.00
Cash in Bank per AFR	<u>\$4,379,880.83</u>
Governmental Funds Current Assets Cash in Bank	\$8,945,604.24
Governmental Funds Current Assets Restricted Cash in Bank	<u>(4,565,723.41)</u>
Cash in Bank per AFR	<u>\$4,379,880.83</u>

These amounts consist of all cash in local banks and a portion of short-term investments.

These amounts are included on the Combined Statement of Net Assets as part of the "Cash and Cash Equivalents" and "Securities Lending Collateral" accounts.

As of August 31, 2009, the total bank balance was as follows:

Governmental and Business-Type Activities	\$7,756,856.50
---	----------------

Investments

As of August 31, 2009, the fair value of investments are as presented below.

Governmental and Business-Type Activities	<u>Fair Value</u>
U. S. Government	\$
U. S. Treasury Securities	
U. S. Treasury Strips	
U. S. Treasury TPS	
U. S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Sallie Mae, etc.)	
U. S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co)	
Corporate Obligations	
Corporate Asset and Mortgage Backed Securities	2,420.20
Equity	
International Obligations (Govt and Corp)	
International Equity	
Repurchase Agreement	
Repurchase Agreement (Texas Treasury Safekeeping Trust Co)	85,621,663.25
Long Term Investment Fund	
Fixed Income Money Market and Bond Mutual Fund	3,903.80
Other Commingled Funds	2,537.45
Other Commingled Funds (Texpool)	28,151,691.85
Commercial Paper	
Securities Lending Collateral Investment Pool	
Real Estate	
Misc (alternative investments, limited partnerships, guaranteed investment contract, Political subdivision, bankers' acceptance, negotiable CD)	6,837,833.72
Total	<u>\$120,620,050.27</u>

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2009

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The general investment policy of the agency limits investments in debt securities that are not in the top three investment grade ratings issued by nationally recognized statistical rating organizations to 5% total investments. As of August 31, 2009, the agency's credit quality distribution for securities with credit risk exposure was as follow.

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	AAA	AA	A	
		CMO's	2,420.20			
		Municipal Bonds & Other	3,903.80			

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	BBB	BB	B	CCC
		None				

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2009 the agency's concentration of credit risk is as follows.

Fund Type	GAAP Fund	Issuer	Carry Value	% of total portfolio
		None		

Securities Lending

Angelo State University does not participate in a security lending program. The Agency had no securities out on loan to broker/dealers at August 31, 2009.

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) with narrow collars would be considered moderate to high risks. In contrast, principal only (PO) and interest only (IO) strips are considered higher risk Collateralized Mortgage Obligations (CMO's).

Angelo State University's investments in derivatives comprise less than 1% of total investments as of August 31, 2009, with a reported value of \$2,420.20.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2009

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 funds institutions of higher education having total endowments of at least \$95 million. Angelo State University is in compliance with the Public Funds Investment Act.

NOTE 4: Short-Term Debt

Angelo State University had no short-term debt as of August 31, 2009.

NOTE 5: Summary of Long Term Liabilities

Employees Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. An expense and liability for proprietary fund types are recorded in the proprietary fund as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Changes in Long-Term Liabilities

During the year ended August 31, 2009, the following changes occurred in liabilities:

Governmental Activities	Balance 9/1/2008	Additions	Reductions	Balance 8/31/2009	Amounts Due Within One Year
Compensable Leave	\$ 1,653,248.18	\$ 364,698.95	\$ 192,646.82	\$ 1,825,300.31	\$ 364,698.95
Commercial Paper Payable	22,252,000.00	11,490,822.00	28,215,000.00	5,527,822.00	5,527,822.00
Revenue Bonds		35,630,000.00	835,000.00	34,795,000.00	1,290,000.00
Total Governmental Activities	\$ 23,905,248.18	\$ 47,485,520.95	\$ 29,242,646.82	\$ 42,148,122.31	\$ 7,182,520.95

Bonds Payable

See Note 6 for detailed information on bond liability balances and transactions.

