# **ANGELO STATE UNIVERSITY**



# ANNUAL FINANCIAL REPORT FISCAL YEAR 2012

A MEMBER OF THE TEXAS TECH UNIVERSITY SYSTEM

### ANNUAL FINANCIAL REPORT

### **OF**

# **ANGELO STATE UNIVERSITY**

FOR THE YEAR ENDED AUGUST 31, 2012

# SAN ANGELO, TEXAS

A MEMBER OF THE TEXAS TECH UNIVERSITY SYSTEM

#### ANGELO STATE UNIVERSITY FY 2012 FINANCIAL REPORT

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November 20, 2012

Office of the President

The Honorable Rick Perry Governor of Texas

Ms. Ursula Parks Acting 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, 2012, in compliance with TEXAS GOVERNMENT CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

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

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

Sincerely

Brian J. May

President

ASU Station #11007 | San Angelo, Texas 76909-1007 Phone: (325) 942-2073 | Fax: (325) 942-2038 | www.angelo.edu

Member, Texas Tech University System | Equal Opportunity Employer



November 20, 2012

#### ANGELO STATE UNIVERSITY

Office of the Vice President for Finance and Administration

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

Dear Dr. May:

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

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

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

Respectfully submitted,

Michael Reid Vice President for

Finance and Administration

Denise Brodnax Controller

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Janet Coleman
Director of Accounting

Carrie Whitesell Accountant

Jackie Baxter Accountant

Accountant

#### ANGELO STATE UNIVERSITY ORGANIZATIONAL DATA For the Fiscal Year 2012 - 2013

#### BOARD OF REGENTS TEXAS TECH UNIVERSITY SYSTEM

#### **OFFICERS**

Jerry E. Turner

Kent Hance

Chairman

Chancellor

#### **MEMBERS**

		Term Expires
<u>Name</u>	<b>Residence</b>	<u>February 1</u>
Mr. L. Frederick 'Rick' Francis	El Paso, Tx	2013
Mr. John F. Scovell	Dallas, Tx	2013
Mr. Jerry E. Turner	Blanco, Tx	2013
Mr. Mickey L. Long	Midland, Tx	2015
Mrs. Nancy R. Neal	Lubbock, Tx	2015
Mr. John Walker	Houston, Tx	2015
Mr. Larry K. Anders	Dallas, Tx	2017
Mrs. Debbie Montford	San Antonio, Tx	2017
Mr. John D. Steinmetz	Lubbock, Tx	2017

#### **PRESIDENT**

Dr. Brian J. May

#### OFFICE OF FINANCE AND ADMINISTRATION

Michael Reid Vice President for Finance and Administration

Denise Brodnax Controller

#### **ADMISSIONS & REGISTRAR**

Michael Loehring Director of Admissions
Cindy Weeaks Registrar

#### Angelo State University Statement of Net Assets (Unaudited)

#### August 31, 2012

SS	

Current Assets:		
Cash and Cash Equivalents (Note 1)	\$ 38,752,067.77	
Restricted:		
Cash and Cash Equivalents (Note 1)	(706,922.71)	
Legislative Appropriations	4,690,734.93	
Receivables from:		
Federal Receivables	20,929,779.68	
Student Receivables	9,333,243.04	
Gift Receivables	436,190.00	
Accounts Receivables	1,053,822.59	
Due From Other Agencies	143,184.66	
Merchandise Inventories	3,660.12	
Prepaid Expenses	5,933,817.07	
Consumable Inventories	257,226.44	
Loans and Notes Receivable, net	770,445.59	
Total Current Assets	81,597,249.18	_
Noncurrent Assets:		
Investments (Note 3)	118,281,830.18	
Capital Assets (Note 2)		
Non-Depreciable	43,545,120.89	
Depreciable	183,657,360.58	
Accumulated Depreciation	(100,717,989.57)	
Amortizable	1,418,446.29	
Accumulated Amortization	(1,356,571.29)	,
Total Non-Current Assets	244,828,197.08	•
Total Assets	\$ 326,425,446.26	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 2,110,634.96	
Payroll Payable	3,066,084.33	
Deferred Revenues	32,487,896.73	
Revenue Bonds Payable (Note 5)	2,595,005.50	
Employees' Compensable Leave (Note 5)	281,524.93	
Commercial Paper Payable (Note 5)	3,946,433.28	
Funds Held for Others	16,542,532.22	
Other Current Liabilities	4,810.00	
Total Current Liabilities	61,034,921.95	_
Total Current Elabilities	01,031,721.73	•
Non-current Liabilities:		
Employees Compensable Leave (Note 5)	1,776,345.18	
Revenue Bonds Payable (Note 5)	70,790,939.84	
Other Non-Current Liabilities	466,874.87	_
Total Non-Current Liabilities	73,034,159.89	_
Total Liabilities	\$ 134,069,081.84	=
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	\$ 52,267,431.70	
Restricted:		
Non-Expendable:		
Endowments	119,076,427.84	
Expendable:	, , , , , , , , , , , , , , , , , , , ,	
Higher Education Assistance Fund	2,796,257.57	
Other	8,894,499.05	
Unrestricted (Note 1)	9,321,748.26	
Total Net Assets	192,356,364.42	
Total Liabilities and Net Assets	\$326,425,446.26	

#### Angelo State University

## Statement of Revenues, Expenses, and Changes in Net Assets (Unaudited) For the Fiscal Year Ended August 31, 2012

OPERATING REVENUES	
Sales of Goods and Services	
Tuition and Fees - Pledged	\$ 49,741,129.20
Discounts and Allowances	(9,154,550.76)
Auxiliary Enterprises - Pledged	15,603,264.89
Discounts and Allowances	(2,871,409.72)
Other Sales of Goods and Services - Pledged	1,052,868.03
Federal Revenue-Operating (Sch 1A)	3,491,988.03
Federal Pass Through Revenue (Sch 1A)	474,573.59
State Grant Pass Through Revenue (Sch 1B)	4,999,469.72
Nongovernmental Grants and Contracts	680,625.05
Total Operating Revenues	64,017,958.03
OPERATING EXPENSES:	
Instruction	44,978,260.81
Research	860,158.48
Public Service	1,859,235.60
Academic Support	6,150,873.95
Student Services	4,433,620.29
Institutional Support	14,469,645.41
Operation and Maintenance of Plant	7,250,321.18
Scholarship and Fellowships	5,836,892.03
Auxiliary Enterprise Expenditures	15,489,186.51
Depreciation and Amortization	6,564,714.30
Total Operating Expenses	107,892,908.56
Operating Income (Loss)	(43,874,950.53)
NONOPERATING REVENUES (EXPENSES)	
Federal Revenue-Nonoperating (Sch 1A)	10,485,567.52
Legislative Revenue	28,438,916.07
Gifts	1,923,699.88
Investment Income	10,723,926.51
Interest Expense on Capital Asset Financing	(2,736,483.26)
Gain (Loss) on Disposal of Capital Assets	(53,138.72)
Net Increase (Decrease) in Fair Value of Investments	(2,013,673.82)
Other Nonoperating Revenues/(Expenses) - Pledged	591,828.16
Total Nonoperating Revenues (Expenses)	47,360,642.34
Income (Loss) before Other Revenues, Expenses, Gains/Losses and Transfers	3,485,691.81
OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS	
Capital Appropriations (HEAF)	3,743,027.00
Capital Contributions - Gifts	13,000.00
Transfers Out - TTU System Admin (Note 12)	(255,931.00)
Transfers In - Texas Tech Foundation, Inc. (Note 12)	20,625.00
Transfers Out - Texas Tech University (Note 12)	(1,666.98)
Transfers Out - Other State Agencies (Note 12)	(3,225,644.46)
Legislative Transfers-Out (Note 12)	(3,040,311.08)
Legislative Appropriations Lapsed	(1,280.84)
Total Other Revenues, Expenses, Gains, Losses, and Transfers	(2,748,182.36)
Total Changes in Net Assets	\$ 737,509.45
Beginning Net Assets (September 1, 2011)	191,618,854.97
Ending Net Assets (August 31, 2012)	\$ 192,356,364.42

