



Sam Houston State University

MEMBER THE TEXAS STATE UNIVERSITY SYSTEM

Annual Financial Report



For the Fiscal Year Ended August 31, 2018





Dana G. Hoyt

Sam Houston State University

MEMBER THE TEXAS STATE UNIVERSITY SYSTEM

OFFICE OF THE PRESIDENT

November 20, 2018

Honorable Greg Abbott, Governor
Honorable Glenn Hegar, State Comptroller
Sarah Keyton, Assistant Director, Legislative Budget Board
Lisa R. Collier, First Assistant State Auditor

Ladies and Gentlemen:

We are pleased to submit the Annual Financial Report of Sam Houston State University for the year ended August 31, 2018, 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 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 (CAFR); 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 Amanda Withers, Controller, at (936) 294-2289.

Sincerely,

Dana G. Hoyt
President





Annual Financial Report

for the fiscal year ended August 31, 2018

for

Sam Houston State University

Huntsville, TX



TABLE OF CONTENTS

	Page
Letter of Transmittal	1
Organizational Data	2
Proprietary Fund Financial Statements	
Statement of Net Position	4
Statement of Revenues, Expenses, and Changes in Net Position	7
Matrix of Operating Expenses Reported by Function	9
Statement of Cash Flows	10
Notes to the Financial Statements	12
Supplemental Supporting Information	
1A Schedule of Expenditures of Federal Awards	30
1B Schedule of State Grant Pass-Throughs To/From State Agencies	38
2A Miscellaneous Bond Information	39
2B Changes in Bonded Indebtedness	40
2C Debt Service Requirements	41
2D Analysis of Funds Available for Debt Service	42
2E Defeased Bonds Outstanding	43
2F Early Extinguishment and Refunding	44
3 Reconciliation of Cash in State Treasury	45
4 Higher Education Assistance Fund	46





Sam Houston State University

MEMBER THE TEXAS STATE UNIVERSITY SYSTEM

CONTROLLER'S OFFICE

November 20, 2018

Dr. Dana G. Hoyt, President
Sam Houston State University
Huntsville, Texas 77341

Dear Dr. Hoyt:

Submitted herein is the Annual Financial Report of Sam Houston State University for the fiscal year ended August 31, 2018.

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 Annual Financial Report will be audited by the State Auditor as part of the audit of the Statewide Comprehensive Annual Financial 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 Amanda Withers, Controller, at (936) 294-2289.

Respectfully submitted,

Amanda Withers, MBA
Controller

Sarah Woods, CPA
Associate Controller

Approved:

J. Carlos Hernandez, EdD, CPA
Vice President for Finance and Operations



**BOARD OF REGENTS
TEXAS STATE UNIVERSITY SYSTEM
August 31, 2018**

<u>Member</u>	<u>Member's City (Texas)</u>	<u>Term Expiration</u>
Rossanna Salazar, Chairman	Austin	2017
William F. Scott, Vice Chairman	Nederland	2019
Charlie Amato	San Antonio	2019
Garry Crain	The Hills	2023
Dr. Veronica Muzquiz Edwards	San Antonio	2021
Dr. Jaime R. Garza	San Antonio	2017
David Montagne	Beaumont	2021
Vernon Reaser III	Bellaire	2019
Alan L. Tinsley	Madisonville	2021
Leanna Mouton, Student Regent	San Marcos	2019

**SENIOR ADMINISTRATIVE OFFICIALS
TEXAS STATE UNIVERSITY SYSTEM**

Brian McCall, Ph.D.
Daniel Harper, MBA

Chancellor
Vice Chancellor for Finance

**ADMINISTRATIVE OFFICIALS
SAM HOUSTON STATE UNIVERSITY**

PRESIDENT

Dana G. Hoyt, Ph.D.

FISCAL OFFICE

J. Carlos Hernandez, EdD, CPA
Amanda Withers, MBA

Vice President for Finance and Operations
Controller





Sam Houston State University

Proprietary Fund Financial Statements



**Texas State University System
Sam Houston State University
Statement of Net Position
August 31, 2018**

	2018	2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents: (Note 3)		
Cash on Hand (Including Petty Cash)	\$ 15,975.00	\$ 26,050.00
Cash in Bank	22,218,842.73	28,365,463.47
Cash in Transit/Reimburse from Treasury	687,101.18	1,335,094.18
Cash in State Treasury (Schedule 3)	14,718,351.24	14,617,419.45
Cash Equivalents	61,801,428.78	36,638,854.08
Restricted:		
Cash and Cash Equivalents: (Note 3)		
Cash in Bank	35,958.79	153,406.44
Cash Equivalents	215,805.30	27,718,653.34
Short Term Investments (Note 3)	26,535,296.11	26,508,807.84
Legislative Appropriations	16,447,635.77	15,951,968.70
Receivables:		
Federal	2,976,053.42	3,740,466.71
Other Intergovernmental	413,000.00	650,000.00
Interest	2,354.01	-
Accounts - Tuition	49,184,172.95	48,701,772.60
Allowance Accounts	(9,596,863.61)	(7,839,280.61)
Other	8,439,919.78	1,668,481.67
Due From Other Agencies (Note 12)	754,313.23	404,397.02
Merchandise Inventories	344,497.22	294,907.95
Prepaid Items	58,609.84	112,457.83
Loans and Contracts	13,688,312.25	12,400,314.96
Other Current Assets	14,457,444.24	13,066,055.23
Total Current Assets	\$ 223,398,208.23	\$ 224,515,290.86
Non-Current Assets:		
Restricted:		
Investments (Note 3)	\$ 46,603,115.23	\$ 108,703,134.20
Investments (Note 3)	124,437,897.00	42,376,514.85
Receivables:		
Gifts/Pledges	3,353,860.87	5,799,592.21
Capital Assets: (Note 2)		
Non-Depreciable or Non-Amortizable		
Land and Land Improvements	38,351,152.78	36,709,944.47
Construction in Progress	154,640,870.95	161,716,556.75
Other Capital Assets	1,434,665.55	1,416,865.55

**Texas State University System
Sam Houston State University
Statement of Net Position
August 31, 2018**

	<u>2018</u>	<u>2017</u>
Depreciable or Amortizable		
Buildings and Building Improvements	530,208,656.09	444,583,128.86
Less Accumulated Depreciation	(265,699,730.39)	(247,150,430.45)
Infrastructure	22,536,513.23	20,976,029.39
Less Accumulated Depreciation	(9,385,999.11)	(8,531,336.34)
Facilities and Other Improvements	39,856,178.29	37,229,856.51
Less Accumulated Depreciation	(15,291,013.44)	(13,656,225.87)
Furniture and Equipment	42,792,252.72	39,294,666.29
Less Accumulated Depreciation	(30,456,956.41)	(28,284,415.73)
Vehicles, Boats, and Aircraft	5,262,695.88	4,886,710.01
Less Accumulated Depreciation	(4,143,324.64)	(3,911,839.53)
Computer Software - Intangible	3,243,398.02	3,243,398.02
Less Accumulated Amortization	(3,119,148.40)	(3,098,273.76)
Other Capital Assets	13,882,134.47	13,878,595.95
Less Accumulated Depreciation	(10,165,190.18)	(9,871,104.28)
Total Non-Current Assets	<u>\$ 688,342,028.51</u>	<u>\$ 606,311,367.10</u>
Total Assets	<u>\$ 911,740,236.74</u>	<u>\$ 830,826,657.96</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
 LIABILITIES		
Current Liabilities:		
Payables from:		
Accounts Payable	\$ 11,553,330.09	\$ 15,389,373.58
Payroll Payable	3,501,206.70	3,880,187.57
Due to Other Agencies (Note 12)	543,656.69	700,162.08
Unearned Revenues	121,278,843.83	115,299,512.15
Employees' Compensable Leave (Note 5)	3,587,527.47	3,538,036.04
Funds Held for Others	2,208,157.40	1,612,608.01
Total Current Liabilities	<u>\$ 142,672,722.18</u>	<u>\$ 140,419,879.43</u>
Non-Current Liabilities:		
Employees' Compensable Leave (Note 5)	\$ 3,032,526.48	\$ 2,915,186.03
Other Non-Current Liabilities	1,214,118.89	1,202,328.89
Total Non-Current Liabilities	<u>4,246,645.37</u>	<u>4,117,514.92</u>
Total Liabilities	<u>\$ 146,919,367.55</u>	<u>\$ 144,537,394.35</u>

UNAUDITED

**Texas State University System
Sam Houston State University
Statement of Net Position
August 31, 2018**

	<u>2018</u>	<u>2017</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	-	-
NET POSITION		
Net Investment in Capital Assets	\$ 511,586,027.87	\$ 449,432,125.84
Restricted For:		
Capital Projects	215,805.30	25,420,430.10
Other	18,469,194.43	18,769,392.63
Funds Held As Permanent Investments:		
Non-Expendable:		
Endowment Funds	76,255,988.75	66,928,874.15
Expendable:		
Endowment Funds	50,218,845.91	41,779,933.18
Unrestricted	108,075,006.93	83,958,507.71
Total Net Position	<u>\$ 764,820,869.19</u>	<u>\$ 686,289,263.61</u>

Texas State University System
Sam Houston State University
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended August 31, 2018