Notes and Loan Payable

Commercial paper was issued during the fiscal year to finance various construction and equipment projects. Debt service for the obligation is provided in general appropriation for tuition revenue bonds and revenue from various projects. All commercial paper outstanding at 8/31/09 will mature in fiscal year 2010.

Commercial paper has short maturities up to 270 days with interest rates ranging from .2% to 7.75% in fiscal year 2009.

**ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2009**

Summary of Debt Service Requirements to Maturity Year Ending August 31, 2010

2010	2011	2012	2013	2014	All Other Years	Total Requirements
\$ 5,540,263.83	\$	\$	\$	\$	\$	\$ 5,540,263.83

NOTE 6: Bonded Indebtedness

On October 21, 1993, the governing board of the Texas Tech University System established a Revenue Financing System for the purpose of providing a financing structure for all revenue supported indebtedness of Texas Tech University System components. The source of revenues for debt service issued under the Revenue Financing System includes pledged general tuition, pledged tuition fee, pledged general fee and any other revenues, income, receipts, rentals, rates, charges, fees, including interest or other income, and balances lawfully available to Texas Tech University components. Excluded from the revenues described above are amounts received under Article 7, Section 17 of the Constitution of the State of Texas, general revenue funds appropriated by the Legislature except to the extent so specifically appropriated, encumbered housing revenues, and practice plan funds.

Revenue Financing System Refunding and Improvement Bonds, 12th Series 2009

Purpose:	For advanced refunding of ASU portion of Texas State University System TRB bonds and construction of Centennial Village.
Original Issue Amount:	\$35,630,000
Issue Date:	March, 2009
Interest Rates:	3.00% to 5.25%
Maturity Date Range:	2018 through 2038
Type of Bond:	Revenue
Changes in Debt:	\$35,630,000 issued, \$835,000 retired

Prior to September 1, 2007, all bonded indebtedness for Angelo State University was issued through the Texas State University System (TSUS) Revenue Financing System, of which the Texas State University System Administration and each of their components were members. The TSUS Board of Regents cross-pledged all lawfully available funds (revenues) and balances attributable to any TSUS RFS member against the bonded indebtedness of all other TSUS RFS members for payment on the Parity Debt. Effective September 1, 2007, House Bill 3564 (80th Legislature, Regular Session) transferred governance of Angelo State University to the Texas Tech University System. For the debt issued by the TSUS, the bonds payable are reported by TSUS. ASU will repay the debt that was issued on its behalf; consequently, the following debt amortization schedule is presented below for informational purposes only.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2009

**DEBT SERVICE REQUIREMENTS ATTRIBUTABLE
TO ANGELO STATE UNIVERSITY**

DESCRIPTION	YEAR	PRINCIPAL	INTEREST	TOTAL
All Issues	2010	\$ 2,636,420.62	\$ 2,110,188.34	\$ 4,746,608.96
	2011	2,792,166.66	1,982,844.20	4,775,010.86
	2012	2,925,628.09	1,856,601.78	4,782,229.87
	2013-2017	14,460,906.55	7,057,503.00	21,518,409.55
	2018-2022	9,884,812.22	3,808,884.42	13,693,696.64
	2023-2027	3,835,000.00	2,092,000.00	5,927,000.00
	2028-2032	4,870,000.00	1,034,750.00	5,904,750.00
	2033	1,125,000.00	56,250.00	1,181,250.00
TOTALS		<u>\$ 42,529,934.14</u>	<u>\$ 19,999,021.74</u>	<u>\$ 62,528,955.88</u>

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. The institution was appropriated \$3,935,894 during the current fiscal year for Tuition Revenue Bond debt service. The institution expects future Legislative appropriations to meet debt service requirements for Tuition Revenue Bonds.

NOTE 7: Capital Leases

Section not applicable.

