

ANNUAL FINANCIAL REPORT

OF

ANGELO STATE UNIVERSITY

FOR THE YEAR ENDED AUGUST 31, 2016

SAN ANGELO, TEXAS

A MEMBER OF THE TEXAS TECH UNIVERSITY SYSTEM



ANGELO STATE UNIVERSITY

Office of the President

November 20, 2016

The Honorable Greg Abbott
Governor of Texas

Ms. Ursula Parks
Acting Director, Legislative Budget Board

The Honorable Glenn Hegar
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, 2016, 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,

A handwritten signature in blue ink that reads "Brian J. May". The signature is written in a cursive, flowing style.

Brian J. May
President

November 20, 2016



ANGELO STATE UNIVERSITY

Controller's Office

Dr. Brian J. May
 President
 Angelo State University
 2601 West Avenue N
 San Angelo, Texas 76909

Dear Dr. May:

Submitted herein is the Annual Financial Report of Angelo State University for the fiscal year ended August 31, 2016.

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,

Angie Wright
 Vice President for
 Finance and Administration

Denise Brodnax
 Controller

Janet Coleman
 Director of Accounting

Jackie Baxter
 Accountant

Carrie Whitesell
 Accountant

**ANGELO STATE UNIVERSITY
ORGANIZATIONAL DATA
For the Fiscal Year 2015 - 2016**

**BOARD OF REGENTS
TEXAS TECH UNIVERSITY SYSTEM**

OFFICERS

Mickey L. Long
Robert L. Duncan

Chairman
Chancellor

MEMBERS

<u>Name</u>	<u>Residence</u>	<u>Term Expires February 1</u>
Mr. Larry K. Anders	Dallas, TX	2017
Mrs. Debbie Montford	San Antonio, TX	2017
Mr. John D. Steinmetz	Lubbock, TX	2017
Mr. John Esparza	Austin, TX	2019
Mr. L. Frederick "Rick" Francis	El Paso, TX	2019
Mr. Tim Lancaster	Abilene, TX	2019
Mr. Mickey L. Long	Midland, TX	2021
Mr. Ronnie Hammonds	Houston, TX	2021
Mr. Christopher M. Huckabee	Fort Worth, TX	2021

PRESIDENT

Dr. Brian J. May

OFFICE OF FINANCE AND ADMINISTRATION

Angelina Wright
Denise Brodnax

Vice President for Finance and Administration
Controller

ADMISSIONS & REGISTRAR

Sharla Adam
Cindy Weaks

Director of Admissions
Registrar

**ANGELO STATE UNIVERSITY
FY 2016 FINANCIAL REPORT**

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Angelo State University
Statement of Net Position (Unaudited)
August 31, 2016 and 2015

	FY 2016	Restated FY 2015
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 51,391,292.99	\$ 47,912,757.40
Restricted:		
Cash and Cash Equivalents	2,198,753.02	(482,792.92)
Legislative Appropriations	6,487,028.41	6,715,986.18
Accounts Receivable, net:		
Federal Receivables	599,113.74	1,481,043.00
Student Receivables	12,094,737.96	12,834,050.18
Gift Receivables	1,296,066.13	930,019.30
Accounts Receivables	984,375.68	2,416,309.49
Due From Other Agencies (Note 12)	321,568.94	317,476.18
Prepaid Items	9,970,310.03	9,644,493.42
Inventories	260,417.80	297,874.42
Loans and Notes Receivable, net	567,200.06	581,073.94
Total Current Assets	86,170,864.76	82,648,290.59
Non-current Assets:		
Restricted:		
Investments (Note 3)	40,425,952.62	36,452,935.50
Gift Receivables	4,285,964.06	1,349,105.86
Capital Assets (Note 2)		
Non-Depreciable or Non-Amortizable	4,226,117.34	3,958,145.88
Depreciable or Amortizable	239,389,478.11	233,251,896.00
Accumulated Depreciation and Amortization	(129,181,745.73)	(121,692,360.63)
Total Non-Current Assets	159,145,766.40	153,319,722.61
Total Assets	\$ 245,316,631.16	\$ 235,968,013.20
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 1,975,177.01	\$ 2,128,988.64
Payroll Payable	3,657,948.90	3,396,052.26
Unearned Revenues	37,182,513.70	36,169,903.07
Employees' Compensable Leave (Note 5)	337,460.57	260,032.79
Funds Held for Others	1,904,329.16	1,594,025.27
Other Current Liabilities	970.00	1,480.00
Total Current Liabilities	45,058,399.34	43,550,482.03
Non-current Liabilities:		
Employees Compensable Leave (Note 5)	2,096,131.56	2,022,312.61
Other Non-Current Liabilities	215,037.23	412,692.92
Total Non-Current Liabilities	2,311,168.79	2,435,005.53
Total Liabilities	\$ 47,369,568.13	\$ 45,985,487.56
NET POSITION		
Invested in Capital Assets, Net of Related Debt	\$ 114,433,849.72	\$ 115,517,681.25
Restricted:		
Non-Expendable:		
Endowments	23,813,083.56	23,651,110.18
Expendable:		
Quasi Endowments	5,225,283.36	5,473,241.40
Higher Education Assistance Fund	4,932,222.41	5,137,309.54
Other	21,663,683.03	17,297,069.74
Unrestricted	27,878,940.95	22,906,113.53
Total Net Position	\$ 197,947,063.03	\$ 189,982,525.64

The accompanying notes to the financial statements are an integral part of this statement.

Angelo State University Foundation
Statement of Revenues, Expenses, and Changes in Net Position (Unaudited)
For the Fiscal Years Ended August 31, 2016 and 2015