	2018	2017
OPERATING REVENUES:		
Tuition and Fees - Pledged	\$ 214,009,567.89	\$ 203,215,525.03
Tuition and Fees - Discounts/Allowances	(56,702,286.74)	(51,066,371.94)
Auxiliary Enterprises - Pledged	46,227,540.05	41,931,865.81
Auxiliary Enterprise - Discounts/Allowances	(8,073,441.01)	(6,787,543.44)
Other Sales of Goods and Services - Pledged	4,189,646.76	4,457,690.83
Federal Revenue	4,826,558.38	4,540,255.78
Federal Pass-Through Revenue	1,617,096.45	1,440,495.86
State Grant Revenue	425,911.51	-
State Grant Pass-Through Revenue	16,225,882.48	13,639,037.80
Other Grants and Contracts -Non-pledged	2,414,513.61	2,518,698.53
Other Operating Revenues - Pledged	6,240,199.65	6,824,338.29
Total Operating Revenues	\$ 231,401,189.03	\$ 220,713,992.55
OPERATING EXPENSES:		
Instruction	\$ 99,680,363.26	\$ 97,581,506.78
Research	6,774,386.86	4,721,736.06
Public Service	11,613,113.87	11,032,058.70
Academic Support	44,251,164.53	41,075,602.52
Student Services	26,694,705.74	26,064,599.37
Institutional Support	20,611,571.92	19,986,543.42
Operation and Maintenance of Plant	24,386,951.12	25,174,493.72
Scholarship and Fellowships	29,427,463.70	28,759,020.54
Auxiliary	46,157,216.74	43,377,351.97
Depreciation and Amortization	25,259,082.22	22,382,744.27
Total Operating Expenses	\$ 334,856,019.96	\$ 320,155,657.35
Operating Income (Loss)	\$ (103,454,830.93)	\$ (99,441,664.80)
NONOPERATING REVENUES (EXPENSES):		
Legislative Revenue (GR)	\$ 56,949,583.00	\$ 53,615,930.00
Additional Appropriations (GR)	14,618,586.97	16,379,788.62
Federal Revenue	36,438,149.90	32,146,243.59
Federal Pass-Through Revenue	80,500.72	-
Gifts - Pledged	262,727.26	4,024,023.70
Gifts - Non-Pledged	7,115,624.89	5,797,336.41
Investment Income - Non-Pledged	5,276,210.67	4,279,401.88
Investment Income - Pledged	3,656,263.38	1,438,403.97
Gain (Loss) on Sale of Capital Assets	(769,311.65)	(120,345.80)
Net Increase (Decrease) Fair Value - Pledged	1,672,915.59	244,009.09
Net Increase (Decrease) Fair Value - Non-pledged	11,503,051.93	7,686,325.02

**Texas State University System
Sam Houston State University
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended August 31, 2018**

	<u>2018</u>	<u>2017</u>
Settlement of Claims	9,428,409.01	1,056,176.17
Other Nonoperating Revenue (Expenses)-Pledged	641,875.34	533,571.08
Other Nonoperating Expenses	(50,517.52)	(56,447.65)
Total Nonoperating Revenues (Expenses)	<u>\$ 146,824,069.49</u>	<u>\$ 127,024,416.08</u>
Income (Loss) before Capital Contributions, Endowments and Transfers	\$ 43,369,238.56	\$ 27,582,751.28
Capital Contributions, Endowments and Transfers		
Capital Appropriations (HEAF)	\$ 17,329,858.00	\$ 17,329,858.00
Additions to Permanent and Term Endowments	5,096,441.49	5,418,645.27
Interagency Transfer Capital Assets - Decrease (Note 12)	(2,906.02)	-
Transfer In (Note 12)	39,844,354.00	73,129,935.00
Transfer Out (Note 12)	(21,558,956.80)	(20,589,246.52)
Legislative Transfer In (Note 12)	918,019.00	4,284,046.00
Legislative Transfer Out (Note 12)	(6,469,385.00)	(6,241,462.12)
Legislative Appropriations Lapsed	-	(340,375.21)
Total Capital Contributions, Endowments and Transfers	<u>\$ 35,157,424.67</u>	<u>\$ 72,991,400.42</u>
Change in Net Position	78,526,663.23	100,574,151.70
Beginning Net Position	686,289,263.61	589,188,569.59
Restatements (Note 14)	4,942.35	(3,473,457.68)
Beginning Net Position, as restated	686,294,205.96	585,715,111.91
Ending Net Position	<u>\$ 764,820,869.19</u>	<u>\$ 686,289,263.61</u>

UNAUDITED

Texas State University System
 Sam Houston State University
 Matrix of Operating Expenses Reported by Function
 For the Fiscal Year Ended August 31, 2018

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarship and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenses
Cost of Goods Sold	\$ -	\$ 216.57	\$ 19,240.56	\$ 30,350.17	\$ 67,170.59	\$ 3,111.13	\$ -	\$ -	\$ 64,380.05	\$ -	\$ 184,469.07
Salaries and Wages	73,113,308.13	4,584,984.16	5,499,106.29	20,290,232.83	14,984,648.18	12,539,935.81	9,027,464.12	916,288.10	12,391,367.87	-	153,347,335.49
Payroll Related Costs	19,024,824.84	701,760.08	1,615,612.00	5,644,578.43	4,589,490.51	3,875,593.75	3,232,523.79	-	3,682,090.75	-	42,366,474.15
Professional Fees and Services	255,829.49	48,059.44	539,128.79	437,489.30	167,842.88	357,316.26	1,105,690.62	-	625,289.93	-	3,536,646.71
Federal Grant Pass-Through Expense	-	233,501.96	-	-	-	-	-	-	-	-	233,501.96
State Grant Pass-Through Expense	-	-	-	-	-	-	-	-	-	-	-
Travel	2,372,039.85	261,286.00	170,251.43	761,924.28	643,241.00	367,699.00	40,431.43	-	2,474,870.55	-	7,091,743.54
Materials and Supplies	2,640,113.71	505,867.96	1,223,763.04	12,047,419.88	2,430,341.17	1,194,427.01	1,776,682.07	-	14,564,792.15	-	36,383,406.99
Communications and Utilities	96,189.17	27,356.54	130,719.94	612,388.04	865,201.47	286,481.81	3,369,436.41	-	2,684,414.16	-	8,072,187.54
Repairs and Maintenance	252,902.23	47,450.93	48,576.54	1,281,997.38	149,867.86	88,746.63	3,437,959.23	-	331,205.39	-	5,638,706.19
Rentals and Leases	191,659.19	14,364.72	646,068.56	160,098.10	180,667.72	264,313.82	48,296.98	-	327,352.98	-	1,832,822.07
Printing and Reproduction	8,862.91	-	-	17,738.53	178,824.94	179,030.50	299.10	-	313,106.22	-	697,862.20
Depreciation and Amortization*	-	-	-	-	-	-	-	-	-	25,259,082.22	25,259,082.22
Bad Debt Expense	399,286.71	29,067.20	50,077.24	389,047.00	200,587.35	130,762.96	119,919.81	-	429,938.16	-	1,748,686.43
Interest	-	-	7.78	3.01	-	-	-	-	-	-	10.79
Scholarships	63,200.00	61,267.00	-	-	-	-	-	28,511,175.60	4,834,662.67	-	33,470,305.27
Claims and Judgments	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	1,262,147.03	259,204.30	1,670,561.70	2,577,897.58	2,236,822.07	1,324,153.24	2,228,247.56	-	3,433,745.86	-	14,992,779.34
Total Operating Expenses	\$ 99,680,363.26	\$ 6,774,386.86	\$ 11,613,113.87	\$ 44,251,164.53	\$ 26,694,705.74	\$ 20,611,571.92	\$ 24,386,951.12	\$ 29,427,463.70	\$ 46,157,216.74	\$ 25,259,082.22	\$ 334,856,019.96

* Depreciation and Amortization may be allocated to the various functions or shown entirely in the Depreciation and Amortization column

**Texas State University System
Sam Houston State University
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2018**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Tuition and Fees	\$ 126,016,156.29	\$ 147,377,536.71
Proceeds from Research Grants and Contracts	24,770,038.87	24,631,115.95
Proceeds from Auxiliaries	38,154,099.04	35,144,322.37
Proceeds from Other Operating Revenues	10,429,846.41	11,282,029.12
Payments to Suppliers for Goods and Services	(67,151,532.27)	(95,795,776.08)
Payments to Employees for Salaries	(153,347,335.49)	(148,379,534.64)
Payments to Employees for Benefits	(42,366,474.15)	(38,275,099.67)
Payments for Loans Provided	(1,287,997.29)	(7,575,372.65)
Payments for Other Operating Expenses	(16,107,085.55)	(15,981,615.96)
Net Cash Provided by Operating Activities	\$ (80,890,284.14)	\$ (87,572,394.85)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Debt Issuance		
Proceeds from State Appropriations	\$ 89,000,404.34	\$ 83,947,724.42
Proceeds from Gifts	7,378,352.15	9,821,360.11
Proceeds from Endowments	5,096,441.49	5,418,645.27
Proceeds from Grant Receipts	36,518,650.62	32,146,243.59
Proceeds from Other Noncapital Financing Activities	10,364,120.83	1,533,299.60
Payments for Other Noncapital Financing Uses	(2,771,795.91)	(1,889,871.00)
Net Cash Provided by Noncapital Financing Activities	\$ 145,586,173.52	\$ 130,977,401.99
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Debt Issuance	\$ 39,500,000.00	\$ 72,800,000.00
Proceeds from Capital Contributions	-	-
Payments for Additions to Capital Assets	(90,541,387.11)	(95,994,718.74)
Payments of Principal on Debt	(13,317,424.58)	(15,290,936.10)
Payments of Interest on Debt Issuance	(11,619,145.75)	(9,318,917.15)
Net Cash Provided by Capital and Related Financing Activities	\$ (75,977,957.44)	\$ (47,804,571.99)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Investment Income	\$ 8,932,474.05	\$ 5,717,805.85
Payments to Acquire Investments	(6,811,883.93)	(17,621,873.20)
Net Cash Provided by Investing Activities	\$ 2,120,590.12	\$ (11,904,067.35)
Net Increase (Decrease) in Cash and Cash Equivalents	(9,161,477.94)	(16,303,632.20)
Beginning Cash and Cash Equivalents	108,854,940.96	125,158,573.16
Restatements to Beginning Cash and Cash Equivalents	-	-
Beginning Cash and Cash Equivalents, as restated	\$ 108,854,940.96	\$ 125,158,573.16
Ending Cash and Cash Equivalents	\$ 99,693,463.02	\$ 108,854,940.96
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (103,454,830.93)	\$ (99,441,664.80)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Amortization and Depreciation	25,259,082.22	22,382,744.27

