

SUL ROSS STATE UNIVERSITY

A Member of the Texas State University System

ALPINE, TEXAS



Financial Report

For the Year Ended

August 31, 2012

UNAUDITED

SUL ROSS STATE UNIVERSITY

FINANCIAL REPORT

For the Year Ended August 31, 2012



SUL ROSS STATE UNIVERSITY

A Member of the Texas State University System
ALPINE, TEXAS 79832

Office of
The Controller

Phone (432) 837-8042
Fax (432) 837-8177

November 1, 2012

Dr. Ricardo Maestas
President
Sul Ross State University
Alpine, TX 79832

Dear Dr. Maestas:

Submitted herein is the Annual Financial Report of Sul Ross State University for the fiscal year ended August 31, 2012.

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 Texas 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 States 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 Oscar Jimenez at 432-837-8042. John Young may be contacted at 432-837-8180 for questions related to the Schedule of Expenditures of Federal Awards.

Respectfully submitted,

Handwritten signature of Oscar P. Jimenez in blue ink.

Oscar P. Jimenez
Controller

Handwritten signature of Corina Ramirez in blue ink.

Corina Ramirez
Assistant Controller

Handwritten signature of Nieves Kolesar in blue ink.

Nieves Kolesar
Accountant

Handwritten signature of John Young in blue ink.

John Young
Accountant

Approved:

Handwritten signature of Cesario Valenzuela in blue ink.

Cesario Valenzuela
Vice President for Finance & Operations

OJ:rh

UNAUDITED

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**BOARD OF REGENTS
TEXAS STATE UNIVERSITY SYSTEM
At August 31, 2012**

OFFICERS

Charlie AmatoChairman
Donna Williams Vice Chairman

MEMBERS

Terms Expire February 1, 2013
Trisha Pollard..... Bellaire
William ScottNederland

Terms Expire February 1, 2015
Kevin Lilly..... Houston
Ron Lynn Mitchell..... Horseshoe Bay
David MontagneOrange

Terms Expire February 1, 2017
Jaime Garza..... San Antonio
Rossana Salazar... Austin

Brian McCall, Chancellor

**ADMINISTRATIVE OFFICIALS
SUL ROSS STATE UNIVERSITY
At August 31, 2012**

Dr. Ricardo Maestas.....President
Cesario Valenzuela Vice President for Finance & Operations
Clifton Quint Thurman Provost & Vice President for Academic & Student Affairs
Denise Groves..... Vice President for Enrollment Management
Jim Clouse.....Associate Vice President for Facilities Planning and Construction
Leo Dominguez..... Associate Vice President for Advancement/University Relations
..... and Dean of Student Life
J. Paul Sorrels Associate Provost/Dean-Rio Grande College

UNAUDITED
STUDENT ENROLLEMENT
Sul Ross State University
For the Year ended August 31,2012

		Long Session		Summer Session	
		Fall 2011	Spring 2012	SUMMER I, 2012	SUMMER II, 2012
		Academic Classification			
Alpine	Undergraduate	1,449	1,358	355	310
	Graduate	536	537	334	287
	Total	1,985	1,895	689	597
RGC	Undergraduate	728	713	358	302
	Graduate	243	211	109	101
	Total	971	924	467	403
Total	Undergraduate	2,177	2,071	713	612
	Graduate	779	748	443	388
	Total	2,956	2,819	1,156	1,000

		Residency Status			
Alpine	Resident	1,907	1,817	641	564
	Non Resident	62	61	26	23
	Foreign	16	17	22	10
	Total	1,985	1,895	689	597
RGC	Resident	963	918	465	400
	Non Resident	2	1	0	1
	Foreign	6	5	2	2
	Total	971	924	467	403
Total	Resident	2,870	2,735	1,106	964
	Non Resident	64	62	26	24
	Foreign	22	22	24	12
	Total	2,956	2,819	1,156	1,000

Enrollment Data (Fall Semester) - Duplicated

	Students	Semester Hours
Fall 2011	2,956	29,858

UNAUDITED
STUDENT ENROLLMENT
SUL ROSS STATE UNIVERSITY
For the Year Ended August 31, 2012
(Concluded)

TYPE OF STUDENT	NUMBER OF STUDENTS BY SEMESTER			
	FALL 2011	SPRING 2012	SUMMER TERM 2012	
			FIRST	SECOND
Texas Residents	1,466	1,238	417	349
Out of State (Classified as Residents)				
Out of State	64	62	26	24
Foreign	22	22	24	12
Children of Disabled				
Concurrent Enrollment	75	72	3	2
Foster Children of the State	9	7	5	3
Good Neighbor	4	3	1	
High School Honor Scholarships				
High Ranking Senior	2	2		
Hazelwood Act	55	58	26	26
Senior Citizens	6	4	1	1
Commission for the Blind/Deaf	6	6	3	3
Fireman Exempt				
Thesis Only				
Student Service Fees				
Nursing				
Faculty/Staff	44	49	37	22
Teaching Assistants	10	11	6	4
Competitive Scholarships	16	17	7	8
Military Personnel	12	10	3	4
Louisiana Adjacent County				
Mexico Pilot				
National Student Exchange Program				
New Mexico Adjacent County	11	10	7	8
Texas Tomorrow Waiver				
Adopted Students	2	2		1
Military Dependent				
Pase	9	8	5	4
TANF				
H.B. 877				
Distance Learning	1,137	1,226	585	527
Family & Consumer Science Alliance Agreement				
Clinical Preceptor Exempt				
Beaumont-Louisiana Non-resident				
UACH				
Early HS Grad				
TAPS Tuition Voucher 54.2111				
TDCJ-54.218 Education Code		3		
Trio Grant Math 0301	4	7		
HB 1406 Non US Citizen	2	2		2
Totals	<u>2,956</u>	<u>2,819</u>	<u>1,156</u>	<u>1,000</u>

Enrollment Data (Fall Semester)

Fiscal Year	STUDENTS	SEMESTER HOURS
2012	2,956	29,858

UNAUDITED

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PRIMARY FINANCIAL STATEMENTS

Texas State University System
Sul Ross State University
Statement of Net Assets
As of August 31, 2012

ASSETS

Current Assets:

Cash and Cash Equivalents:	
Cash on Hand	17,659.12
Cash in Bank	1,306,300.55
Cash in Transit/Reimbursement from Treasury	1,983,562.66
Cash in State Treasury	517,814.15
Cash Equivalents	13,282,680.16
Securities Lending Collateral	-
Short Term Investments	-
Restricted:	
Cash and Cash Equivalents:	
Cash on Hand	461.17
Cash in Bank	(821,309.19)
Cash in Transit/Reimbursement from Treasury	-
Cash in State Treasury	-
Cash Equivalents	9,362,739.90
Short Term Investments	99,000.00
Legislative Appropriations	6,550,840.29
Investments	-
Receivables:	
Federal	1,238,525.82
Other Intergovernmental	-
Interest and Dividends	66,736.49
Accounts Receivable	1,328,427.08
Gifts	-
Investment Trades	-
Other	-
Interfund Receivables	-
Due From Other Agencies	42,896.53
Consumable Inventories	193,423.28
Merchandise Inventories	31,892.16
Prepaid Items	315,992.03
Loans and Contracts	436,323.48
Other Current Assets	-
Total Current Assets	<u>35,953,965.68</u>

Non-Current Assets:

