

# ANGELO STATE UNIVERSITY

San Angelo, Texas



## ANNUAL FINANCIAL REPORT

Year Ended August 31, 2007

A MEMBER OF THE TEXAS STATE UNIVERSITY SYSTEM

**ANGELO STATE UNIVERSITY  
FY 2007 FINANCIAL REPORT**

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ANGELO STATE UNIVERSITY

Office of the President

November 19, 2007

The Honorable Rick Perry  
Governor of Texas

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

The Honorable Susan Combs  
Texas Comptroller

Mr. John Keel, CPA  
State Auditor

Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of Angelo State University for the year ended August 31, 2007, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The Financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Denise Brodnax at (325) 942-2014. Angie Rios may be contacted at (325) 942-2014 ext. 278 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Rallo".

Joseph C. Rallo  
President



November 19, 2007

ANGELO STATE UNIVERSITY

Office of the Vice President for Finance and Administration

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

Dear Dr. Rallo:


Submitted herein is the Annual Financial Report of Angelo State University for the fiscal year ended August 31, 2007.


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


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

If you have any questions, please contact Denise Brodnax at (325) 942-2014. Angie Rios may be contacted at (325) 942-2014 ext. 278 for questions related to the Schedule of Expenditures of Federal Awards.

Respectfully submitted,

  
Sharon K. Meyer  
Vice President for  
Finance and Administration

  
Denise Brodnax  
Denise Brodnax  
Controller

  
Janet Coleman  
Director of Accounting

  
Christina Chavez  
Accountant

  
Angie Rios  
Accountant

saa

**ANGELO STATE UNIVERSITY  
ORGANIZATIONAL DATA  
For the Fiscal Year 2006 - 2007**

**BOARD OF REGENTS  
TEXAS STATE UNIVERSITY SYSTEM**

**OFFICERS**

Bernie C. Francis  
Charles R. Matthews

Acting Chairman  
Chancellor

**MEMBERS**

<b><u>Name</u></b>	<b><u>Residence</u></b>	<b><u>Term Expires February 1</u></b>
Dionicio Flores *	El Paso, Texas	2005
Dora G. Alcala	Del Rio, Texas	2009
John E. Dudley	Comanche, Texas	2009
Bernie C. Francis	Carrollton, Texas	2009
Ron Blatchley	Bryan, Texas	2011
Greg Wilkinson	Dallas, Texas	2011
Trisha S. Pollard	Bellaire, Texas	2013
Charlie Amato	San Antonio, Texas	2013
Michael Truncale	Beaumont, Texas	2013

\* The Regents continue to serve at August 31, 2007 pending their reappointment or the appointment of their successors.

**PRESIDENT**

Dr. Joseph C. Rallo

**OFFICE OF FINANCE AND ADMINISTRATION**

Sharon K. Meyer  
Denise Brodnax

Vice President for Finance and Administration  
Controller

**ADMISSIONS & REGISTRAR**

Frederic Dietz  
Angela Balch

Dean of Admissions  
Registrar

**ANGELO STATE UNIVERSITY  
ENROLLMENT DATA  
For the Fiscal Year 2006-2007**

<u>Type of Student</u>	<u>NUMBER OF STUDENTS BY SEMESTER</u>			
	FALL	SPRING	SUMMER TERMS 2007	
	2006	2007	First	Second
Texas Resident	6,125	5,418	1,780	1,533
Out-of State	32	25	8	9
Foreign	6	5		
High School Honor Scholarship	34	33		
Hazelwood Act	49	45	29	25
State Commission for the Blind	21	18	4	4
	<u>6,267</u>	<u>5,544</u>	<u>1,821</u>	<u>1,571</u>

ENROLLMENT TREND DATA

(Fall Semester)

<u>FISCAL YEAR</u>	<u>STUDENTS</u>	<u>SEMESTER HOURS</u>
2007	6,267	79,860
2006	6,156	78,137
2005	6,137	77,184
2004	6,043	75,269
2003	6,268	78,076
2002	6,262	78,342
2001	6,309	78,455
2000	6,220	77,135
1999	6,315	77,109
1998	6,234	75,953
1997	6,198	75,132

\* Furnished by the Office of the Registrar.

Statement of Net Assets  
 Angelo State University  
 August 31, 2007

	<u>Total</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	
Cash on Hand	\$ 14,441.20
Cash in Bank	6,197,899.81
Cash in Transit/Reimbursement from Treasury	3,201,949.01
Cash in State Treasury	3,366,592.80
Cash Equivalents	32,244,374.19
Securities Lending Collateral	
Short Term Investments	
Restricted:	
Cash and Cash Equivalents	
Cash on Hand	80.00
Cash in Bank	865,329.45
Cash in Transit/Reimbursement from Treasury	
Cash in State Treasury	
Cash Equivalents	5,249,575.72
Short Term Investments	
Legislative Appropriations	
investments	5,673,887.27
Receivables from:	
Federal	164,284.72
Other Intergovernmental	
Interest and Dividends	55,489.27
Accounts Receivable	5,038,005.02
Gifts	
Other Notes Receivable - Loan Funds	1,230,543.25
Interfund Receivables	
Due From Other Agencies	
Consumable Inventories	279,167.57
Merchandise Inventories	
Deferred Charges	14,990,499.49
Loans and Contracts	
Other Current Assets	
Total Current Assets	<u>78,572,118.77</u>

Statement of Net Assets  
 Angelo State University  
 August 31, 2007

	<u>Total</u>
Noncurrent 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	
Loans and Contracts	
Investments	87,111,143.01
Interfund Receivables	
Capital Assets:	
Non-Depreciable:	
Land and Land Improvements	2,754,755.97
Infrastructure	
Construction in Progress	4,252,498.13
Other Capital Assets (Museum)	275,805.00
Depreciable:	
Buildings and Building Improvements	131,783,655.50
Less Accumulated Depreciation	(64,206,625.70)
Infrastructure	4,677,058.01
Less Accumulated Depreciation	(1,197,602.68)
Facilities and Other Improvements	6,692,076.84
Less Accumulated Depreciation	(3,339,639.40)
Furniture and Equipment	9,104,636.13
Less Accumulated Depreciation	(6,436,547.37)
Vehicles, Boats, and Aircraft	1,295,392.10
Less Accumulated Depreciation	(1,080,123.65)
Other Capital Investments	6,401,905.57
Less Accumulated Depreciation	(4,877,342.82)
Other Noncurrent Assets	
Total Non-Current Assets	<u>173,211,044.64</u>
Total Assets	<u>\$ 251,783,163.41</u>