UNAUDITED

**Texas State University System
Sam Houston State University
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2018**

	<u>2018</u>	<u>2017</u>
Bad Debt Expense	1,748,686.43	796,028.66
Operating Income (Loss) and Cash Flow Categories:		
Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(3,800,151.27)	(13,796,662.77)
(Increase) Decrease in Due from Other Funds	(349,916.21)	2,857,761.07
(Increase) Decrease in Inventories	(49,589.27)	117,699.50
(Increase) Decrease in Prepaid Expenses	53,847.99	(88,537.43)
(Increase) Decrease in Loans & Contracts	(1,287,997.29)	(7,575,372.65)
(Increase) Decrease in Other Assets	(1,391,389.01)	(25,043.49)
Increase (Decrease) in Payables	(4,215,024.36)	(2,098,996.31)
Increase (Decrease) in Due to Other Funds	(156,505.39)	(125,829.58)
Increase (Decrease) in Unearned Revenue	5,979,331.68	9,025,046.39
Increase (Decrease) in Compensated Absence Liability	166,831.88	186,766.52
Increase (Decrease) in Other Liabilities	607,339.39	213,665.77
Total Adjustments	<u>22,564,546.79</u>	<u>11,869,269.95</u>
Net Cash Provided by Operating Activities	<u>\$ (80,890,284.14)</u>	<u>\$ (87,572,394.85)</u>
Non Cash Transactions		
Donation of Capital Assets	-	-
Net Change in Fair Value of Investments	13,175,967.52	7,930,334.11

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

Note 1: Summary of Significant Accounting Policies

Reporting Entity

Sam Houston State University (SHSU) serves the state by providing a high quality education to residents and is based in Huntsville, Texas.

SHSU is an agency of the State of Texas (the “State”) and a component of the Texas State University System (TSUS). TSUS was founded in 1911 and is the first higher education system established in Texas. Beginning as an administrative means to consolidate the support and management of State teacher colleges, TSUS has evolved into a network of higher education institutions stretching from the Texas–Louisiana border to the Big Bend region of west Texas. Today, eight component institutions offer a broad range of academic and career opportunities. Those eight institutions are located throughout the State and include SHSU, Lamar University, Sul Ross State University, Texas State University, Lamar Institute of Technology, Lamar State College-Orange, Lamar State College-Port Arthur, and Sul Ross State University Rio Grande College.

The TSUS is governed by a nine-member Board of Regents (the “Board”) appointed by the Governor. In addition, a nonvoting student regent is appointed annually to the Board. The Texas State University System Administration (“System Administration”), which is headed by a Board-appointed chancellor, is based in Austin, where it provides support to TSUS components.

TSUS is an agency of the State and is reported as one of six university systems and five independent universities that in total are presented as a major enterprise fund in the State’s Comprehensive Annual Financial Report.

No entities have been identified meeting GASB’s definition of component units, which are legally separate entities and, accordingly, none are included within the reporting entity. As previously noted, SHSU is considered by the State as one of the academic entities that comprise TSUS, however, each entity is considered an agency of the State.

The Sam Houston University Foundation (the “Foundation”) is a separate legal entity registered with the IRS as a 501(c) organization and its efforts benefit SHSU and its students. The Foundation is separately governed and operates autonomously from SHSU, and its related activities are not included in SHSU’s, TSUS’s or the State’s financial statements. The Foundation solicits donations and acts as a coordinator of gifts made by other parties. The Foundation remittance to SHSU and amounts receivable at year end were immaterial to SHSU’s financial statements.

The accounting policies followed by SHSU in maintaining accounts and in the preparation of the financial statements are in accordance with the Texas Comptroller of Public Accounts’ Reporting Requirement for the Fiscal 2018 Annual Financial Reports of State Agencies and Universities (the “Comptroller’s AFR Requirements”) and with generally accepted accounting principles in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. The Comptroller’s AFR Requirements are designed to assist the Texas Comptroller of Public Accounts in compiling and preparing the State’s CAFR and, accordingly, have some untraditional elements, such as the prohibition of rounding, unique ordering and specific numbering of footnotes, and the inclusion of footnote titles when the subject matter does not apply.

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

Fund Structure

The financial statements of SHSU have been prepared on the basis of funds, each of which is considered a separate accounting entity. The fund designation for institutions of higher education is Business-Type Activity within the Proprietary Fund Type.

Proprietary Fund Types

Business-Type Activity

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

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-type activity funds (proprietary funds) are accounted for on the full accrual basis of accounting. Under the full 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 fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Budget and Budgetary Accounting

The State's budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor (the "General Appropriations Act"). Additionally, TSUS prepares an annual budget, which represents anticipated sources of revenues and authorized uses. This budget is approved by TSUS's Board.

Unencumbered appropriations are generally subject to lapse 60 days after fiscal year end for which they were appropriated.

Assets, Liabilities, and Fund Balances/Net Position

Assets

Current and Non-Current Assets

Current assets are those that are readily available to meet current operational requirements. Non-current assets are those that are not readily available to meet current operational requirements and, instead, are intended to support long-term institutional needs.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less at the time of purchase are considered cash and cash equivalents.

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

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.

Investments

Investments are generally stated at fair value, with certain exceptions, in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Fair value, which is determined based on quoted market prices, is the amount at which an investment could be exchanged in a current transaction between parties other than in a forced or liquidation sale. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the accompanying Comparative Statement of Revenues, Expenses, and Changes in Net Position.

Legislative Appropriations

This item represents the balance of general revenue funds at year end as calculated in the Texas State Comptroller's General Revenue Reconciliation.

Inventories and Prepaid Items

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 and prepaid items. The costs of inventories are expensed when they are used or consumed. Prepaid items reflect payments for costs applicable to future accounting periods.

Capital Assets

Assets such as furniture, equipment, and vehicles with an aggregate cost of more than \$5,000 and an estimated useful life in excess of one year are capitalized. Capitalization thresholds are also utilized for buildings and building improvements (\$100,000), infrastructure (\$500,000), and facilities and other improvements (\$100,000). Capital assets are recorded at cost or estimated historical cost if actual historical cost is not available. Donated capital assets are reported at acquisition value. For fabricated assets financed by debt, construction period interest is capitalized as part of the capital asset cost. The capitalized interest is combined with the other costs associated with constructing the asset and depreciated over the appropriate useful life beginning when the asset is placed into service.

Capital assets are depreciated over the estimated useful life of the asset using the straight-line method based on allocation methods and estimated lives prescribed by the Statewide Property Accounting (SPA) system. Depreciation is recorded as a periodic expense and accumulated as an offset to the asset book values. Depreciation expense is not allocated to functional categories for this Annual Financial Report.

Intangible capital assets are defined as assets that lack physical substance, are non-financial in nature, and have an initial useful life extending beyond a single reporting period. These assets are required to be reported if they are identifiable. Land use rights are capitalized if the cost meets or exceeds \$100,000. Purchased computer software is capitalized if the aggregate cost of the purchase meets or exceeds \$100,000. Internally generated computer software has a capitalization threshold of \$1,000,000, and other intangible capital assets must be capitalized if the cost meets or exceeds \$100,000. Intangible assets are amortized based on the estimated useful life of the asset using the straight-line method.

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

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 Liabilities – Current and Non-Current

Other Payables are the accrual at year end of expenditure transactions not included in any of the other payable descriptions.

Unearned Revenues

Unearned revenues include amounts for tuition and fees, certain auxiliary activities, and amounts from grant and contract sponsors received prior to the end of the fiscal year but related to the subsequent accounting period.

Funds Held for Others

Current balances in funds held for others result from SHSU acting as an agent or fiduciary for other organizations.

Employees' Compensable Leave

Employees' Compensable Leave represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the Statement of Net Position. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid.

Net Position

The difference between fund assets and liabilities is "Net Position" on proprietary fund statements.

Net Investment in Capital Assets

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that is attributed to the acquisition, construction, or improvement of those assets.

Net Position - Restricted

Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted assets are available for use, restricted resource are used first, then unrestricted resources are used as needed.

Expendable – net position use is subject to externally imposed stipulations that can be fulfilled by actions pursuant to those stipulations, or that expire by the passage of time.

Non-expendable – net position use is subject to externally imposed stipulations that it be maintained permanently. Such assets include the principal of permanent endowment funds.

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

Net Position - Unrestricted

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources, which are imposed by management, but can be removed or modified.