Restricted:	
Cash and Cash Equivalents:	
Cash on Hand	-
Cash in Bank	-
Cash in Transit/Reimbursement from Treasury	-
Cash in State Treasury	-
Cash Equivalents	-
Short Term Investments	-
Receivables	-
Investments	-
Loans and Contracts	-
Other Assets	-
Deferred Charges	-
Loans and Contracts	-
Investments	5,323,187.01
Derivative Instrument Assets	-
Deferred Outflow of Resources	-
Interfund Receivables	-
Capital Assets:	
Non-Depreciable or Non-Amortizable:	
Land and Land Improvements	929,918.48
Infrastructure	-
Construction in Progress	4,432,054.28
Other Capital Assets	257,700.00
Depreciable or Amortizable	
Buildings and Building Improvements	103,664,946.67
Less Accumulated Depreciation	(57,409,501.96)
Infrastructure	666,789.36
Less Accumulated Depreciation	(666,789.36)
Facilities and Other Improvements	3,224,983.46
Less Accumulated Depreciation	(2,643,589.91)
Furniture and Equipment	9,683,922.69
Less Accumulated Depreciation	(6,498,354.30)

Texas State University System
Sul Ross State University
Statement of Net Assets
As of August 31, 2012

Vehicles, Boats, and Aircraft	1,468,889.89
Less Accumulated Depreciation	(1,080,422.64)
Other Capital Assets	5,304,573.09
Less Accumulated Depreciation	(3,795,712.71)
Intangible Assets	173,740.00
Less Accumulated Amortization	(173,740.00)
Other Non-Current Assets	-
Total Non-Current Assets	62,862,594.05
Total Assets	98,816,559.73
LIABILITIES	
Current Liabilities:	
Payables:	
Accounts	1,708,521.90
Investment Trades	-
Payroll	1,334,796.60
Other Intergovernmental	-
Federal	-
Other	278,996.78
Interfund Payable	-
Due to Other Agencies	-
Deferred Revenues	5,455,170.48
Notes and Loans Payable	-
Revenue Bonds Payable, Net	-
General Obligation Bonds Payable, Net	-
Claims and Judgments	-
Employees' Compensable Leave	473,922.00
Capital Lease Obligations	-
Liabilities Payable from Restricted Assets	-
Obligations/Reverse Purchase Agreements	-
Obligations Under Securities Lending	-
Funds Held for Others	222,756.92
Other Current Liabilities	426,189.64
Total Current Liabilities	9,900,354.32
Non-Current Liabilities:	
Interfund Payables	-
Notes and Loans Payable	-
Revenue Bonds Payable, Net	-
General Obligation Bonds Payable, Net	-
Derivative Instrument Liabilities	-
Deferred Inflow of Resources	-
Net OPEB Obligation	-
Pollution Remediation Obligations	-
Liabilities Payable from Restricted Assets	-
Claims and Judgments	-
Employees' Compensable Leave	321,353.00
Capital Lease Obligations	-
Other Non-Current Liabilities	-
Total Non-Current Liabilities	321,353.00
Total Liabilities	10,221,707.32
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	57,539,407.04
Restricted for:	
Education	1,298,683.08
Debt Retirement	1,440,383.23
Capital Projects	4,463,381.45
Employee Benefits	-
Funds Held As Permanent Investments:	
Non-Expendable	14,304,943.56
Expendable	-
Other	3,659,967.49
Unrestricted	5,888,086.56
Total Net Assets	88,594,852.41

Texas State University System
Sul Ross State University
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended August 31, 2012

OPERATING REVENUES

Sales of Goods and Services	
Tuition and Fees (PR-Chgs for Services)	-
Tuition and Fees - Pledged (PR-Chgs for Services)	17,818,630.59
Discounts and Allowances	(5,065,585.22)
Hospitals (PR-Chgs for Services)	-
Hospitals - Pledged (PR-Chgs for Services)	-
Discounts and Allowances	-
Professional Fees (PR-Chgs for Services)	-
Professional Fees - Pledged (PR-Chgs for Services)	-
Discounts and Allowances	-
Auxiliary Enterprises (PR-Chgs for Services)	-
Auxiliary Enterprises - Pledged (PR-Chgs for Services)	4,101,684.82
Discounts and Allowances	-
Other Sales of Goods and Services	944,305.43
Other Sales of Goods and Services - Pledged	-
Discounts and Allowances	-
Interest and Investment Income (PR-Chgs for Services)	-
Interest and Investment Income (GR) Pledged	-
Net Increase (Decrease) Fair Market Value (PR-OP Grants/Contributions)	-
Net Increase (Decrease) Fair Market Value (GR) - Pledged	-
Federal Revenue-Operating (PR-OP Grants/Contributions)	5,591,258.32
Federal Pass-Through Revenue (PR-OP Grants/Contributions)	449,524.22
State Grant Revenue (PR-OP Grants/Contributions)	-
State Grant Pass-Through Revenue (PR-OP Grants/Contributions)	1,080,908.26
Other Grants and Contracts (PR-OP Grants/Contributions)	196,115.88
Other Grants and Contracts (PR-OP Grants/Contributions) - Pledged	-
Contributions to Retirement Systems (PR-Chgs for Services)	-
Other Operating Revenues (PR-Chgs for Services)	-
Other Operating Revenues (GR) - Pledged	-
Total Operating Revenues	<u>25,116,842.30</u>

OPERATING EXPENSES

Instruction	12,237,876.50
Research	1,952,378.34
Hospitals and Clinics	-
Public Service	1,386,094.87
Academic Support	4,145,078.08
Student Services	3,158,836.72
Institutional Support	8,999,879.00
Operation and Maintenance of Plant	3,740,510.95
Scholarship and Fellowships	8,264,397.03
Auxiliary Enterprise Expenditures	4,352,495.95
Depreciation and Amortization	3,934,924.98
Total Operating Expenses	<u>52,172,472.42</u>
Operating Income (Loss)	<u>(27,055,630.12)</u>

Texas State University System
Sul Ross State University
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended August 31, 2012

NONOPERATING REVENUES (EXPENSES):	
Legislative Revenue (GR)	24,577,155.00
Additional Appropriations (GR)	3,330,322.19
Federal Revenue (PR-OP Grants/Contributions)	5,515,478.12
Federal Pass-Through Revenue (PR-OP Grants/Contributions)	-
Gifts (PR-OP Grants/Contributions)	1,773,582.66
Investment Income (Expense) (PR-OP Grants/Contributions)	95,623.97
Investment Income (Expense) (GR) - Pledged	-
Loan Premium/Fees on Securities Lending (PR-OP Grants/Contributions)	-
Investing Activities Expenses	-
Interest Expenses and Fiscal Charges	-
Borrower Rebates and Agent Fees	-
Gain (Loss) on Sale of Capital Assets (GR)	-
Net Increase (Decrease) in Fair Value of Investments (PR-OP Grants/Contributions)	105,070.75
Net Increase (Decrease) in Fair Value of Investments (GR) - Pledged	-
Settlement of Claims (PR-Chgs for Services)	-
Settlement of Claims (GR) - Pledged	-
Other Nonoperating Revenues (Expenses) (PR-Chgs for Services)	(444,249.34)
Other Nonoperating Expenses (GR)	-
Total Nonoperating Revenues (Expenses)	<u>34,952,983.35</u>
Income (Loss) before Other Revenues, Expenses, Gains/Losses and Transfers	<u>7,897,353.23</u>
OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS	
Capital Contributions	-
Capital Appropriations (HEAF)	2,070,441.00
Federal Grant - Capital Grant Contributions	28,669.55
Contributions to Permanent and Term Endowments	127,776.83
Special Items	-
Extraordinary Items	-
Increase NA Interagency Transfer Capital Assets	141,085.23
Decrease NA Interagency Transfer Capital Assets	(6,627.97)
Transfer In	-
Transfer Out	(1,670,288.96)
Legislative Transfer In	-
Legislative Transfer Out	(2,714,767.97)
Lapses	<u>(0.03)</u>
Total Other Revenues, Expenses, Gains/Losses and Transfers	<u>(2,023,712.32)</u>
CHANGE IN NET ASSETS	<u>5,873,640.91</u>
Net Assets, September 1, 2011	82,721,211.50
Restatements	<u>-</u>
Net Assets, September 1, 2011, as Restated	<u>82,721,211.50</u>
NET ASSETS, August 31, 2012	<u><u>88,594,852.41</u></u>