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	FY 2016	Restated FY 2015
OPERATING REVENUES		
Sales of Goods and Services		
Tuition and Fees - Pledged	\$ 52,355,420.76	\$ 45,977,797.41
Tuition and Fees - Unpledged	3,111,739.37	3,089,321.46
Discounts and Allowances	(11,097,248.41)	(11,246,323.59)
Auxiliary Enterprises - Pledged	19,440,105.80	21,232,397.45
Discounts and Allowances	(4,184,066.44)	(4,667,878.39)
Other Sales of Goods and Services - Pledged	1,265,891.10	1,229,064.17
Federal Revenue-Operating (Sch 1A)	1,977,725.51	3,298,462.78
Federal Pass Through Revenue (Sch 1A)	245,113.11	287,098.87
State Grant Pass Through Revenue (Sch 1B)	5,353,546.84	4,136,129.89
Nongovernmental Grants and Contracts	455,451.69	732,243.82
Total Operating Revenues	<u>68,923,679.33</u>	<u>64,068,313.87</u>
OPERATING EXPENSES		
Salaries and Wages	48,768,979.76	46,009,493.29
Payroll Related Costs	15,404,372.67	14,386,019.54
Professional Fees and Services	1,032,501.97	584,702.67
Travel	1,548,867.27	1,564,995.29
Materials and Supplies	8,213,097.11	7,857,021.73
Communications and Utilities	3,387,626.81	3,619,716.26
Repairs and Maintenance	3,337,007.57	3,530,110.23
Rentals and Leases	739,545.03	695,673.65
Printing and Reproduction	367,531.69	321,858.22
Depreciation and Amortization	8,172,787.40	8,220,294.89
Bad Debt Expense	499,745.07	454,646.28
Interest	141.52	177.09
Scholarships	18,756,651.82	13,719,514.02
Other Operating Expenses	11,436,697.16	10,241,664.82
Total Operating Expenses	<u>121,665,552.85</u>	<u>111,205,887.98</u>
Operating Income (Loss)	<u>(52,741,873.52)</u>	<u>(47,137,574.11)</u>
NON-OPERATING REVENUES (EXPENSES)		
Legislative Revenue	33,813,089.21	32,710,169.76
Federal Revenue-Non-operating (Sch 1A)	8,799,837.14	9,214,210.03
Gifts	13,446,326.60	12,431,871.91
Investment Income	10,498,340.57	8,516,458.00
Interest Expense on Capital Asset Financing	-	(2,969,650.62)
Gain (Loss) on Sale and Disposal of Capital Assets	(100,177.78)	(19,025.79)
Net Increase (Decrease) in Fair Value of Investments	(1,234,091.69)	(1,156,792.92)
Other Non-operating Revenues/(Expenses) - Pledged	(654,999.46)	(750,905.03)
Total Non-operating Revenues (Expenses)	<u>64,568,324.59</u>	<u>57,976,335.34</u>
Income (Loss) before Other Revenues, Expenses, Gains/Losses and Transfers	<u>11,826,451.07</u>	<u>10,838,761.23</u>
OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS		
Capital Appropriations (HEAF)	3,546,735.00	3,743,027.00
Capital Contributions - Gifts	2,797,083.94	7,200.00
Transfers In - TTU (Note 12)	8,228.70	-
Transfers Out - TTU (Note 12)	(32,347.00)	-
Transfers Out - TTU System Admin (Note 12)	(6,655,428.51)	68,736,837.12
Transfers Out - TTUHSC (Note 12)	-	6,000.00
Transfers In - TTUSA Foundation, Inc. (Note 12)	93,455.35	140,377.75
Transfers In - Other State Agencies (Note 12)	137,887.00	150,629.00
Transfers Out - Other State Agencies (Note 12)	(1,114,252.52)	(2,691,762.48)
Legislative Transfers-In (Note 12)	181,555.00	-
Legislative Transfers-Out (Note 12)	(2,816,745.64)	(2,512,470.79)
Legislative Appropriations Lapsed	(8,085.00)	-
Total Other Revenues, Expenses, Gains, Losses, and Transfers	<u>(3,861,913.68)</u>	<u>67,579,837.60</u>
Total Changes in Net Position	<u>\$ 7,964,537.39</u>	<u>\$ 78,418,598.83</u>
Beginning Net Position (September 1)	189,982,525.64	111,563,926.81
Ending Net Position (August 31)	<u>\$ 197,947,063.03</u>	<u>\$ 189,982,525.64</u>

The accompanying notes to the financial statements are an integral part of this statement.

Angelo State University
 Matrix of Operating Expenses Reported by Function
 For the Fiscal Year Ended August 31, 2016

<u>Operating Expenses</u>	<u>Instruction</u>	<u>Research</u>	<u>Public Service</u>	<u>Academic Support</u>	<u>Student Services</u>
Salaries and Wages	\$ 23,978,552.50	\$ 477,346.47	\$ 995,694.65	\$ 3,589,801.26	\$ 3,718,868.25
Payroll Related Costs	8,287,619.50	65,099.45	244,644.44	874,746.40	934,888.45
Professional Fees and Services	307,260.78	62,805.68	208,850.88	11,249.65	38,658.83
Travel	641,250.85	41,086.32	63,584.64	100,194.97	103,393.77
Materials and Supplies	1,093,669.28	159,935.19	192,771.90	379,247.71	322,780.97
Communication and Utilities	75,319.22	2,217.64	4,660.49	13,675.38	16,184.30
Repairs and Maintenance	85,919.40	321.50	847.82	47,889.18	98,093.59
Rentals and Leases	113,951.69	668.52	43,102.96	118,786.34	53,998.68
Printing and Reproduction	55,044.48	2,185.93	23,042.98	14,676.86	42,162.15
Depreciation and Amortization	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-
Interest	2.14	14.96	-	-	-
Scholarships	-	-	-	-	-
Other Operating Expenses	<u>3,045,041.22</u>	<u>125,149.30</u>	<u>256,023.31</u>	<u>1,470,521.50</u>	<u>622,150.68</u>
Total Operating Expenses	\$ <u><u>37,683,631.06</u></u>	\$ <u><u>936,830.96</u></u>	\$ <u><u>2,033,224.07</u></u>	\$ <u><u>6,620,789.25</u></u>	\$ <u><u>5,951,179.67</u></u>

<u>Institutional Support</u>	<u>Operation and Maintenance of Plant</u>	<u>Scholarship and Fellowships</u>	<u>Auxiliary Enterprise Expenditures</u>	<u>Depreciation and Amortization</u>	<u>Total Expenditures</u>	<u>FY2015</u>
\$ 8,724,401.76	\$ 2,069,286.56	\$ -	\$ 5,215,028.31	\$ -	\$ 48,768,979.76	\$ 46,009,493.29
2,870,678.31	791,544.31	-	1,335,151.81	-	15,404,372.67	14,386,019.54
319,962.14	8,731.00	-	74,983.01	-	1,032,501.97	584,702.67
152,752.79	1,560.09	-	445,043.84	-	1,548,867.27	1,564,995.29
649,285.78	844,970.81	-	4,570,435.47	-	8,213,097.11	7,857,021.73
35,254.26	1,806,294.14	-	1,434,021.38	-	3,387,626.81	3,619,716.26
755,063.36	1,032,136.63	-	1,316,736.09	-	3,337,007.57	3,530,110.23
47,836.22	133,196.58	-	228,004.04	-	739,545.03	695,673.65
178,077.05	1,240.43	-	51,101.81	-	367,531.69	321,858.22
-	-	-	-	8,172,787.40	8,172,787.40	8,220,294.89
246,637.32	-	-	253,107.75	-	499,745.07	454,646.28
124.42	-	-	-	-	141.52	177.09
-	-	18,756,651.82	-	-	18,756,651.82	13,719,514.02
<u>3,545,218.55</u>	<u>281,823.70</u>	<u>-</u>	<u>2,090,768.90</u>	<u>-</u>	<u>11,436,697.16</u>	<u>10,241,664.82</u>
\$ <u>17,525,291.96</u>	\$ <u>6,970,784.25</u>	\$ <u>18,756,651.82</u>	\$ <u>17,014,382.41</u>	\$ <u>8,172,787.40</u>	\$ <u>121,665,552.85</u>	\$ <u>111,205,887.98</u>

Angelo State University
Statement of Cash Flows (Unaudited)
For the Years Ended August 31, 2016 and 2015