Operating and Non-Operating Revenues and Expenses

Operating revenues and expenses – include activities such as student tuition and fees; net sales and services of auxiliary enterprises; exchange basis federal, state, and local grants and contracts and related expenses including depreciation; scholarships and fellowships; impairment losses; insurance recovery in the year of the loss; and incurred but not reported liabilities.

Non-operating revenues and expenses - included activities such as gifts and contributions, insurance recoveries received in years subsequent to the loss, State appropriations, investment income, nonexchange basis federal and state grants and contracts, and other non-operating items defined by GASB.

Inter-Agency Activities and Transactions

SHSU has the following types of transactions among related agencies:

Transfers

The amount represents legally required transfers that are reported when incurred as “Transfers In” by the recipient agency and as “Transfers Out” by the disbursing agency.

Reimbursements

Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one agency for another are recorded as expenditures in the reimbursing agency and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

Receivables and Payables

Inter-agency loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, the balance is classified as “Current”. Balances for repayment due in two (or more) years are classified as “Non-Current.”

Sales and Purchases

These amounts represent charges or collections for services rendered by one agency to another that are recorded as revenues of the recipient agency and expenditures or expenses of the disbursing agency.

The composition of SHSU’s inter-agency activities and balances are presented in Note 12 Interfund Activity and Transactions.

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

Note 2: Capital Assets

A summary of changes in capital assets for the year ended August 31, 2018 is presented below:

	Balance 9/1/2017	Adjustments/Restatements	Reclassifications		Dec-Int'gy Trans	Additions	Deletions	Balance 8/31/2018
			Completed CIP	Inc-Int'gy Trans				
Non-Depreciable Assets								
Land and Land Improvements	36,709,944.47	-	-	-	-	1,641,208.31	-	38,351,152.78
Construction in Progress	161,716,556.75	4,942.35	(89,812,332.85)	-	-	83,413,418.99	(681,714.29)	154,640,870.95
Other Assets	1,416,865.55	-	-	-	-	17,800.00	-	1,434,665.55
Total Non-Depreciated Assets	199,843,366.77	4,942.35	(89,812,332.85)	0.00	0.00	85,072,427.30	(681,714.29)	194,426,689.28
Depreciable Assets								
Buildings and Building Improvements	444,583,128.86	-	85,625,527.23	-	-	-	-	530,208,656.09
Infrastructure	20,976,029.39	-	1,560,483.84	-	-	-	-	22,536,513.23
Furniture and Equipment	39,294,666.29	-	-	-	(21,249.00)	4,779,805.35	(1,260,969.92)	42,792,252.72
Vehicles, Boats and Aircraft	4,886,710.01	-	-	-	-	485,195.17	(109,209.30)	5,262,695.88
Other Capital Assets	13,878,595.95	-	-	-	-	203,959.29	(200,420.77)	13,882,134.47
Facilities and Other Improvements	37,229,856.51	-	2,626,321.78	-	-	-	-	39,856,178.29
Total Depreciable Assets	560,848,987.01	0.00	89,812,332.85	0.00	(21,249.00)	5,468,959.81	(1,570,599.99)	654,538,430.68
Less Accumulated Depreciation for:								
Buildings and Building Improvements	(247,150,430.45)	-	-	-	-	(18,549,299.94)	-	(265,699,730.39)
Infrastructure	(8,531,336.34)	-	-	-	-	(854,662.77)	-	(9,385,999.11)
Furniture and Equipment	(28,284,415.73)	-	-	-	18,342.98	(3,364,256.22)	1,173,372.56	(30,456,956.41)
Vehicles, Boats and Aircraft	(3,911,839.53)	-	-	-	-	(340,694.41)	109,209.30	(4,143,324.64)
Other Capital Assets	(9,871,104.28)	-	-	-	-	(494,506.67)	200,420.77	(10,165,190.18)
Facilities and Other Improvements	(13,656,225.87)	-	-	-	-	(1,634,787.57)	-	(15,291,013.44)
Total Accumulated Depreciation	(311,405,352.20)	0.00	0.00	0.00	18,342.98	(25,238,207.58)	1,483,002.63	(335,142,214.17)
Depreciable Assets Net	249,443,634.81	0.00	89,812,332.85	0.00	(2,906.02)	(19,769,247.77)	(87,597.36)	319,396,216.51
Intangible Capital Assets Amortized								
Land Use Rights	0.00	-	-	-	-	-	-	0.00
Computer Software	3,243,398.02	-	-	-	-	-	-	3,243,398.02
Other Intangible Capital Assets	0.00	-	-	-	-	-	-	0.00
Total Intangible Capital Assets Amortized	3,243,398.02	0.00	0.00	0.00	0.00	0.00	0.00	3,243,398.02
Less Accumulated Amortization								
Land Use Rights	0.00	-	-	-	-	-	-	0.00
Capital Software	(3,098,273.76)	-	-	-	-	(20,874.64)	-	(3,119,148.40)
Other Capital Assets	0.00	-	-	-	-	-	-	0.00
Accumulated Amortization Total	(3,098,273.76)	0.00	0.00	0.00	0.00	(20,874.64)	0.00	(3,119,148.40)
Business Type Activities Capital Assets, Net	449,432,125.84	4,942.35	0.00	0.00	(2,906.02)	65,282,304.89	(769,311.65)	513,947,155.41

Note 3: Deposits, Investments, and Repurchase Agreements

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

Deposits

As of August 31, 2018, the carrying amount of deposits was \$22,254,801.52 as presented below:

Cash

Proprietary Funds Current Assets Cash in Bank	\$	22,218,842.73
Restricted Cash in Bank		35,958.79
Cash in Bank per AFR	\$	22,254,801.52

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, SHSU will not be able to recover deposits or will not be able to recover collateral securities

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

that are in the possession of an outside party. SHSU's bank accounts are secured by FDIC and collateral pledged. SHSU has no deposits that are at risk of recovery due to the failure of a depository financial institution. As of August 31, 2018, the total bank balance was \$28,870,464.12.

Foreign currency risk for deposits is the risk that changes in exchange rates will adversely affect the deposit. SHSU held no exposure to foreign currency risk for deposits as of August 31, 2018.

Investments

SHSU invests both operating and endowment funds. SHSU invests its endowment funds to provide funding for scholarships, fellowships, professorships, academic chairs, and other uses as specified by donors. SHSU investments adhere to the following principles:

The performance objective is to grow the market value of assets net of inflation, spending, and expenses, over a full market cycle (generally defined as a three to five year period) without undue exposure to risk. The invested funds are particularly risk-averse to the probability of not meeting the total return goal. Liquidity must be considered and sufficient to meet the spending needs and expenses.

The total return goal can be achieved while assuming acceptable risk levels commensurate with "market volatility". To achieve the total return goal, the assets will be invested to generate appreciation and/or dividend and interest income.

The endowment is expected to endure into perpetuity. Inflation is a key component in the performance objective. The long term risk of not investing in equity securities outweighs the short-term volatility risk. As a result, the majority of assets are invested in equity or equity-like securities. Fixed income and fixed income-like securities and other diversifying strategies may act to lower the short-term volatility of the portfolio and/or provide stability, especially during periods of weak or negative equity markets. Other asset classes are included to provide diversification and incremental total return.

The cash payout requirement for the endowment funds is significant and continuous. The portfolio is diversified to diminish risks associated with particular securities, market sectors, or industries.

SHSU is authorized by statute to make endowment investments following the "prudent person rule" and operating investments following the Public Funds Investment Act. There were no significant violations of legal provisions during the period.

SHSU values its investments at fair value. GASB Statement No. 72, Fair Value Measurement and Application, defines fair value as the price received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is an exit price at the measurement date from the perspective of the market participant that holds the asset. This is a market-based measurement. GASB 72 also establishes a fair value hierarchy that classifies inputs to valuation techniques into three levels:

- **Level 1** – inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that can be accessed at the measurement date.
- **Level 2** – inputs are inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly (quoted market prices for similar assets or liabilities) or indirectly (corroborated from observable market information).
- **Level 3** – inputs are unobservable inputs for an asset or liability.

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

Beyond these three levels, net asset value may be used to categorize investments without a readily determinable fair value.

As of year end, fair value of investments were categorized as follows:

Type of Investments	Fair Value Hierarchy				Net Asset Value	Fair Value
	Level 1	Level 2	Level 3	Amort. Cost		
Equity Investments and Equity Mutual Funds	\$ 118,762,206.27	\$ -	\$ -	\$ -	\$ -	\$ 118,762,206.27
Fixed Income and Bond Mutual Funds	47,736,833.79	-	-	-	-	47,736,833.79
Real Assets	29,023,383.48	-	-	-	-	29,023,383.48
Diversifying Strategies	-	-	1,694,084.80	-	-	1,694,084.80
TexPool and similar	-	-	-	-	62,017,234.08	62,017,234.08
Other	-	-	359,800.00	-	-	359,800.00
Total Investments	\$ 195,522,423.54	\$ -	\$ 2,053,884.80	\$ -	\$ 62,017,234.08	\$ 259,593,542.42
Current Cash Equivalents						\$ 61,801,428.78
Current Restricted Cash Equivalents						215,805.30
Short-Term Investments						26,535,296.11
Non-Current Investments						171,041,012.23
Total Investments						\$ 259,593,542.42

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of August 31, 2018, SHSU was subject to minimal credit risk.

Investment Type	AAAf	AAf	Unrated
Fixed Income	\$ -	\$ -	\$ 47,736,833.79

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this disclosure requirement. As of August 31, 2018, SHSU was not subject to concentration of credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. SHSU is not required to disclose interest rate risk.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, SHSU will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment.