#### Matrix of Operating Expenses by Natural Classification For the Fiscal Year Ended August 31, 2012

Function		Salaries and Wages		Payroll Related Costs	P	rofessional Fees and Services		Travel		Materials and Supplies
Instruction	<u> </u>	22,790,980.91	\$	6,271,390.75	\$	149,916.71	\$	775,475.63	\$	1,075,794.10
Research	Ψ	509,144.01	Ψ	131,561.92	Ψ	2.909.00	Ψ	13.034.77	Ψ	115,124.42
Public Service		1,014,374.85		184,136.59		66,286.00		47,686.71		205,392.94
Academic Support		2,842,204.86		705,280.81		19,413.00		135,964.63		375,264.80
Student Services		2,800,742.15		730,932.73		3,185.12		99,379.69		246,845.04
Institutional Support		8,831,769.43		2,296,982.24		263,836.45		147,050.15		457,018.82
Operation and Maintenance of Plant						,				
Scholarships and Fellowships		2,037,049.35		652,340.55		4,585.97		11,420.60		615,902.57
Auxiliary Enterprises		5,549,334.90		1,248,146.50		68,060.60		299,668.32		4,231,716.51
Depreciation and Amortization		3,347,334.70		1,240,140.30		00,000.00		277,008.32		4,231,710.31
Total Operating Expenses	<u>\$</u>	46,375,600.46	¢ -	12,220,772.09	<u> </u>	578,192.85	· -	1,529,680.50	<u>\$</u>	7,323,059.20
Total Operating Expenses	Ψ_	40,373,000.40	Ψ_	12,220,772.07	Ψ	376,172.63	Ψ_	1,327,000.30	Ψ_	1,323,037.20
		Communication		Repairs and		Rentals and		Printing and		Federal Pass
Function		and Utilities		Maintenance		Leases		Reproduction		Thru Expense
Instruction	- \$	113,634.26	\$	238,543.74	\$	61,629.47	\$	54,701.96	\$	-
Research		, <u>-</u>		, -		1,800.00		622.39		-
Public Service		6.881.57		3.224.39		16,497.40		20,448.44		_
Academic Support		35,736.18		52,782.48		110,233.56		15,136.42		_
Student Services		14,266.81		45,081.68		23,539.24		33,033.68		_
Institutional Support		142,276.96		687,055.94		63,583.57		167,086.67		_
Operation and Maintenance of Plant		2,590,739.03		817,887.01		113,587.28		403.13		_
Scholarships and Fellowships		,,		,		-,				
Auxiliary Enterprises		1,863,334.79		985,320.82		215,602.81		74,403.94		_
Depreciation and Amortization		,,		,		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		,		
Total Operating Expenses	\$	4,766,869.60	\$	2,829,896.06	\$	606,473.33	\$	365,836.63	\$	_
	· <del>-</del>	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		, , ,	· <del>-</del>	, , , , , , , , , , , , , , , , , , , ,	· <del>-</del>	, , , , , , , , , , , , , , , , , , , ,	· <del>-</del>	
		State Pass		Depreciation						
Function		Thru Expense	_	and Amortization	_	Bad Debt	_	Interest	_	Scholarships
Instruction	\$	-	\$		\$		\$	0.41	\$	
Research		-						-		
Public Service		-						-		
Academic Support		-						-		
Student Services		-						-		
Institutional Support		-				114,136.39		-		
Operation and Maintenance of Plant		-								
Scholarships and Fellowships										5,836,892.03
Auxiliary Enterprises		-				135,580.80				
Depreciation and Amortization	_		_	6,564,714.30	_		_		_	
<b>Total Operating Expenses</b>	\$	-	\$	6,564,714.30	\$	249,717.19	\$	0.41	\$	5,836,892.03

		Other		
Function		Operating	_	Grand Total
Instruction	\$	13,446,192.87	\$	44,978,260.81
Research		85,961.97		860,158.48
Public Service		294,306.71		1,859,235.60
Academic Support		1,858,857.21		6,150,873.95
Student Services		436,614.15		4,433,620.29
Institutional Support		1,298,848.79		14,469,645.41
Operation and Maintenance of Plant		406,405.69		7,250,321.18
Scholarships and Fellowships				5,836,892.03
Auxiliary Enterprises		818,016.52		15,489,186.51
Depreciation and Amortization			_	6,564,714.30
Total Operating Expenses	\$	18,645,203.91	\$	107,892,908.56
	_		_	

#### Angelo State University

#### Statement of Cash Flows (Unaudited)

#### For the Year Ended August 31, 2012

Cash Flows from Operating Activities		
Tuition and Fees	\$	41,774,277.24
Grants and Contracts		10,739,683.87
Sales and Services of Auxiliary Enterprises Other Sales and Services		12,735,055.36 1,052,868.03
Payments - Other Sales and Services		(336,679.18)
Collections for Loans Issued to Students		370,992.09
Payments - Aux. Sales & Services		(813,021.37)
Payments for Loans Issued to Students		(387,003.06)
Payments to Employees - Salaries		(46,375,600.46)
Payments to Employees - Benefits		(12,220,772.09)
Payments for Other Operating Activities	_	(42,531,303.34)
Net Cash Provided (Used) by Operating Activities	_	(35,991,502.91)
Cash Flows from Noncapital Financing Activities		
State Appropriations		28,651,067.41
Noncapital Gifts		1,726,725.29
Noncapital Grants		10,493,798.52
Transfers to/from Other State Agencies:		
TTUS System Office		(255,931.00)
TTUS System Office - Legislative Transfer		(120,628.00)
TTU		(1,666.98)
TT Foundation, Inc		20,625.00
Texas B-On-Time		(525,091.59)
TPFA		(515,819.20)
Other Noncapital Financing Activities  Net Cash Provided (Used) by Noncapital Financing Activities	_	(11,152,559.17) 28,320,520.28
Net Cash Floridea (Osea) by Noncapital Financing Activities	_	26,320,320.26
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt Issuance		57,258,177.56
Capital Appropriations		3,743,027.00
Purchases of Capital Assets		(10,714,933.06)
Principal Paid on Capital Debt		(44,331,538.88)
Payments for Bond Issue Cost		(272,581.58)
Payments of Interest on Debt Issuance	_	(2,463,901.68)
Net Cash Provided (Used) by Capital and Related Financing Activities	_	3,218,249.36
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities		7,385,381.61
Interest and Dividents Received		10,723,926.51
Purchases of Investments		(7,428,999.37)
Net Cash Provided by Investing Activities		10,680,308.75
TOTAL NET CASH FLOWS	\$	6,227,575.48
	=	
Beginning Cash and Cash Equivalents, September 1, 2011		31,817,569.58
Ending Cash and Cash Equivalents, August 31, 2012	\$	38,045,145.06
	_ =	
Reconciliation of Operating Income (Loss) to		
Net Cash Provided (Used) by Operating Activities		(42.074.050.52)
Operating Income (Loss) Adjustments:	\$	(43,874,950.53)
Depreciation Expense		6,564,714.30
Bad Debt Expense		249,717.19
(Increase) Decrease in Accounts Receivables		(614,203.05)
Increase (Decrease) in Due from Other Agency		296,361.93
(Increase) Decrease in Loans and Notes Receivable		17,172.85
(Increase) Decrease in Inventory		42,196.48
(Increase) Decrease in Prepaid Expenses		453,335.77
Increase (Decrease) in Accounts Payable		(74,120.29)
Increase (Decrease) in Payrolls Payable		(556,695.85)
Increase (Decrease) in Due to Other Funds		(2,000.00)
Increase (Decrease) in Deferred Revenue		1,551,454.38
Increase (Decrease) in Compensable Leave		13,007.60
Increase (Decrease) in Other Liabilities	-	(57,493.69)
Net Cash Used for Operating Activities	-	(35,991,502.91)
Non-Cash Transactions		
Donation of Capital Assets	\$	13,000.00
Net Change in Fair Value of Investments	Ψ.	(2,013,673.82)
Disposal of Plant Facilities		(205,807.13)