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	FY 2016	Restated FY 2015
Cash Flows from Operating Activities		
Tuition and Fees	\$ 45,638,040.48	\$ 39,239,985.37
Grants and Contracts	8,666,238.91	12,903,026.59
Sales and Services of Auxiliary Enterprises	15,282,830.09	16,729,415.83
Other Sales and Services	1,265,891.10	1,229,064.17
Collections for Loans Issued to Students	309,578.58	355,537.10
Payments to Suppliers for Goods and Services	(18,599,131.67)	(18,127,500.61)
Payments for Loans Issued to Students	(494,460.82)	(357,551.23)
Payments to Employees - Salaries	(48,577,684.97)	(45,927,482.54)
Payments to Employees - Benefits	(15,182,524.09)	(14,346,185.03)
Payments for Other Operating Activities	(31,683,698.89)	(31,583,512.57)
Net Cash Provided (Used) by Operating Activities	<u>(43,374,921.28)</u>	<u>(39,885,202.92)</u>
Cash Flows from Noncapital Financing Activities		
State Appropriations	34,042,046.98	32,263,156.60
Noncapital Gifts	13,446,326.60	12,431,871.91
Noncapital Grants	8,799,837.14	9,214,210.03
Proceeds from Agency Transactions	24,586,735.46	23,654,974.07
Transfers to/from Other State Agencies:		
TTU System Admin	(343,838.00)	(354,812.00)
TTU HSC	-	6,000.00
TTU System Admin - Legislative Transfer	(146,510.00)	(129,628.00)
TTU Transfers In	8,228.70	-
TTU Transfers Out	(32,347.00)	-
TTU System Admin Foundation, Inc	93,455.35	140,377.75
Texas B-on-Time	-	(424,999.73)
TPFA	(586,252.52)	(568,435.69)
Texas Veterans Commission - Legislative Transfer	181,555.00	-
Comptroller of Public Accounts	137,887.00	150,629.00
Other Noncapital Financing Activities	(25,672,312.80)	(21,540,695.81)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>54,514,811.91</u>	<u>54,842,648.13</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt Issuance	-	290,252.00
Capital Appropriations	3,546,735.00	3,743,027.00
Transfers to/from Other State Agencies:		
TTU System Admin - proceeds	-	146,500.00
TTU System Admin - debt service payments	(8,820,076.15)	-
Texas State University System	(689,750.00)	(4,081,169.85)
Purchases of Capital Assets	(4,307,949.71)	(3,761,584.88)
Principal Paid on Capital Debt	-	(3,366,795.00)
Payments of Interest on Debt Issuance	-	(2,969,650.62)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(10,271,040.86)</u>	<u>(9,999,421.35)</u>
Cash Flows from Investing Activities		
Interest and Dividends Received	10,498,340.57	8,516,458.00
Purchases of Investments	(5,207,108.81)	(9,161,451.38)
Net Cash Provided by Investing Activities	<u>5,291,231.76</u>	<u>(644,993.38)</u>
TOTAL NET CASH FLOWS	<u>\$ 6,160,081.53</u>	<u>\$ 4,313,030.48</u>
Beginning Cash and Cash Equivalents, September 1	47,429,964.48	43,116,934.00
Ending Cash and Cash Equivalents, August 31	<u>\$ 53,590,046.01</u>	<u>\$ 47,429,964.48</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (52,741,873.52)	\$ (47,137,574.11)
Adjustments:		
Depreciation Expense	8,172,787.40	8,220,294.89
Bad Debt Expense	499,745.07	454,646.28
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivables	(568,155.58)	1,819,219.99
Increase (Decrease) in Due from Other Agency	(3,928.50)	(224,841.36)
(Increase) Decrease in Loans and Notes Receivable	13,873.88	10,005.78
(Increase) Decrease in Inventory	37,456.62	(11,829.36)
(Increase) Decrease in Prepaid Items	(35,582.17)	(2,482,397.96)
Increase (Decrease) in Accounts Payable	23,167.21	78,827.35
Increase (Decrease) in Payrolls Payable	191,294.79	82,010.75
Increase (Decrease) in Unearned Revenue	1,012,610.63	(714,866.24)
Increase (Decrease) in Compensable Leave	151,246.73	(77,246.07)
Increase (Decrease) in Benefits Payable	70,601.85	117,080.58
Increase (Decrease) in Other Liabilities	(198,165.69)	(18,533.44)
Net Cash Used for Operating Activities	<u>(43,374,921.28)</u>	<u>(39,885,202.92)</u>
Non-Cash Transactions		
Donation of Capital Assets	\$ 2,797,083.94	\$ 7,200.00
Net Change in Fair Value of Investments	(1,234,091.69)	(1,156,792.92)
Disposal of Plant Facilities	(683,402.30)	(679,754.78)
Trade In	24,100.00	6,300.00
Debt moved to System's books	-	68,977,149.12

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2016

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 statewide requirements embedded in GASB 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.

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 Funds

Business 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.

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.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2016

ASSETS, LIABILITIES, AND FUND BALANCES/NET POSITION

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.

Investments

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. 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.

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 accrual 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.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2016

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 position. 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 position.

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 position. 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 position.

Fund Balance/Net Position

The difference between fund assets and liabilities is 'Net Position' 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.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2016

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 Position

Restricted net position results when constraints placed 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 position results when there are no externally imposed stipulations. Unrestricted net position may involve constraints on resources, which are imposed by management, but can be removed or modified.

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, 2016 is presented in Note 12.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2016

NOTE 2: Capital Assets

	Balance 9/1/2015	Adjustments	Reclassifications			Additions	Deletions	Balance 8/31/2016
			Completed CIP	Inc-Int'agy Trans	Dec-Int'agy Trans			
Business-type activities:								
Non-depreciable/Non-amortizable Assets								
Land and Land Improvements Infrastructure	\$2,684,828.77					\$60,987.00	(\$60,000.00)	\$2,685,815.77
Construction in Progress	358,135.14		(358,135.14)			645,119.60		645,119.60
Land Use Rights - Permanent								
Other Intangible Capital Assets	915,181.97						(20,000.00)	895,181.97
Other Tangible Capital Assets								
Total Non-depreciable assets	\$3,958,145.88	\$0.00	(\$358,135.14)	\$0.00	\$0.00	\$706,106.60	(\$80,000.00)	\$4,226,117.34
Depreciable Assets								
Building and Building Improvements Infrastructure	\$194,279,430.48		\$358,135.14			\$551,947.11		\$195,189,512.73
Facilities and Other Improvements	5,286,500.06							5,286,500.06
Furniture and Equipment	12,332,797.12					4,674,005.00		17,006,802.12
Vehicle, Boats, and Aircraft	11,527,861.75					938,385.92	(425,954.88)	12,040,292.79
Other Capital Assets	1,803,176.96					288,963.50	(77,105.60)	2,015,034.86
Total Depreciable Assets	6,954,764.84					29,725.52	(159,269.60)	6,825,220.76
Total Depreciable Assets	\$232,184,531.21	\$0.00	\$358,135.14	\$0.00	\$0.00	\$6,483,027.05	(\$662,330.08)	\$238,363,363.32
Accumulated Depreciation								
Buildings and Improvements Infrastructure	(\$96,778,163.19)					(\$6,067,297.14)		(\$102,845,460.33)
Facilities and Other Improvements	(2,637,014.38)					(167,953.68)		(2,804,968.06)
Furniture and Equipment	(5,881,294.04)					(560,848.88)		(6,442,142.92)
Vehicle, Boats, and Aircraft	(7,835,368.38)					(952,513.28)	411,377.20	(8,376,504.46)
Other Capital Assets	(1,331,122.58)					(117,080.99)	71,505.50	(1,376,698.07)
Total Accumulated Depreciation	(6,162,033.27)					(307,093.43)	159,269.60	(6,309,857.10)
Depreciable Assets, Net	(\$120,624,995.84)	\$0.00	\$0.00	\$0.00	\$0.00	(\$8,172,787.40)	\$642,152.30	(\$128,155,630.94)
Depreciable Assets, Net	\$111,559,535.37	\$0.00	\$358,135.14	\$0.00	\$0.00	(\$1,689,760.35)	(\$20,177.78)	\$110,207,732.38
Amortizable Assets-Intangible								
Computer Software	\$1,067,364.79						(\$41,250.00)	\$1,026,114.79
Total Amortizable Assets-Intangible	\$1,067,364.79	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$41,250.00)	\$1,026,114.79
Accumulated Amortization								
Computer Software	(\$1,067,364.79)						\$41,250.00	(\$1,026,114.79)
Total Accumulated Amortization	(\$1,067,364.79)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$41,250.00	(\$1,026,114.79)
Total Business-Type Activities	\$115,517,681.25	\$0.00	\$0.00	\$0.00	\$0.00	(\$983,653.75)	(\$100,177.78)	\$114,433,849.72