NOTE 8: Operating Leases

Section not applicable.

NOTE 9: Retirement Plans

Section not applicable.

NOTE 10: Deferred Compensation

Section not applicable.

NOTE 11: Postemployment Health Care and Life Insurance Benefits

Section not applicable.

**ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2009**

NOTE 12: Interfund Activity and Transactions

ASU 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.

<u>Current Portion</u>	<u>Current Interfund Receivable</u>	<u>Current Interfund Payable</u>
General Revenue (001)	\$ _____	\$ _____
Total Interfund Receivable/Payable	\$ <u>0.00</u>	\$ <u>0.00</u>
<u>Non-Current Portion</u>	<u>Current Interfund Receivable</u>	<u>Current Interfund Payable</u>
General Revenue (001)	\$ _____	\$ _____
Total Interfund Receivable/Payable	\$ <u>0.00</u>	\$ <u>0.00</u>
	TRANSFERS IN	TRANSFERS OUT
Institutional Funds (7999) Appd Fund 7999, D23 Fund 7999 (Agency 758, D23 Fund 7999)	\$ _____	\$ (9,787,612.20)
Institutional Funds (7999) Appd Fund 7999, D23 Fund 7999 (Agency 768, D23 Fund 7999)		(182,833.46)
General Revenue (5103) Appd Fund 5103, D23 Fund 5103 (Agency 781, D23 Fund 5103)		(263,689.75)
Institutional Funds (7999) Appd Fund 7999, D23 Fund 7999 (Agency 347, D23 Fund 7999)		(492,654.25)
	\$ <u>0.00</u>	\$ <u>(10,726,789.66)</u>
<u>Interagency Transfer - Capital Assets</u>		
	TRANSFERS IN	TRANSFERS OUT
Institutional Funds (7999) Appd Fund 7999, D23 Fund 7999 (Agency 539, D23 Fund 7999)	\$ _____	\$ (12,603.63)
	\$ <u>0.00</u>	\$ <u>(12,603.63)</u>
	Legislative TRANSFERS IN	Legislative TRANSFERS OUT
General Revenue (001) Appd Fund 0001, D23 Fund 0001 (Agency 758, D23 Fund 0001)	\$ _____	\$ (3,119,951.43)
Total Legislative Transfers	\$ <u>0.00</u>	\$ <u>(3,119,951.43)</u>
	Due From Other Agencies	Due To Other Agencies
Institutional Funds (7999) Appd Fund 7999, D23 Fund 7999 (Agency 781, D23 Fund 0001)	\$ 17,344.64	\$ _____
Total Due From/To Other Agencies	\$ <u>17,344.64</u>	\$ <u>0.00</u>

**ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2009**

NOTE 13: Continuance Subject To Review

Section not applicable.

NOTE 14: Adjustments to Fund Balances and Net Assets

Section not applicable.

NOTE 15: Contingent Liabilities

As of August 31, 2009, there were no lawsuits or claims pending against the University.

The University has deferred federal revenue in the amount of \$26,988.63.

NOTE 16: Subsequent Events

Angelo State University will begin repayment of the Performance Contract Agreement with Government Capital Corporation in FY2010. Total payment for the contract is \$8,193,576.00 with annual payment amounts of \$546,238.40.

NOTE 17: Risk Management

The State provides coverage for unemployment compensation benefits from appropriations made to other State agencies for Angelo State University employees. The current General Appropriations Act provides that Angelo State University must reimburse General Revenue Fund-Consolidated, from Angelo State University appropriations, one-half of the unemployment benefits paid for former and current employees. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. Angelo State University must reimburse the General Revenue Fund one hundred percent of the cost for workers' compensation and for any employees paid from funds held in local bank accounts. The unemployment plan is 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, 2009.