Texas State University System
Sul Ross State University
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2012

Cash Flows from Operating Activities	
Receipts from Customers	967,795.43
Proceeds from Tuition and Fees	11,922,262.63
Proceeds from Research Grants and Contracts	7,501,947.20
Proceeds from Gifts	-
Proceeds from Loan Programs	13,742,766.79
Proceeds from Auxiliaries	3,687,634.54
Proceeds from Other Revenues	34,241.74
Payments to Suppliers for Goods and Services	(20,234,174.91)
Payments to Employees for Salaries	(20,648,520.77)
Payments to Employees for Benefits	(5,866,729.57)
Payments for Loans Provided	(13,268,369.84)
Payments for Other Expenses	<u>(279,983.42)</u>
Net Cash Provided by Operating Activities	<u>(22,441,130.18)</u>
Cash Flows from Noncapital Financing Activities	
Proceeds from Debt Issuance	-
Proceeds from State Appropriations	30,454,926.45
Proceeds from Gifts	1,602,896.68
Proceeds from Endowments	106,595.03
Proceeds of Transfers from Other Funds	-
Proceeds from Grant Receipts	5,515,478.12
Proceeds from Advances from Other Funds	-
Proceeds from Loan Programs	-
Proceeds from Other Financing Activities	-
Proceeds from Contributed Capital	-
Payments of Principal on Debt Issuance	-
Payments of Interest	-
Payments of Other Costs of Debt Issuance	-
Payments for Transfers to Other Funds	(1,670,288.96)
Payments for Grant Disbursements	-
Payments for Advances to Other Funds	-
Payments for Other Uses	<u>(340,656.64)</u>
Net Cash Provided by Noncapital Financing Activities	<u>35,668,950.68</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from the Sale of Capital Assets	-
Proceeds from Debt Issuance	-
Proceeds from State Grants and Contracts	-
Proceeds from Federal Grants and Contracts	11,390.79
Proceeds from Gifts	-
Proceeds from Other Financing Activities	-
Proceeds from Capital Contributions	-
Proceeds from Advances from Other Funds	-
Payments for Additions to Capital Assets	(5,419,248.04)
Payments of Principal on Debt	(2,714,767.97)
Payments for Capital Lease	-
Payments of Interest on Debt Issuance	-
Payments of Other Costs of Debt Issuance	<u>-</u>
Net Cash Provided by Capital and Related Financing Activities	<u>(8,122,625.22)</u>

Texas State University System
Sul Ross State University
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2012

Cash Flows from Investing Activities	
Proceeds from Sales of Investments	3,459,491.81
Proceeds from Interest Income	207,434.39
Proceeds from Investment Income	-
Proceeds from Principal Payments on Loans	-
Payments to Acquire Investments	<u>(4,197,195.75)</u>
Net Cash Provided by Investing Activities	<u>(530,269.55)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,574,925.73
Cash and Cash Equivalents, September 1, 2011	21,074,982.79
Changes in Accounting Principle	-
Changes in Reporting Entity	-
Restatements to Beginning Cash and Cash Equivalents	<u>-</u>
Cash and Cash Equivalents, September 1, 2011 - Restated	<u>21,074,982.79</u>
Cash and Cash Equivalents, August 31, 2012	<u><u>25,649,908.52</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	(27,055,630.12)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Amortization and Depreciation	3,934,924.98
Bad Debt Expense	125,100.00
Operating Income (Loss) and Cash Flow Categories: Classification Differences:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(339,199.52)
(Increase) Decrease in Due from Other Funds	-
(Increase) Decrease in Inventories	(5,943.03)
(Increase) Decrease in Prepaid Expenses	56,991.39
(Increase) Decrease in Notes Receivable	-
(Increase) Decrease in Loans & Contracts	474,396.95
(Increase) Decrease in Other Assets	-
(Increase) Decrease in State Appropriations	-
Increase (Decrease) in Payables	1,065,278.56
Increase (Decrease) in Deposits	23,490.00
Increase (Decrease) in Due to Other Funds	-
Increase (Decrease) in Deferred Income	(687,251.24)
Increase (Decrease) in Compensated Absence Liability	(17,440.00)
Increase (Decrease) in Benefits Payable	-
Increase (Decrease) in Other Liabilities	<u>(15,848.15)</u>
Total Adjustments	<u>4,614,499.94</u>
Net Cash Provided by Operating Activities	<u><u>(22,441,130.18)</u></u>
Non Cash Transactions	
Donation of Capital Assets	262,267.67
Net Change in Fair Value of Investments	105,070.75
Borrowing Under Capital Lease Purchase	-
Other	-

Texas State University System
Sul Ross State University
Matrix of Operating Expenses Reported by Function
For the Fiscal Year Ended August 31, 2012

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maint. of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Operating Expenses
Cost of Goods Sold	-	-	-	-	-	-	-	-	-	-	-
Salaries and Wages	8,907,495.17	963,694.75	782,926.13	2,238,083.55	1,948,379.91	3,610,545.58	1,148,138.88	354,296.57	941,655.50	-	20,895,216.04
Payroll Related Costs	2,640,263.07	191,615.61	227,433.50	592,812.82	532,328.43	1,014,970.33	348,592.57	148.02	318,565.22	-	5,866,729.57
Professional Fees and Services	3,602.50	15,160.77	550.00	30,973.63	18,335.82	57,408.72	4,774.50	-	87,673.85	-	218,479.79
Federal Grant Pass-Through Expense	-	397,042.63	-	-	16,661.27	-	-	-	-	-	413,703.90
State Grant Pass-Through Expense	-	-	-	-	-	-	-	-	-	-	-
Travel	148,364.63	51,164.20	46,505.64	137,087.48	169,523.04	123,570.64	2,164.42	1,441.81	164,219.52	-	844,041.38
Materials and Supplies	291,981.66	197,332.94	193,367.01	486,524.11	255,416.72	1,149,117.38	164,763.59	451.52	1,107,871.03	-	3,846,825.96
Communications and Utilities	45,335.51	3,809.70	5,931.46	131,489.23	21,623.27	887,951.77	705,177.31	-	728,393.85	-	2,529,712.10
Repairs and Maintenance	7,556.73	638.87	-	7,649.20	-	103,915.19	220.00	-	2,610.12	-	122,590.11
Rentals and Leases	42,331.29	4,360.17	11,011.89	153,106.23	21,263.40	35,551.33	1,300,175.33	-	59,310.28	-	1,627,109.92
Printing and Reproduction	31,910.79	4,218.00	20,790.24	26,142.26	61,811.51	60,459.15	231.43	63.07	23,329.58	-	228,956.03
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	3,934,924.98	3,934,924.98
Bad Debt Expense	-	-	-	-	-	113,080.00	-	-	12,020.00	-	125,100.00
Interest	0.11	0.33	-	-	-	6,639.64	-	-	-	-	6,640.08
Scholarships	3,000.00	7,250.00	-	119,769.07	42,650.00	127,277.41	-	7,903,801.04	245.00	-	8,203,992.52
Claims and Judgments	-	-	-	-	-	-	-	-	-	-	-
Net Change in Pension/OPFB Obligation	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	116,035.04	116,090.37	97,579.00	221,440.50	70,843.35	1,709,391.86	66,272.92	4,195.00	906,602.00	-	3,308,450.04
Total Operating Expenses	12,237,876.50	1,952,378.34	1,386,094.87	4,145,078.08	3,158,836.72	8,999,879.00	3,740,510.95	8,264,397.03	4,352,495.95	3,934,924.98	52,172,472.42

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SUL ROSS STATE UNIVERSITY
A Member of the Texas State University System
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity Sul Ross State University ("the University") is 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.