NOTE 3: Deposits, Investments, and Repurchase Agreements

Angelo State University investments balances consist primarily of amounts invested in the portfolio that is managed at the consolidated level by TTUSA. The portfolio is invested pursuant to the parameters of applicable Texas law and the governing board's Investment Policies. Under Texas law, investments may be "any kind of investment that persons of ordinary prudence, discretion, and intelligence, exercising the judgment and care under the circumstances then prevailing, acquire or retain for their own account in the management of their affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital." Under Texas law, TTUSA is required to invest its institutional funds according to written investment policies adopted by the Board of Regents. No person may invest TTUSA funds without express written authority from the governing board.

The governing investment policy is Regents' Rules Chapter 09, "Investment and Endowments." The majority of TTUSA assets are invested in two investment pools; the Long Term Investment Fund (LTIF) and the Short/Intermediate Term Investment Fund (SITIF), both having their own stand-alone investment policies. Endowment funds and certain eligible long-term institutional funds are invested in the LTIF, which invests in equity and fixed income securities, as well as alternative investments such as hedge funds and private equity, and is operated using a total return philosophy. Other institutional funds not in the LTIF are invested in the SITIF.

Required information related to consolidated TTUS deposits and investments is included in Note 3 of the consolidated TTUS *Annual Financial Report*.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2016

NOTE 4: Short-Term Debt

Angelo State University had no short-term debt outstanding as of August 31, 2016. Beginning with fiscal year 2016, the University's share of commercial paper activity was recorded on the TTU System Administration books with interagency transfers between the University and TTU System Administration to transfer cash for the University's share of new debt proceeds and debt service payments.

NOTE 5: Long Term Liabilities**Changes in Long-Term Liabilities**

During the year ended August 31, 2016, the following changes occurred in liabilities:

Business Type Activities	Balance 9/1/2015	Additions	Reductions	Restatement/ Adjustment	Balance 8/31/2016	Amounts Due Within One Year	Amounts Due Thereafter
Compensable Leave	\$ 2,282,345.40	\$ 337,460.57	\$ 186,213.84	\$ _____	\$ 2,433,592.13	\$ 337,460.57	\$ 2,096,131.56
Total	\$ 2,282,345.40	\$ 337,460.57	\$ 186,213.84	\$ 0.00	\$ 2,433,592.13	\$ 337,460.57	\$ 2,096,131.56

Discrete Component Unit							
Business Type Activities	Balance 9/1/2015	Additions	Reductions	Restatement/ Adjustment	Balance 8/31/2016	Amounts Due Within One Year	Amounts Due Thereafter
Compensable Leave	\$ 15,260.96	\$ 43.08	\$ _____	\$ _____	\$ 15,304.04	\$ 43.08	\$ 15,260.96
Total	\$ 15,260.96	\$ 43.08	\$ 0.00	\$ 0.00	\$ 15,304.04	\$ 43.08	\$ 15,260.96

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 Position. 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.

Bonds Payable

Beginning with fiscal year 2016, the University's share of revenue bond debt activity was recorded on the TTU System Administration books with interagency transfers being recorded between the University and TTU System Administration to transfer cash for the University's share of new debt proceeds and debt service payments.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2016

NOTE 6: Bonded Indebtedness

TTUSA oversees the central administration of the Texas Tech University System's Revenue Financing System revenue bonded indebtedness for all TTUS components. Required information related to consolidated TTUS bonded indebtedness is included in Note 6 and in Supporting Schedules 2A through 2F of the consolidated TTUS *Annual Financial Report*.

Prior to September 1, 2007, all bonded indebtedness for Angelo State University ("Institution") was issued through the Texas State University System ("TSUS") Revenue Financing System ("RFS"), of which the System Administration and each component were members. The Board of Regents cross-pledged all lawfully available funds (revenues) and balances attributable to any RFS member against the bonded indebtedness of all other RFS members for payment on the Parity Debt. Effective September 1, 2007, *House Bill 3564 (80th Legislature, Regular Session)* transferred governance of the Institution to the Texas Tech University System ("TTUS"); however, the Institution's revenues remain pledged to the RFS until TSUS can secure, from the new governing body (TTUS), a legally acceptable agreement, assuming the Institution's obligations. On April 24, 2008, as authorized by *House Bill 3564*, the Texas Higher Education Coordinating Board, on the advice of the Texas Attorney General, issued a ruling and endorsed an Agreement obligation to honor the Institution's bonded indebtedness. TTUS signed and returned the agreement January 14, 2009. On January 23, 2009 TTUS delivered to TSUS a \$53,015,628 "Board of Regents of Texas Tech University System Revenue Financing System Refund Note, Thirteenth Series (2008)", dated September 15, 2008 securing the remaining TSUS debt attributable to Angelo State University. On April 24, 2009 TTUS called \$7,215,000 of TSUS debt reducing the TSUS debt balance attributable to the institution by \$7,211,264.87.

In FY 2015, \$17,550,000.00 of Texas State University System debt was refunded and new debt was financed by 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 2005 series bonds in the amount of \$4,185,000.00 & 2006 series bonds in the amount of \$13,365,000.00. The 2005 series refunding resulted in debt service savings of \$273,960.26 and a total net present value savings of \$259,243.73. The 2006 series refunding resulted in debt service savings of \$1,319,747.75 and a total net present value savings of \$998,516.08.

ASU must repay the remaining debt that was issued by TSUS on its behalf; consequently, the following debt amortization schedule is presented for informational purposes only.