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

#### **ENTITY**

Angelo State University is considered an Institution of Higher Education of the State of Texas, and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts *Reporting Requirements for State Institutions of Higher Education*. Angelo State University serves the state by offering a wide range of academic programs leading to baccalaureates and masters degrees. Angelo State University is committed to providing educational excellence for Texas.

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

#### **FUND STRUCTURE**

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

#### **Proprietary Funds**

#### **Business Type Activity**

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

#### **Component Units**

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

#### **Basis of Accounting**

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

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

#### **BUDGETS AND BUDGETARY ACCOUNTING**

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

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

#### **Assets**

#### **Cash and Cash Equivalents**

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

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

	_	Unrestricted	_	Restricted		Total
Cash on Hand	\$	14,173.30	\$		\$	14,173.30
Cash in Bank		6,253,726.87		(2,477,642.51)		3,776,084.36
Cash in State Treasury		879,129.71				879,129.71
Reimbursement Due from Treasury		3,286,737.37				3,286,737.37
TexPool	_	28,318,300.52		1,770,719.80		30,089,020.32
Total Cash and Cash Equivalents	\$	38,752,067.77	\$	(706,922.71)	\$_	38,045,145.06

#### **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. The consumption method of accounting is used to account for inventories that appear in the proprietary fund types and the government-wide statements. The cost of these items is expensed when the items are consumed.

#### **Capital Assets**

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

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

#### **Other Receivables**

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

#### **Liabilities**

#### **Accounts Payable**

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

#### **Other Payables**

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

#### **Employees' Compensable Leave Balances**

Employees' Compensable Leave Balances represent the liability that becomes 'due' upon the occurrence of relevant events such as resignation, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net assets. GASB Statement No. 16, <u>Accounting for Compensated Absences</u>, 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.

#### **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.

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

#### Reserved for:

Encumbrances	\$	4,158,136.29
State Appropriations to be Lapsed		516.02
Petty Cash		10,893.30
Accounts Receivable		13,199,623.58
Consumable Supplies Inventory		260,886.56
Prepaid Expenses		1,979,415.81
Communication Reserve		282,311.72
Band Uniforms		28,000.00
Future Operating Budgets		256,995.00
Unreserved	_	(10,855,030.02)
Total Unrestricted Net Assets	\$	9,321,748.26

#### **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, 2012 is presented in Note 12.

#### **NOTE 2: Capital Assets**

			Reclassifications					
	Balance		Completed	Inc-Int'agy	Dec-Int'agy			Balance
<u>_</u>	9/1/2011	Adjustments	CIP	Trans	Trans	Additions	Deletions	8/31/2012
Business-type activities:								
Non-depreciable/Non-amortiza								
Land and Land Improvements	\$2,554,755.97							\$2,554,755.97
Infrastructure								
Construction in Progress	31,661,488.56	(26,140.34)	(417,151.13)			9,362,085.86		40,580,282.95
Other Tangible Capital Assets	356,391.97					53,690.00		410,081.97
Other Intangible Capital Assets	\$24.572.626.50	(025 140 24)	(0.417.151.10)	#0.00	#0.00	#0.415.775.05	#A AA	A 40 5 45 100 00
Total Non-depreciable assets	\$34,572,636.50	(\$26,140.34)	(\$417,151.13)	\$0.00	\$0.00	\$9,415,775.86	\$0.00	\$43,545,120.89
Depreciable Assets								
Building and Building Improvemer	\$152,124,695.13		\$417,151.13					\$152,541,846.26
Infrastructure	5,286,500.06							5,286,500.06
Facilities and Other Improvement	6,993,141.06							6,993,141.06
Furniture and Equipment	9,410,560.60					1,141,996.42	(161,849.47)	10,390,707.55
Vehicle, Boats, and Aircraft	1,498,233.34					65,660.68	(44,796.00)	1,519,098.02
Other Capital Assets	6,869,042.91					109,325.10	(52,300.38)	6,926,067.63
Total Depreciable Assets	\$182,182,173.10	\$0.00	\$417,151.13	\$0.00	\$0.00	\$1,316,982.20	(\$258,945.85)	\$183,657,360.58
Accumulated Depreciation								
Buildings and Improvements	(\$75,325,359.15)					(\$4,945,818.61)		(\$80,271,177.76)
Infrastructure	(1,953,534.80)					(179,618.54)		(2,133,153.34)
Facilities and Other Improvement	(4,622,533.77)					(310,435.92)		(4,932,969.69)
Furniture and Equipment	(5,766,711.10)					(852,384.64)	161,011.13	(6,458,084.61)
Vehicle, Boats, and Aircraft	(1,194,570.82)					(79,980.85)	44,796.00	(1,229,755.67)
Other Capital Assets	(5,549,291.19)					(143,557.31)		(5,692,848.50)
Total Accumulated Depreciation	(\$94,412,000.83)	\$0.00	\$0.00	\$0.00	\$0.00	(\$6,511,795.87)	\$205,807.13	(\$100,717,989.57)
Amortizable Assets-Intangible								
Computer Software	\$1,418,446.29							\$1,418,446.29
Total Amortizable Assets-Intangil	\$1,418,446.29	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,418,446.29
Total Amortizable Assets-Intalign	\$1,410,440.29	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,418,440.29
Accumulated Amortization								
Computer Software	(\$1,303,652.86)					(\$52,918.43)		(\$1,356,571.29)
Total Accumulated Amortization	(\$1,303,652.86)	\$0.00	\$0.00	\$0.00	\$0.00	(\$52,918.43)	\$0.00	(\$1,356,571.29)
Total Business-Type Activities	\$122,457,602.20	(\$26,140.34)	\$0.00	\$0.00	\$0.00	\$4,168,043.76	(\$53,138.72)	\$126,546,366.90

#### **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, 2012, the carrying amount of deposits was \$3,776,084.36 (including Restricted Assets) as presented below.

