



Sam Houston
STATE UNIVERSITY
A Member of The Texas State University System

Annual Financial Report
Fiscal Year 2012



Sam Houston State University

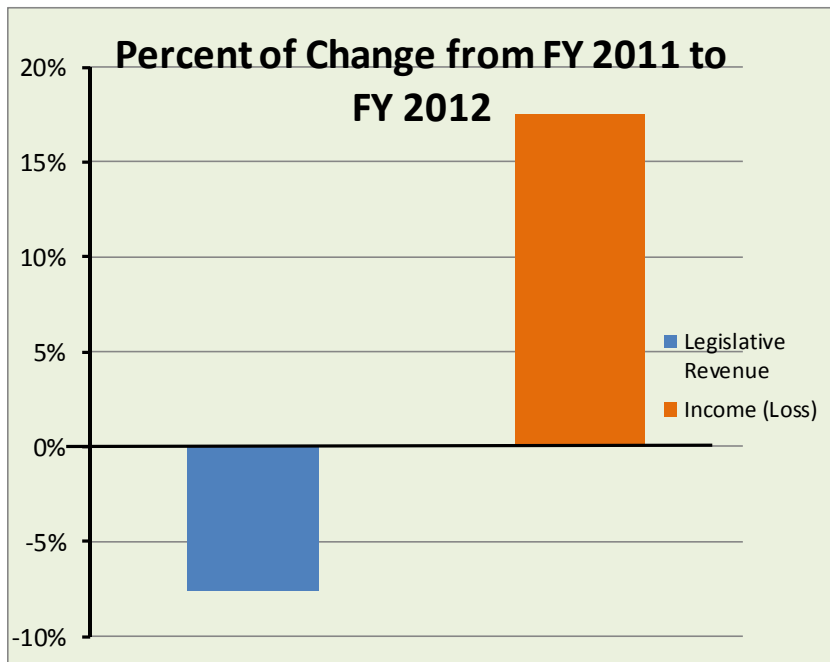
MEMBER THE TEXAS STATE UNIVERSITY SYSTEM™

Letter from the President

The 2012 fiscal year was truly a Year of Excellence, on and off the field. To mention a few notable achievements:

Off the field, I am pleased to share the positive financial outcomes from Sam Houston State University for the year ended August 31, 2012. During the year total Net Assets increased by \$9.1 million to \$466.8 million. The significant increase is primarily attributable to significant philanthropic contributions made to the University. The faculty and staff have displayed admirable support with over 82% participation to the 2012 Annual Fund raising over \$300,000. Sam Houston State University was also selected once again by the Chronicle of Higher Education in 2012 as a Great College to Work For.

Finance professor Dr. Balasundram Maniam was named a recipient of the 2012 Minnie Stevens Piper Award in recognition of superior teaching at the college level. Dr. Stanley Kelley, chair and professor of SHSU's Department of Agricultural and Industrial Sciences, was awarded the 2012 United States Department of Agriculture Food and Agriculture Sciences Excellence in Teaching Award and the 2012 American Association of State Colleges of Agriculture and Renewable Resources Distinguished Educator Award. The SHSU Jazz Ensemble was chosen out of the top college jazz bands in the state of Texas to be the featured jazz performing group at the 2012 Texas Music Educators Association Convention.



Financial Operating performance remains consistent despite decreases in State Appropriations during an austere budget time.

In 2011, SHSU received \$25 million in bond proceeds through our System Office for the construction of a 4-story 144,164 sq. ft. Woodlands Facility. This Facility was completed in 2012 and opened May 30, 2012 providing state-of-the-art technology to enhance



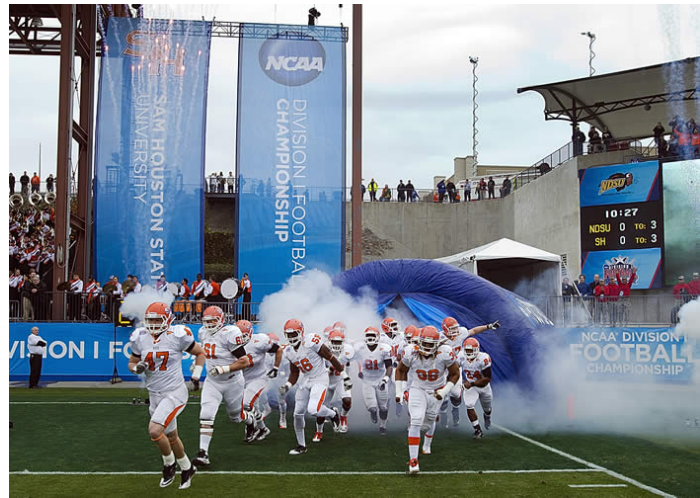
Sam Houston State University

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students' learning experiences. The facility includes a 120 seat auditorium, 5-story parking garage, and over 30 high tech classrooms.