Statement of Net Assets  
 Angelo State University  
 August 31, 2007

	<u>Total</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Payables From:	
Accounts	\$ 2,577,034.71
Federal	
Other Intergovernmental	
Payroll	3,429,910.71
Other	
Interfund Payable	
Due to Other Agencies	41,304.98
Deferred Revenues	19,020,511.30
Notes and Loans Payable	
Revenue Bonds Payable	
General Obligation Bonds Payable	
Claims and Judgements Payable	
Employees' Compensable Leave	214,025.52
Capital Lease Obligations	
Liabilities Payable from Restricted Assets	
Obligations/Reverse Purchase Agreements	
Obligations Under Securities Lending	
Funds Held for Others	8,837,782.73
Other Current Liabilities	<u>335,105.00</u>
Total Current Liabilities	<u>34,455,674.95</u>
Noncurrent Liabilities:	
Interfund Payable	
Notes and Loans Payable	
Revenue Bonds Payable	
General Obligation Bonds Payable	
Claims and Judgements Payable	
Employees Compensable Leave	1,196,930.74
Capital Lease Obligations	
Other Non-Current Liabilities	<u>548,224.05</u>
Total Noncurrent Liabilities	<u>1,745,154.79</u>
Total Liabilities	<u>\$ 36,200,829.74</u>

Statement of Net Assets  
 Angelo State University  
 August 31, 2007

	<u>Total</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	\$ 86,099,901.63
Restricted for	
Education	
Debt Retirement	
Capital Projects	
Employee Benefit	
Funds Held As Permanent Investments:	
Non-Expendable	87,446,863.92
Expendable	
Other	12,463,126.17
Unrestricted	<u>29,572,441.95</u>
<b>Total Net Assets</b>	<b>\$ <u><u>215,582,333.67</u></u></b>

Angelo State University  
Statement of Revenues, Expenses, and Changes in Net Assets  
For the Fiscal Year Ended August 31, 2007

	<u>Total</u>
<b>OPERATING REVENUES</b>	
Sales of Goods and Services	
Tuition and Fees (PR-Chgs for Services)	\$ 26,636,880.46
Tuition and Fees - Pledged (PR-Chgs for Services)	
Discounts and Allowances	(4,242,999.94)
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)	10,848,402.67
Auxiliary Enterprises - Pledged (PR-Chgs for Services)	
Discounts and Allowances	(2,037,624.05)
Other Sales of Goods and Services	1,415,924.06
Other Sales of Goods and Services - Pledged	
Discounts and Allowances	
Premium Revenue (PR-Chgs for Services)	
Interest and Investment Income (PR-Chgs for Services)	
Interest and Investment Income (GR)	
Net Increase (Decrease) Fair Value (PR-OP Grants/Contributions)	
Net Increase (Decrease) Fair Value (GR)	
Federal Revenue-Operating (PR-OP Grants/Contributions)	6,575,142.01
Federal Pass Through Revenue (PR-OP Grants/Contributions)	202,654.98
State Grant Revenue (PR-OP Grants/Contributions)	56,621.89
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	2,892,231.98
Other Grants and Contracts (PR-OP Grants/Contributions)	657,042.28
Land Income (PR-Chgs for Services)	
Contributions to Retirement Systems (PR-Chgs for Services)	
Other Operating Revenues (PR-Chgs for Services)	
Other Operating Revenues (GR)	
Total Operating Revenues	<u>43,004,276.34</u>

Angelo State University  
Statement of Revenues, Expenses, and Changes in Net Assets  
For the Fiscal Year Ended August 31, 2007

	<u>Total</u>
<b>OPERATING EXPENSES:</b>	
Instruction	\$ 30,537,126.51
Research	791,832.16
Public Service	1,556,498.51
Academic Support	3,802,285.37
Student Services	3,196,070.41
Institutional Support	10,676,063.40
Operation and Maintenance of Plant	7,052,093.62
Scholarship and Fellowships	4,283,468.08
Auxiliary Enterprise Expenditures	11,357,043.16
Depreciation and Amortization	<u>3,207,876.47</u>
Total Operating Expenses	<u>76,460,357.69</u>
Operating Income (Loss)	<u>\$ (33,456,081.35)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Legislative Revenue (GR)	\$ 25,063,697.00
Additional Appropriations (GR)	5,180,192.68
HEAF Appropriation Revenue (GR)	
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	32,254.08
Gifts (PR-OP Grants/Contributions)	1,792,712.57
Investment Income (Expense) (PR-OP Grants/Contributions)	5,177,503.05
Investment Income (Expense) (GR)	
Loan Premium/Fees on Securities Lending (PR-OP Grants/Contributions)	
Investing Activities Expense	
Interest Expense 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)	1,532,562.94
Net Increase (Decrease) in Fair Value of Investments (GR)	
Settlement of Claims (PR-Chgs for Services)	
Settlement of Claims (GR)	
Other Nonoperating Revenues (Expenses) (PR-Chgs for Services)	3,115,326.28
Other Nonoperating Revenues (Expenses) (GR)	
Total Nonoperating Revenues (Expenses)	<u>41,894,248.60</u>
Income (Loss) before Other Revenues, Expenses, Gains/Losses and Transfers	<u>8,438,167.25</u>

Angelo State University  
Statement of Revenues, Expenses, and Changes in Net Assets  
For the Fiscal Year Ended August 31, 2007