Due to the statewide requirements embedded in to Governmental Accounting Standards Board Statement (GASB) 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 of 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. In accordance with GASB No. 35, the University is reporting as a special-purpose government engaged only in Business-Type Activities within the Proprietary Fund Type. The accompanying entity-wide Financial Statements are prepared as such.

Proprietary Fund

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

Blended Component Units

No component units have been identified which should have been blended into an appropriated fund.

Discrete Component Units

Sul Ross State University has two discrete component units. Information on the component unit can be found in Note 19.

Basis of Accounting: For financial reporting purposes, the University is considered a special-purpose government engaged only in Business-Type activities. Accordingly, the University's financial statements have been presented using the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. The proprietary funds utilized by the University distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All significant intra-agency transactions have been eliminated.

Restricted Net Assets: When both restricted and unrestricted net assets are available for use, restricted resources are used first, then unrestricted resources are used as they are needed.

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Budget and Budgetary Accounting

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

Assets, Liabilities, and Fund Balances/Net Assets

Cash Equivalents: For purposes of the statements of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State Treasurer's Cash Management Program are considered cash equivalents.

Investments: The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported in the statements of revenues, expenses, and changes in net assets.

Accounts Receivable: Accounts receivable consists of tuition and fees charged to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts.

Inventories and Prepaid Items: Inventories are carried at the lower of cost or market on or the average cost basis. The consumption method of accounting is used to account for inventories and prepaid items. The cost of these items is expensed when the items are consumed.

Inventories consisted of the following at August 31, 2012:

General Stores	\$ 172,308.66
Print Shop	18,645.68
Industrial Technology	7,715.76
RAS Meats Lab	5,158.56
Museum	21,114.62
Motor Pool	372.16
	<u>\$225,315.44</u>

Restricted Assets: Restricted assets include cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets.

Deferred Revenue: Deferred revenues include amounts received from students and grant and contract sponsors that have not yet been earned. As of August 31, 2012, this amount totaled \$5,455,170.48.

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Livestock for educational purposes is recorded at estimated fair value. For equipment, the University capitalizes all items with a unit cost of \$5,000 or more. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

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Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 50 years for buildings, 20 to 25 years for infrastructure and land improvements, and 3 to 7 years for equipment. Inexhaustible assets such as works of art and historical treasures are not depreciated.

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. Accounts payable as of August 31, 2012 total \$1,708,521.90.

Compensated Absences: Employee vacation pay and overtime is accrued at year-end for financial statement purposes. The liability is recorded at year-end as Employee Compensable Leave (current and non-current) in the statement of net assets. The expense is recorded as a component of operating expenses in the statement of revenues, expenses, and changes in net assets.

Non-current Liabilities: Non-current liabilities include (1) notes payable (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

Net Assets: The University's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets - expendable: Restricted expendable net assets include resources in which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted net assets - nonexpendable: Nonexpendable restricted net assets consist of endowment and similar type funds 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, which may either be expended or added to principal.

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

Income Taxes: The University, as an agency of the State of Texas, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

Classification of Revenues: The University has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) some Federal, state and local grants and contracts and Federal appropriations, and (4) interest on institutional student loans.

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Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 34, such as state appropriations and investment income.

Scholarship Discounts and Allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Interfund Activities and Balances

The agency has the following types of transactions between 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 due two or more years is classified as "Non-Current".
- (4) **Interfund Sales and Purchases:** Includes charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

The composition of the agency's Interfund activities and balances are presented in Note 12.

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Note 2: Capital Assets

Following are the changes in capital assets for the year ended August 31, 2012:

	Balance 9/1/2011	Adjustments	Completed CIP	Increase Interagency Transfers	Decrease Interagency Transfers	Additions	Deletions	Balance 8/31/2012
Non-Depreciable Assets								
Land and Land Improvements	\$ 929,918.48	0.00	0.00	0.00	0.00	0.00	0.00	\$ 929,918.48
Construction in Progress	\$ 789,603.84	0.00	0.00	0.00	0.00	3,643,450.44	0.00	\$ 4,432,054.28
Other Assets	\$ 257,700.00	0.00	0.00	0.00	0.00	0.00	0.00	\$ 257,700.00
Total Non-Depreciable Assets	\$ 1,976,222.32	0.00	0.00	0.00	0.00	3,643,450.44	0.00	\$ 5,619,672.76
Depreciable Assets								
Buildings and Building Improvements	\$ 102,870,213.54	0.00	0.00	0.00	0.00	794,733.13	0.00	\$ 103,664,946.67
Infrastructure	\$ 666,789.36	0.00	0.00	0.00	0.00	0.00	0.00	\$ 666,789.36
Furniture & Equipment	\$ 9,022,037.88	0.00	0.00	225,077.87	(11,598.85)	913,191.57	(464,785.68)	\$ 9,683,922.69
Vehicles, Boats and Aircraft	\$ 1,549,252.37	0.00	0.00	0.00	0.00	52,735.66	(133,098.14)	\$ 1,468,889.89
Other Assets	\$ 5,144,718.14	0.00	0.00	0.00	0.00	159,854.95	0.00	\$ 5,304,573.09
Facilities & Other Improvements	\$ 3,224,983.46	0.00	0.00	0.00	0.00	0.00	0.00	\$ 3,224,983.46
Total Depreciable Assets at Historical Costs	\$ 122,477,984.85	0.00	0.00	225,077.87	(11,598.85)	1,920,515.31	(597,883.82)	\$ 124,014,105.16
Intangible Capital Assets Amortized								
Intangible Computer Software	\$ 832,349.09	0.00	0.00	0.00	0.00	0.00	(658,609.09)	\$ 173,740.00
Total Intangible Capital Assets Amortized	\$ 832,349.09	0.00	0.00	0.00	0.00	0.00	(658,609.09)	\$ 173,740.00
Less Accumulated Depreciation for Buildings and Building Improvements								
Buildings and Building Improvements	\$ (54,519,111.40)	0.00	0.00	0.00	0.00	(2,890,390.56)	0.00	\$ (57,409,501.96)
Infrastructure	\$ (666,789.36)	0.00	0.00	0.00	0.00	0.00	0.00	\$ (666,789.36)
Facilities & Other Improvements	\$ (2,614,604.27)	0.00	0.00	0.00	0.00	(28,985.64)	0.00	\$ (2,643,589.91)
Vehicles, Boats and Aircraft	\$ (1,100,326.63)	0.00	0.00	0.00	0.00	(113,194.15)	133,098.14	\$ (1,080,422.64)
Furniture & Equipment	\$ (6,142,220.92)	0.00	0.00	(83,992.44)	4,970.88	(725,688.58)	448,556.76	\$ (6,498,354.30)
Other Assets	\$ (3,619,026.66)	0.00	0.00	0.00	0.00	(176,686.05)	0.00	\$ (3,795,712.71)
Total Accumulated Depreciation	\$ (68,662,076.24)	0.00	0.00	(83,992.44)	4,970.88	(3,934,924.98)	581,654.90	(72,094,370.88)
Accumulated Amortization								
Intangible Computer Software	\$ (627,916.40)	0.00	0.00	0.00	0.00	-	654,176.40	\$ (173,740.00)
Total Accumulated Depreciation	\$ (827,916.40)	0.00	0.00	0.00	0.00	-	654,176.40	\$ (173,740.00)
Total Accumulated Depreciation/Amortization	\$ (69,489,995.64)	0.00	0.00	(83,992.44)	4,970.88	(3,934,924.98)	1,235,831.30	(72,268,110.88)
Depreciable Assets, Net	\$ 52,987,999.21	0.00	0.00	141,085.23	(6627.97)	(2,014,409.67)	637,947.48	\$ 51,745,994.28
Total Capital Assets, Net	\$ 55,796,570.62	0.00	0.00	141,085.23	(6627.97)	1,629,040.77	(20,661.61)	\$ 57,539,407.04

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NOTE 3: Deposits, Investments, & Repurchase Agreements

Authorized Investments

The University is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Governmental Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit and (5) other instruments and obligations authorized by statute.