Reverse Repurchase, Securities Lending, and Derivative Investing

SHSU did not participate in Reverse Repurchase Agreements, Securities Lending, or Derivative Investing during fiscal year 2018.

Note 4: Short-Term Debt

During the fiscal year ended August 31, 2018, SHSU had no short-term debt activity.

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

Note 5: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2018, the following changes occurred in long-term liabilities:

	Balance 09/01/2017	Additions	Reductions	Balance 08/31/2018	Amounts Due Within One Year	Amounts Due Thereafter
Compensable Leave	\$ 6,453,222.07	\$ 874,442.75	\$ 707,610.87	\$ 6,620,053.95	\$ 3,587,527.47	\$ 3,032,526.48
Other Non-Current Liabilities	1,202,328.89	11,790.00	-	1,214,118.89	-	1,214,118.89
TOTAL	\$ 7,655,550.96	\$ 886,232.75	\$ 707,610.87	\$ 7,834,172.84	\$ 3,587,527.47	\$ 4,246,645.37

Notes And Loans Payable

None.

Claims and Judgements

At August 31, 2018, various lawsuits and claims involving SHSU were pending. While the ultimate liability with respect to litigation and other claims asserted against SHSU cannot be reasonably estimated at this time, SHSU anticipates no liability on the merits of outstanding claims.

Employees' Compensable Leave

Full-time State employees earn annual leave from 8 to 21 hours per month depending on the respective employee's years of State employment. The State's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 532 for those employees with 35 or more years of State service. Employees with at least six months of State service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. SHSU recognizes the accrued liability for the unpaid annual leave in the Unrestricted Current Funds. For the year ended August 31, 2018, the accrued liability totaled \$6,620,053.95. SHSU made lump sum payments totaling \$707,610.87 for accrued vacation and/or compensatory time to employees who separated from State service during the fiscal year ending August 31, 2018.

Sick leave, the accumulation of which is unlimited, is earned at the rate of 8 hours per month and is paid only when an employee is off due to illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid to an employee's estate is one-half of the employee's accumulated entitlement or 336 hours, whichever is less. SHSU's policy is to recognize the cost of sick leave when paid and the liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

Note 6: Bonded Indebtedness

All bonded indebtedness for SHSU is issued by System Administration through the Texas State University System Revenue Financing System (the "Revenue Financing System"). System Administration and each component institution within TSUS are members of the Revenue Financing System. The Board pledged all of the funds (revenues) and balances derived or attributable to any member of the Revenue Financing System that are lawfully available to the Board for payments on Parity Debt. System Administration issued the debt; therefore, the bonds payable attributable to SHSU are included with the Bonds Payable reported by System Administration. SHSU must repay the debt that was issued on its behalf; consequently, the following debt amortization schedule is presented for informational purposes only.

	Principal	Interest	Total
2019	13,343,251.18	10,485,807.26	23,829,058.44
2020	13,974,890.24	9,843,217.78	23,818,108.02
2021	13,906,190.06	9,165,035.26	23,071,225.32
2022	14,629,788.74	8,487,765.78	23,117,554.52
2023	11,112,898.82	7,771,081.50	18,883,980.32
2024-2028	57,015,000.00	30,645,119.20	87,660,119.20
2029-2033	43,945,000.00	18,142,790.98	62,087,790.98
2034-2038	27,655,000.00	9,457,400.22	37,112,400.22
2039-2043	21,735,000.00	3,916,250.00	25,651,250.00
2044-2046	6,530,000.00	394,400.00	6,924,400.00
Totals	\$ 223,847,019.04	\$ 108,308,867.98	\$ 332,155,887.02

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. SHSU was appropriated \$6,148,800.00 during the current fiscal year for Tuition Revenue Bond debt service. SHSU expects future Legislative appropriations to meet debt service requirements for Tuition Revenue Bonds.

Note 7: Derivative Instruments

SHSU did not have any derivative activity for the fiscal year ended August 31, 2018.

Note 8: Leases

As of August 31, 2018, SHSU was not involved in any capital lease agreements.

SHSU has entered into various operating leases for buildings and equipment. Rental expenses for operating leases were \$307,507.61 for the fiscal year ended August 31, 2018.

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

Future minimum lease payments under operating leases having an initial term in excess of one year as of August 31, 2018 were as follows:

Year	Amount
2019	\$ 287,267.07
2020	208,175.33
2021	70,877.08
2022	42,090.71
2023	3,210.84
Total	<u>\$ 611,621.03</u>

Note 9: Defined Benefit Pension Plans and Defined Contribution Plan

Optional Retirement Program contributions for SHSU are reported by the TSUS in the consolidated annual financial report.

Note 10: Deferred Compensation

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the Texas Government Code Annotated, Section 609.001. Two plans are available for employees' participation, which are administered by the Employees Retirement System. The assets of the plans do not belong to SHSU, TSUS, or the State. SHSU, TSUS, or the State has no liability related to the plans.

Note 11: Post Employment Health Care and Life Insurance Benefits

Not Applicable.

Note 12: Interfund Activity and Transactions

As explained in Note 1 on Interfund and Interagency Transactions and Balances, there are transactions between funds and agencies. At year-end, amounts to be received or paid are reported as: Interfund Receivables or Interfund Payables; Due From Other Agencies or Due To Other Agencies (See Schedule 1A - *Schedule of Expenditures of Federal Awards*, and Schedule 1B - *Schedule of Pass-Through Grants From/To Other State Agencies*); Due From Other Funds or Due To Other Funds; Transfers In or Transfers Out; Legislative Transfers In or Legislative Transfers Out.

SHSU has not participated in any interfund borrowing during fiscal year 2018.

SHSU 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 statements.

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

Individual balances and activity at August 31, 2018 were as follows:

DUE FROM/TO OTHER STATE ENTITIES	Due From Other Agencies	Due to Other Agencies	Purpose
Federal Pass Throughs			
(Agency 300, D23 Fund 6570)	\$101,518.89		FEDERAL P-T
(Agency 300, D23 Fund 6761)	\$36,733.91		FEDERAL P-T
(Agency 555, D23 Fund 7999)	\$2,661.72		FEDERAL P-T
(Agency 556, D23 Fund 7999)	\$19,144.95		FEDERAL P-T
(Agency 601, D23 Fund 0006)	\$239,357.40		FEDERAL P-T
(Agency 701, D23 Fund 0148)	\$40,575.70		FEDERAL P-T
(Agency 730, D23 Fund 7999)	\$33,682.27		FEDERAL P-T
(Agency 738, D23 Fund 7999)		\$3,984.48	FEDERAL P-T
(Agency 763, D23 Fund 7999)		\$3,771.65	FEDERAL P-T
(Agency 802, D23 Fund 0951)	\$45,372.37		FEDERAL P-T
Appd Fund 9999, D23 Fund 7999			
State Pass Throughs			
(Agency 300, D23 Fund 0421)	\$51,510.87		STATE P-T
(Agency 720, D23 Fund 7999)		\$2,658.96	STATE P-T
(Agency 781, D23 Fund 0001)		\$533,241.60	STATE P-T
(Agency 781, D23 Fund 0824)	\$183,755.15		STATE P-T
Appd Fund 9999, D23 Fund 7999			
TOTAL DUE TO AND DUE FROM	\$754,313.23	\$543,656.69	

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

Transfer in/out from State Entities were as follows:

TRANSFERS IN FROM/OUT TO OTHER STATE ENTITIES	Transfers In from Other State Entities	Transfers Out to Other State Entities	Purpose
Agency 608, D23 Fund 0802		\$2,699.91	Transfer to TX DMV for Collegiate License Plates
Agency 758, D23 Fund 9999	\$39,500,000.00		Transfer from System for Commercial Paper
Agency 758, D23 Fund 9999			Transfer from System for Bond Proceeds
Agency 758, D23 Fund 9999		\$18,288,691.70	Transfer to TSUS for Bond Payment
Agency 758, D23 Fund 9999		\$2,386,291.00	Transfer to TSUS for System Shared Expense
Agency 758, D23 Fund 9999		\$498,469.19	Transfer to TSUS for Interest on Commercial Paper
Agency 758, D23 Fund 9999		\$382,805.00	Transfer to TSUS for Audit/Legal Fees
Agency 781, D23 Fund 5103		\$0.00	Transfer to THECB for Be on Time
Agency 781, D23 Fund 0001		\$0.00	Transfer to THECB for Doctoral Set Asides
Agency 902, D23 Fund 0210	\$344,354.00		Military Veterans Exemptions - Hazlewood
Total Interfund Receivable/Payable	\$39,844,354.00	\$21,558,956.80	

Legislative transfers in and out were as follows:

	Legislative Transfers In	Legislative Transfers Out
GENERAL REVENUE (01)		
Appd Fund 0001, D23 Fund 0001		
(Agency 212, D23 Fund 0001)	\$320,585.00	\$320,585.00
(Agency 403, D23 Fund 0001)	\$597,434.00	
(Agency 403, D23 Fund 0001)		
(Agency 758, D23 Fund 0001)		\$6,148,800.00
Total Legislative Transfers	\$918,019.00	\$6,469,385.00

The Federal and State Grant Pass Through information is provided on Schedule 1A - *Schedule of Expenditures of Federal Awards*, and Schedule 1B - *Schedule of Pass-Through Grants From/To State Agencies*, respectively.