	<u>Total</u>
OTHER REVENUES, EXPENSES, GAINS/ LOSSES AND TRANSFERS	
Capital Contributions	\$
Capital Appropriations (HEAF)	2,390,535.00
Additions to Permanent and Term Endowments	
Special Items	
Extraordinary Items	
Transfers-In	
Transfers-Out	(1,636,884.93)
Legislative Transfers-In	
Legislative Transfers-Out	(4,124,122.63)
Legislative Appropriations Lapsed	
CHANGE IN NET ASSETS	<u>5,067,694.69</u>
Net Assets, Beginning	210,514,638.98
Restatements	
Net Assets, Beginning, as Restated	<u>210,514,638.98</u>
NET ASSETS, ENDING	<u>\$ 215,582,333.67</u>

UNAUDITED

Angelo State University  
 Matrix of Operating Expenses Reported by Function  
 For the Fiscal Year Ended August 31, 2007

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarship and Fellowships	Auxiliary Enterprise Expenditures	Depreciation and Amortization	Total Expenditures
Cost of Goods Sold											
Salaries and Wages	17,629,087.45	453,136.97	791,099.27	1,977,341.61	2,043,384.50	7,191,174.11	2,232,639.27		3,096,274.90		35,414,138.08
Payroll Related Costs	4,780,492.80	95,543.90	152,143.35	576,020.19	445,055.04	553,101.00	600,903.53		667,503.18		7,870,762.99
Professional Fees and Services	41,742.79	1,988.00	28,348.27	3,029.49	5,259.00	397,091.14	910,795.65		268,887.41		1,657,141.75
Travel	298,467.20	37,882.42	10,378.34	63,964.48	78,780.08	124,533.77	37,694.78		252,262.38		903,964.43
Materials and Supplies	282,915.14	38,716.77	29,122.28	52,888.03	61,669.44	237,677.98	193,787.59		153,845.55		1,050,602.78
Communication and Utilities	74,757.16	1,427.20	156,827.63	13,204.20	20,809.27	141,664.88	2,790,893.89		1,988,023.85		5,188,408.08
Repairs and Maintenance	173,190.32		10,792.56	36,277.60	25,864.73	170,043.64	162,869.24		588,941.33		1,167,979.42
Rentals and Leases	75,988.14	2,051.99	3,682.36	7,809.40	35,407.52	30,490.38	33,791.39		413,943.15		603,174.33
Printing and Reproduction	38,537.87	6,171.62	8,122.13	22,548.66	97,300.49	110,658.10	4,258.72		72,454.26		380,051.85
Federal Pass Through Expense											
State Grant Pass Through Expense											
Depreciation and Amortization										3,207,876.47	3,207,876.47
Bad Debt Expense											
Interest	0.06								204.19		204.25
Scholarships								4,283,468.08			4,283,468.08
Claims and Losses											
Other Operating Expenses	7,141,947.58	154,903.29	365,981.32	1,049,221.73	382,540.34	1,719,424.21	84,659.56		3,853,907.15		14,752,585.18
Total Operating Expenses	30,537,126.51	791,832.16	1,556,488.51	3,802,285.37	3,196,070.41	10,676,063.40	7,052,093.62	4,283,468.08	11,357,043.16	3,207,876.47	76,460,357.68

Angelo State University  
Statement of Cash Flows  
For the Year Ended August 31, 2007

	<u>Total</u>
<b>Cash Flows from Operating Activities</b>	
Receipts from Customers	\$ 10,636,779.42
Proceeds from Tuition and Fees	23,892,926.88
Proceeds from Research Grants and Contracts	159,120.32
Proceeds from Gifts	
Proceeds from Loan Programs	926,045.69
Proceeds from Auxiliaries	
Proceeds from Other Revenues	10,201,121.79
Payments to Suppliers for Goods and Services	
Payments to Employees for Salaries	(35,414,138.08)
Payments to Employees for Benefits	(7,870,762.99)
Payments for Loans Provided	1,563,761.61
Payments for Other Expenses	<u>(32,985,191.37)</u>
Net Cash Provided (Used) by Operating Activities	<u>(28,890,336.73)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Proceeds from Debt Issuance	
Proceeds from State Appropriations	32,443,889.83
Proceeds from Gifts	2,842,358.42
Proceeds from Endowments	452,454.04
Proceeds of Transfers from Other Funds	(106,355.20)
Proceeds from Grant Receipts	
Proceeds from Advances from Other Funds	
Proceeds from Loan Programs	32,254.08
Proceeds from Other Financing	
Proceeds from Contributed Capital	
Payments of Principal on Debt Issuance	(5,645,288.71)
Payments of Interest	
Payments of Other Costs of Debt Issuance	
Payments for Transfers to Other Funds	
Payments for Grant Disbursements	
Payments for Advances to Other Funds	
Payments for Other Uses	<u>(1,994,847.46)</u>
Net Cash Provided by Noncapital Financing Activities	<u>28,024,465.00</u>





## UNAUDITED

15

Angelo State University  
Statement of Cash Flows  
For the Year Ended August 31, 2007

	<u>Total</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	\$ (33,456,081.35)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Amortization and Depreciation	3,207,876.47
Bad Debt Expense	
Operating Income and Cash Flow Categories:	
Classification Differences	(234,826.59)
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	768,097.82
Increase (Decrease) in Due from Other Funds	
(Increase) Decrease in Inventories	(33,566.42)
(Increase) Decrease in Prepaid Expenses	(1,595,100.93)
(Increase) Decrease in Notes Receivable	34,159.80
(Increase) Decrease in Loans & Contracts	
(Increase) Decrease in Other Assets	1,381,511.77
(Increase) Decrease in State Appropriations	
Increase (Decrease) in Payables	(684,627.51)
Increase (Decrease) in Deposits	44,875.00
Increase (Decrease) in Due to Other Funds	37,873.69
Increase (Decrease) in Deferred Income	1,348,093.57
Increase (Decrease) in Compensated Absence Liability	50,250.22
Increase (Decrease) in Benefits Payable	
Increase (Decrease) in Other Liabilities	<u>241,127.73</u>
Total Adjustments	<u>4,565,744.62</u>
Net Cash Provided by Operating Activities	\$ <u><u>(28,890,336.73)</u></u>
<b>Non Cash Transactions</b>	
Donation of Capital Assets	\$
Net Change in Fair Value of Investments	1,532,562.94
Equipment Transfers	(9,363.65)
Disposal of Plant Facilities	(2,177,214.36)
Gift of San Angelo Youth (SAY) Baseball Complex	1,172,500.00

**ANGELO STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended August 31, 2007**

**NOTE 1: Summary of Significant Accounting Policies**

**ENTITY**

Angelo State University is considered an Institution of Higher Education of the State of Texas, and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for State Institutions of Higher Education.