Deposits of Cash in Bank

As of Aug. 31, 2012 the carrying amount of deposits was	\$	484,991.36
Governmental and Business - Type Activities		
Cash in Bank - Carrying Amount	\$	464,991.36
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalent		0.00
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral		0.00
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral		0.00
Total Cash in Bank per AFR	\$	464,991.36
Governmental Funds Current Assets Cash in Bank		0.00
Governmental Funds Current Assets Restricted Cash in Bank		0.00
Governmental Funds Noncurrent Assets Restricted Cash in Bank		0.00
Propriety Funds Current Assets Cash in Bank	\$	1,306,303.55
Propriety Funds Current Assets Restricted Cash in Bank		(821,309.19)
Propriety Funds Noncurrent Restricted Cash in Bank		0.00
Cash in Bank per AFR	\$	464,991.36

At August 31, 2012, the actual balance on deposit with local banks was \$3,476,575.44.

Investments

The investments as of August 31, 2012 are at the "Fair Market Value". To comply with the reporting requirements of GASB Statement No. 40, the University's investments are shown below to give an indication of credit risk assumed by the University at year end.

Credit risk is the risk that another party to a deposit or investment transaction will not fulfill its obligations. This is not to be confused with market risk which is the risk that the market value of an investment, collateral protecting a deposit, or securities underlying a repurchase agreement will decline. Market risk is not depicted in this note.

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GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES	Fair value
U.S. Government	
U.S. Treasury Securities	\$ -
U.S. Government Agency Obligations	
U.S. Government Agency Obligations (Texas Treasury Safekeeping)	3,733,442.67
Corporatate Obligations	-
Corporate Obligations (Texas Treasury Safekeeping)	-
Corporate Asset and Mortgage Backed Securities	-
Equity	1,456,537.54
Repurchase Agreement	-
Fixed Income Money Market and Bond Mutual Fund	-
Other Commingled Funds	-
Other Commingled Funds - Texpool	22,645,420.06
Commercial Paper	-
Real Estate	26,000.00
Miscellaneous	206,206.80
	<hr/>
Total	\$ 28,067,607.07
	<hr/>
Consisting of the Following	
Proprietary Funds Current Cash Equivalents	\$ 13,282,680.16
Proprietary Funds Current Restricted Cash Equivalents	9,362,739.90
Proprietary Funds Short Term Investments	99,000.00
Proprietary Funds Non-Current Restricted Cash Equivalents	-
Proprietary Funds Non-Current Restricted Investments	-
Proprietary Funds Non-Current Investments	5,323,187.01
	<hr/>
Total as Above	\$ 28,067,607.07
	<hr/>

Securities Lending and Reverse Repurchase Agreements

The University does not participate in reverse repurchase agreements or a securities lending program and had no securities out on loan to brokers/dealers at August 31, 2012.

NOTE 4: SHORT TERM DEBT

Not used

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NOTE 5: SUMMARY OF LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

	Balance September 1, 2011	Additions	Reductions	Balance August 31, 2012	Due within One year
Accrued compensated absences	<u>812,715.00</u>	<u>651,584.00</u>	<u>669,024.00</u>	<u>795,275.00</u>	<u>473,922.00</u>
Total Long-Term Liabilities	<u>812,715.00</u>	<u>651,584.00</u>	<u>669,024.00</u>	<u>795,275.00</u>	<u>473,922.00</u>

Compensated Absences

Full-time state employees earn annual leave from seven to twenty 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 520 for those employees with 35 or more years of state service. Employees with at least six months of state services who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The University recognized the accrued liability for the unpaid annual leave in the Statement of Net Assets. For the year ended August 31, 2012, the total accrued liability including accrued overtime totaled \$473,922.00. Sick leave, the accumulation of which is unlimited, is earned at the rate of eight 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. No liability is recorded for non-vesting accumulating rights to receive pay benefits.

The University made lump sum payments totaling \$88,387.38 for accrued vacation (and/or compensatory time) to employees who separated from state service during fiscal year August 31, 2012.

Post Employment Health Care and Life Insurance Benefits

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for retired employees in accordance with State statutes. Substantially all of the employees may become eligible for those benefits if they reach normal retirement age while working for the State. The University participates in the ERS insurance plans. The information regarding the state's contribution, the number of eligible retirees and the cost of providing those benefits is included in the notes to the annual financial report of the ERS.

Note 6: BONDED INDEBTEDNESS

All bonded indebtedness for Sul Ross State University is issued by System Administration through the Texas State University System Revenue Financing System. System Administration and each component institution within the system are members of the Revenue Financing System. The Board of Regents 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 the institution are included with the Bonds Payable reported by System Administration.

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The Institution must repay the debt that was issued on its behalf; consequently, the following debt amortization schedule is presented for information purpose only:

<u>Description</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
All Series	2013	\$ 2,396,106.77	\$ 1,698,897.03	\$ 4,095,003.80
	2014	2,517,388.87	1,581,552.36	4,098,941.23
	2015	2,411,553.45	1,457,962.08	3,869,515.53
	2016-2020	11,104,215.04	5,457,647.22	16,561,862.26
	2021-2025	5,807,150.25	3,251,646.54	9,058,796.79
	2026-2030	5,015,000.00	2,024,500.00	7,039,500.00
	2031-2035	4,990,000.00	638,750.00	5,628,750.00
	2036-2040			
	TOTALS	<u>\$ 34,241,414.38</u>	<u>\$ 16,110,955.23</u>	<u>\$ 50,352,369.61</u>

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. The institution was appropriated \$2,742,327 during the current fiscal year for Tuition Revenue Bond debt service. The University expects future Legislative appropriations to meet the debt service for Tuition Revenue Bonds.

NOTE 7: DERIVATIVE INSTRUMENTS

Derivative Investing

Derivatives are financial instruments (securities or contracts) whose value is linked to, or "derived" from, changes in interest rates, currency rates, and stock and commodity prices. Derivatives cover a broad range of financial instruments, such as forwards, futures, options, swaps, and mortgage derivatives. These mortgage derivatives are influenced by changes in interest rates, the current economic climate, and the geographic make-up of underlying mortgage loans. There are varying degrees of risk associated with mortgage derivatives. For example, Planned Amortization Class (PACs) and Collateralized Mortgage Obligations (CMOs) are considered a more conservative lower risk investment. In contrast, principal only and interest only strips are considered higher risk investments.

The University holds various forms of collateralized mortgage obligations such as fixed coupon, inverse floating rate and principal only. The University invested in these securities in part to maximize yields and in part to hedge against falling interest rates. These securities are reported at fair value in the balance sheet. They are reported in aggregate as U.S. Government and Agency Securities in the disclosure of credit risk in this note.