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

In 2018, SHSU made an interagency transfer of capital assets as follows:

TRANSFERS IN FROM/OUT TO OTHER STATE ENTITIES	Transfers In from Other State Entities	Transfers Out to Other State Entities	Purpose
Agency 758, D23 Fund 9999		\$2,906.02	Transfer of Capital Assets at Net Book Value
Total Interagency Transfers of Capital Assets	\$0.00	\$2,906.02	

Note 13: Continuance Subject to Review

Not Applicable. SHSU is not subject to the Texas Sunset Act.

Note 14: Adjustments to Net Assets

During fiscal year 2018, SHSU identified that there were two construction projects that were undercapitalized at their completion in prior year. This resulted in a net capitalization error of \$4,942.35, which represents an increase to net position.

Note 15: Contingencies and Commitments

Claims and Judgements

At August 31, 2018, various lawsuits and claims involving SHSU were pending. While the ultimate liability, if any, with respect to litigation and other claims asserted against SHSU cannot be reasonably estimated at this time, SHSU anticipates the liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on SHSU.

Federal Assistance

SHSU has received several federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowances, if any, will be immaterial.

Arbitrage

Rebatable arbitrage is defined by Internal Revenue Code, Section 148, as earnings on investments purchased with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investment were invested at a yield equal to the yield on the bond issue. The rebatable arbitrage must be paid to the federal government.

System Administration monitors its investments to restrict earnings to a yield less than the bond issue and, therefore, limit any arbitrage liability. Systems Administration estimates that rebatable arbitrage liability, if any, will be immaterial to its overall financial condition. Consistent with TSUS's and SHSU's reporting of bonds at the system level, any arbitrage liability would be reported by TSUS and not SHSU.

Construction Commitments

SHSU continues to implement capital improvements to upgrade facilities. The outstanding capital commitments for the construction and renovation of various facilities are \$52,152,375.62. These projects are in various stages of completion.

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

Note 16: Subsequent Events

SHSU has no subsequent events to report as of August 31, 2018.

Note 17: Risk Management

Liability Recognition and Experience

SHSU's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience, and economic factors. There have been no significant reductions in insurance coverage in the past year and losses did not exceed coverages or funding arrangements during the past three years.

Unemployment Compensation

The State provides coverage for unemployment benefits for SHSU employees from appropriations made to the Texas Workforce Commission (TWC). The current General Appropriations Act provides that SHSU must reimburse the General Revenue Fund, from SHSU appropriations, 50% of the unemployment benefits paid for State-funded positions and 100% of the cost for unemployment compensation for any positions paid from funds held in local bank accounts and local funds held in the State Treasury. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. The unemployment benefit plan is on a pay-as-you-go basis, in which no assets are set aside to be accumulated for the payment of claims. It is estimated that there were no material liabilities as of year end.

Workers' Compensation

The administration of the State's employee 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. The workers' compensation assessment is prepaid to SORM through an Interagency Contract for workers' compensation coverage for its employees in compliance with Texas Labor Code Chapter 412 and Chapter 501. The assessment for SHSU for 2018 was \$317,215.32. The assessment for SHSU for 2019 is \$321,566.69.

Fire and Extended Coverage

SHSU is required by certain bond covenants to carry fire and extended coverage and boiler insurance on buildings financed through the issuance of bonds using pledged Auxiliary Enterprise or other non-Educational and General Funds. The insurance protects the bond holders from a disruption to the revenue stream that is being utilized to make the bond interest and principal payments. SHSU had no insurance claims made during the fiscal year ended August 31, 2018.

Motor Vehicle

The Texas Motor Vehicle Safety Responsibility Act requires that every non-governmental vehicle operated on a State highway be insured for minimum limits of liability in the amount of \$30,000/\$60,000 bodily injury and \$25,000 property damage. All vehicles owned and/or leased by SHSU are covered by a commercial insurance policy specifically customized for the TSUS, which provides coverage to the extent of \$1,000,000 combined single liability. The coverage exceeds the extent of the waivers of State immunity

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

specified in the Texas Tort Claims Act, Civil Properties and Remedies Code Section 101.023.

Civil Claims

SHSU is exposed to a variety of civil claims resulting from the performance of its duties. It is SHSU's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. SHSU assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently, there is no purchase of commercial general liability insurance, nor is SHSU involved in any risk pools with other governmental entities. The liability of SHSU for personal injury and property damage is controlled by the Texas Tort Claims Act, VT.C.A Civil Practice and Remedies Code, Chapter 101, Section 101.021. The limits of liability are \$250,000 for each person, \$500,000 for each single occurrence for bodily injury or death, and \$100,000 for each single occurrence for injury to or destruction of property. Following this limited exposure, SHSU, as a State agency, is protected by the doctrine of sovereign immunity and, as such, retains the risk up to the aforementioned limits.

Note 18: Management's Discussion and Analysis

See Management's Discussion and Analysis Section.

Note 19: The Financial Reporting Entity

See Reporting Entity in Note 1.

Note 20: Stewardship, Compliance, and Accountability

SHSU has no material violations of finance related and contractual provisions. Per state laws, SHSU cannot spend amounts in excess of appropriations granted by the Texas Legislature and there are no deficits reported in net position.

Note 21: N/A

Not Applicable.

Note 22: Donor-Restricted Endowments

Non-expendable restricted net position consists of endowments in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income.

Donor - Restricted Endowment	Amounts Of Net Appreciation	Reported in Net Position
True Endowments	\$ -	Restricted for Nonexpendable
Term Endowments	\$ 3,916,705.87	Restricted for Expendable
True Endowments	\$ 40,100,931.47	Restricted for Expendable

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

The amount reported as Net Appreciation represents net appreciation on investments of donor restricted endowments that are available for authorization for expenditure. Pursuant to the Uniform Prudent Management of Institutional Funds Act (Property Code Chapter 163.001), net appreciation, realized and unrealized, in the fair market value of the endowment assets in excess of historical dollar value of the gifts may be distributed to the extent prudent.

The fiscal year 2018 SHSU spending policy for endowments was to distribute as much of the total return allowable while maintaining the principle investment objective of protecting the real value of the endowment corpus.

Note 23: Extraordinary and Special Items

Not Applicable. SHSU had no special or extraordinary items to report for the fiscal year ended August 31, 2018.

Note 24: Disaggregation of Receivable and Payable Balances

Balances of receivables and payables reported on the Statement of Net Position are not obscured by aggregation. There are no significant receivable balances expected to be collected beyond one year of the date of the financial statements. Accounts receivable for tuition are presented net of allowance for doubtful accounts of \$9,596,863.61.

Note 25: Termination Benefits

Not Applicable. During the fiscal year ended August 31, 2018, SHSU did not provide termination benefits.

Note 26: Segment Information

Not applicable. SHSU has no segments to report.

Note 27: Service Concession Arrangements

Not applicable. SHSU has no service concession arrangements to report as of August 31, 2018.

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

Not applicable. SHSU has no deferred outflows or inflows of resources to report as of August 31, 2018.

Note 29: Troubled Debt Restructuring

Not applicable. SHSU has no troubled debt restructuring to report as of August 31, 2018.

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

Note 30: Non-Exchange Financial Guarantees

Not applicable. SHSU has no non-exchange financial guarantees to report as of August 31, 2018.

Note 31: Tax Abatements

Not applicable. SHSU has no tax abatements to report as of August 31, 2018.

Note 32: Fund Balances

Not applicable.

State of Texas — Annual Financial Reporting

Schedule of Expenditures of Federal Awards

(SEFA)

Agency 753 - Sam Houston State University
Schedule 1A
For the Fiscal Year Ended August 31, 2018

Note: This agency's records have not yet been certified.

Federal Grant/ Pass-through Grant/ Program Title	CFDA Number	NSF Name/ Award/Year Number	Pass-through From			Direct Program Amount	Total PT from and Direct Prog. Amount	Pass-through To		Expenditures Amount	Total PT To and Expenditures Amount
			Agcy/ Univ No	Agencies or Universities Amount	Non-State Entities Amount			Agcy/ Univ No.	Agencies or Universities Amount		
Executive Office of the President											
<u>Direct Programs:</u>											
High Intensity Drug Trafficking Areas Program	95.001					876,392.34	876,392.34			876,392.34	876,392.34
Totals - Executive Office of the President				0.00	0.00	876,392.34	876,392.34	0.00	0.00	876,392.34	876,392.34
Institute of Museum and Library Services											
<u>Direct Programs:</u>											
Grants to States	45.310					11,222.64	11,222.64			11,222.64	11,222.64
<u>Pass-Through From:</u>											
Grants to States	45.310						2,401.99			2,401.99	2,401.99
<u>Pass-through From:</u>											
Texas State Library and Archives Commission			306	2,401.99							
Totals - Institute of Museum and Library Services				2,401.99	0.00	11,222.64	13,624.63	0.00	0.00	13,624.63	13,624.63
National Science Foundation											
Social, Behavioral, and Economic Sciences	47.075	Arizona State University/ 270520			2,532.37		2,532.37			2,532.37	2,532.37
<u>Direct Programs:</u>											
Social, Behavioral, and Economic Sciences	47.075					48,264.22	48,264.22			48,264.22	48,264.22
Totals - National Science Foundation				0.00	2,532.37	48,264.22	50,796.59	0.00	0.00	50,796.59	50,796.59
Small Business Administration											
<u>Pass-Through From:</u>											
Small Business Development Centers	59.037						136,013.61			136,013.61	136,013.61
<u>Pass-through From:</u>											
University of Houston			730	136,013.61							
Totals - Small Business Administration				136,013.61	0.00	0.00	136,013.61	0.00	0.00	136,013.61	136,013.61
U.S. Department of the Interior											
<u>Direct Programs:</u>											
U.S. Geological Survey Research and Data Collection	16.808					23,443.12	23,443.12			23,443.12	23,443.12
Cooperative Research and Training Programs - Resources of the National Park System	16.945					6,450.88	6,450.88			6,450.88	6,450.88
Totals - U.S. Department of the Interior				0.00	0.00	29,894.00	29,894.00	0.00	0.00	29,894.00	29,894.00
U.S. Department of Agriculture											
Agriculture and Food Research Initiative (AFRI)	10.310	Montana State Library/ 27077			9,758.95		9,758.95			9,758.95	9,758.95
		University of Tennessee/ 27072			2,392.84		2,392.84			2,392.84	2,392.84
Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)	10.326	Middle Tennessee State University/ 270680			50,619.12		50,619.12			50,619.12	50,619.12
<u>Direct Programs:</u>											