**Debt Service Requirements Attributable
To Angelo State University**

<u>Description</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
All Issues	2017	\$ 850,000.00	\$ 286,750.00	\$ 1,136,750.00
	2018	890,000.00	244,250.00	1,134,250.00
	2019	935,000.00	199,750.00	1,134,750.00
	2020	985,000.00	153,000.00	1,138,000.00
	2021	1,015,000.00	103,750.00	1,118,750.00
	2022	1,060,000.00	53,000.00	1,113,000.00
Totals		<u>\$ 5,735,000.00</u>	<u>\$ 1,040,500.00</u>	<u>\$ 6,775,500.00</u>

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. The institution was appropriated \$2,739,784.00 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.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2016

NOTE 7: Derivative Instruments

Required information related to consolidated TTUS derivative investing is included in Note 3 and Note 7 of the consolidated TTUS *Annual Financial Report*.

NOTE 8: Leases

Angelo State University has entered into various operating leases for buildings and equipment. Expenses for operating lease obligations included in the financial statements were \$546,238.40 for the fiscal year ended August 31, 2016.

Future minimum lease payments under non-cancelable operating leases having an initial term in excess of one year as of August 31, 2016 are as follows:

Year ended August 31,	
2017	\$ 546,238.40
2018	546,238.40
2019	546,238.40
2020	546,238.40
2021-2025	1,092,476.80
2026-2030	-
2031-2035	-
2036-2038	-
Total Minimum Future Lease Payments	\$ <u>3,277,430.40</u>

NOTE 9: Pension Plans

The State has established an Optional Retirement Program (ORP) for institutions of higher education. Participation in ORP is in lieu of participation in the Teacher Retirement System of Texas and is available to certain eligible employees. The contributions made by plan members and the employer for the fiscal year ended August 31, 2016 and August 31, 2015 are:

Description	For the Year Ended August 2016	For the Year Ended August 2015
Member Contributions	\$ 1,122,594.24	\$ 1,109,211.08
Employer Contributions	1,236,418.29	1,222,179.26
Total Contributions	\$ 2,359,012.53	\$ 2,331,390.34

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, 2016

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. Individual balances and activity at August 31, 2016 follow:

	FY 2016	
	TRANSFERS IN	TRANSFERS OUT
Institutional Funds (7999)	\$	\$
Appd Fund 7999, D23 Fund 7999		
(Agy 733, D23 Fund 7999) Texas Tech Univ	8,228.70	(32,347.00)
Institutional Funds (7999)		
Appd Fund 7999, D23 Fund 7999		
(Agy 733, D23 Fund 7999) Texas Tech Univ Foundation, Inc.	57,690.35	
Institutional Funds (7999)		
Appd Fund 7999, D23 Fund 7999		
(Agy 758, D23 Fund 7999) Texas State Univ System		(528,000.00)
Institutional Funds (7999)		
Appd Fund 7999, D23 Fund 7999		
(Agy 768, D23 Fund 7999) Texas Tech Univ System Admin		(6,655,428.51)
Institutional Funds (7999)		
Appd Fund 7999, D23 Fund 7999		
(Agy 768, D23 Fund 7999) Texas Tech Univ Sys Admin Found, Inc	35,765.00	
General Revenue (0210)		
Appd Fund 0210, D23 Fund 0210		
(Agy 902, D23 Fund 0210) Comptroller	137,887.00	
Institutional Funds (7999)		
Appd Fund 799, D23 Fund 7999		
(Agy 347, D23 Fund 7999) Texas Pub Fin Auth		(586,252.52)
	<u>\$ 239,571.05</u>	<u>\$ (7,802,028.03)</u>
	Legislative	Legislative
	TRANSFERS IN	TRANSFERS OUT
General Revenue (001)		
Appd Fund 0001, D23 Fund 0001		
(Agency 758, D23 Fund 0001) Texas State Univ System	\$	\$ (161,750.00)
General Revenue (001)		
Appd Fund 0001, D23 Fund 0001		
(Agency 403, D23 Fund 7999) Texas Veterans Commission	181,555.00	
General Revenue (001)		
Appd Fund 0001, D23 Fund 0001		
(Agency 768, D23 Fund 7999) Texas Tech Univ System Admin		(2,654,995.64)
Total Legislative Transfers	<u>\$ 181,555.00</u>	<u>\$ (2,816,745.64)</u>
	Due From	Due From
	Other Agencies	Other Component
Institutional Funds (7999)		
Appd Fund 7999, D23 Fund 7999		
(Agy 743, D23 Fund 7999) UTSA	\$ 33,797.86	\$
Institutional Funds (7999)		
Appd Fund 7999, D23 Fund 7999		
(Agy 542, D23 Fund 7639) CPRIT	251,819.15	
Institutional Funds (7999)		
Appd Fund 7999, D23 Fund 7999		
(Agy 733, D23 Fund 7999) Texas Tech University		35,164.55
Institutional Funds (0802)		
Appd Fund 0802, D23 Fund 0802		
(Agy 608, D23 Fund 0802) Department of Motor Vehicles	164.26	
Institutional Funds (7999)		
Appd Fund 7999, D23 Fund 7999		
(Agy 556, D23 Fund 7999) TAMU AgriLife	623.12	
Total Due From/To Other Agencies	<u>\$ 286,404.39</u>	<u>\$ 35,164.55</u>

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2016

NOTE 13: Continuance Subject To Review

Section not applicable

NOTE 14: Adjustments to Fund Balances and Net Position

The Statement of Net Position has been updated to reflect a correction to federal receivables in Agency funds.

The Statement of Revenues, Expenses & Changes in Net Position has been updated to separate Transfers In and Transfers Out with Other State Agencies.

The Cash Flow has also been updated to reflect these changes.

These corrections did not result in a restatement of fund balance or net position.

<u>Statement of Net Position</u>	<u>FY 15 as reported</u>	<u>Correction</u>	<u>FY15 restated</u>
Assets			
Current Assets:			
Accounts Receivable, net:			
Federal Receivables	11,980,885.45	(10,499,842.45)	1,481,043.00
Total Current Assets	93,148,133.04	(10,499,842.45)	82,648,290.59
Total Assets	246,467,855.65	(10,499,842.45)	235,968,013.20
Liabilities			
Current Liabilities:			
Funds Held for Others	12,093,867.72	(10,499,842.45)	1,594,025.27
Total Current Liabilities	54,050,324.48	(10,499,842.45)	43,550,482.03
Total Liabilities	56,485,330.01	(10,499,842.45)	45,985,487.56
<u>Statement of Revenues, Expenses, & Changes in Net Position</u>			
Other Revenues, Expenses, Gains/Losses and Transfers			
Transfers In - Other State Agencies	-	150,629.00	150,629.00
Transfers Out - Other State Agencies	(2,541,133.48)	(150,629.00)	(2,691,762.48)
<u>Statement of Cash Flows</u>			
Cash Flows from Noncapital Financing Activities:			
Proceeds from Agency Transactions	34,154,816.52	(10,499,842.45)	23,654,974.07
Other Noncapital Financing Activities	(32,040,538.26)	10,499,842.45	(21,540,695.81)

NOTE 15: Contingencies and Commitments**Contingencies**

At August 31, 2016, no lawsuits and claims were pending against Angelo State University.