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

Due to the significant changes related to Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

**FUND STRUCTURE**

The accompanying financial statements are presented on the basis of funds. A fund is considered a separate accounting entity. The fund designation for institutions of higher education is a Business Type Activity within the Proprietary Fund Type.

**Proprietary Funds**

Business Type Activity

Business type funds are used for activities that are financed through the charging of fees and sales for goods or services to the ultimate user. Institutions of higher education are required to report their financial activities as business type; because, the predominance of their funding comes through charges to students, sales of goods and services, and grant revenues.

**Component Units**

The fund types of the individual discrete component units are available from the component units' separately issued financial statements. Additional information about component units can be found in Note 18.

**Basis of Accounting**

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

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

**BUDGETS AND BUDGETARY ACCOUNTING**

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

**ANGELO STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended August 31, 2007**

**ASSETS, LIABILITIES, AND FUND BALANCES/NET ASSETS**

**Assets**

**Cash and Cash Equivalents**

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

**Securities Lending Collateral**

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

**Restricted Assets**

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

**Inventories**

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

**Capital Assets**

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

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

**Other Receivables**

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

**Liabilities**

**Accounts Payable**

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

**Other Payables**

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

**ANGELO STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended August 31, 2007**

Employees' Compensable Leave Balances

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

Capital Lease Obligations

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

Bonds Payable - General Obligation Bonds

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

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

Bonds Payable - Revenue Bonds

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

**Fund Balance/Net Assets**

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

Reservation of Fund Balance

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

Reserve for Encumbrances

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

Reserve for Consumable Inventories

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

Unreserved/Undesignated

This represents the unappropriated balance at year-end.

Invested in Capital Assets, Net of Related Debt

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

Restricted Net Assets

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

**ANGELO STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended August 31, 2007**

Unrestricted Net Assets

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

Interfund Transactions and Balances

Angelo State University has the following types of transactions among funds:

1. **Transfers:** Legally required transfers that are reported when incurred as 'Transfers In' by the recipient fund and as 'Transfers Out' by the disbursing fund.
2. **Reimbursements:** Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures, made by one fund for another, are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.
3. **Interfund receivables and payables:** Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, it is classified as 'Current', repayment for two (or more) years is classified as 'Non-Current'.
4. **Interfund Sales and Purchases:** Charges or collections for services rendered by one fund to another are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund. The composition of Angelo State University's Interfund receivables and payables at August 31, 2007 is presented in Note 8.

**NOTE 2: Capital Assets**

	PRIMARY GOVERNMENT							
	Balance 9/1/2006	Adjustments	Reclassifications			Additions	Deletions	Balance 8/31/2007
			Completed CIP	Inc-Inf'gy Trans	Dec-Inf'gy Trans			
<b>Governmental activities</b>								
<b>Non-depreciable Assets</b>								
Land and Land Improvements	\$ 2,336,255.97					\$ 418,500.00		\$ 2,754,755.97
Infrastructure	0.00							0.00
Construction in Progress	2,030,887.71		(496,759.87)			2,896,862.84	(178,472.55)	4,252,498.13
Other Capital Assets	275,805.00							275,805.00
<b>Total non-depreciable assets:</b>	<b>\$ 4,842,928.68</b>	<b>\$ 0.00</b>	<b>\$ (496,759.87)</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 3,315,362.84</b>	<b>\$ (178,472.55)</b>	<b>\$ 7,283,059.10</b>
<b>Depreciable Assets</b>								
Building and Building Improvements	\$ 130,153,492.83		496,759.87			1,133,402.70		\$ 131,783,655.50
Infrastructure	4,677,058.01							4,677,058.01
Facilities and Other Improvements	8,329,094.34					576,900.00	(213,917.50)	8,692,076.84
Furniture and Equipment	10,013,576.28					923,192.11	(1,832,132.26)	9,104,636.13
Vehicle, Boats, and Aircraft	1,234,448.65				(9,363.65)	70,307.10		1,295,392.10
Other Capital Assets	6,254,019.17					279,551.00	(131,664.60)	6,401,905.57
<b>Total depreciable assets at historical cost:</b>	<b>\$ 158,661,689.38</b>	<b>\$ 0.00</b>	<b>\$ 496,759.87</b>	<b>\$ 0.00</b>	<b>\$ (9,363.65)</b>	<b>\$ 2,983,352.91</b>	<b>\$ (2,177,714.35)</b>	<b>\$ 159,954,724.15</b>
<b>Less Accumulated Depreciation for:</b>								
Buildings and Improvements	\$ 60,425,203.81					3,781,422.09		\$ 64,206,625.70
Infrastructure	1,055,597.44					142,005.24		1,197,602.68
Facilities and Other Improvements	3,111,108.00					289,143.18	(60,609.76)	3,339,639.40
Furniture and Equipment	7,525,943.32					738,632.31	(1,828,028.26)	6,436,547.37
Vehicle, Boats, and Aircraft	1,014,888.88				(9,363.65)	74,800.42		1,080,123.65
Other Capital Assets	4,797,267.90				0.00	211,739.52	(131,664.60)	4,877,342.82
<b>Total accumulated depreciation:</b>	<b>\$ 77,930,005.15</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ (9,363.65)</b>	<b>\$ 5,237,542.74</b>	<b>\$ (2,020,302.62)</b>	<b>\$ 81,137,881.82</b>
<b>Depreciable Assets Net</b>	<b>80,731,684.23</b>	<b>0.00</b>	<b>496,759.87</b>	<b>0.00</b>	<b>0.00</b>	<b>(2,254,189.83)</b>	<b>(157,411.74)</b>	<b>78,816,842.53</b>
<b>Governmental activities capital assets, net:</b>	<b>\$ 85,374,612.91</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 1,061,173.01</b>	<b>\$ (335,884.29)</b>	<b>\$ 86,099,901.63</b>

**ANGELO STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended August 31, 2007**

**NOTE 3: Deposits, Investments, and Repurchase Agreements**

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

**Deposits of Cash in Bank**

As of August 31, 2007, the carrying amount of deposits was \$7,063,229.26 (including Restricted Assets) as presented below.