Governmental and Business-Type Activities	
CASH IN BANK - CARRYING VALUE	\$ 3,776,084.36
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	\$ 3,776,084.36
Governmental Funds Current Assets Cash in Bank	\$ 6,253,726.87
Governmental Funds Current Assets Restricted Cash in Bank	(2,477,642.51)
Cash in Bank per AFR	\$ 3,776,084.36
	· · · · · · · · · · · · · · · · · · ·

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, 2012, the total bank balance was as follows:

Governmental and Business-Type Activities \$6,410,923.54

#### **Investments**

As of August 31, 2012, the fair value of investments is as presented below.

Governmental and Business-Type Activities	Fair Value
U. S. Government	\$
U. S. Treasury Securities	
U. S. Treasury Strips	
U. S. Treasury TIPS	
U. S. Government Agency Obligations (Ginnie Mae, Fannie Mae,	
Freddie Mac, Sallie Mae, etc.)	
U. S. Government Agency Obligations (Texas Treasury	
Safekeeping Trust Co)	
Corporate Obligations	
Corporate Asset and Mortgage Backed Securities	1,123.92
Equity	6,569,928.19
International Obligations (Govt and Corp)	1,669,086.43
International Equity	
Repurchase Agreement	
Fixed Income Money Market and Bond Mutual Fund	5,551,143.12
Mutual Funds	5,189,595.53
Other Commingled Funds	15,178,557.72
Other Commingled Funds (Texpool)	28,589,020.32
International Other Commingled Funds	13,016,372.01
Commercial Paper	
Real Estate	11,443,548.80
Derivatives	
Externally Managed Investments	
Domestic	60,203,893.27
International	958,581.19
Miscellaneous	
Total	\$ 148,370,850.50

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. The exposure to foreign currency risk as of August 31, 2012, is as follows.

						International Externally Managed
				International	<u>International</u>	<u>Investments</u>
Fund Type	GAAP Fund	Foreign Currency		<b>Obligation</b>	<u>Equity</u>	mvestments
01	0001	Argentine peso	\$	35,333.35 \$	127,459.26	
01	0001	Australian dollar			128,025.99	1,703.84
01	0001	Bermudan dollar				
01	0001	Brazilian real		144,161.38	973,672.10	
01	0001	Bulgarian lev				
01	0001	Canadian dollar		1,137.69	129,005.16	
01	0001	Cayman dollar		8,191.36		
01	0001	CFA Franc		46,612.72		
01	0001	Chilean Peso		116,239.25	64,379.56	
01	0001	Chinese yuan		10,336.71	904,081.54	43.69
01	0001	Colombian peso		112,208.58		
01	0001	Czech koruna			98,444.14	
01	0001	Danish krone			45,774.11	
01	0001	Dominican Peso		21,941.13		
01	0001	Egyptian pound			71,156.12	
01	0001	Euro		123,097.86	1,559,044.44	879,890.00
01	0001	Hong Kong dollar		8,061.34	245,024.88	
01	0001	Hungarian forint				
01	0001	Indian rupee			555,799.55	76,943.66
01	0001	Indonesian rupiah		169,678.10	256,465.29	
01	0001	Iraqi dinar		13,457.23		
01	0001	Israel shekel			48,468.73	
01	0001	Japanese yen			1,388,492.44	
01	0001	Jordanian dinar				
01	0001	Kazakhstani tenge		43,524.71	44,785.78	
01	0001	Latvian lats		67,351.15		
01	0001	Lithuanian litas		55,031.61		
01	0001	Malaysian ringgit		292.55	34,654.95	
01	0001	Mexican peso		63,450.51	667,210.60	
01	0001	Moroccan dirham				
01	0001	New Zealand dollar				
01	0001	Norwegian krone			71,302.10	
01	0001	Pakistani rupee				
01	0001	Panamanian balboa		11,279.37	24,479.16	
01	0001	Peruvian nuevo sol		30,912.62	117,584.21	
01	0001	Phillippino peso		121,635.15	105,930.16	
01	0001	Polish zloty		,	,	
01	0001	Pound sterling		13,164.68	1,109,424.88	
01	0001	Qatari riyal		42,061.97	,,	
01	0001	Romanian leu		,		
01	0001	Russian ruble		21,128.50	153,759.85	
01	0001	Singapore dollar		,	208,202.60	
01	0001	South African rand		53,893.93	650,911.67	
01	0001	South Korean won		11,149.35	1,012,255.48	
01	0001	Swedish krona		,- :- :-	95,363.26	
01	0001	Swiss franc			853,090.40	
01	0001	Taiwan dollar			612,809.16	
01	0001	Thai baht		292.55	366,338.68	
01	0001	Turkish lira		2,2.00	252,907.27	
01	0001	UAE dirham		5,850.97	40,068.49	
01	0001	Uruguay peso		69,106.45	. 5,000. 7	
01	0001	Venezuelan bolivar		248,503.66		
U.1	5501	Total	-\$	1,669,086.43 \$	13,016,372.01	\$ 958,581,19
		- 0	4	1,000,000.40	15,015,572.01	- 755,561.17

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, 2012, the agency's credit quality distribution for securities with credit risk exposure was as follow:

Stand	lard	S.	Poor	٠,
siana	ara	$\alpha$	roor	S

Fund	GAAP					
Type	Fund	Investment Type	AAA	AA	A	
		CMO's	\$ 1,123.92			
		International Obligations		\$ 88,461.58	\$ 176,923.16	

#### Standard & Poor's

Fund	GAAP					
Type	Fund	Investment Type	BBB	BB	В	Unrated
		International Obligations	\$ 736,067.12	\$ 297,097.38		\$ 370,537.19

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2012 the agency's concentration of credit risk is as follows.

Fund	GAAP			
Type	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, 2012.

#### **NOTE 4: Short-Term Debt**

Angelo State University had no short-term debt as of August 31, 2012.

#### **NOTE 5: 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, 2012, the following changes occurred in liabilities:

Business Type Activities	_	Balance 9/1/2011	_	Additions	_	Reductions	_	Balance 8/31/2012	_	Amounts Due Within One Year
Compensable Leave	\$	2,044,862.51	\$	281,524.93	\$	268,517.33	\$	2,057,870.11	\$	281,524.93
Commercial Paper Payable		32,363,673.16		13,744,299.00		42,161,538.88		3,946,433.28		3,946,433.28
Revenue Bonds		32,160,000.00	_	43,513,878.56		2,287,933.22	_	73,385,945.34	_	2,595,005.50
Total Governmental Activities	\$	66,568,535.67	\$	57,539,702.49	\$	44,717,989.43	\$	79,390,248.73	\$	6,822,963.71

#### **Bonds Payable**

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

#### **Notes and Loan Payable**

The TTUSA's Revenue Financing System commercial paper program is comprised of variable rate demand notes with a maximum maturity of 270 days. The commercial paper rates ranged from .08% to .18%. The issuance of commercial paper notes may not exceed, in aggregate, the principal amount of \$150,000,000. In practice, the System rolls, pays off, and/or issues new commercial paper at each maturity. Commercial paper assists as interim funding until long term bonds are approved and issued or revenues and gifts are received to retire the debt.