NOTE 16: Subsequent Events

Section not applicable

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2016

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, 2016.

Angelo State University by state law is required to be a participant in the Worker's Compensation Program and Pool managed by the State Office of Risk Management (SORM). The University is assessed fees by SORM based upon claims cost, claim count, payroll and FTE. Total payments to SORM for fiscal year 2016 totaled \$101,058.02. The State Office of Risk Management pays all WCI claims. The Worker's Compensation pool for the fiscal year was funded by a .25 percent charge on non-educational and general gross payroll for paying its proportionate share of the SORM assessment.

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.

- The auxiliary buildings and contents are insured for replacement value. Each loss incident is subject to a \$100,000 deductible.
- University automobiles and leased vehicles new to 5 years old are insured for general liability and physical damage. Any automobiles or leased vehicles six years old or older are insured for general liability only.
- Each loss incident is subject to a \$1,000 deductible.

NOTE 18: Management Discussion and Analysis

Section not applicable

NOTE 19: The Financial Reporting Entity

The Angelo State University Foundation (ASUF) is a public non-profit 501(c)(3) organization exempt from income taxes, and formed primarily to provide financial assistance from gifts and endowed earnings to Angelo State University. Based on the application of GASB Standard No. 61 and the significance of the financial relationship with the university, the financial data of ASUF has been blended into the financial report of Angelo State University.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2016

The condensed financial statements for ASUF as of August 31, 2016 are presented below:

		<u>2016</u>
		<u>Blended Component Unit</u>
		<u>ASU Foundation</u>
Condensed Statement of Net Position		
Total Assets	\$	29,118,544.45
Total Liabilities		<u>6,685.93</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt		
Restricted:		
Nonexpendable:		
Endowments		12,361,525.73
Expendable:		
Other		16,750,332.79
Unrestricted		
Total Net Position	\$	<u>29,111,858.52</u>
Condensed Statement of Revenues, Expenses and Changes in Net Position		
Operating Revenues	\$	-
Operating Expenses		
Institutional Support		
Professional Fees and Services		8,750.00
Travel		2,936.23
Materials and Supplies		150,058.22
Rentals and Leases		950.00
Printing and Reproduction		4,057.81
Interest		120.26
Other Operating Expenses		1,914,640.55
Operating Income (Loss)		<u>(2,081,513.07)</u>
Non-Operating Revenues (Expenses)		
Gifts		9,487,667.03
Investment Income		912,174.25
Net Increase (Decrease) in fair Value of Investments		(532,863.86)
Other Non-Operating Revenues		547,576.28
Other Non-Operating Expenses		(524,914.05)
Total Non-Operating Revenues and Expenses		<u>9,889,639.65</u>
Other Revenues, Expenses, Gains, Losses and Transfers		
Transfers In - TTU Foundation, Inc.		57,690.35
Transfers to/from Other Funds		(1,438,671.20)
Total Other Revenues, Expenses, Gains, Losses and Transfers		<u>(1,380,980.85)</u>
Total Change in Net Position		<u>6,427,145.73</u>
Beginning Net Position (September 1, 2015)		22,684,712.79
Ending Net Position (August 31, 2016)	\$	<u>29,111,858.52</u>
Condensed Statement of Cash Flows		
Net Cash Provided (Used) by Operating Activities	\$	(2,074,827.14)
Net Cash Provided (Used) by Non-capital Financing Activities		8,129,348.41
Net Cash Provided (Used) by Capital and Related Financing Activities		-
Net Cash Provided (Used) by Investing Activities		<u>(4,206,914.23)</u>
Total Net Cash flows		<u>1,847,607.04</u>
Beginning Cash and Cash Equivalents (September 1, 2015)		3,357,270.83
Ending Cash and Cash Equivalents (August 31, 2016)	\$	<u>5,204,877.87</u>

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2016

Angelo State University is an agency of the State of Texas, and is one of five components of the Texas Tech University System.

The Robert G. Carr and Nona K. Carr Scholarship Foundation, Box 11007C, ASU Station, San Angelo, TX 76909 is presented in these statements as a discretely presented component unit. The Foundation is a separate legal nonprofit organization that was established solely for the benefit of providing scholarships to the students of Angelo State University (ASU). The Foundation has a fiscal year end of August 31, and the financial records of the Foundation are audited annually by an independent accounting firm. These statements may be found at the end of the Annual Financial Report.

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.

Prior to the 2016 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 \$122,115,633.13 and realized an appreciation on investments of \$6,609,686.36. During the 2016 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 \$2,886,231.13.

All principal is invested in the Long Term Investment Fund (LTIF) which is managed by the Texas Tech University System.

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 LTIF spending distribution is transferred to the Angelo State University Robert G. Carr and Nona K. Carr Scholarship and expense funds. During the 2016 fiscal year, the spending distribution received from the investment agent totaled \$8,549,381.24. Of this amount, \$398,000.00 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.

Total scholarships awarded prior to the 2016 fiscal year amounted to \$94,403,551.45. During the 2016 fiscal year, scholarship awards amounted to \$10,093,235.40. It is estimated that the amount of annual scholarship awards from the scholarship fund will total \$11,000,000.00 in fiscal year 2017.

The records of the Foundation are audited annually by the firm of Oliver, Garrison, LLC, San Angelo, Texas.

ANGELO STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended August 31, 2016

NOTE 20: Stewardship, Compliance and Accountability

Section not applicable

NOTE 21: N/A

NOTE 22: Donor Restricted Endowments

Required information is included in the consolidated TTUS *Annual Financial Report*.