<b>Governmental and Business-Type Activities</b>	
CASH IN BANK - CARRYING VALUE	\$7,063,229.26
Less: Certificates of Deposit included in carrying value and reported as Cash Equivalent	0.00
Less: Uninvested Securities Lending Cash Collateral included in carrying value and reported as Securities Lending Collateral	0.00
Less: Securities Lending CD Collateral included in carrying value and reported as Securities Lending Collateral	0.00
Cash in Bank per AFR	<u>\$7,063,229.26</u>
Governmental Funds Current Assets Cash in Bank	\$6,197,899.81
Governmental Funds Current Assets Restricted Cash in Bank	865,329.45
Cash in Bank per AFR	<u>\$7,063,229.26</u>

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

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

As of August 31, 2007, the total bank balance was as follows:

Governmental and Business-Type Activities	\$6,311,021.62
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**Investments**

As of August 31, 2007, the fair value of investments are as presented below.

<b>Governmental and Business-Type Activities</b>	<b>Fair Value</b>
U. S. Government	
U. S. Treasury Securities	\$3,256,988.20
U. S. Treasury Strips	
U. S. Treasury TIPS	
U. S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Sallie Mae, etc.)	7,139,779.77
U. S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co)	
Corporate Obligations	53,265,253.83
Corporate Asset and Mortgage Backed Securities	2,911.00
Equity	11,205,246.80
International Obligations (Govt and Corp)	
International Equity	
Repurchase Agreement	
Repurchase Agreement (Texas Treasury Safekeeping Trust Co)	
Fixed Income Money Market and Bond Mutual Fund	3,743,836.38
Other Commingled Funds	1,659,293.31
Other Commingled Funds (Texpool)	37,493,949.91
Commercial Paper	
Securities Lending Collateral Investment Pool	
Real Estate	
Misc (alternative investments, limited partnerships, guaranteed investment contract, Political subdivision, bankers' acceptance, negotiable CD)	6,837,833.72
Total	<u>\$124,605,092.92</u>

**ANGELO STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The general investment policy of the agency limits investments in debt securities that are not in the top three investment grade ratings issued by nationally recognized statistical rating organizations to 5% total investments. As of August 31, 2007, the agency's credit quality distribution for securities with credit risk exposure was as follow

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	AAA	AA	A	
		Corporate Obligations	1,507,202.50	12,228,757.10	19,571,691.99	
		Government Agencies	7,139,779.75			
		CMO's	2,911.00			
		Municipal Bonds & Other	10,350.00			

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	BBB	BB	B	CCC
		Corporate Obligations	10,092,835.75	5,471,364.50	4,345,402.00	48,000.00

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2007 the agency's concentration of credit risk is as follows.

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

**Securities Lending**

Angelo State University does not participate in a security lending program. The Agency had no securities out on loan to broker/dealers at August 31, 2007.

**Derivative Investing**

Derivatives are financial instruments (securities or contracts) whose value is linked to, or 'derived' from, changes in interest rates, currency rates, and stock and commodity prices. Derivatives cover a broad range of financial instruments, such as forwards, futures, options, swaps, and mortgage derivatives. These mortgage derivatives are influenced by changes in interest rates, the current economic climate, and the geographic make-up of underlying mortgage loans. There are varying degrees of risk associated with mortgage derivatives. For example, Planned Amortization Class (PACS) with narrow collars would be considered moderate to high risks. In contrast, principal only (PO) and interest only (IO) strips are considered higher risk Collateralized Mortgage Obligations (CMO's).

Angelo State University's investments in derivatives comprise less than 1% of total investments as of August 31, 2007, with a reported value of \$2,911.00.

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

**ANGELO STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended August 31, 2007**

**NOTE 4: Short-Term Debt**

Angelo State University had no short-term debt as of August 31, 2007.

**NOTE 5: Summary of Long Term Liabilities**

**Employees Compensable Leave**

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

**Changes in Long-Term Liabilities**

During the year ended August 31, 2007, the following changes occurred in liabilities:

Governmental Activities	Balance 9-1-06	Additions	Reductions	Balance 8-31-07	Amounts Due Within One Year
Compensable Leave	\$ 1,360,706.04	\$ 214,025.52	\$ 163,775.30	\$ 1,410,956.26	\$ 214,025.52
U.S. Government Grants Refundable	515,307.65	46,146.55	13,230.15	548,224.05	
<b>Total Governmental Activities</b>	<b>\$ 1,876,013.69</b>	<b>\$ 260,172.07</b>	<b>\$ 177,005.45</b>	<b>\$ 1,959,180.31</b>	<b>\$ 214,025.52</b>

**NOTE 6: Capital Leases**

Section not applicable.

**NOTE 7: Operating Lease Obligations**

Section not applicable.



**ANGELO STATE UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended August 31, 2007**

**NOTE 8: Interfund Balances/Activity**

Angelo State University 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.