These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to pre-payments by mortgagees, which may result from a decline in interest rates. However, these investments do not pose a significant risk. The University's investments in derivatives comprise less than 1%

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as of August 31, 2012 and August 31, 2011 with a fair value of \$2,544.58 and -0-, respectively.

The majority of these investments were purchased prior to fiscal year 1995. In 1995, the Texas Legislature took steps to limit state entities' and local governments' ability to invest in high risk derivatives by amending the Public Funds Investment Act. These statutory limitations do not apply to certain institutions of higher education having total endowments of at least \$95 million. The University is in compliance with the Public Funds Investment Act.

NOTE 8: LEASES

Operating Lease Obligations and Rental Agreement

Included in operating expenses is \$139,075.32 rent paid or due under operating leases for FY 2012.

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year are as follows.

Year Ended August 31,

2013 (Future Year 1)	\$244,272.86
2014 (Future Year 2)	244,272.86

Total Minimum Future Lease Rental Payments \$488,545.72

Note 9: PENSION PLANS

Not used

Note 10 DEFERRED COMPENSATION

Not used

Note 11: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Not used

Note 12: INTERFUND ACTIVITY AND TRANSACTIONS

Interfund Activities and Balances are numerous transactions between funds and agencies. At year-end, amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables: None
- Due From Other Agencies or Due To Other Agencies: See table below
- Due From Other Funds or Due To Other Funds: See table below

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- Transfers In or Transfers Out: See table below
- Legislative Transfers In or Legislative Transfers Out: See table below

The agency 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, 2012, follows:

Required Note 12 Presentation:		
Current Portion	Current Interfund Receivable	Current Interfund Receivable
General Revenue (01)	\$ 0.00	\$ 0.00
Total Interfund Receivable/Payable	\$ 0.00	\$ 0.00

Required Note 12 Presentation:			
Non-Current Portion	Non-Current Interfund Receivable	Non-Current Interfund Receivable	Purpose (Disclosure Required)
General Revenue (01)	\$ 0.00	\$ 0.00	
Special Revenue (02)	\$ 0.00	\$ 0.00	
Enterprise Fund (05)	\$ 0.00	\$ 0.00	
Total Interfund Receivable/Payable	\$ 0.00	\$ 0.00	

Optional Note 12 Presentation:			
	Due From Other Agencies	Due To Other Agencies	Source
General Revenue (01)			
Special Revenue (02)			
Enterprise Fund (05)			
Appd Fund 5015 and D23 Fund 5015			
(Agy 608, D23 Fund 5015)	\$ 14,140.69	\$ 0.00	TDMV Shared Cash
Appd Fund 9999 and D23 Fund 7999			
(Agy 733, D23 Fund 7999)	\$ 10,368.38	\$ 0.00	NSF Fed P-T
(Agy 754, D23 Fund 7999)	\$ 0.00	\$ 0.00	
(Agy 758, D23 Fund 7999)	\$ 0.00	\$ 0.00	
(Agy 802, D23 Fund 7999)	\$ 18,387.46	\$ 0.00	USFW Fed/State P-T
Total Due From/To Other Agencies (Exh 1)	\$ 42,896.53	\$ 0.00	

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SUL ROSS STATE UNIVERSITY
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NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

Optional Note 12 Presentation:		
	Transfers In	Transfers Out
General Revenue (01)		
Special Revenue (02)		
Enterprise Fund (05)		
Appd Fund 0347 and D23 Fund 0347		
(Agy 902, D23 Fund 0001)	\$ 0.00	\$ 0.00
Total Transfer for Fund 0347	\$ 0.00	\$ 0.00
Appd Fund 9999 and D23 Fund 7999		
(Agy 781, D23 Fund 5103)	\$ 0.00	\$ 79,275.17
(Agy 758, D23 Fund 7999)		\$ 1,591,013.79
Total Transfer for Fund 9999	\$ 0.00	\$ 1,670,288.96
Total Transfers	\$ 0.00	\$ 1,670,288.96
Required Note 12 Presentation:		
	Legislative Transfers In	Legislative Transfers Out
General Revenue (01)		
Appd Fund 0001 and D23 Fund 0001		
(Agy 758, D23 Fund 0001)		\$ 2,714,767.97
Total Transfer for Fund 0001	\$ 0.00	\$ 2,714,767.97
Total Legislative Transfers	\$ 0.00	\$ 2,714,767.97

Note 13: CONTINUANCE SUBJECT TO REVIEW

Not used.

Note 14: ADJUSTMENTS TO FUND BALANCES AND NET ASSETS

Not used.

Note 15: CONTINGENCIES AND COMMITMENTS

At August 31, 2012, various lawsuits and claims involving the University were pending. While the ultimate liability with respect to litigation and other claims asserted against the University cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the University.

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SUL ROSS STATE UNIVERSITY
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Note 16: SUBSEQUENT EVENTS

Not used

NOTE 17: RISK MANAGEMENT

The State provides coverage for workers' compensation and unemployment compensation benefits from appropriations made to other State agencies for Sul Ross State University employees. The current General Appropriations Act provides that Sul Ross State University must reimburse General Revenue Fund Consolidated, from Sul Ross State University appropriations, one-half of the unemployment benefits paid and twenty-five percent of the workers compensation benefits paid for former and current employees. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. Sul Ross State University must reimburse the General Revenue Fund one-hundred percent of the cost for workers compensation and unemployment compensation for any employees paid from funds held in local bank accounts. Workers compensation and unemployment plans are 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, 2012. The University has reserved funds for uninsured losses. These are reported in the Designated Funds. At August 31, 2012 there were no accrued contingent liabilities.

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 \$20,000/\$40,000 bodily injury and \$15,000 property damage. All vehicles owned or leased by Sul Ross State University are covered by one of two commercial insurance policies specifically customized for the Texas State University System. Both policies provide coverage to the extent of \$1,000,000 combined single liability. The coverage exceeds the extent of the waiver of state immunity in the Tort Claims Act.

Sul Ross State University maintains Fire and Extended Coverage and Boiler insurance on all buildings. There were -0- insurance claims made during the fiscal year ended August 31, 2012.

Note 18: MANAGEMENT DISCUSSION AND ANALYSIS (MO&A)

Not used

Note 19: The Financial Reporting Entity

Component Units (CUs)

CUs are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, CUs can be other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would create misleading or incomplete financial statements. Sul Ross State University has determined that it does not have legally separate organizations that should be considered Component Units.

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NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

Related Parties

The following foundations and organizations, while not component units, are disclosed due to their significant relationship with the University:

Sul Ross State University Friends of the Center for Big Bend Studies Inc.

Sul Ross State University Friends of the Center for Big Bend Studies Inc. was formed in 2003 to seek, receive, and disperse funding in support of the programs of the Sul Ross State University Center for Big Bend Studies. During 2012, the Friends of the Center for Big Bend Studies expended \$ 227,753.43 in support of the Center for Big Bend Studies.

Sul Ross State University Support Organization

Sul Ross State University Support Organization was formed in 2003 exclusively for charitable, educational, and scientific purposes. During 2012, the Support Organization expended \$ -0- in support of the mission and programs of the University.