Additional TTUSA Revenue Financing System Commercial Paper Notes, Series A in the amount \$13,744,299.00 were issued during the fiscal year to finance various Angelo State University capital projects and notes in the amount \$42,161,538.88 matured. The outstanding balance at August 31, 2012, is \$3,946,433.28 with an average interest rate of .12% for the outstanding issues. Fiscal year 2012 interest expense is based on an estimated rate of .30%; 2 year T Note. The Texas Tech University System will provide liquidity support for \$150,000,000 in commercial paper notes by utilizing available funds of the System in lieu of or in addition to bank liquidity support.

#### Summary of Debt Service Requirements to Maturity Year Ending August 31, 2012

					All Other	Total
2013	2014	2015	2016	2017	Years	Requirements
\$ 3,946,433.28 \$	\$	\$	\$	\$	\$	3,946,433.28

#### **NOTE 6: Bonded Indebtedness**

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

#### Revenue Financing System Refunding and Improvement Bonds, 14th Series 2012A

For refunding of \$41,380,000 of Revenue Financing System Commercial Paper Notes Series A and a partial current refunding of \$355,000 of Texas State University System Revenue Financing System Bonds Series 2002 representing ASU's portion. To provide new funding for the new ASU Plaza Verde Phase I Residence Hall & Dining Facilities and other University capital improvement projects.

Original Issue Amount: \$ 39,370,000 Issue Date: February 1, 2012 Interest Rates: 2.0% to 5.0% Date Range: 2012 through 2041

Type of Bond: Revenue

Changes in Debt: \$ 39,370,000 issued, \$765,000 retired

Purpose: For advanced refunding of ASU portion of Texas State University System

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

TRB bonds and construction of Centennial Village.

Original Issue Amount: \$35,630,000 Issue Date: March 3, 2009

Interest Rates: 3.00% to 5.25% Maturity
Date Range: 2009 through 2038

Type of Bond: Revenue

Changes in Debt: \$0 is sued, \$4,785,000 retired

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

# Debt Service Requirements Attributable To Angelo State University

Description	Year	Principal	Interest	Total
All Issues	2013	\$ 2,861,198.80	\$ 1,662,353.72	\$ 4,523,552.52
	2014	3,059,602.04	1,519,293.76	4,578,895.80
	2015	2,746,440.13	1,366,313.68	4,112,753.81
	2016-2020	11,374,833.30	4,841,034.14	16,215,867.44
	2021-2025	5,570,000.00	2,606,500.00	8,176,500.00
	2026-2030	4,425,000.00	1,488,000.00	5,913,000.00
	2031-2035	3,210,000.00	326,500.00	3,536,500.00
Totals		\$ 33,247,074.27	\$ 13,809,995.30	\$ 47,057,069.57

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. The institution was appropriated \$4,003,574 during the current fiscal year for Tuition Revenue Bond debt service. The institution expects future Legislative appropriations to meet debt service requirements for Tuition Revenue Bonds.

#### **Pledged Future Revenues**

GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, makes a basic distinction between sales of receivable and future revenues, on the one hand, and the pledging of receivables of future revenues to repay a borrowing (a collateralized borrowing), on the other. The following table provides the pledged future revenue information for Angelo State University's revenue bonds:

	Government Activities	Business-Type Activities	Component Units
Pledged Revenue Required for Future Principal and Interest on			
Existing Revenue Bonds		\$122,587,853.30	
Term of Commitment Year Ending 08/31		2041	
Percentage of Revenue Pledged		100.0%	
Current year Pledged Revenue		\$72,356,831.16	
Current year Principal and Interest Paid		\$4,609,963.91	
Pledged revenue sources:			
Business-type activities - Operating income from current unrestr	icted funds		

#### **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) with narrow collars would be considered moderate to high risks. In contrast, principal only (PC) and interest only (10) 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, 2012, with a reported value of \$1,123.92.

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

#### **NOTE 8: Leases**

Section not applicable

#### **NOTE 9: Pension Plans**

Section not applicable

#### **NOTE 10: Deferred Compensation**

Section not applicable

#### **NOTE 11: Postemployment Health Care and Life Insurance Benefits**

Section not applicable

#### **NOTE 12: Interfund Activity and Transactions**

ASU experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statement.

Current Portion		Current Interfund Receivable		Current Interfund Payable	
General Revenue (001)	\$	0.00	\$ <u> </u>	0.00	
Total Interfund Receivable/Payable	\$	Non-Current	\$	0.00 Non-Current	
Non-Current Portion		Interfund Receivable		Interfund Payable	
General Revenue (001)	\$		\$		
Total Interfund Receivable/Payable	\$ <b>_</b>	0.00	\$	0.00	
		TRANSFERS IN		TRANSFERS OUT	
Institutional Funds (7999)	_		_		
Appd Fund 7999, D23 Fund 7999	ф		ф	(1.666.00)	
(Agy 733, D23 Fund 7999) Texas Tech Univ	\$		\$	(1,666.98)	
Institutional Funds (7999)					
Appd Fund 7999, D23 Fund 7999					
(Agy 758, D23 Fund 7999) Texas State Univ System				(2,184,733.67)	
Institutional Funds (7999)					
Appd Fund 7999, D23 Fund 7999					
(Agy 768, D23 Fund 7999) Texas Tech Univ System				(255,931.00)	
Institutional Funds (7999)					
Appd Fund 7999, D23 Fund 7999					
(Agy 768, D23 Fund 7999) Texas Tech Foundation, Inc		20,625.00			
General Revenue (5103)					
Appd Fund 5103, D23 Fund 5103					
(Agency 781, D23 Fund 5103) THECB				(525,091.59)	
Institutional Funds (7999)					
Appd Fund 7999, D23 Fund 7999					
(Agy 347, D23 Fund 7999) Texas Pub Fin Auth	_		_	(515,819.20)	
	\$	20,625.00	\$	(3,483,242.44)	
	<b>=</b>	20,023.00	Ψ=	(3,463,242.44)	
		Legislative		Legislative	
General Revenue (001)	_	TRANSFERS IN	_	TRANSFERS OUT	
Appd Fund 0001, D23 Fund 0001					
(Agency 758, D23 Fund 0001) Texas State Univ System	\$		\$	(2,919,683.08)	
G 1B (001)					
General Revenue (001) Appd Fund 0001, D23 Fund 0001					
(Agency 768, D23 Fund 7999) Texas Tech Univ System	_			(120,628.00)	
m (1X 114 m e	ф.	0.00	Φ.	(2.040.211.00)	
Total Legislative Transfers	\$_	0.00	\$	(3,040,311.08)	
		Due From		Due From	Due To
	_	Other Agencies	_	Other Component	Other Agencies
Institutional Funds (7999) Appd Fund 7999, D23 Fund 7999					
(Agy 542, D23 Fund 7639) CPRIT	\$	52,193.05	\$	\$	\$
Institutional Funds (7999) Appd Fund 7999, D23 Fund 7999					
(Agy 733, D23 Fund 9999) Texas Tech University				7,082.72	
· ·					
Institutional Funds (7999) Appd Fund 7999, D23 Fund 7999					
Appd Fund 7999, D23 Fund 7999 (Agy 781, D23 Fund 0001) THECB		83,908.89			0.00
Total Due From/To Other Agencies	\$	136,101.94	\$	7,082.72	
			_	<del>-</del>	<del></del>

#### **NOTE 13: Continuance Subject To Review**

Section not applicable

#### **NOTE 14: Adjustments to Fund Balances and Net Assets**

Section not applicable

#### **NOTE 15: Contingencies and Commitments**

#### **Unpaid Claims and Lawsuits**

At August 31, 2012, certain lawsuits and claims were pending against Angelo State University. The liability with respect to litigation and other claims asserted against the University are not likely to have a material effect on the University.