Current Portion	Current Interfund Receivable	Current Interfund Payable
General Revenue (001)	\$ 0.00	\$ 0.00
<b>Total Interfund Receivable/Payable</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
Non-Current Portion		
General Revenue (001)	\$ 0.00	\$ 0.00
<b>Total Interfund Receivable/Payable</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
	TRANSFERS IN	TRANSFERS OUT
Institutional Funds (7999) Appd Fund 7999, D23 Fund 7999 (Agency 758, D23 Fund 7999)	\$	\$ (1,521,166.08)
General Revenue (5103) Appd Fund 5103, D23 Fund 5103 (Agency 781, D23 Fund 5103)		(106,355.20)
Institutional Funds (7999) Appd Fund 7999, D23 Fund 7999 (Agency 539, D23 Fund 7999)		(9,363.65)
	<b>\$ 0.00</b>	<b>\$ (1,636,884.93)</b>
	Legislative TRANSFERS IN	Legislative TRANSFERS OUT
General Revenue (001) Appd Fund 0001, D23 Fund 0001 (Agency 758, D23 Fund 0001)	\$ 0.00	\$ (4,124,122.63)
<b>Total Legislative Transfers</b>	<b>\$ 0.00</b>	<b>\$ (4,124,122.63)</b>
	Due From Other Agencies	Due To Other Agencies
Institutional Funds (7999) Appd Fund 7999, D23 Fund 7999 (Agency 758, D23 Fund 7999)	\$ 0.00	\$ 41,304.98
<b>Total Due From/To Other Agencies</b>	<b>\$ 0.00</b>	<b>\$ 41,304.98</b>

**ANGELO STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended August 31, 2007**

**NOTE 9: Contingent Liabilities**

As of August 31, 2007, there were no lawsuits or claims pending against the University.

The University has deferred federal revenue in the amount of \$117,786.13.

**NOTE 10: Continuance Subject To Review**

Section not applicable.

**NOTE 11: Risk Financing and Related Insurance**

The State provides coverage for unemployment compensation benefits from appropriations made to other State agencies for Angelo State University employees. The current General Appropriations Act provides that Angelo State University must reimburse General Revenue Fund-Consolidated, from Angelo State University appropriations, one-half of the unemployment benefits paid for former and current employees. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. Angelo State University must reimburse the General Revenue Fund one hundred percent of the cost for workers' compensation and for any employees paid from funds held in local bank accounts. The unemployment plan is on a pay-as-you-go basis, in which no assets are set aside to be accumulated for the payment of claims. No material outstanding claims are pending at August 31, 2007.

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

Angelo State University incurred a \$ 0.00 loss during the fiscal year ended August 31, 2007 and \$ 0.00 in claims pending at that date.

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

**ANGELO STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended August 31, 2007**

- Each loss incident is subject to a \$1,000 deductible.

**NOTE 12: Segment Information**

Section not applicable.

**NOTE 13: Bonded Indebtedness**

All bonded indebtedness for Angelo 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 is lawfully available to the Board for payments on Parity Debt.

System Administration issued the debt; therefore, the bonds payable attributable to the University are included with the Bonds Payable reported by System Administration. The University must repay the debt that was issued on its behalf; consequently, the following debt amortization schedule is presented for informational purposes only:

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

DESCRIPTION	YEAR	PRINCIPAL	INTEREST	TOTAL
All Issues	2007	\$ 3,051,586.06	\$ 3,500,891.01	\$ 6,552,477.07
	2008	3,130,382.16	2,778,974.86	5,909,357.02
	2009	3,267,072.71	2,618,787.98	5,885,860.69
	2010	3,466,050.25	2,463,724.94	5,929,775.19
	2011	3,662,035.10	2,298,010.40	5,960,045.50
	2012-2016	18,655,503.06	8,697,748.98	27,353,252.04
	2017-2021	12,283,705.26	4,459,155.70	16,742,860.96
	2022-2026	4,846,261.90	2,331,347.44	7,177,609.34
	2027-2031	4,640,000.00	1,266,750.00	5,906,750.00
	2032-2034	2,195,000.00	166,000.00	2,361,000.00
<b>TOTALS</b>		<b>\$ 59,197,596.50</b>	<b>\$ 30,581,391.31</b>	<b>\$ 89,778,987.81</b>

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. The University was appropriated \$4,132,080 during the current fiscal year for Tuition Revenue Bond debt service. The University expects future Legislative appropriations to meet debt service requirements for Tuition Revenue Bonds.

**ANGELO STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended August 31, 2007**

**NOTE 14: Subsequent Events**

Effective September 1, 2007, the governance, control, management and property of Angelo State University will be transferred from the Board of Regents of the Texas State University System to the Board of Regents of the Texas Tech University System. The transfer is governed by H.B. No. 3564 and S.B. No. 1749.

**NOTE 15: Related Parties**

Section not applicable.

**NOTE 16: Stewardship, Compliance, and Accountability**

Section not applicable.

**NOTE 17: The Financial Reporting Entity**

**Houston Harte Foundation Available**

The Houston Harte Foundation Available is a non-profit organization with the sole purpose of supporting educational and other activities of the University. The assets of the foundation are managed under a Fiduciary Agreement by the Wells Fargo Bank, San Angelo, Texas. The Foundation remitted unrestricted gifts of \$60,000.00 to the University during the year ended August 31, 2007. Since the assets are managed externally, the Foundation does not have any employees. The only services provided by the University are the keeping of the minutes.

**Robert G. Carr and Nona K. Carr Scholarship Foundation**

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

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

**ANGELO STATE UNIVERSITY  
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Year Ended August 31, 2007**

Prior to the 2007 fiscal year, the Foundation received payments for oil and gas royalties, oil and gas lease rental and bonuses, and oil and gas payment commissions totaling \$65,947,870.01 and realized an appreciation on investments of \$1,125,967.45. During the 2007 fiscal year, the Foundation received payments for oil and gas royalties, oil and gas lease rentals and bonuses, and oil and gas payment commissions, and refunds totaling \$4,780,959.05.

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

The value at which oil, gas, and other mineral properties is carried on the financial statements is the value that was agreed to in the settlement with the Internal Revenue Service of the Federal Estate Tax Liability of the Estate of Robert G. Carr. No provision has been made for depletion of these properties. The interest income earned on the Trust is transferred to the Angelo State University Robert G. Carr and Nona K. Carr Scholarship and expense funds. During the 2007 fiscal year, the investment income received from the investment agent totaled \$4,259,402.50. Of this amount, \$590,000.00 was transferred by the trustees to the Foundation Trust Estate Expense Account for the payment of salaries and wages, and other operating expenses of the foundation. Disbursements from the expense account for the 2007 fiscal year totaled \$599,863.98. \$3,484,995.40 was transferred to the Angelo State University Robert G. Carr and Nona K. Carr Scholarship Foundation Account. Depository interest of \$9,263.92 was transferred. During the 2007 fiscal year, the scholarship account earned interest totaling \$220,391.27.