Sam Houston State University
Schedule 1A
For the Fiscal Year Ended August 31, 2018

UNAUDITED

Plant and Animal Disease, Pest Control, and Animal Care	10 025		34,519.25	34,519.25		34,519.25	34,519.25
Agriculture and Food Research Initiative (AFRI)	10 310		33,068.36	33,068.36	5,912.44	27,155.92	33,068.36
Pass-Through From:							
Sustainable Agriculture Research and Education	10 215			2,661.72		2,661.72	2,661.72
Pass-Through From:							
Texas A&M AgriLife Extension Service		655	2,661.72				
Totals - U.S. Department of Agriculture			2,661.72	62,770.91	67,507.61	133,020.24	133,020.24
U.S. Department of Education							
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84 367	National Writing Project/ 260770		13,367.31	13,367.31		13,367.31
Pass-Through From:							
Charter Schools	84 282				254,416.40	254,416.40	254,416.40
Pass-Through From:							
Texas Education Agency		701	254,416.40				
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84 367				34,468.98	34,468.98	34,468.98
Pass-Through From:							
Texas Higher Education Coordinating Board		781	34,468.98				
Totals - U.S. Department of Education			288,885.39	13,367.31	0.00	302,252.69	302,252.69
U.S. Department of Health and Human Services							
Drug Abuse and Addiction Research Programs	93 279	CASAColumbia/ 280600		32,254.04	32,254.04		32,254.04
Children's Justice Grants to States	93 043	Texas Center for the Judiciary/ 280850		78,998.49	78,998.49		78,998.49
Totals - U.S. Department of Health and Human Services			0.00	111,252.53	0.00	111,252.53	111,252.53
U.S. Department of Justice							
Direct Programs:							
OVW Research and Evaluation Program	16 025			69,817.06	69,817.06		69,817.06
National Institute of Justice W.E.B. DuBois Fellowship Program	16 566			50,593.79	50,593.79	21,655.07	29,928.72
Corrections Training and Staff Development	10 001			34,476.18	34,476.18		34,476.18
Special Data Collections and Statistical Studies	16 734			28,411.40	28,411.40		28,411.40
Pass-Through From:							
Crime Victim Assistance	16 575				36,733.91	36,733.91	36,733.91
Pass-Through From:							
Governor - Fiscal		300	36,733.91				
Edward Byrne Memorial Justice Assistance Grant Program	10 738				254,867.96	254,867.96	254,867.96
Pass-Through From:							
Governor - Fiscal		300	254,867.96				
Totals - U.S. Department of Justice			291,601.87	0.00	183,238.43	474,900.30	474,900.30
U.S. Department of State							
Direct Programs:							
Criminal Justice Systems	19 703			76,248.76	76,248.76		76,248.76
Totals - U.S. Department of State			0.00	0.00	76,248.76	76,248.76	76,248.76
Research & Development Cluster							
National Science Foundation							
Direct Programs:							
Mathematical and Physical Sciences	47 049			55,754.48	55,754.48		55,754.48
Geosciences	47 050			2,674.77	2,674.77		2,674.77
Computer and Information Science and Engineering	47 070			35,110.83	35,110.83		35,110.83
Biological Sciences	47 074			48,999.66	48,999.66		48,999.66
Education and Human Resources	47 078			230,575.27	230,575.27		230,575.27
Totals - National Science Foundation			0.00	0.00	373,115.01	373,115.01	373,115.01
U.S. Department of the Interior							

<u>Pass-Through From:</u>									
SECURE Water Act - Research Agreements	15,560			10,506.99		10,606.99		10,606.99	
<u>Pass-Through From:</u>									
University of North Texas Health Science Center at Fort Worth		783	10,608.99						
State Wildlife Grants	15,634			63,718.94		63,718.94		63,718.94	
<u>Pass-Through From:</u>									
Parks and Wildlife Department		802	63,718.94						
Totals - U.S. Department of the Interior			74,327.93	0.00	0.00	74,327.93	0.00	0.00	74,327.93
U.S. Department of Agriculture									
<u>Pass-Through From:</u>									
Higher Education - Institution Challenge Grants Program	10,217			22,476.26		22,476.26		22,476.26	
<u>Pass-Through From:</u>									
Texas A&M AgriLife Research		556	22,476.26						
Integrated Programs	10,303			24,934.07		24,934.07		24,934.07	
<u>Pass-Through From:</u>									
Texas A&M AgriLife Research		556	24,934.07						
Totals - U.S. Department of Agriculture			47,410.33	0.00	0.00	47,410.33	0.00	0.00	47,410.33
U.S. Department of Justice									
<u>Pass-Through From:</u>									
National Institute of Justice Research, Evaluation, and Development Project Grants	16,560			131,420.20		130,999.59	420.61	131,420.20	
<u>Pass-Through From:</u>									
Arizona State University/ 270499				84,836.78		84,836.78		84,836.78	
<u>Pass-Through From:</u>									
Florida State University/ 27062				49,056.59		49,056.59		49,056.59	
<u>Pass-Through From:</u>									
McCrone Research Institute, Inc./ 289730				24,177.09		24,177.09		24,177.09	
<u>Direct Programs:</u>									
National Institute of Justice Research, Evaluation, and Development Project Grants	16,560			225,434.25		225,434.25	6,377.52	219,320.19	225,434.25
<u>Pass-Through To:</u>									
Texas State University					754	-263.52			
National Institute of Justice Research, Evaluation, and Development Project Grants	16,560			291,873.41		291,873.41		195,162.38	291,873.41
<u>Pass-Through To:</u>									
University of North Texas Health Science Center at Fort Worth					763	90,711.03			
Criminal Justice Research and Development Graduate Research Fellowships	16,562			180,902.75		180,902.75		180,902.75	
Totals - U.S. Department of Justice			0.00	289,490.66	698,210.41	987,701.07	96,447.51	137,377.17	753,876.39
U.S. Department of Transportation									
<u>Pass-Through From:</u>									
National Priority Safety Programs	20,616			137,054.45				137,054.45	
<u>Pass-Through From:</u>									
Texas Department of Transportation		601	137,054.45						
<u>Pass-Through To:</u>									
University of Texas at Dallas					738	137,054.45			
Totals - U.S. Department of Transportation			137,054.45	0.00	0.00	137,054.45	137,054.45	0.00	0.00
Highway Safety Cluster									
U.S. Department of Transportation									
<u>Pass-Through From:</u>									
National Priority Safety Programs	20,616			709,605.28		709,605.28		709,605.28	
<u>Pass-Through From:</u>									
Texas Department of Transportation		601	709,605.28						
Totals - U.S. Department of Transportation			709,605.28	0.00	0.00	709,605.28	0.00	0.00	709,605.28
Special Education (IDEA) Cluster									
U.S. Department of Education									
<u>Pass-Through From:</u>									
Special Education Grants to States	84,027			7,499.73		7,499.73		7,499.73	

Sam Houston State University
 Schedule 1A
 For the Fiscal Year Ended August 31, 2018

UNAUDITED

<i>Pass-Through From:</i>									
<i>Texas Education Agency</i>			701	7,499.73					
Special Education Preschool Grants	84.173				134.88		134.88	134.88	134.88
<i>Pass-Through From:</i>									
<i>Texas Education Agency</i>			701	134.88					
Totals - U.S. Department of Education				7,634.61	0.00	0.00	7,634.61	0.00	0.00
Student Financial Assistance Cluster									
U.S. Department of Education									
<u>Direct Programs:</u>									
Federal Supplemental Educational Opportunity Grants	84.007			683,910.50	693,910.50		693,910.50	693,910.50	693,910.50
Federal Work-Study Program	84.033			650,697.57	650,697.57		650,697.57	650,697.57	650,697.57
Federal Perkins Loan Program, Federal Capital Contributions	84.038			76,551.00	76,551.00		76,551.00	76,551.00	76,551.00
Federal Pell Grant Program	84.063			36,438,149.90	36,438,149.90		36,438,149.90	36,438,149.90	36,438,149.90
Federal Direct Student Loans	84.268			119,297,243.00	119,297,243.00		119,297,243.00	119,297,243.00	119,297,243.00
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379			113,839.00	113,839.00		113,839.00	113,839.00	113,839.00
Totals - U.S. Department of Education				0.00	0.00	157,270,390.97	157,270,390.97	0.00	0.00
TRIO Cluster									
U.S. Department of Education									
<u>Direct Programs:</u>									
TRIO Student Support Services	84.042			254,267.14	254,267.14		254,267.14	254,267.14	254,267.14
TRIO McNair Post-Baccalaureate Achievement	84.217			231,461.97	231,461.97		231,461.97	231,461.97	231,461.97
Totals - U.S. Department of Education				0.00	0.00	485,729.11	485,729.11	0.00	0.00
Total Expenditures of Federal Awards				1,697,697.17	479,423.78	160,120,353.00	162,297,374.45	233,501.96	164,954.58
								161,898,917.81	162,297,374.45

Sam Houston State University

Notes to the Financial Statements
For the Year Ended August 31, 2018

Note 1 – Non-Monetary Assistance

Donation of Federal Surplus Property

	\$ -
Total Non-Monetary Assistance	<u>\$ -</u>

SHSU does not show any Non-Monetary Assistance for FY18.