The University successfully completed its first full academic year in a new reporting system which integrates all financial departments and information within the University.

On the field, our Football team went undefeated and were Southland Conference Champions making it to the 2011 NCAA Division I Football Finals. The list of accomplishments for the 2012 baseball team is extensive, and included hoisting the Southland Conference championship. Our men's Rodeo team earned the National Reserve Championship Title and Elizabeth Combs from the women's rodeo team won the National Champion Barrel Racer and AQHA Horse of the Year at the College National Finals Rodeo. Women's basketball added their second West Division championship title and our Coed Cheer Squad won the National Cheerleader Association Championship.



SHSU had a number of successes in 2012, and I look forward to sharing more successes in 2013.

Sincerely,

Dr. Dana Gibson, PhD, President, Sam Houston State University



UNAUDITED

FINANCIAL REPORT

SAM HOUSTON STATE UNIVERSITY

For the Year Ended August 31, 2012

Huntsville, Texas

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**BOARD OF REGENTS
TEXAS STATE UNIVERSITY SYSTEM**

August 31, 2012

OFFICERS

Charlie Amato

Chairman

MEMBERS

Terms Expires February 1, 2013

Charlie Amato, Chairman

Trisha Pollard

William F. Scott

San Antonio

Bellaire

Nederland

Terms Expire May 31, 2013

Andrew Greenberg, Student Regent

Beaumont

Terms Expires February 1, 2015

Kevin J. Lilly

Ron Mitchell

David Montagne

Houston

Horseshoe Bay

Beaumont

Terms Expires February 1, 2017

Dr. Jaime R. Garza

Rossanna Salazar

Donna N. Williams, Vice Chair

San Antonio

Austin

Arlington

Chancellor
Brian McCall, Ph.D.

ADMINISTRATIVE OFFICIALS SAM HOUSTON STATE UNIVERSITY



President's Cabinet

Dana L. Gibson	President
Kathy Gilcrease	Chief of Staff
Jaimie Hebert	Provost and Vice President, Academic Affairs
Al Hooten	Vice President for Finance and Operations
Frank R. Holmes	Vice President for University Advancement
Heather Thielemann	Vice President for Enrollment Management
Frank Parker	Vice President for Student Services
Mark Adams	Vice President for Information Technology
Bobby Williams	Director of Athletics



Paige Smith, MBA, CIA, CPA
Associate Vice President for
Financial Services



C. Aaron LeMay, JD, CPA, M.S., Ed
Controller



2012 A Year of



The football team was the undefeated Southland Conference Champions in 2011. They continued on to become 2011 NCAA Division I Football National Finalists.

The baseball team won the 2012 Southland Conference title. Also, while in his first season in charge of the baseball program, David Pierce was named the 2012 Southland Conference Baseball "Coach of the Year"



Women's Basketball added their second consecutive West Division championship. They also achieved their highest seed ever at the Southland post-season-tournament.

Excellence On.....

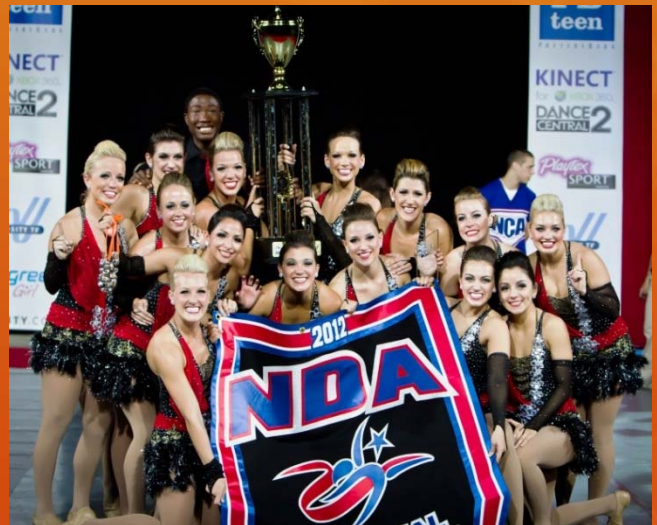
Liz Combs won National Champion Barrel Racer and AQHA Horse of the Year at the College National Finals Rodeo. Several other team members also won awards with the men's team earning National Reserve Championship and the women's team placing third in the nation.