Total scholarships awarded prior to the 2007 fiscal year amounted to \$49,358,504.40. During the 2007 fiscal year, scholarship awards amounted to \$3,290,173.04. It is estimated that the amount of annual scholarship awards from the scholarship fund will total \$3,200,000.00 in fiscal year 2008.

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

**Other Organizations**

The ASU Alumni Association contributed \$88,039.15 to the University during the 2007 fiscal year for operation of the Alumni office. The University paid \$87,880.27 above the contributed amount for maintaining the records on the students who have graduated from the University.

The ASU Foundation is a non-profit organization with the sole purpose of supporting educational and other activities of the University. The Foundation solicits donations and acts a Coordinator of Gifts made by other parties. The association expended \$495,556.09 on behalf of the University during the year ended August 31, 2007. During the year the University furnished limited staff assistance to the association.

**NOTE 18: Restatement of Fund Balance/Net Assets**

Section not applicable.

**NOTE 19: Employees Retirement Plans**

Section not applicable.

ANGELO STATE UNIVERSITY  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended August 31, 2007

**NOTE 20: Deferred Compensation**

Section not applicable.

**NOTE 21: Donor Restricted Endowments**

Section not applicable.

**NOTE 22: Management Discussion & Analysis**

Section not applicable.

**NOTE 23: Post Employment Health Care and Life Insurance Benefits**

Section not applicable.

**NOTE 24: Special and Extraordinary Items**

Section not applicable.

**ANGELO STATE UNIVERSITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended August 31, 2007

**NOTE 25: Disaggregation of Receivable and Payable Balances**

**A. Federal Receivable**

<u>Federal Receivable Program</u>	<u>Amount</u>
Other Instructional & Departmental	\$ 37,949.25
Research	64,724.38
Public Services	36,104.44
Scholarships & Fellowships	25,506.65
<b>Total Net Federal Receivable</b>	<b>\$ 164,284.72</b>
<u><i>As Reported on the Financial Statements</i></u>	
Current Federal Receivable	\$ 164,284.72
Noncurrent Federal Receivable	
<b>Total Net Federal Receivable</b>	<b>\$ 164,284.72</b>

**B. Other Receivables - Current**

<u>Type</u>	
Notes Receivable - Student Loan Funds	\$ 1,230,543.25
	<b>\$ 1,230,543.25</b>

**C. Other Liabilities - Current**

<u>Type</u>	
Deposits from Students	\$ 305,105.00
Deposits from Land Development	30,000.00
	<b>\$ 335,105.00</b>

**D. Other Liabilities - Non-Current**

<u>Type</u>	
U.S. Government Grants Refundable	\$ 548,224.05
	<b>\$ 548,224.05</b>

**NOTE 26: Termination Benefits**

Section not applicable.

Angelo State University  
 Schedule 1A - Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended August 31, 2007

Federal Grant/Pass-Through Grant/Program Title	CFDA Number	Identifying #	Agyl/Univ #	Pass-Through From Agyl/Univ Amount	Non-State Entity Amount	Direct Program Amount	Total Pass-Through Direct Program	Agyl of Univ #	Pass-Through To State Agyl or Univ Amount	Non-State Entity Amt	Expenditures Amount	Total PT to and Expenditures
<b>U. S. Department of Agriculture</b>												
Pass-Through From												
Sul Ross State University	10.200		756	\$ 569	\$	\$	569		\$		\$ 569	\$ 569
USDA Rio Grande Valley Aerial Viteopony	10.200		156	39			39				39	39
USDA Rio Grande Valley Mammals 2	10.200		156	5,971			5,971				5,971	5,971
USDA Rio Grande Valley Grant Reord	10.200		756	14,922			14,922				14,922	14,922
USDA Rio Grande Valley Water Use of Landscapa	10.200		756	19,031			19,031				19,031	19,031
Total U.S. Department of Agriculture				40,532			40,532				40,532	40,532
<b>U. S. Department of the Interior</b>												
Direct Programs:												
Poppy Hollow	15.808					(608)	(608)				(608)	(608)
National Park Service Experimental Population	15.808					191	191				191	191
Total U.S. Department of the Interior						(417)	(417)				(417)	(417)
<b>National Science Foundation</b>												
Direct Programs:												
NSF MRI (Saunicy)	47.049					153	153				153	153
NSF EAR	47.050					1,687	1,687				1,687	1,687
<b>Pass-Through From</b>												
Texas Tech University												
REU Site, Micro and Nano Device Engineering	47.041		710	13,518			13,518				13,518	13,518
Texas Engineering Experiment Station	47.049		716	26,912			26,912				26,912	26,912
TEES/NSF Prime Grant	47.076		716	6,250			6,250				6,250	6,250
TACEIP Noyce				48,520		1,840	48,520				48,520	48,520
Total National Science Foundation						1,840	48,520				48,520	48,520
<b>U. S. Small Business Administration</b>												
Pass-Through From												
University of Texas San Antonio	59.007		740	71,940			71,940				71,940	71,940
Small Business Development Center				71,940			71,940				71,940	71,940
Total U. S. Small Business Administration							71,940				71,940	71,940
<b>U. S. Department of Education</b>												
Direct Programs:												
Pilot of the Concho Writing	84.928					53,174	53,174				53,174	53,174
Pass-Through From												
University of Texas	84.367		721	43,503			43,503				43,503	43,503
Teacher Quality				43,503			43,503				43,503	43,503
Total U.S. Department of Education							96,677				96,677	96,677
<b>Dept. of Health &amp; Human Services</b>												
Direct Programs												
Nurse Faculty Loan Program	93.264					32,254	32,254				32,254	32,254
Nurse Fellowships	93.358					20,908	20,908				20,908	20,908
Total Dept. of Health & Human Services							53,162				53,162	53,162
<b>Student Financial Assistance Cluster</b>												
U. S. Department of Education												
Direct Programs:												
Federal Supplemental Educational Opportunity	84.007					120,592	120,592				120,592	120,592
Federal Family Education Loan	84.032					19,203,987	19,203,987				19,203,987	19,203,987
New Loans Processed												
Administrative Costs Received	84.033					232,837	232,837				232,837	232,837
Federal Perkins Loan Program	84.038					74,497	74,497				74,497	74,497
New Loans Processed												
Administrative Costs Received												
Federal Pell Grant Program	84.063					5,707,366	5,707,366				5,707,366	5,707,366
Academic Competitiveness Grants	84.375					282,498	282,498				282,498	282,498
SMART Grant	84.376					156,344	156,344				156,344	156,344
Total Student Financial Assistance Cluster Programs						25,778,121	25,778,121				25,778,121	25,778,121
TOTAL FEDERAL FINANCIAL ASSISTANCE						25,885,880	25,885,880		0	0	26,085,535	26,085,535