#### **NOTE 16: Subsequent Events**

Section not applicable

#### **NOTE 17: Risk Management**

The State provides coverage for unemployment compensation benefits from appropriations made to other State agencies for Angelo State University employees. The current General Appropriations Act provides that Angelo State University must reimburse General Revenue Fund-Consolidated, from Angelo State University appropriations, one-half of the unemployment benefits paid for former and current employees. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. Angelo State University must reimburse the General Revenue Fund one hundred percent of the cost for workers' compensation and for any employees paid from funds held in local bank accounts. The unemployment plan is on a pay-as-you-go basis, in which no assets are set aside to be accumulated for the payment of claims. No material outstanding claims are pending at August 31, 2012.

Angelo State University by state law is required to be a participant in the Worker's Compensation Program and Pool managed by the State Office of Risk Management (SORM). The University is assessed fees by SORM based upon claims cost, claim count, payroll and FTE. Total payments to SORM for fiscal year 2012 totaled \$88,038.48. The State Office of Risk Management pays all WCI claims. The Worker's Compensation pool for the fiscal year was funded by a .25 percent charge on non-educational and general gross payroll for paying its proportionate share of the SORM assessment.

Due to the diverse risk exposure of the University, the insurance portfolio contains a comprehensive variety of coverage. Texas statutes require participation of all state agencies, directors and officers liability, employee blanket bond, and property and casualty programs. In addition to these basic policies, the University's Department of Risk Management establishes guidelines in risk assessment, risk avoidance, risk acceptance and risk transfer.

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

#### **NOTE 18: Management Discussion and Analysis**

Section not applicable

#### **NOTE 19: The Financial Reporting Entity**

#### **Houston Harte Foundation Available**

The Houston Harte Foundation is a non-profit organization with the sole purpose of supporting educational and other activities of the University. The assets of the foundation were managed under a Fiduciary Agreement by the Wells Fargo Bank, San Angelo, Texas. The Foundation remitted unrestricted gifts of \$35,000.00 to the University during the year ended August 31, 2012. Since the assets were managed externally, the Foundation does not have any employees. The only services provided by the University are the keeping of the minutes.

In September 2011, the Foundation began the process of dissolving its assets and distributing those assets to the ASU Foundation, Inc. for the use and benefit of Angelo State University. The dissolution was completed in June of 2012 and \$ 2,389,156.54 in assets were distributed to the ASU Foundation, Inc.

#### Robert A 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. Car Scholarship Fund that was established for the benefit of Angelo State University under provision of the last will and testament of Robert G. Carr. Nona K. Carr died on June 17, 1987. This principal fund included \$2,089,218.68 in cash and \$3,009,069.00 in oil, gas, and mineral properties.

Prior to the 2012 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 \$95,177,582.77 and realized an appreciation on investments of \$1,879,049.97. During the 2012 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 \$7,385,381.61.

All principal fund cash that is received by the Foundation is transferred to Wells Fargo Bank, San Angelo as master custodian. All principal is invested in the Long Term Investment Fund (LTIF), which is managed by the Texas Tech University System.

The value at which oil, gas, and other mineral properties is carried on the financial statements is the value that was agreed to in the settlement with the Internal Revenue Service of the Federal Estate Tax Liability of the Estate of Robert G. Carr. No provision has been made for depletion of these properties.

The LTIF spending distribution is transferred to the Angelo State University Robert G. Carr and Nona K. Carr Scholarship and expense funds. During the 2012 fiscal year, the spending distribution received from the investment agent totaled \$4,751,876.96. Of this amount, \$325,000.00 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 2012 fiscal year totaled \$342,808.66. \$4,424,666.79 was transferred to the Angelo State University Robert G. Carr and Nona K. Carr Scholarship Foundation Account. Depository interest of \$2,210.17 was transferred. During the 2012 fiscal year, the scholarship account earned interest totaling \$14.23.

Total scholarships awarded prior to the 2012 fiscal year amounted to \$69,709,265.50. During the 2012 fiscal year, scholarship awards amounted to \$5,971,139.13. It is estimated that the amount of annual scholarship awards from the scholarship fund will total \$4,500,000.00 in fiscal year 2013.

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 \$0 to the University during the 2012 fiscal year for operation of the Alumni office. The University paid \$55,459.28 above the contributed amount for maintaining the records on the students who have graduated from the University.

The ASU Foundation is a non-profit organization with the sole purpose of supporting educational and other activities of the University. The Foundation solicits donations and acts as Coordinator of Gifts made by other parties. The association expended \$119,334.85 on behalf of the University during the year ended August 31, 2012. During the year the University furnished limited staff assistance to the association.

#### **NOTE 20: Stewardship, Compliance and Accountability**

Section not applicable

**NOTE 21: N/A** 

#### **NOTE 22: Donor Restricted Endowments**

Expenditure of endowed funds is not allowed without the express consent of the donor. Most of Angelo State University's endowments are held in perpetuity. In many cases, endowment earnings are expendable for student financial assistance or other purposes as designated by the donor. In other cases, endowment earnings are reinvested.

Endowment assets are invested predominantly in the Long Term Investment Fund (LTIF). The LTIF has experienced varying performance since its inception. The cumulative effect of valuation changes assignable to endowment fund assets by the University are summarized in the following table:

	Amount of Net	
<b>Donor-Restricted Endowments</b>	Appreciation	Reported in Net Assets
True Endowments	(\$1,583,594.89)	Restricted Nonexpendable
Total	(\$1,583,594.89)	

#### **NOTE 23: Extraordinary and Special Items**

Section not applicable

466,874.87

#### ANGELO STATE UNIVERSITY NOTES TO THE FINANCIAL STATEMENTS Year Ended August 31, 2012

#### **NOTE 24: Disaggregation of Receivable and Payable Balances**

A. Federal Receivable		A a
Federal Receivable Program	. —	Amount
Other Instructional & Departmental	\$	5,422,337.32
Research		23,860.78
Public Services		10,232.58
Other Non-Current Funds		15,473,349.00
Total Net Federal Receivable	\$	20,929,779.68
As Reported on the Financial Statements		
Current Federal Receivable	\$	5,456,430.68
Noncurrent Federal Receivable		15,473,349.00
Total Net Federal Receivable	\$	20,929,779.68
B. Other Liabilities - Current		
Туре		
Deposits from Students	\$	4,810.00
	\$	4,810.00
C. Other Liabilities - Non-Current		
Туре		
U.S. Government Grants Refundable	\$	466,874.87