NOTE 23: Extraordinary and Special Items

Section not applicable

NOTE 24: Disaggregation of Receivable and Payable Balances

Section not applicable

NOTE 25: Termination Benefits

Section not applicable

NOTE 26: Segment Information

Section not applicable

NOTE 27: Service Concession Arrangements

Section not applicable

NOTE 28: Deferred Outflows of Resources and Deferred Inflows of Resources

Section not applicable

NOTE 29: Trouble Debt Restructuring

Section not applicable

NOTE 30: Non-Exchange Financial Guarantees

Section not applicable

Angelo State University #737
 Schedule 1A - Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended August 31, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Identifying #	Pass-Through From			Direct Program Amount	Total Pass- Thru From & Direct Program
			Agy/Univ #	Agy/Univ Amount	Non-State Entity Amount		
U.S. Department of Justice							
<u>Direct Program:</u>							
Office of the Governor USDOJ-OVW-2013	16.525	2013-WA-AX-15				3,650.97	3,650.97
Total Department of Justice						3,650.97	3,650.97
National Endowment for the Humanities							
<u>Direct Program:</u>							
West Texans and America's Wars	45.162	AC-226771-15				14,850.92	14,850.92
<u>Pass-Through From:</u>							
American Library Association	45.164	LA105406			2,968.50		2,968.50
Total National Endowment for the Humanities						14,850.92	17,819.42
Institute of Museum and Library Services							
<u>Pass-Through From:</u>							
Texas State Library and Archives Commission Texas State Library and Archives Grant	45.310	LS-00-13-0044-13	306	2,861.99			2,861.99
Total Institute of Museum and Library Services				2,861.99			2,861.99
U. S. Small Business Administration							
<u>Pass-Through From:</u>							
University of Texas San Antonio Small Business Development Center	59.037	603001-Z-0049-29-A5	743	141,462.29			141,462.29
Total U. S. Small Business Administration				141,462.29			141,462.29
U. S. Department of Education							
<u>Direct Program:</u>							
Title V - Hispanic Serving Institute	84.031	P031S100072				25,581.30	25,581.30
Title III - Hispanic Serving Institute	84.031	P031C110142				802,194.93	802,194.93
STEP West Texas	84.031S	P031S140160				661,912.06	661,912.06
<u>Pass-Through From:</u>							
University of Texas - Permian Basin Teacher Quality Grant	84.367	C726430614	742	13,049.82			13,049.82
<u>Pass-Through From:</u>							
National Writing Project Pearl of the Concho Writing	84.367D	04-TX13-SEED2012			1,218.50		1,218.50
Total U.S. Department of Education				13,049.82	1,218.50	1,489,688.29	1,503,956.61
Research & Development Cluster							
U.S. Department of Agriculture							
<u>Direct Program:</u>							
Braden-USDA-HSI-14	10.223	2013-38422-20950				73,462.30	73,462.30
USDA-SPECA-Braden-2015	10.226	2015-38414-24243				13,258.89	13,258.89
<u>Pass-Through From:</u>							
Texas Tech University USDA Subaward- Branham	10.326	21A378-02	733	38,078.83			38,078.83
USDA Subaward- Wright	10.326	21A427-01	733	37,200.81			37,200.81
Texas A&M AgriLife Research Integrating Prescribed Fire & Herbavory	10.652	14-CA-11330101-075	556	12,459.37			12,459.37
Total U.S. Department of Agriculture				87,739.01		86,721.19	174,460.20
Student Financial Assistance Cluster							
U. S. Department of Education							
<u>Direct Program:</u>							
Federal Supplemental Educational Opportunit	84.007					167,156.00	167,156.00
Federal Work-Study Program	84.033					211,471.14	211,471.14
Federal Perkins Loan Program	84.038					5,385.00	5,385.00
Federal Pell Grant Program	84.063					8,799,837.14	8,799,837.14
Federal Direct Student Loans	84.268					30,932,629.00	30,932,629.00
Total U. S. Department of Education						40,116,478.28	40,116,478.28
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 245,113.11	\$ 4,187.00	\$ 41,711,389.65	\$ 41,960,689.76

Agy #/ Univ.#	Pass-Through To		Expenditures Amount	Total PT to and Expenditures	
	State Agy. or Univ. Amount	Non-State Entities Amt.			
			<u>3,650.97</u>	<u>3,650.97</u>	
			<u>3,650.97</u>	<u>3,650.97</u>	
			14,850.92	14,850.92	
			<u>2,968.50</u>	<u>2,968.50</u>	
			<u>17,819.42</u>	<u>17,819.42</u>	
			<u>2,861.99</u>	<u>2,861.99</u>	
			<u>2,861.99</u>	<u>2,861.99</u>	
			<u>141,462.29</u>	<u>141,462.29</u>	
			<u>141,462.29</u>	<u>141,462.29</u>	
			25,581.30	25,581.30	
			802,194.93	802,194.93	
			661,912.06	661,912.06	
			13,049.82	13,049.82	
			<u>1,218.50</u>	<u>1,218.50</u>	
			<u>1,503,956.61</u>	<u>1,503,956.61</u>	
			73,462.30	73,462.30	
			13,258.89	13,258.89	
			38,078.83	38,078.83	
			37,200.81	37,200.81	
			<u>12,459.37</u>	<u>12,459.37</u>	
			<u>174,460.20</u>	<u>174,460.20</u>	
			167,156.00	167,156.00	
			211,471.14	211,471.14	
			5,385.00	5,385.00	
			8,799,837.14	8,799,837.14	
			<u>30,932,629.00</u>	<u>30,932,629.00</u>	
			<u>40,116,478.28</u>	<u>40,116,478.28</u>	
\$	<u>0.00</u>	\$	<u>41,960,689.76</u>	\$	<u>41,960,689.76</u>

Angelo State University
Schedule IA - Schedule of Expenditures and Federal Awards
For the Year Ended August 31, 2016

Note 1: Non-Monetary Assistance

Angelo State University is not the recipient of a federal financial assistance program that does not result in cash receipts or disbursements.

Note 2: Reconciliation:

Federal Grants and Contracts (SRECNP)	\$	1,977,725.51
Non-Operating Federal Grants and Contracts (SRECNP)		8,799,837.14
Federal Grants and Contracts Pass-Throughs (SRECNP)		<u>245,113.11</u>
Total Federal Revenues		<u>11,022,675.76</u>

Reconciling Items:

New Loans Processed:		
Federal Perkins Loan Program	84.038	5,385.00
Federal Direct Student Loan	84.268	<u>30,932,629.00</u>
Total Federal Financial Assistance	\$	<u>41,960,689.76</u>

Note 3: Student Loans Processed & Administrative Costs Recovered

Federal Grantor/ CFDA Number/Program Name	Beginning Balance of Outstanding Loans	New Loans Processed	PY Admin Costs Recovered	Total Loans Processed & Admin Costs Recovered	Repayment/ Adjustment Activity	Ending Balance of Outstanding Loans
<i>U.S. Department of Education</i>						
84.038 Federal Perkins Loan Program	\$ 281,600.00	5,385.00	\$ -	\$ 5,385.00	\$ 60,287.39	\$ 226,697.61
84.268 Federal Direct Student Loans		<u>30,932,629.00</u>	-	<u>30,932,629.00</u>		
Total Department of Education	\$ <u>281,600.00</u>	<u>30,938,014.00</u>	\$ <u>-</u>	\$ <u>30,938,014.00</u>	\$ <u>60,287.39</u>	\$ <u>226,697.61</u>

Perkins loans are outsourced to ECSI.

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 5: Unemployment Insurance Funds

ASU did not receive any funding for FY 2016 from CFDA 17.225.

Note 6: Rebates for the Special Supplemental Food Program for Women, Infants, and Children (WIC)

ASU did not receive any funding for FY 2016 from CFDA 10.557.