The administration of the State's employees' workers' compensation program is vested with the State Office of Risk Management (SORM). In accordance with H.B. No. 1203, 77th Legislature, SORM developed and imposed a formula driven charge for workers' compensation costs upon participating agencies, which included System Administration. Prior year costs to State agencies were predicated upon actual losses sustained for workers' compensation, a refunding model. The SORM developed formula, a prepaid model, included factors in addition to actual losses that caused the cost of workers' compensation to increase for most participating agencies. Workers' compensation cost imposed upon agencies are paid through transfers to SORM from appropriations and or funds in the same proportion from which salaries are paid. SORM does reimburse an agency for a portion of its workers' compensation costs paid from the agency's General Revenue Fund appropriations.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2009

Angelo State University incurred a \$ 0.00 loss during the fiscal year ended August 31, 2009 and \$ 0.00 in claims pending at that date.

- a. Due to the diverse risk exposure of the University, the insurance portfolio contains a comprehensive variety of coverage. Texas statutes require participation of all state agencies, directors and officers liability, employee blanket bond, and property and casualty programs. In addition to these basic policies, the University's Department of Risk Management establishes guidelines in risk assessment, risk avoidance, risk acceptance and risk transfer.
- b.
- The auxiliary buildings and contents are insured for replacement value. Each loss incident is subject to a \$100,000 deductible.
 - University automobiles are insured for liability only. Leased vehicles have liability and collision coverage.
 - Each loss incident is subject to a \$1,000 deductible.

NOTE 18: Management Discussion and Analysis
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Section not applicable.

NOTE 19: The Financial Reporting Entity
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Houston Harte Foundation Available

The Houston Harte Foundation Available is a non-profit organization with the sole purpose of supporting educational and other activities of the University. The assets of the foundation are managed under a Fiduciary Agreement by the Wells Fargo Bank, San Angelo, Texas. The Foundation remitted unrestricted gifts of \$45,000.00 to the University during the year ended August 31, 2009. Since the assets are managed externally, the Foundation does not have any employees. The only services provided by the University are the keeping of the minutes.

Robert G. Carr and Nona K. Carr Scholarship Foundation

On September 1, 1980 the Robert G. Carr Estate transferred certain assets totaling \$6,815,644.46 to the Board of Regents, Texas State University System, trustees of the Robert G. Carr and Nona K. Carr Scholarship Foundation that was established for the benefit of Angelo State University under provisions of the Last Will and Testament of Robert G. Carr whose death occurred on March 17, 1978. This principal fund included \$2,986,879.74 in cash, and \$3,828,764.72 in oil, gas, and mineral properties.

On September 1, 1989 the Nona K. Carr Estate transferred certain assets totaling \$5,098,287.68 to the Board of Regents, Texas State University System, trustees of the Robert G. Carr and Nona K. Carr Scholarship Fund that was established for the benefit of Angelo State University under provision of the last will and testament of Robert G. Carr. Nona K. Carr died on June 17, 1987. This principal fund included \$2,089,218.68 in cash and \$3,009,069.00 in oil, gas, and mineral properties.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2009

Prior to the 2009 fiscal year, the Foundation received payments for oil and gas royalties, oil and gas lease rental and bonuses, and oil and gas payment commissions totaling \$78,424,467.74 and realized an appreciation on investments of (\$2,643,817.91). During the 2009 fiscal year, the Foundation received payments for oil and gas royalties, oil and gas lease rentals and bonuses, and oil and gas payment commissions, and refunds totaling \$4,534,750.98.

All principal fund cash that is received by the Foundation is transferred to Wells Fargo Bank, San Angelo as master custodian for investment with Vaughan, Nelson, Scarborough & McCullough, L. P. and Fountain Capital Management, L.L.C. as investment managers for the Foundation.