#### **NOTE 25: Termination Benefits**

Section not applicable

#### **NOTE 26: Segment Information**

Section not applicable

#### Angelo State University Schedule 1A - Schedule of Expenditures of Federal Awards For the Fiscal Year Ended August 31, 2012

				Pass-Through Fro	m	Direct
Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Identifying #	Agy/Univ #	Agy/Univ Amount	Non-State Entity Amount	Program Amount
U.S. Department of Defense						
<u>Direct Program:</u> Center for Security Studies	12.000	2713				1,496,565.25
Total Department of Defense						1,496,565.25
U.S. Department of Justice Pass-Through From: Office of the Governor						
Bulletproof Vest Program  Total Department of Justice	16.607	10617	300	3,933.21 3,933.21		
U. S. Small Business Administration						
Pass-Through From: University of Texas San Antonio						
Small Business Development Center Total U. S. Small Business Administration	59.037	12557/12559	743	119,541.39 119,541.39		
U. S. Department of Education						
<u>Direct Program:</u> Title V - Hispanic Serving Institute	84.031	2716				717,119.46
Title III - H.S.I. STEM	84.031	2718				768,310.43
Pearl of the Concho Writing Pass-Through From:	84.928	2712				918.80
Texas Higher Education Coordinating Board Teacher Quality	84.367	2765/2772/2779	781	166,616.39		
Total U.S. Department of Education	0507	2103/2/12/2/19	,31	166,616.39		1,486,348.69
Dept. of Health & Human Services						
<u>Direct Program:</u> Nurse Traineeships	93.358	2715				18,150.00
Total Dept. of Health & Human Services						18,150.00
Research & Development Cluster U.S. Department of Agriculture Pass-Through From:						
Kansas State University USDA Subaward-Antibiotic Resistance Pass-Through From:	10.303	2775			17,047.85	
Louisianna State University Agriculture and Food Research Initiative Total U.S. Department of Agriculture	10.310	2773			2,224.19 19,272.04	
U.S. Department of Defense						
Pass-Through From: Texas State University - San Marcos						
Heterofunctional Materials - Army Total U. S. Department of Defense	12.431	2778	754	1,221.33 1,221.33		
National Science Foundation						
Pass-Through From: North Carolina A&T University						
Ogallala Aquifer Research Direct Program:	47.075	2768			15,668.88	
PIER Satterfield	47.050	2717				69,639.44
Ammerman National History Collection <u>Pass-Through From:</u>	47.074	2719				85,431.19
Texas Tech University	47.076	2771	733	101.261.27		
West Texas Middle School Total National Science Foundation	47.076	2//1	/33	181,261.27 181,261.27	15,668.88	155,070.63
U.S. Department of Health and Human Services						
Direct Program: ARRA: NIH NIDA	93.701	2714				27,751.81
Total U.S. Department of Health and Human Services		, - ·				27,751.81
Statewide Data Systems Cluster U. S. Department of Education						
Pass-Through From: Statewide Data Systems	84.372	10853	781	2,000.00		
Total U.S. Department of Education  Student Financial Assistance Cluster				2,000.00		
U. S. Department of Education <u>Direct Program:</u>						
Federal Supplemental Educational Opportunity Federal Work-Study Program	84.007 84.033					112,870.50 139,793.23
Federal Perkins Loan Program	84.038					4,500.00
Federal Pell Grant Program Federal Direct Student Loans	84.063 84.268					10,485,567.52 35,267,238.00
Academic Competitiveness Grants	84.375					12,497.00
Federal TEACH Grant Total U. S. Department of Education	84.379					8,000.00 46,030,466.25
Dept. of Health & Human Services						
<u>Direct Program:</u> Nurse Faculty Loan Program	93.264	7680				8,231.00
Total Dept. of Health & Human Services	–					8,231.00
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 474,573.59 <b>\$</b>	34,940.92 \$	49,222,583.63
TOTAL EATERDITURES OF FEDERAL AWARDS			:	\$ 474,573.59 \$	34,940.92 \$	+7,444,383.03

Total Pass- Thru From & Direct Program	Agy #/ Univ.#	Pass-Through To State Agy. or Univ. Amount	Non-State Entities Amt.	Expenditures Amount	Total PT to and Expenditures
1,496,565.25 1,496,565.25				1,496,565.25 1,496,565.25	1,496,565.25 1,496,565.25
3,933.21 3,933.21				3,933.21 3,933.21	3,933.21 3,933.21
119,541.39 119,541.39				119,541.39 119,541.39	119,541.39 119,541.39
717,119.46 768,310.43 918.80				717,119.46 768,310.43 918.80	717,119.46 768,310.43 918.80
166,616.39 1,652,965.08				166,616.39 1,652,965.08	166,616.39 1,652,965.08
18,150.00 18,150.00				18,150.00 18,150.00	18,150.00 18,150.00
17,047.85				17,047.85	17,047.85
2,224.19 19,272.04				2,224.19 19,272.04	2,224.19 19,272.04
1,221.33 1,221.33				1,221.33 1,221.33	1,221.33 1,221.33
15,668.88				15,668.88	15,668.88
69,639.44 85,431.19				69,639.44 85,431.19	69,639.44 85,431.19
181,261.27 352,000.78				181,261.27 352,000.78	181,261.27 352,000.78
27,751.81 27,751.81				27,751.81 27,751.81	27,751.81 27,751.81
2,000.00 2,000.00				2,000.00 2,000.00	2,000.00 2,000.00
112,870.50 139,793.23 4,500.00 10,485,567.52 35,267,238.00 12,497.00 8,000.00 46,030,466.25				112,870.50 139,793.23 4,500.00 10,485,567.52 35,267,238.00 12,497.00 8,000.00 46,030,466.25	112,870.50 139,793.23 4,500.00 10,485,567.52 35,267,238.00 12,497.00 8,000.00 46,030,466.25
8,231.00 8,231.00				8,231.00 8,231.00	8,231.00 8,231.00
\$ 49,732,098.14		\$	\$	\$ 49,732,098.14	\$ 49,732,098.14

Angelo State University Schedule 1A - Schedule of Expenditures of Federal Awards For the Fiscal Year Ended August 31, 2012

#### Note 2: Reconciliation:

Federal Revenues - per Statement of Combined Revenues, Expenses and Net Assets:	
Federal Revenue-Operating	\$ 3,491,988.03
Federal Revenue-Non-Operating	10,485,567.52
Federal Pass-Through - Operating	474,573.59
Federal Pass-Through - Non-Operating	
Subtotal	14,452,129.14
ADD:	
New Loans Processed:	
Federal Perkins Loan Program	4,500.00
Federal Direct Student Loan	35,267,238.00
Nurse Faculty Loan Program	8,231.00
Total Pass-Through & Expenditures Per Federal Schedule	\$ 49,732,098.14

#### Note 3: Student Loans Processed & Administrative Costs Recovered

Federal Grantor/ CFDA Number/Program Name	New Loans Processed	Admin. Costs Recovered	Total Loans Processed & Admin. Costs Recovered	Ending Balances of Previous Year's Loans
U.S. Department of Education				
84.038 Federal Perkins Loan Program	4,500.00		4,500.00	
84.268 Federal Direct Student Loans	35,267,238.00		35,267,238.00	
93.264 Nurse Faculty Loan Program	8,231.00		8,231.00	130,754.02
Total Department of Education	\$ 35,279,969.00 \$	0.00	35,279,969.00	\$ 130,754.02

Perkins loans are outsourced to ECSI.