The Jazz Ensemble was selected as "Top College Jazz Band in Texas"



The Orange Pride dance team competed and won the National Championship title for the third year in a row.



The Coed Cheer Squad competed in the National Cheerleader Association competition in Daytona Beach, FL and came home National Champions.

..... and Off of the



Brittany Winner, SHSU forensic chemistry major, is one of five students in the nation selected for the 2012 Society of Toxicology Pfizer Undergraduate Student Travel Award.



Balasundram Maniam, finance professor, is recognized for his excellence in teaching by being named recipient of the 2012 Minnie Stevens Piper Award.



The university opened a new academic facility in The Woodlands on May 30, 2012

Sam Houston State University was named to the 2012 President's Higher Education Community Service Honor Roll for contributing more than 600,000 hours of service.



Field !

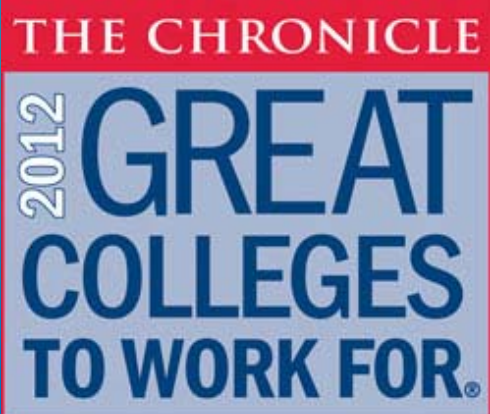


Brandi Cannon was recognized with the "Outstanding Research Award" at National McNair Scholars Research Conference.



The SHSU debate team has won 8 National Championship Titles.

During the Spring 2012 semester, more than 400 student athletes had a combined grade point average (GPA) of 3.0. Of the total, 30 student athletes had a perfect 4.0 semester GPA. Also, 29 student athletes were selected Academic All-Southland Conference.



SHSU was named "A Great College to Work For" for the third consecutive year by The Chronicle of Higher Education.



Research and

Sam Houston State University

External Research Expenditures and Financial Aid Awards

For the Year Ended August 31, 2012

Externally Sponsored Award Expenditures

Federal	\$	6,278,372.80
State		557,413.97
Nonprofit/Foundation		169,865.42
Other		185,787.90
Total Externally Sponsored Award Expenditures	\$	7,191,440.09

Federal Financial Aid

Supplemental Educational Opportunity Grants	\$	326,755.00
Work-Study		343,067.38
Perkins Loan Program		32,140.00
Pell Grant Program		25,301,475.99
Direct Loans		93,460,658.00
Academic Competitiveness Grants		1,575.00
SMART Grants		30,000.00
TEACH Grants		357,478.00
Total Financial Aid	\$	119,853,149.37
TOTAL	\$	<u>127,044,589.46</u>

Financial Aid



Dr. Sarah Kerrigan, Forensic/CJ, pictured with Mike Manes, the former Rural crime Lab manager.

Dr. Kerrigan, director of forensic science department, is leading the way in the science of detecting drugs. Her specialization in amphetamines has led to multiple grants in this subject. Currently she is working to create a test for bath salts for toxicological samples in crime labs. This grant is funded by the National Institute of Justice. This grant closely follows her previously funded grant, also from the NIJ, on Analysis and Prevalence of Designer Amphetamines in Forensic Toxicology Casework.

Dr. Ilona Petrikovics has been a pivotal part of SHSU's research initiative since her arrival in 2006. Her leading expertise in cyanide and its effects has led to more than \$1.2 million dollars in funding from the National Institute of Justice and the department of Defense. She is currently researching an antidote for cyanide to save lives in the case of a bioterrorism attack as well as the lives of military personnel overseas.