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

Note 2 – Reconciliation Per Combined Governmental Operating Statement Statement of Activities and Proprietary Statement of Changes in Revenues, Expenses, & Net Assets

	2016	2017	2018
Federal Revenue			
Proprietary Funds			
Operating Exhibit IV/SRECNA	\$ 4,679,347.58	\$ 4,540,255.78	\$ 4,826,558.38
Non-Operating Exhibit IV/SRECNA	\$ 30,485,009.61	\$ 32,146,243.59	\$ 36,438,149.90
Capital Contributions Exhibit IV/SRECNA			
Total Federal Revenue	\$ 35,164,357.19	\$ 36,686,499.37	\$ 41,264,708.28
Federal Pass-Through Revenue			
Proprietary Funds			
Operating Federal Pass-Through Revenue from Other State Agencies (SRECNA)	\$ 868,945.92	\$ 1,440,495.86	\$ 1,617,096.45
Non-Operating Federal Pass-Through Revenue from Other State Agencies (SRECNA)	\$ 17,949.70		\$ 80,500.72
	\$ -	\$ -	\$ -
Total Federal Pass-Through Revenue	\$ 886,895.62	\$ 1,440,495.86	\$ 1,697,597.17
Total Federal & Federal Pass-Through Revenue	\$ 36,051,252.81	\$ 38,126,995.23	\$ 42,962,305.45
Reconciling Items:			
Non-monetary Items			
Donation of Federal Surplus Personal Property	\$ -	\$ -	\$ -
Total Non-monetary Items	\$ -	\$ -	\$ -
New Loans Processed:			
Federal Family Education Loans	84,032 \$ -	\$ -	\$ -
Federal Perkins Loan Program	84,038 \$ 21,685.00	\$ 40,065.00	\$ 37,826.00
Federal Direct Student Loans	84,268 \$ 104,819,341.00	\$ 117,480,738.00	\$ 119,297,243.00
Total New Loans Processed	\$ 104,841,026.00	\$ 117,520,803.00	\$ 119,335,069.00
Total Reconciliation Items	\$ 104,841,026.00	\$ 117,520,803.00	\$ 119,335,069.00
Total Per Note 2	\$ 140,892,278.81	\$ 155,647,798.23	\$ 162,297,374.45
Total Pass Through & Expenditures per Federal Schedule	\$ 140,892,278.81	\$ 155,647,798.23	\$ 162,297,374.45
Difference	\$ -	\$ -	\$ -

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

Note 3a – Student Loans Processed and Administrative Costs Recovered

CFDA #	Beginning Balance of Outstanding Loans, as of 8/31/17	New Loans Processed	* CY Admin Cost Recovered, includes PYs only if applicable	Total Loans Processed and Admin Cost Recovered (From Schedule)	Repayment/Adjustment Activity	**Outstanding Balance of Loans as of 8/31/18, includes all FYs
84.038 Federal Perkins Loan Program	\$ 484,091.26	\$ 37,826.00	\$ 38,725.00	\$ 76,551.00	\$ -	\$ 560,642.26
84.268 Federal Direct Loan Program	\$ -	\$ 119,297,243.00	\$ -	\$ 119,297,243.00	\$ -	\$ 119,297,243.00
Total	<u>\$ 484,091.26</u>	<u>\$ 119,335,069.00</u>	<u>\$ 38,725.00</u>	<u>\$ 119,373,794.00</u>	<u>\$ -</u>	<u>\$ 119,857,885.26</u>

*

Admin Cost Recovered includes administration cost and any interest subsidy related to student loans processed.

**

Confirm on Servicer Report

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

Note 3b- Federally Funded Loans Processed and Administrative Costs Recovered

CFDA #	Beginning Balance of Outstanding Loans, as of 8/31/2017	New Loans Processed	*CY Admin Cost Recovered, includes Pys only if applicable	Total Loans Processed and Admin Cost Recovered (From Schedule)	Repayment/Adjustment Activity	Outstanding Balance of Loans as of 8/31/18
84.007 SEOG	\$ -	\$ 692,346.50	\$ 1,564.00	\$ 693,910.50	\$ 695,474.50	\$ -
84.063 Federal Pell Program	\$ -	\$ 36,396,839.90	\$ 41,310.00	\$ 36,438,149.90	\$ 36,479,459.90	\$ -
84.033 Federal Work Study	\$ -	\$ 619,918.33	\$ 30,779.24	\$ 650,697.57	\$ 681,476.81	\$ -
Total	\$ -	\$ 37,709,104.73	\$ 73,653.24	\$ 37,782,757.97	\$ 37,856,411.21	\$ -

*Admin. Cost Recovered includes administration cost and any interest subsidy related to student loans processed.

**Confirmation on Servicer Report

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

Schedule 1B State Pass-Through Grants from Other State Agencies

Pass Through From:

<u>Agency Name</u>		
Governor-Fiscal		
Criminal Justice Planning Grants	\$	114,022.24
Texas State Board of Public Accountancy		
Fifth Year Accounting Student Scholarship Program	\$	9,000.00
Texas Education Agency		
Foundation School Program	\$	1,160,363.00
Instructional Materials Allotment	\$	79,904.68
University of Texas System		
Joint Admission Medical Program (JAMP)	\$	28,508.04
Texas Higher Education Coordinating Board		
Minority Health Research And Education	\$	15,638.98
Nursing and Allied Health	\$	189,530.09
TEXAS Grant Program	\$	14,091,578.00
Professional Nursing Shortage Reduction Program	\$	229,967.87
College Work Study Program	\$	130,032.00
Top 10% Scholarships	\$	20,000.00
Workstudy Mentorship Program	\$	51,487.50
Developmental Education Program	\$	72,066.31
Autism - BCBA Training	\$	21,588.77
Educational Aide Program	\$	12,195.00
Total State Pass-Thru Grant Revenue	\$	<u>16,225,882.48</u>

Pass Through To:

None.

UNAUDITED

Sam Houston State University

Notes to the Financial Statements
For the Year Ended August 31, 2018

Schedule 2A
Miscellaneous Bond Information
For the Year Ended August 31, 2018

Schedule Not Used

UNAUDITED

Sam Houston State University

Notes to the Financial Statements
For the Year Ended August 31, 2018

Schedule 2B
Changes in Bond Indebtedness
For the Year Ended August 31, 2018

Schedule Not Used

UNAUDITED

Sam Houston State University

Notes to the Financial Statements
For the Year Ended August 31, 2018

Schedule 2C
Debt Service Requirements
For the Year Ended August 31, 2018

Schedule Not Used

Sam Houston State University

Notes to the Financial Statements
For the Year Ended August 31, 2018

Schedule 2D
Analysis of Funds Available for Debt Service
For the Year Ended August 31, 2018

Business Type Activities
General Obligation Bonds

Schedule Not Used

Business Type Activities
Revenue Bonds

Schedule Not Used

UNAUDITED

Sam Houston State University

Notes to the Financial Statements
For the Year Ended August 31, 2018

Schedule 2E
Defeased Bonds Outstanding
For the Year Ended August 31, 2018

Schedule Not Used

UNAUDITED

Sam Houston State University

Notes to the Financial Statements
For the Year Ended August 31, 2018

Schedule 2F
Early Extinguishment and Refunding
For the Year Ended August 31, 2018

Business Type Activities
General Obligation Bonds

Schedule Not Used

Business Type Activities
Revenue Bonds

Schedule Not Used

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

Schedule 3 Reconciliation of Cash in State Treasury

Cash in State Treasury	Unrestricted	Restricted	Current Year Total
	\$	\$	\$
Local Revenue Fund 259	12,144,956.21		12,144,956.21
Law Enforcement Mgt. Institute Fund 581	1,588,587.81		1,588,587.81
CJ Correctional Management Institute Fund 5083	984,807.22		984,807.22
	\$	\$	\$
Total Cash in State Treasury (Stmnt of Net Assets)	<u>14,718,351.24</u>	<u>0.00</u>	<u>14,718,351.24</u>

Sam Houston State University

Notes to the Financial Statements For the Year Ended August 31, 2018

Schedule 4 Higher Education Assistance Fund

	<u>Total</u>
Balance September 1, 2017	<u>\$ 11,995,890.61</u>
REVENUES	
Appropriations	<u>17,329,858.00</u>
Total Revenues	<u>17,329,858.00</u>
EXPENSES	
Capital Expenditures	11,350,290.28
Professional Fees and Services	72,074.94
Materials and Supplies	2,627,314.05
Repairs and Maintenance	59,404.74
Service	34,613.35
Interest	-
Real Property	1,090,809.52
Rent - Machine and Other	60.00
Other Expenses	<u>1,760,805.64</u>
Total Expenses	<u>16,995,372.52</u>
BALANCE AT AUGUST 31, 2018	<u><u>\$ 12,330,376.09</u></u>