Angelo State University  
 Schedule 1A - Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended August 31, 2007

Note 2: Reconciliation:

Federal Revenues - per Statement of Combined Revenues, Expenses and Net Assets:	
Federal Revenue-Operating	\$ 6,575,142
Federal Pass-Through Grants from Other State Agencies	202,655
Reconciling Items:	
	<hr/>
Subtotal	6,777,797
ADD:	
New Loans Processed:	
Federal Family Education Loan Program	19,203,987
Federal Perkins Loan Program	74,497
Nurse Faculty Loan Program	32,254
Total Pass-Through & Expenditures Per Federal Schedule	<u>\$ 26,088,535</u>

Note 3: Student Loans Processed & Administrative Costs Recovered

Federal Grantor/ CFDA Number/Program Name	New Loans Processed	Admin Costs Recovered	Total Loans Processed & Admin. Costs Recovered	Ending Balances of Previous Years' Loans
<i>U S Department of Education</i>				
84.032 Federal Family Education Loans	\$ 19,203,987	\$	\$ 19,203,987	\$
84.038 Federal Perkins Loan Program	74,497		74,497	510,829
93 264 Nurse Faculty Loan Program	32,254		32,254	
Total Department of Education	<u>\$ 19,310,738</u>	<u>\$ 0</u>	<u>\$ 19,310,738</u>	<u>\$ 510,829</u>

Note 4: Government Publications

The University participates as a depository library in the Government Printing Office's Depository Libraries for Government Publication program, CFDA #40 001. The University is the legal custodian of government publications, which remain the property of the federal government. The publications are not assigned a value by the Government Printing Office.

Note 8: Federal Deferred Revenue

Federal Deferred Revenue 9-1-06	\$ 109,701
Increase (Decrease)	<u>8,085</u>
Federal Deferred Revenue 8-31-07	<u>\$ 117,786</u>

## UNAUDITED

Angelo State University  
 Schedule 1B - Schedule of State Grant Pass Throughs From/To State Agencies  
 For the Fiscal Year Ended August 31, 2007

## Pass Through From:

University of Texas - San Antonio (Agy #743)	
Small Business Development Center	\$ 75,671.54
Texas State University-San Marcos (Agy #754)	
No Child Left Behind	62,830.64
Texas Math Initiative	110,184.19
Texas Higher Education Coordinating Board (Agy #781)	
Nursing Grant Retention	17,852.94
Financial Aid-Professional Nursing	9,832.00
College Work Study	35,688.67
Texas Grants	2,441,792.00
Professional Nursing Shortage Reduction	118,090.00
CRU-Professional Services & Grants-Vertical	15,000.00
5th Year Accounting	<u>5,290.00</u>
Total Pass Through From Other Agencies (Exh. II)	<u>\$ 2,892,231.98</u>

## Pass Through To:

Total Pass Through To Other Agencies (Exh. II)	<u>\$ 0.00</u>
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Angelo State University  
 Schedule 2A - Miscellaneous Bond Information  
 For the Fiscal Year Ended August 31, 2007  
 (Amounts in Thousands)

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rate	Scheduled Maturities		First Call Date
				First Year	Last Year	

SCHEDULE NOT USED



Angelo State University  
Schedule 2E - Defeased Bonds Outstanding  
For the Year Ended August 31, 2007

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

Angelo State University  
Schedule 3 - Reconciliation of Cash in State Treasury  
For the Year Ended August 31, 2007

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Local Revenue Fund 0227	\$ <u>3,366,592.80</u>	\$ <u>                    </u>	\$ <u>3,366,592.80</u>
Total Cash in State Treasury (Stmnt of Net Assets)	\$ <u>3,366,592.80</u>	\$ <u>0.00</u>	\$ <u>3,366,592.80</u>

Angelo State University  
 Schedule 4 - Higher Education Assistance Fund  
 For the Fiscal Year Ended August 31, 2007

	<u>Total</u>
Balances - September 1, 2006	\$ 4,164,537.65
<b>Revenues</b>	
HEAF Appropriation	<u>2,390,535.00</u>
Total Revenues	<u>2,390,535.00</u>
<b>Expenses</b>	
Salaries and Wages	
Payroll Related Costs	
Professional Fees and Services	82,294.43
Materials and Supplies	150,110.94
Communication and Utilities	2,354.50
Repairs and Maintenance	76,365.55
Rentals and Leases	
Printing and Reproduction	71,577.43
Interest	
Capital Outlay	672,545.86
Other Expenses	<u>956,016.90</u>
Total Expenses	<u>2,011,265.61</u>
<b>Other Revenues (Expenses), Gains/(Losses) and Transfers</b>	
Transfer to Unexpended Plant	
Adjustment to prior year expense	<u>(171,012.43)</u>
Total Other Revenues (Expenses), Gains/(Losses) and Transfers	<u>(171,012.43)</u>
Balance at August 31, 2007	\$ <u><u>4,372,794.61</u></u>