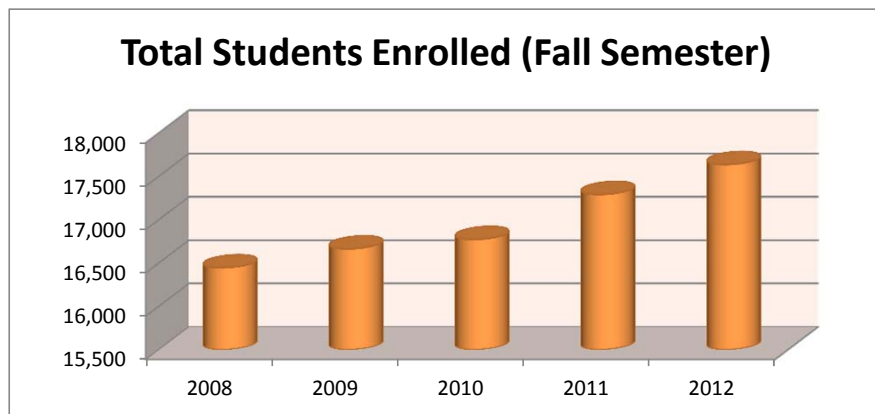
Dr. Ilona Petrikovics, Chemistry/COS.

UNAUDITED

Sam Houston State University

Student Enrollment Data
For the Year Ended August 31, 2012

TYPE OF STUDENT	NUMBER OF STUDENTS BY SEMESTER			
	FALL 2011	SPRING 2012	SUMMER TERM 2012	
			FIRST	SECOND
Texas Residents	15,807	14,675	5,233	3,484
Out of State (Classified as Residents)	12	18	5	3
Out of State	496	470	354	134
Foreign	184	194	66	39
Children of Disabled	2	2	1	1
Concurrent Enrollment				
Foster Children of the State	23	20	13	11
Good Neighbor	5	5	4	1
High School Honor Scholarships				
High Ranking Senior	20	21	0	0
Hazelwood Act	220	222	125	77
Senior Citizens	1	1	1	1
Commission for the Blind/Deaf	34	32	13	12
Fireman Exempt	10	13	8	5
Thesis Only				
Student Service Fees				
Nursing				
Faculty/Staff	114	99	54	27
Teaching Assistants	75	82	51	4
Competitive Scholarships	193	202	78	55
Military Personnel	20	21	10	10
Louisiana Adjacent County				
Mexico Pilot				
National Student Exchange Program				
New Mexico Adjacent County				
Texas Tomorrow Waiver	23	284	57	39
Adopted Students	25	25	9	3
Military Dependent	326	326	135	125
Pase				
TANF				
H.B. 877				
Distance Learning				
Family & Consumer Science Alliance Agreement	1	1	6	3
Clinical Preceptor Exempt	2	4	0	0
Beaumont-Louisiana Non-resident				
UACH				
Early HS Grad	43	0	0	0
TAPS Tuition Voucher 54.2111				
TDCJ-54.218 Education Code				
Trio Grant Math 0301				
HB 1406 Non US Citizen				
Totals	<u>17,636</u>	<u>16,717</u>	<u>6,223</u>	<u>4,034</u>