#### Note 4: Government Publications

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

#### Note 7: Federal Deferred Revenue

CFDA	Balance 9-1-11	Net Change	Balance 8-31-12
	_		
84.367	-	20,000.00	20,000.00
84.928	13,524.36	(837.60)	12,686.76
	13,524.36	19,162.40	32,686.76

The deferred revenue consists of awards authorized for which funds have not been expended.

Angelo 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:

Cancer Prevention and Research Institute of Texas (Agy #542) CPRIT ABC 4 WT	\$ 58,366.99
University of Texas System (Agy #720)	
Joint Admissions Medical Program	2,793.81
Texas Higher Education Coordinating Board (Agy #781)	
Texas Grants	4,164,110.00
Professional Nursing Shortage Reduction Program	413,814.00
College Work Study Program	75,113.11
Top 10% Scholarship	262,000.00
Combat Exemption Program SB297	(350.00)
Early High School Program HB1479	22,178.50
Certified Educational Aide Program	 1,443.31
Total Pass Through From Other Agencies (Exh. II)	\$ 4,999,469.72

Angelo State University Schedule 2A - Miscellaneous Bond Information For the Fiscal Year Ended August 31, 2012

	Bonds		Terms of	Scheduled	Maturities	First
	Issued to	Range of	Variable	First	Last	Call
Description of Issue	Date	Interest Rates	Interest Rate	Year	Year	Date
Revenue Bonds						
Rev Fin Sys Ref & Imp Bds 12th Series 2009	\$ 35,630,000.00	3.0% to 5.25%		2009	2038	02/15/2019
Rev Fin Sys Ref & Imp Bds 14th Series '12A	39,370,000.00	2.0% to 5.0%		2012	2041	08/15/2021
	<u> </u>					
Total	\$ 75,000,000.00					

Angelo State University Schedule 2B - Changes in Bonded Indebtedness For the Year Ended August 31, 2012

Description of Issue		Bonds Outstanding 9-1-11	-	Bonds Issued	 Bonds Matured or Retired	. ,	Bonds Refunded or Extinguished	-	Bonds Outstanding 8-31-12
Revenue Bonds Rev Fin Sys Ref & Imp Bds 12th Ser '09 Rev Fin Sys Ref & Imp Bds 14th Ser '12A	\$	32,160,000.00	\$	39,370,000.00	\$ 1,405,000.00 765,000.00	\$		\$	30,755,000.00 38,605,000.00
TOTAL	\$_	32,160,000.00	\$_	39,370,000.00	\$ 2,170,000.00	\$	0.00	\$	69,360,000.00
	<del>-</del>	Unamortized Premium	_	Net Bonds Outstanding 8-31-12	 Amounts Due Within One Year	•			
Rev Fin Sys Ref & Imp Bds 12th Ser '09 Rev Fin Sys Ref & Imp Bds 14th Ser '12A	\$	4,025,945.34	\$_	30,755,000.00 42,630,945.34	\$ 1,600,000.00 995,005.50	-			
TOTAL	\$	4,025,945.34	\$ =	73,385,945.34	\$ 2,595,005.50	•			

Note: 14th Series amounts due within one year include bond premium amortization  $\$230,\!005.50$ .

Angelo State University Schedule 2C - Debt Service Requirements For the Year Ended August 31, 2012

	Fiscal				
Description of Issue	Year	_	Principal	_	Interes
Revenue Bonds					
Rev Fin Sys Ref & Imp Bds 12th Ser '09	2013	\$	1,600,000.00	\$	1,485,918.76
	2014		1,595,000.00		1,429,993.76
	2015		840,000.00		1,385,068.76
	2016		1,185,000.00		1,334,443.76
	2017		1,240,000.00		1,273,818.76
	2018-2022		4,255,000.00		5,634,468.80
	2023-2027		4,620,000.00		4,596,093.80
	2028-2032		5,935,000.00		3,271,690.65
	2033-2037		7,690,000.00		1,522,162.50
	2038		1,795,000.00		47,118.75
			30,755,000.00		21,980,778.30
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	2013		765,000.00		1,762,712.50
	2014		775,000.00		1,747,412.50
	2015		805,000.00		1,724,162.50
	2016		835,000.00		1,700,012.50
	2017		855,000.00		1,674,962.50
	2018-2022		4,915,000.00		7,696,862.50
	2023-2027		5,980,000.00		6,441,000.00
	2028-2032		7,375,000.00		4,789,500.00
	2033-2037		8,235,000.00		2,888,250.00
	2038-2041		8,065,000.00		822,200.00
			38,605,000.00	_	31,247,075.00
Total Principal and Interest		\$	69,360,000.00	\$	53,227,853.30

Angelo State University Schedule 2D - Analysis of Funds Available for Debt Service For the Year Ended August 31, 2012

		Pledged and Other Sources and Related Expenditures for FY 2012									
		Net Available	for D	ebt Service							
	Total Pledged and Other		Operating Expenses/ Expenditures and			Deb	t Service	<b>:</b>			
Description of Issue		Sources		Capital Outlay		Principal		Interest			
Revenue Bonds Rev Fin Sys Ref & Imp Bds 12th Series '09 Rev Fin Sys Ref & Imp Bds 14th Ser '12A	\$		\$		\$	1,405,000.00 765,000.00	\$	1,546,018.76 893,945.15			
Total	\$	72,356,831.16	\$	(B)	<u> </u>	2,170,000.00	\$	2,439,963.91			

#### NOTE:

<sup>(</sup>A) - Total Pledged and Other Sources do not include 09/01/2011 beginning balances.
(B) - Expenditures associated with pledged sources totaled \$62,298,814.79.

Angelo State University Schedule 2E - Defeased Bonds Outstanding For the Year Ended August 31, 2012

	Year	Par Value
Description of Issues	Refunded	Outstanding
Revenue Bonds		
SCHEDULE NOT USED		\$
		\$ 0.00

Angelo State University Schedule 2F - Early Extinguishment and Refunding For the Year Ended August 31, 2012

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

#### NOTE:

In FY 2012, \$353,140.83 of Texas State University System debt on behalf of Angelo State University was refunded and new debt was financed by the Texas Tech University System on behalf of Angelo State University. The refunded bonds were Angelo State University's portion of the Texas State University System 2002 series of bonds. This refunding resulted in a cash flow increase of \$38,140.83 and an economic gain of \$64,670.60.

Angelo State University Schedule 3 - Reconciliation of Cash in State Treasury For the Year Ended August 31, 2012

Cash in State Treasury		Unrestricted	Restricted		_	Current Year Total
Local Revenue Fund 0227	\$	879,129.71	\$_		\$_	879,129.71
Total Cash in State Treasury (Stmt of Net Assets)	\$	879,129.71	\$	0.00	\$	879,129.71