Note 7: Federal Deferred Revenue (no longer required)

Note 8: Disaster Grants-Public Assistance

ASU did not receive any funding for FY 2016 from CFDA 97.036

Note 9: Economic Adjustment Assistance

ASU did not receive any funding for FY 2016 from CFDA 11.307

UNAUDITED

Angelo State University #737
Schedule 1B - Schedule of State Grant Pass Throughs From/To State Agencies
For the Fiscal Year Ended August 31, 2016

Agency Number	Grant ID	Agency Name Grant Description	
Pass Through From:			
457		State Board of Public Accountancy	
	457.0001	5th Year Accounting Student Scholarship Program	\$ <u>12,875.00</u>
542		Cancer Prevention and Research Institute of Texas	
	542.0054	CPRIT-Ross-2015	444,634.82
	542.0447	CPRIT ABC 4 WT	<u>9,077.60</u>
		<i>Total for Cancer Prevention and Research Institute of Texas</i>	<u>453,712.42</u>
720		University of Texas System	
	720.0002	Joint Admissions Medical Program (JAMP)	<u>6,976.72</u>
781		Texas Higher Education Coordinating Board	
	781.0008	Texas Grants	4,804,295.00
	781.0023	College Work Study Program	42,087.70
	781.0028	Top 10% Scholarship	<u>33,600.00</u>
		<i>Total for Texas Higher Education Coordinating Board</i>	<u>4,879,982.70</u>
		Total State Grant Pass-through Revenues From Other State Agencies	\$ <u><u>5,353,546.84</u></u>

Angelo State University #737
 Schedule 2A - Miscellaneous Bond Information
 For the Fiscal Year Ended August 31, 2016

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Scheduled Maturities		First Call Date
			First Year	Final Maturity Date	

Schedule Not Applicable

Angelo State University #737
Schedule 2B - Changes in Bonded Indebtedness
For the Year Ended August 31, 2016

<u>Description of Issue</u>	<u>Bonds Outstanding 9-1-15</u>	<u>Bonds Issued</u>	<u>Bonds Matured or Retired</u>	<u>Bonds Refunded or Extinguished</u>	<u>Bonds Outstanding 8-31-16</u>
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Schedule Not Applicable

Angelo State University #737
Schedule 2C - Debt Service Requirements
For the Year Ended August 31, 2016

<u>Description of Issue</u>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
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Schedule Not Applicable

Angelo State University #737
 Schedule 2D - Analysis of Funds Available for Debt Service
 For the Year Ended August 31, 2016

Pledged and Other Sources and Related Expenditures for FY 2016				
Description of Issue	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest

Schedule Not Applicable

Angelo State University #737
Schedule 2E - Defeased Bonds Outstanding
For the Year Ended August 31, 2016

<u>Description of Issues</u>	<u>Year</u> <u>Refunded</u>	<u>Par Value</u> <u>Outstanding</u>
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Schedule Not Applicable

Angelo State University #737
Schedule 2F - Early Extinguishment and Refunding
For the Year Ended August 31, 2016

<u>Description of Issue</u>	<u>Category</u>	<u>Amount Extinguished or Refunded</u>	<u>Refunding Issue Par Value</u>	<u>Cash Flow Increase (Decrease)</u>	<u>Economic Gain/ (Loss)</u>
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Schedule Not Applicable

Angelo State University #737
 Schedule 3 - Reconciliation of Cash in State Treasury
 For the Year Ended August 31, 2016

Cash in State Treasury	Unrestricted	Restricted	Current Year Total
Local Revenue Fund 0227	\$ 4,268,473.52	\$ _____	\$ 4,268,473.52
Total Cash in State Treasury	<u>\$ 4,268,473.52</u>	<u>\$ 0.00</u>	<u>\$ 4,268,473.52</u>

UNAUDITED

ANGELO STATE UNIVERSITY

**DISCRETELY PRESENTED
COMPONENT UNIT**

Discretely Presented Component Unit - Robert G. and Nona K. Carr Scholarship Foundation
Statement of Net Position (Unaudited)
August 31, 2016 and 2015

	FY 2016	FY 2015
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ -	\$ 50,204.37
Restricted:		
Cash and Cash Equivalents	247,260.48	254,757.30
Accounts Receivable, net:		
Accounts Receivables	190,042.42	305,053.05
Prepaid Items	-	1,991.25
Total Current Assets	437,302.90	612,005.97
Non-current Assets:		
Restricted:		
Investments (Note 3)	124,894,025.76	129,817,425.18
Total Non-Current Assets	124,894,025.76	129,817,425.18
Total Assets	\$ 125,331,328.66	\$ 130,429,431.15
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 13,460.86	\$ 778.10
Payroll Payable	19,671.03	27,158.26
Employees' Compensable Leave (Note 5)	43.08	561.52
Total Current Liabilities	33,174.97	28,497.88
Non-current Liabilities:		
Employees Compensable Leave (Note 5)	15,260.96	14,699.44
Total Non-Current Liabilities	15,260.96	14,699.44
Total Liabilities	\$ 48,435.93	\$ 43,197.32
NET POSITION		
Restricted:		
Endowments	120,253,612.64	123,776,547.47
Expendable:		
Other	5,029,280.09	6,609,686.36
Total Net Position	\$ 125,282,892.73	\$ 130,386,233.83

The accompanying notes to the financial statements are an integral part of this statement.

Discretely Presented Component Unit - Robert G. and Nona K. Carr Scholarship Foundation
Statement of Revenues, Expenses, and Changes in Net Position (Unaudited)
For the Fiscal Years Ended August 31, 2016 and 2015

OPERATING REVENUES	FY 2016	FY 2015
Sales of Goods and Services		
Tuition and Fees - Pledged	\$	\$
Tuition and Fees - Unpledged		
Discounts and Allowances		
Auxiliary Enterprises - Pledged		
Discounts and Allowances		
Other Sales of Goods and Services - Pledged		
Federal Revenue-Operating (Sch 1A)		
Federal Pass Through Revenue (Sch 1A)		
State Grant Pass Through Revenue (Sch 1B)		
Nongovernmental Grants and Contracts		
Total Operating Revenues	-	-
OPERATING EXPENSES:		
Salaries and Wages	237,369.09	272,967.37
Payroll Related Costs	75,897.02	96,013.54
Professional Fees and Services	41,454.00	55,898.15
Travel	11,233.84	9,485.35
Materials and Supplies	48,752.71	57,251.47
Communication and Utilities	1,087.20	1,437.78
Repairs and Maintenance		998.76
Rentals and Leases	2,584.00	2,584.00
Printing and Reproduction	927.92	879.10
Other Operating Expenses	26,869.60	9,648.62
Total Operating Expenses	446,175.38	507,164.14
Operating Income (Loss)	(446,175.38)	(507,164.14)
NON-OPERATING REVENUES (EXPENSES)		
Investment Income	6,897,762.35	8,220,539.22
Net Increase (Decrease) in Fair Value of Investments	(5,643,082.18)	(6,536,300.86)
Other Non-operating Revenues/(Expenses) - Pledged	(5,911,845.89)	(2,853,125.16)
Total Non-operating Revenues (Expenses)	(4,657,165.72)	(1,168,886.80)
Income (Loss) before Other Revenues, Expenses, Gains/Losses and Transfers	(5,103,341.10)	(1,676,050.94)
OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS		
Total Other Revenues, Expenses, Gains, Losses, and Transfers	-	-
Total Changes in Net Position	\$ (5,103,341.10)	\$ (1,676,050.94)
Beginning Net Position (September 1)	130,386,233.83	132,062,284.77
Ending Net Position (August 31)	\$ 125,282,892.73	\$ 130,386,233.83

The accompanying notes to the financial statements are an integral part of this statement.