Sam Houston State University

Statement of Net Assets As of August 31, 2012 and 2011

	2012	2011
Assets and Deferred Outflows		
Current Assets		
Unrestricted Cash and Cash Equivalents	\$ 107,731,648.33	\$ 66,420,496.62
Restricted Cash and Cash Equivalents	16,806,009.26	64,237,392.90
Legislative Appropriations	11,587,318.11	10,990,932.56
Federal Receivables	4,069,635.33	2,365,522.67
Interest and Dividend Receivable	93,680.08	181,394.25
Accounts Receivable	25,834,912.53	26,241,182.80
Due From Other State Agencies	363,810.55	696,535.07
Merchandise Inventories	342,506.19	382,722.77
Miscellaneous Prepaids	860,077.20	871,091.72
Loans and Contracts Receivable	1,543,700.01	1,646,599.77
Prepaid Scholarships	24,918,098.62	24,947,354.79
Total Current Assets	\$ 194,151,396.21	\$ 198,981,225.92
Non-Current Assets and Deferred Outflows		
Pledges Receivable	\$ 167,673.55	\$ 196,638.86
Restricted Investments	92,643,717.81	83,777,225.15
Non Depreciable Capital Assets	25,286,670.34	62,828,393.68
Depreciable Assets Net of Accumulated Depreciation	266,882,701.98	217,176,561.32
Total Non-Current Assets	\$ 384,980,763.68	\$ 363,978,819.01
Total Assets	\$ 579,132,159.89	\$ 562,960,044.93
Liabilities and Deferred Inflows		
Current Liabilities		
Accounts Payable	\$ 8,157,938.35	\$ 18,564,765.76
Wages Payable	4,574,241.04	7,786,766.60
Due to Other State Agencies	41,831.75	53,057.57
Deferred Revenue	89,919,709.25	70,086,749.42
Claims and Judgments		154,222.82
Current Employee's Compensable Leave	2,823,076.74	1,725,690.89
Funds Held for Others	2,165,742.70	2,818,241.98
Total Current Liabilities	\$ 107,682,539.83	\$ 101,189,495.04
Non-Current Liabilities and Deferred Inflows		
Employees Compensable Leave	\$ 2,296,415.04	\$ 2,616,480.46
Other Non-Current Liabilities	2,344,856.08	1,471,115.89
Total Non-Current Liabilities	\$ 4,641,271.12	\$ 4,087,596.35
Total Liabilities	\$ 112,323,810.95	\$ 105,277,091.39
Net Assets		
Invested in Capital Assets	\$ 292,169,432.32	\$ 277,550,296.58
Restricted for Capital Projects	34,902,459.75	44,382,053.95
Restricted for Funds Held As Permanent Investments		
Non-Expendable	61,768,361.80	53,037,990.92
Restricted for Other	20,953,324.93	21,533,588.45
Unrestricted	57,014,770.14	61,179,023.64
Total Net Assets	\$ 466,808,348.94	\$ 457,682,953.54

Sam Houston State University

Statement of Changes in Revenue, Expenses, and Net Assets For the Periods Ending August 31, 2012 and 2011

	2012	2011
Operating Revenues		
Tuition and Fees	\$ 137,001,167.14	\$ 118,645,675.17
Less: Waivers and Exemptions	(32,086,757.38)	(29,387,707.46)
Auxiliary Enterprises Charges for Services	32,706,322.35	24,738,477.49
Other Sales of Goods and Services	5,954,521.29	12,370,053.60
Federal Revenue - Operating	6,086,769.34	9,193,917.09
Federal Pass-Through Revenue	1,173,616.30	1,120,492.35
State Grant Revenue	548,041.65	349,536.90
State Grant Pass-Through Revenue	8,500,837.63	9,594,094.97
Pell Grants	25,301,475.99	25,489,954.51
Other Grants and Contratcs	395,855.83	1,973,272.67
Other Operating Revenues *	8,235,205.30	11,476,607.79
Total Operating Revenues	\$ 193,817,055.44	\$ 185,564,375.08
Operating Expenses		
Instruction	\$ 64,247,404.14	\$ 61,751,143.25
Research	4,869,435.91	5,376,981.90
Public Service	11,440,643.63	14,507,687.22
Academic Support	30,813,998.42	28,574,793.51
Student Services	18,183,721.69	18,627,021.53
Institutional Support	17,813,355.66	18,343,982.12
Operation and Maintenance of Plant	18,067,797.95	14,808,098.74
Scholarship and Fellowships	26,743,058.28	22,918,405.93
Auxiliary Enterprise Expenditures	40,048,192.45	39,188,131.96
Depreciation and Amortization	18,458,394.81	15,151,212.50
Total Operating Expenses	\$ 250,686,002.94	\$ 239,247,458.66
Operating Income (Loss)	\$ (56,868,947.50)	\$ (53,683,083.58)
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 39,842,949.02	\$ 40,944,232.00
Additional Appropriations	8,754,031.12	11,635,254.12
Federal Pass-Through Revenue	-	2,660,934.97
Gifts	10,871,059.29	1,478,601.01
Interest and Investment Income (Expense)	1,303,324.50	1,269,255.64
Investing Activities Expense	-	(55,817.11)
Gain (Loss) on Sale of Capital Assets	(455,455.64)	(168,986.22)
Net Income (Decrease) in Fair Value of Investments	5,406,479.65	3,928,675.76
Settlement of Claims	(255,355.70)	(286,545.22)
Other Nonoperating Revenue (Expense)	217,744.72	(221,079.61)
Total Nonoperating Revenues (Expenses)	\$ 65,684,776.96	\$ 61,184,525.34
Income (loss) before Other	\$ 8,815,829.46	\$ 7,501,441.76
Other Revenues, Expenses and Transfers		
Capital Appropriation	\$ 11,893,110.00	\$ 11,893,110.00
Transfer in from State	1,000,000.00	25,500,000.00
Transfer Out to State	(14,354,410.50)	(12,822,544.67)
Legislative Transfer Out	(2,721,740.43)	(2,674,523.53)
Lapses in Appropriated Funds	(0.57)	(1,843.01)
Total Other Revenues (Expenses) and Transfers	\$ (4,183,041.50)	\$ 21,894,198.79
CHANGE IN NET ASSETS	\$ 4,632,787.96	\$ 29,395,640.55
Net Assets Beginning of Year	\$ 457,682,953.54	\$ 428,287,312.99
Restatements	4,492,607.44	-
Net Assets Beginning of Year as Restated	\$ 462,175,560.98	\$ 428,287,312.99
Net Assets End of Year	\$ 466,808,348.94	\$ 457,682,953.54