The value at which oil, gas, and other mineral properties is carried on the financial statements is the value that was agreed to in the settlement with the Internal Revenue Service of the Federal Estate Tax Liability of the Estate of Robert G. Carr. No provision has been made for depletion of these properties. The interest income earned on the Trust is transferred to the Angelo State University Robert G. Carr and Nona K. Carr Scholarship and expense funds. During the 2009 fiscal year, the investment income received from the investment agent totaled \$2,925,527.15. Of this amount, \$1,299.81 was transferred by the trustees to the Foundation Trust Estate Expense Account for the payment of salaries and wages, and other operating expenses of the foundation. Disbursements from the expense account for the 2009 fiscal year totaled \$388,170.26. \$2,923,052.46 was transferred to the Angelo State University Robert G. Carr and Nona K. Carr Scholarship Foundation Account. Depository interest of \$1,174.88 was transferred. During the 2009 fiscal year, the scholarship account earned interest totaling \$30,804.36.

Total scholarships awarded prior to the 2009 fiscal year amounted to \$56,087,563.58. During the 2009 fiscal year, scholarship awards amounted to \$3,618,393.41. It is estimated that the amount of annual scholarship awards from the scholarship fund will total \$3,600,000.00 in fiscal year 2010.

The records of the Foundation are audited annually by the firm of Oliver, Rainey & Wojtek, LLP, San Angelo, Texas.

Other Organizations

The ASU Alumni Association contributed \$94,759.03 to the University during the 2009 fiscal year for operation of the Alumni office. The University paid \$11,310.79 above the contributed amount for maintaining the records on the students who have graduated from the University.

The ASU Foundation is a non-profit organization with the sole purpose of supporting educational and other activities of the University. The Foundation solicits donations and acts as Coordinator of Gifts made by other parties. The association expended \$764,106.63 on behalf of the University during the year ended August 31, 2009. During the year the University furnished limited staff assistance to the association.

NOTE 20: Stewardship, Compliance, and Accountability

Section not applicable.

NOTE 21: N/A

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2009

NOTE 22: Donor Restricted Endowments

Section not applicable.

NOTE 23: Extraordinary and Special Items

Section not applicable.

NOTE 24: Disaggregation of Receivable and Payable Balances

A. Federal Receivable

<u>Federal Receivable Program</u>	<u>Amount</u>
Education	\$ 41,170.62
Other Instructional & Departmental	2,874.02
Research	100,119.37
Public Services	125,726.80
Total Net Federal Receivable	\$ 269,890.81
<i>As Reported on the Financial Statements</i>	
<u>Current Federal Receivable</u>	<u>\$ 269,890.81</u>
Noncurrent Federal Receivable	
Total Net Federal Receivable	\$ 269,890.81

B. Other Liabilities - Current

<u>Type</u>	
Deposits from Students	\$ 337,420.00
	<u>\$ 337,420.00</u>

C. Other Liabilities - Non-Current

<u>Type</u>	
U.S. Government Grants Refundable	\$ 525,948.17
	<u>\$ 525,948.17</u>

NOTE 25: Termination Benefits

Section not applicable.

NOTE 26: Segment Information

Section not applicable.

Angelo State University
Schedule 1A - Schedule Of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2009