Note 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Not used

Note 22: DONOR-RESTRICTED ENDOWMENTS

Donor Restricted Endowment	Amounts of Net Appreciation	Reported in Net Assets
True Endowments	\$ 105,070.75	Restricted for Nonexpendable
Term Endowments	- 0 -	Restricted for Nonexpendable
True Endowments	- 0 -	Restricted for Expendable
	<u>\$ 105,070.75</u>	

Note 23: EXTRAORDINARY AND SPECIAL ITEMS

Not used

Note 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Other Current Liabilities for the University at August 31, 2012 is comprised of the following:

Financial Aid Funds Received on 8/31/12 held in clearing accounts to be applied 9/1/12	\$ 254,350.07
Petty Cash Clearing	555.10
Payroll Deposits held in clearing account as of 8/31/12	<u>24,091.61</u>
	<u>\$ 278,996.78</u>

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NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

Federal Receivables at August 31, 2012 are comprised of the following:

<u>Federal Receivables by Program:</u>	<u>2012</u>
Instruction	1,684.31
Research	459,524.09
Public Service	73,566.56
Academic Support	490,182.06
Student Services	15,444.19
Operation and Maintenance of Plant	17,278.76
Scholarships and Fellowships	<u>180,845.85</u>
Total	<u>\$1,238,525.82</u>

<u>As Reported on the Financial Statements</u>	
Current Federal Receivable	\$ 1,238,525.82
Noncurrent Federal Receivable	- 0 -
Total Net Federal Receivable	<u>\$ 1,238,525.82</u>

Note 25: TERMINATION BENEFITS

Not used.

Note 26: SEGMENT INFORMATION

Not used.

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SUPPLEMENTAL SUPPORTING INFORMATION SCHEDULES

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SUL ROSS STATE UNIVERSITY
SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended August 31, 2012

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Identifying #	Pass Through From			Direct Program Amt	Total PT From & Direct Program
			Agy. Univ.	Agy. Univ Amount	Non-State Entities Amt		
			\$	\$	\$	\$	\$
U.S. Department of Agriculture							
Direct Programs:							
Hispanic Serving Institutions Education Grants	10.223					93,377.18	93,377.18
Pass Through To:							
University of Texas at San Antonio						16,661.27	16,661.27
Victoria College						11,183.28	11,183.28
Dallas County Community College District						1,084.34	1,084.34
Odessa College						2,707.85	2,707.85
Total U.S. Department of Agriculture						125,013.92	125,013.92
National Science Foundation							
Pass Through From:							
Texas Tech University							
Education and Human Resources	47.076		733	67,695.51		2,033.97	69,729.48
Total National Science Foundation				67,695.51		2,033.97	69,729.48
U.S. Small Business Administration							
Pass Through From:							
University of Texas at San Antonio							
Small Business Development Center	59.037		743	175,940.42		44,051.94	219,992.36
Total U.S. Small Business Administration				175,940.42		44,051.94	219,992.36
U.S. Department of Education							
Direct Programs:							
Higher Education-Institutional Aid	84.031					2,853,154.11	2,853,154.11
Gaining Early Awareness and Readiness for Undergraduate Program	84.334					535,489.54	535,489.54
Child Care Access Means Parents in School	84.335					24,826.80	24,826.80
Total U.S. Department of Education						3,413,470.45	3,413,470.45
Research and Development (R&D) Cluster							
U.S. Department of Agriculture							
Direct Programs:							
Grants for Agricultural Research, Special Research Grants	10.200					243,182.25	243,182.25
Pass Through To:							
Lamar University - Beaumont						110,805.12	110,805.12
The University of Texas - Pan American						15,380.18	15,380.18
Sam Houston State University						35,490.55	35,490.55
Texas State University - San Marcos						176,454.66	176,454.66
Rocky Mountain Bird Organization							
Total U.S. Department of Agriculture						581,312.76	581,312.76
U.S. Department of Defense							
Direct Programs:							
Basic, Applied, & Advanced Research in Science & Engineering	12.630					130,076.98	130,076.98
Pass Through To:							
Lamar University - Beaumont						69,351.53	69,351.53
Sam Houston State University						4,371.44	4,371.44
Pass Through From:							
Sam Houston State University			753	96,072.84		(91,541.12)	4,531.72
Total U.S. Department of Defense				96,072.84		112,258.83	208,331.67
U.S. Department of the Interior							
Direct Programs:							
Historic Preservation Fund Grants-In-Aid	15.904					173,807.75	173,807.75
Pass Through From:							
World Wildlife Foundation		FU47			3,571.98		3,571.98
Pass Through From:							
Texas Parks and Wildlife Department							
Cooperative Endangered Species Conservation Fund	15.615		802	77,517.45		6.16	77,523.61
Total U.S. Department of the Interior				77,517.45	3,571.98	173,813.91	254,903.34
Fish and Wildlife Cluster							
U.S. Department of the Interior							
Pass Through From:							
Texas Parks and Wildlife Department							
Wildlife Restoration	15.611		802	32,298.00		0.04	32,298.04
Total U.S. Department of the Interior				32,298.00		0.04	32,298.04
Student Financial Assistance Cluster							
U.S. Department of Education							
Direct Programs:							
Federal Supplemental Educational Opportunity Grants	84.007					73,376.00	73,376.00
Federal Work-Study Program	84.033					217,332.00	217,332.00
Federal Perkins Loan Program-Federal Capital Contributions	84.038					25,049.00	25,049.00
Federal Pell Grant Program	84.063					5,515,478.12	5,515,478.12
Federal Direct Student Loans	84.268					11,634,404.00	11,634,404.00
Academic Competitiveness Grants	84.375						
National Science and Mathematics Access to Retain Talent Grants	84.376						
Total U.S. Department of Education						17,465,639.12	17,465,639.12
TRIO Cluster							
U.S. Department of Education							
Direct Programs:							
TRIO-Student Support Services	84.042					234,337.85	234,337.85
TRIO-Talent Search	84.044					208,676.43	208,676.43
TRIO-Upward Bound	84.047					251,981.58	251,981.58
TRIO-McNair Post-Baccalaureate Achievement	84.217					178,696.21	178,696.21
Total U.S. Department of Education						873,692.07	873,692.07
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$ 449,524.22	\$ 3,571.98	\$ 22,791,287.01	\$ 23,244,383.21

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Agy. Univ. #	Pass Through To		Expenditures Amount	Total PT To & Expenditures
	Agy. Univ. Amount	Non-State Entities Amt		
\$	\$		\$	\$
			93,377.18	93,377.18
743	16,661.27			16,661.27
		11,183.28		11,183.28
		1,084.34		1,084.34
		2,707.85		2,707.85
	<u>16,661.27</u>	<u>14,975.47</u>	<u>93,377.18</u>	<u>125,013.92</u>
			69,729.48	69,729.48
	-	-	<u>69,729.48</u>	<u>69,729.48</u>
			219,992.36	219,992.36
	-	-	<u>219,992.36</u>	<u>219,992.36</u>
			2,853,154.11	2,853,154.11
			535,489.54	535,489.54
			24,826.80	24,826.80
	-	-	<u>3,413,470.45</u>	<u>3,413,470.45</u>
			243,182.25	243,182.25
734	110,805.12			110,805.12
736	15,380.18			15,380.18
753	20,679.70		14,810.85	35,490.55
754	176,454.66			176,454.66
	<u>323,319.66</u>	-	<u>257,993.10</u>	<u>581,312.76</u>
			130,076.98	130,076.98
734	69,351.53			69,351.53
753	4,371.44			4,371.44
			4,531.72	4,531.72
	<u>73,722.97</u>	-	<u>134,608.70</u>	<u>208,331.67</u>
			173,807.75	173,807.75
			3,571.98	3,571.98
			77,523.61	77,523.61
	-	-	<u>254,903.34</u>	<u>254,903.34</u>
			32,298.04	32,298.04
	-	-	<u>32,298.04</u>	<u>32,298.04</u>
			73,376.00	73,376.00
			217,332.00	217,332.00
			25,049.00	25,049.00
			5,515,478.12	5,515,478.12
			11,634,404.00	11,634,404.00
	-	-	<u>17,465,639.12</u>	<u>17,465,639.12</u>
			234,337.85	234,337.85
			208,676.43	208,676.43
			251,981.58	251,981.58
			178,696.21	178,696.21
	-	-	<u>873,692.07</u>	<u>873,692.07</u>
	<u>\$ 413,703.90</u>	<u>\$ 14,975.47</u>	<u>\$ 22,815,703.84</u>	<u>\$ 23,244,383.21</u>

UNAUDITED
SUL ROSS STATE UNIVERSITY
SCHEDULE 1A
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS continued
For the Fiscal Year Ended August 31, 2012

Note 1 - Non-monetary Assistance

Sul Ross State University did not receive any non-monetary federal assistance during fiscal year 2012.