* Includes CMIT and LEMIT funding

Sam Houston State University Matrix of Operating Expenses Reported by Function For the Fiscal Year Ended August 31, 2012												
Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarship and Fellowships	Auxiliary Enterprises	Depreciation and Amortization*	Total Expenses	
Payroll												
Salary and Wages	\$ 50,078,165.17	\$ 2,073,892.29	\$ 6,175,811.12	\$ 14,558,388.56	\$ 10,443,640.65	\$ 8,304,568.92	\$ 6,262,942.32	\$ 774,287.75	\$ 13,244,268.78	\$ -	\$ 111,915,965.56	
Payroll Related Costs	10,974,220.76	402,246.85	1,418,181.64	2,946,779.91	2,375,655.48	5,234,230.17	1,901,816.91	14,060.98	3,355,626.89	0.00	28,622,819.59	
Total Payroll	\$ 61,052,385.93	\$ 2,476,139.14	\$ 7,593,992.76	\$ 17,505,168.47	\$ 12,819,296.13	\$ 13,538,799.09	\$ 8,164,759.23	\$ 788,348.73	\$ 16,599,895.67	\$ -	\$ 140,538,785.15	
Travel and Direct Expenses												
Federal Grant Pass-Through Expense	\$ -	\$ 181,652.69	\$ 96,072.84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 277,725.53	
Travel	303,693.42	287,886.99	174,378.88	1,174,775.67	149,534.71	229,156.79	17,946.41	11,894.25	1,945,506.75	0.00	4,294,773.87	
Printing and Reproduction	38,457.12	12,826.65	63,100.04	259,498.51	149,931.70	200,376.06	1,270.93	1,572.31	463,203.32	0.00	1,190,236.64	
Professional Fees and Services	1,132,004.25	125,840.87	-	553,649.40	625,761.53	179,059.27	405,157.25	10,975.61	982,496.87	0.00	3,819,232.86	
Cost of Good Sold	0.00	0.00	62,981.10	3,758.23	66,166.76	0.00	0.00	0.00	409,180.37	0.00	542,086.46	
Total Travel and Direct	\$ 1,474,154.79	\$ 608,207.20	\$ 396,532.86	\$ 1,991,681.81	\$ 991,394.70	\$ 608,592.12	\$ 424,374.59	\$ 24,442.17	\$ 3,800,387.31	\$ -	\$ 10,124,055.36	
Utilities and Maintenance												
Depreciation and Amortization*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,458,394.81	\$ 18,458,394.81	
Materials and Supplies	734,421.12	549,230.20	812,043.20	5,415,174.95	1,679,714.86	2,083,729.02	1,421,782.14	31,714.09	11,273,021.97	0.00	24,000,831.55	
Communications and Utilities	20,654.77	37,235.71	177,823.26	2,089,356.96	594,902.96	294,471.49	3,960,117.45	0.00	2,380,821.40	0.00	9,555,384.00	
Repairs and Maintenance	40,614.07	38,503.78	79,647.71	851,734.85	1,275,679.05	234,085.06	1,990,361.26	191.58	1,798,871.52	0.00	6,309,688.88	
Rentals and Leases	23,307.94	69,761.88	302,494.18	521,378.86	87,741.98	104,040.72	51,988.66	5,182.35	825,103.83	0.00	1,991,000.40	
Total Utilities and Maintenance	\$ 818,997.90	\$ 694,731.57	\$ 1,372,008.35	\$ 8,877,645.62	\$ 3,638,038.85	\$ 2,716,326.29	\$ 7,424,249.51	\$ 37,088.02	\$ 16,277,818.72	\$ 18,458,394.81	\$ 60,315,299.64	
Other Operating Expenses												
Interest	\$ -	\$ 4.66	\$ 110.86	\$ 141.79	\$ 25.62	\$ -	\$ 0.04	\$ -	\$ -	\$ -	\$ 282.97	
Claims and Judgments	0.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00	0.00	0.00	200.00	
Bad Debt Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Scholarships	8,004.00	322,927.32	41,981.00	54,000.00	1,890.00	0.00	0.00	25,828,802.55	0.00	0.00	26,257,604.87	
Other	893,861.52	767,426.02	2,036,017.80	2,385,160.73	733,076.39	949,638.16	2,054,414.58	64,376.81	3,370,090.75	0.00	13,449,774.95	
Total Other Operating Expense	\$ 901,865.52	\$ 1,090,358.00	\$ 2,078,109.66	\$ 2,439,502.52	\$ 734,992.01	\$ 949,638.16	\$ 2,054,414.62	\$ 25,893,179.36	\$ 3,370,090.75	\$ -	\$ 39,707,862.79	
Total Operating Expenses	\$ 64,247,404.14	\$ 4,869,435.91	\$ 11,440,643.63	\$ 30,813,998.42	\$ 18,183,721.69	\$ 17,813,355.66	\$ 18,067,797.95	\$ 26,743,058.28	\$ 40,048,192.45	\$ 18,458,394.81	\$ 250,686,002.94	