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Identifying #	Pass-Through From		Direct Program Amount	Total Pass- Thru From & Direct Program	Pass-Through To			Expenditures Amount	Total PT to and Expenditures
			Agy/Univ #	Agy/Univ Amount			Non-State Entity Amount	Agy #/ Univ.#	State Agy. of Univ. Amount		
U. S. Department of Justice											
Pass-Through From:											
Governor-Fiscal											
Bulletproof Vest Partnership Program	16.807		300	3,924.50		3,924.50				3,924.50	3,924.50
Total U. S. Department of Justice				<u>3,924.50</u>		<u>3,924.50</u>				<u>3,924.50</u>	<u>3,924.50</u>
U. S. Small Business Administration											
Pass-Through From:											
University of Texas San Antonio											
Small Business Development Center	59.037		743	78,306.09		78,306.09				78,306.09	78,306.09
Total U. S. Small Business Administration				<u>78,306.09</u>		<u>78,306.09</u>				<u>78,306.09</u>	<u>78,306.09</u>
U. S. Department of Education											
Direct Programs:											
TxMath1 Teacher Training Initiative	84.215				125,253.65	125,253.65			125,253.65		125,253.65
SHW Evaluation (CATCH in Motion)	84.216				28,575.71	28,575.71			28,575.71		28,575.71
Pearl of the Concho Writing	84.928				36,410.34	36,410.34			36,410.34		36,410.34
Pass-Through From:											
Texas Higher Education Coordinating Board											
Teacher Quality	84.367		781	150,681.14		150,681.14			150,681.14		150,681.14
Total U.S. Department of Education				<u>150,681.14</u>	<u>188,239.70</u>	<u>338,920.84</u>			<u>338,920.84</u>		<u>338,920.84</u>
Dept. of Health & Human Services											
Direct Programs:											
Nurse Faculty Loan Program	93.264				32,784.00	32,784.00			32,784.00		32,784.00
Nurse Traineeships	93.359				29,000.00	29,000.00			29,000.00		29,000.00
Total Dept. of Health & Human Services					<u>61,784.00</u>	<u>61,784.00</u>			<u>61,784.00</u>		<u>61,784.00</u>
Research and Development (R&D) Cluster											
U. S. Department of Agriculture											
Pass-Through From:											
Sul Ross State University											
USDA Rio Grande Valley Water Use of Landscape	10.200		756	434.70		434.70			434.70		434.70
Total U. S. Department of Agriculture				<u>434.70</u>		<u>434.70</u>			<u>434.70</u>		<u>434.70</u>
U.S. Department of Defense											
Basic & Applied Scientific Research - Hetero Function	12.300								229,472.94		229,472.94
Pass-Through From:											
Texas State University - San Marcos			754	233,259.52		233,259.52					
Pass-Through To:											
Sul Ross State University							756	3,786.58			3,786.58
Total U. S. Department of Defense				<u>233,259.52</u>		<u>233,259.52</u>		<u>3,786.58</u>	<u>229,472.94</u>		<u>233,259.52</u>
Department of Transportation, Research and Innovative Technology Administration											
Pass-Through From:											
Texas AgrLife Research											
Evaluation of Ethanol	20.781		558	10,961.50		10,961.50			10,961.50		10,961.50
Total U. S. Dept of Transportation, Rach				<u>10,961.50</u>		<u>10,961.50</u>			<u>10,961.50</u>		<u>10,961.50</u>
National Science Foundation											
Direct Programs:											
West Texas Middle School	47.076				136,037.18	136,037.18			136,037.18		136,037.18
Pass-Through From:											
Texas Tech University											
REU Site: Micro and Nano Device Engineering	47.041		733	20,796.97		20,796.97			20,796.97		20,796.97
Ogalella Aquifer Research	47.076		733	46,763.30		46,763.30			46,763.30		46,763.30
18mm2 lab	47.076		733	5,090.44		5,090.44			5,090.44		5,090.44
Total National Science Foundation				<u>72,650.71</u>	<u>136,037.18</u>	<u>208,687.89</u>			<u>208,687.89</u>		<u>208,687.89</u>
Student Financial Assistance Cluster											
U. S. Department of Education											
Direct Programs:											
Federal Supplemental Educational Opportunity	84.007				190,786.00	190,786.00			190,786.00		190,786.00
Federal Family Education Loan	84.032				22,170,354.75	22,170,354.75			22,170,354.75		22,170,354.75
Federal Work-Study Program	84.033				229,513.82	229,513.82			229,513.82		229,513.82
Federal Perkins Loan Program	84.038				189,090.42	189,090.42			189,090.42		189,090.42
Federal Pell Grant Program	84.063				3,267,863.51	3,267,863.51			3,267,863.51		3,267,863.51
Academic Competitiveness Grants	84.375				143,840.09	143,840.09			143,840.09		143,840.09
SMART Grant	84.378				23,286.00	23,286.00			23,286.00		23,286.00
Total U.S. Department of Education					<u>26,214,534.59</u>	<u>26,214,534.59</u>			<u>26,214,534.59</u>		<u>26,214,534.59</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 550,218.16	\$ 0.00	\$ 26,800,595.47	\$ 27,150,813.63	\$ 3,786.58	\$ 0.00	\$ 27,147,027.05	\$ 27,150,813.63