Note 2 - Reconciliation

Below is a reconciliation of the total of federal pass-through and federal expenditures as reported on the Schedule of Federal Financial Assistance to the total of federal revenues and federal grant pass-through revenues as reported in the general-purpose financial statements. Generally, federal funds are not earned until expended; therefore, federal revenues equal federal expenditures for the reporting period.

Federal Revenue per Exhibit IV/SRECNA:	
Operating	\$ 5,591,258.32
Non-operating	5,515,478.12
Capital Contributions	28,669.55
Total Federal Revenue	\$ 11,135,405.99
 Federal Pass-Through Revenue per Exhibit IV/SRECNA:	
Operating	\$ 449,524.22
Non-operating	-
Capital Contributions	-
Total Federal Pass-Through Revenue	\$ 449,524.22
 Total Federal and Federal Pass-Through Revenue	 \$ 11,584,930.21
 Reconciling Items:	
Non-monetary assistance	
Student Loans Processed:	
Federal Family Education Loans (CFDA 84.032)	-
Federal Perkins Loans (CFDA 84.038)	25,049.00
Federal Direct Student Loans (CFDA 84.268)	11,634,404.00
Health Education Assistance Loans (CFDA 93.108)	-
Federal revenue received on the fixed fee basis contract	-
Federal revenue received under a vendor relationship	-
 Total Pass-Through and Expenditures per Federal Schedule	 \$ 23,244,383.21

Note 3 - Student Loans Processed and Administrative Costs Recovered

Federal Grantor/CFDA Number/ Program Name	New Loans Processed	Admin. Costs Recovered	Total Loans Processed & Admin. Costs Recovered	Ending Balances of Previous Years' Loans
U.S. Department of Education:				
84.032 Federal Family Education Loans	\$ -	\$ -	\$ -	\$ -
84.038 Federal Perkins Loans (*)	25,049.00	-	25,049.00	829,343.21
84.268 Federal Direct Student Loans	11,634,404.00	-	11,634,404.00	-
93.108 Health Education Assistance Loans	-	-	-	-
Total U.S. Department of Education	\$ 11,659,453.00	\$ -	\$ 11,659,453.00	\$ 829,343.21

(*) Sul Ross State University out-sources the Federal Perkins Loan Program to ACS, Inc.

Note 4 - Depository Libraries for Government Publications

Sul Ross State University does not participate as a depository library in the Government Publications program.

Note 5 - Unemployment Insurance

Sul Ross State University did not make any expenditures under CFDA 17.225 during fiscal year 2012.

Note 6 - Rebates from the Special Supplemental Food Program for Women, Infant and Children (WIC)

Sul Ross State University does not participate in the WIC program (CFDA 10.557).

Note 7 - Federal Deferred Revenue

Sul Ross State University did not have any federal deferred revenue for fiscal year 2012.

Note 8 - Supplemental Nutrition Assistance Program (SNAP)

Sul Ross State University does not participate in the SNAP program (CFDA 10.551).

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SUL ROSS STATE UNIVERSITY
SCHEDULE 1B
SCHEDULE OF STATE GRANT PASS THROUGHS FROM/TO STATE AGENCIES
For the Fiscal Year Ended August 31, 2012

Pass Through From:

Texas Water Development Board (Agy #580)	
WSC - Research	\$ 8,928.16
	<u>\$ 8,928.16</u>
University of Texas System Office (Agy #720)	
Joint Admissions Medical Program (JAMP)	\$ 2,733.12
	<u>\$ 2,733.12</u>
Texas Higher Education Coordinating Board (Agy #781)	
Texas Grants Program	\$ 998,604.00
College Work Study Program	16,255.69
College Readiness Initiative	(7,009.28)
Top 10% Scholarships	36,000.00
Early High School Program HB1479	25,396.57
	<u>\$ 1,069,246.98</u>
Total Pass Through From Other Agencies (Exh. II)	<u>\$ 1,080,908.26</u>

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SUL ROSS STATE UNIVERSITY
SCHEDULE 2A
MISCELLANEOUS BOND INFORMATION
For the Year Ended August 31, 2012

(SCHEDULE NOT USED)

SUL ROSS STATE UNIVERSITY
SCHEDULE 2B
CHANGES IN BONDED INDEBTEDNESS
For the Year Ended August 31, 2012

(SCHEDULE NOT USED)

SUL ROSS STATE UNIVERSITY
SCHEDULE 2C
DEBT SERVICE REQUIREMENTS
GENERAL OBLIGATION AND REVENUE BONDS
For the Year Ended August 31, 2012

(SCHEDULE NOT USED)

SUL ROSS STATE UNIVERSITY
SCHEDULE 2D
ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE
GENERAL OBLIGATION AND REVENUE BONDS
For the Year Ended August 31, 2012

(SCHEDULE NOT USED)

SUL ROSS STATE UNIVERSITY
SCHEDULE 2E
DEFEASED BONDS OUTSTANDING
For the Year Ended August 31, 2012

(SCHEDULE NOT USED)

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Texas State University System
 Enter Institution Name here
 Schedule 3 - Reconciliation of Cash in State Treasury
 August 31, 2012

Cash in State Treasury	Unrestricted	Restricted	Current Year Total
Local Revenue Fund 02XX	511,139.15		511,139.15
Departmental Suspense Fund 0900			
Correction Account for Direct Deposit Fund 0980			
Direct Deposit Hold - Transmit Account Fund 0979			
Bill Blackwood Law Enforcement Management Institute Fund 0581			
Correctional Management Institute and Criminal Justice Center Fund 5083			
<add other funds here>			
Total Cash in State Treasury (Sumt of Net Assets)			

SUL ROSS STATE UNIVERSITY
 SCHEDULE 4
 SCHEDULE OF HIGHER EDUCATION ASSISTANCE FUND
 For the Year Ended August 31, 2012

	Totals
Balance September 1, 2011	\$ <u>3,671,788.51</u>
REVENUES	
HEAF Appropriation	<u>2,070,441.00</u>
Total Revenues	<u>2,070,441.00</u>
EXPENSES	
Marshall Studio Upgrades	434,706.42
Equipment Capitalized	482,827.31
Equipment -Non Capitalized	298,048.00
Campus Infrastructure 2012	4,012,240.48
Utility Audit Report	107,587.00
Library Acquisitions	362,686.89
Boiler Efficiency	4,676.00
Other	58,595.46
Total Expenses	<u>5,761,367.56</u>
OTHER REVENUES (EXPENSES), GAINS/ (LOSSES) AND TRANSFERS	
Transfer from Lamar University	2,000,000.00
Transfer from Sam Houston State	1,020,922.00
Fund Adjustment from prior year	1,461,597.50
Total Other Revenue Gains/(Losses) and Transfers	<u>4,482,519.50</u>
BALANCE AT AUGUST 31, 2012	\$ <u><u>4,463,381.45</u></u>

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