Angelo State University
 Schedule 1A - Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2009

Note 2: Reconciliation:

Federal Revenues - per Statement of Combined Revenues, Expenses and Net Assets:	
Federal Revenue-Operating	\$ 940,702.79
Federal Revenue-Non-Operating	3,267,663.51
Federal Pass-Through Grants from Other State Agencies	550,218.16
Reconciling Items:	
<hr/>	
Subtotal	4,758,584.46
ADD:	
New Loans Processed:	
Federal Family Education Loan Program	22,170,354.75
Federal Perkins Loan Program	189,090.42
Nurse Faculty Loan Program	32,784.00
Total Pass-Through & Expenditures Per Federal Schedule	<u>\$ 27,150,813.63</u>

Note 3: Student Loans Processed & 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 Year's Loans
<i>U.S. Department of Education</i>				
84.032 Federal Family Education Loans	\$ 22,170,354.75	\$	\$ 22,170,354.75	\$
84.038 Federal Perkins Loan Program	189,090.42		189,090.42	522,075.44
93.264 Nurse Faculty Loan Program	32,784.00		32,784.00	
Total Department of Education	<u>\$ 22,392,229.17</u>	<u>\$ 0.00</u>	<u>\$ 22,392,229.17</u>	<u>\$ 522,075.44</u>

Perkins loans are outsourced to Panhandle Plains Student Loan Corp.

Note 4: Government Publications

The University participates as a depository library in the Government Printing Office's Depository Libraries for Government Publication program, CFDA #40.001. The University is the legal custodian of government publications, which remain the property of the federal government. The publications are not assigned a value by the Government Printing Office.

Note 7: Federal Deferred Revenue

CFDA	Balance 9-1-08	Net Change	Balance 8-31-09
10.200	20,365.30	(20,365.30)	
20.761	10,264.37	(10,264.37)	
47.041	5,742.97	(5,742.97)	
84.215	2,005.84	(2,005.84)	
84.367	32,971.29	(32,971.29)	
84.928	17,398.97	9,589.66	26,988.63
93.358	32,134.65	(32,134.65)	
	<u>120,883.39</u>	<u>(93,894.76)</u>	<u>26,988.63</u>

The deferred revenue consists of awards authorized for which funds have not been received nor expended.

UNAUDITED

Angelo State University
Schedule 1B - Schedule of State Grant Pass Throughs From/To State Agencies
For the Fiscal Year Ended August 31, 2009

Pass Through From:	
University of Texas System (Agy #720)	
UT Bitterweed Toxicosis	\$ 22,378.68
University of Texas - San Antonio (Agy #743)	
Small Business Development Center	91,080.06
Texas Higher Education Coordinating Board (Agy #781)	
Nursing Shortage Reduction	29,660.00
Nursing Innovation Grant Hospital Partnerships	668,039.00
Financial Aid-Professional Nursing	21,289.00
College Work Study	39,688.52
CRU-Professional Services & Grants-Vertical	(12,278.92)
Performance Incentive Funding	455,831.00
Texas Grants	2,508,000.00
5th Year Accounting	10,000.00
Texas Parks and Wildlife Dept (Agy #802)	
TPW Intern	5,082.00
Mitchell County Texas Poppy	5,000.00
	<u>5,082.00</u>
Total Pass Through From Other Agencies (Exh. II)	<u>\$ 3,843,769.34</u>
 Pass Through To:	
West Texas A&M University (Agy #757)	
Texas Course Redesign Project	4,500.00
Total Pass Through To Other Agencies (Exh. II)	<u>\$ 4,500.00</u>

Angelo State University
 Schedule 2A - Miscellaneous Bond Information
 For the Fiscal Year Ended August 31, 2009
 (Amounts in Thousands)

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rate	Scheduled Maturities		First Call Date
				First Year	Last Year	
Revenue Bonds						
Rev Fin Sys Ref & Imp Bds 12th Series 2009	\$ 35,630,000.00	3.0% to 5.25%		2009	2038	02/15/2019
Total	<u>\$ 35,630,000.00</u>					

Angelo State University
 Schedule 2B - Changes in Bonded Indebtedness
 For the Year Ended August 31, 2009

Description of Issue	Bonds Outstanding 9-1-08	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8-31-09	Amts Due Within One Year
Revenue Bonds						
Rev Fin Sys Ref & Imp Bds 12th Series 2009	\$	\$ 35,630,000.00	\$ 835,000.00	\$	\$ 34,795,000.00	\$ 1,290,000.00
TOTAL	\$ 0.00	\$ 35,630,000.00	\$ 835,000.00	\$ 0.00	\$ 34,795,000.00	\$ 1,290,000.00

Angelo State University
 Schedule 2C - Debt Service Requirements
 For the Year Ended August 31, 2009

<u>Description of Issue</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>
Revenue Bonds		\$	\$
Rev Fin Sys Ref & Imp Bds 12th Series 2009	2010	1,290,000.00	1,653,718.76
	2011	1,345,000.00	1,601,018.76
	2012	1,405,000.00	1,546,018.76
	2013	1,600,000.00	1,485,918.76
	2014	1,595,000.00	1,429,993.76
	2015 - 2019	5,255,000.00	6,363,718.80
	2020 - 2024	3,975,000.00	5,239,718.80
	2025 - 2029	5,105,000.00	4,109,515.67
	2030 - 2034	6,575,000.00	2,630,825.01
	2035 - 2038	6,650,000.00	721,087.50
		<u>\$ 34,795,000.00</u>	<u>\$ 26,781,534.58</u>

Angelo State University
 Schedule 2D - Analysis of Funds Available for Debt Service
 For the Year Ended August 31, 2009

Pledged and Other Sources and Related Expenditures for FY 2009

Description of Issue	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest
	Revenue Bonds Rev Fin Sys Ref & Imp Bds 12th Series '09	\$	\$	\$ 835,000.00
	\$ 56,593,420.58	\$ 43,623,681.42	\$ 835,000.00	\$ 770,813.44

Angelo State University
Schedule 2E - Defeased Bonds Outstanding
For the Year Ended August 31, 2009

<u>Description of Issues</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
Revenue Bonds		
SCHEDULE NOT USED		\$
		<hr/>
		\$ 0.00
		<hr/> <hr/>

Angelo State University
 Schedule 2F - Early Extinguishment and Refunding
 For the Year Ended August 31, 2009

Description of Issue	Category	Amount Extinguished or Refunded	Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
SCHEDULE NOT USED		\$	\$	\$	\$
		<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

NOTE:

In FY 2009, \$8,005,000 of Texas State University System debt on behalf of Angelo State University was refunded and the new debt was financed by the Texas Tech University System on behalf of Angelo State University. The refunded bonds were Angelo State University's portion of the Texas State University System 1998A and 1998B series of bonds. This refunding resulted in a total debt service savings of \$757,367 and a present value savings of \$675,715.

Angelo State University
Schedule 3 - Reconciliation of Cash in State Treasury
For the Year Ended August 31, 2009

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Local Revenue Fund 0227	\$ <u>4,179,868.31</u>	\$ <u> </u>	\$ <u>4,179,868.31</u>
Total Cash in State Treasury (Stmt of Net Assets)	\$ <u><u>4,179,868.31</u></u>	\$ <u><u>0.00</u></u>	\$ <u><u>4,179,868.31</u></u>