Sam Houston State University

Statement of Cash Flows

For the Fiscal Years Ended August 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Tuition and Fees	\$ 124,747,369.59	\$ 83,006,104.24
Proceeds from Research Grants and Contracts	17,037,845.27	26,220,487.64
Proceeds from Loan Programs	11,069,655.85	5,666,541.41
Proceeds from Auxiliaries	32,706,322.35	23,084,135.34
Proceeds from Other Revenues	13,009,603.82	17,851,108.06
Payments to Suppliers for Goods and Services	(73,595,240.75)	(82,822,206.64)
Payments to Employees for Salaries	(111,915,965.56)	(107,215,075.08)
Payments to Employees for Benefits	(27,525,433.74)	(23,108,533.85)
Payments for Loans Provided	(9,603,500.00)	(2,946,229.67)
Payments for Other Expenses	(31,179,623.95)	154,222.82
Net Cash Provided by Operating Activities	\$ (55,248,967.12)	\$ (60,109,445.73)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	\$ 48,000,594.02	\$ 52,227,893.13
Proceeds from Gifts	10,900,024.60	1,452,362.43
Proceeds from Grant Receipts	25,301,475.99	28,150,889.48
Proceeds from Other Financing Activities	630,367.51	-
Payments for Other Uses	(207,410.94)	(3,899,207.78)
Net Cash Provided by Noncapital Financing Activities	\$ 84,625,051.18	\$ 77,931,937.26
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the Sale of Capital Assets		
Proceeds from Debt Issuance	\$ 1,000,000.00	\$ 25,500,000.00
Payments for Additions to Capital Assets	(19,713,400.40)	(32,945,210.05)
Payments of Principal on Debt	(13,501,513.71)	(13,327,182.05)
Payments for Capital Lease	-	(204,448.13)
Payments of Interest on Debt Issuance	-	-
Payments of Other Costs of Debt Issuance	-	-
Net Cash Provided by Capital and Related Financing Activities	\$ (32,214,914.11)	\$ (20,976,840.23)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	\$ 3,400,342.76	\$ 3,928,675.76
Proceeds from Interest Income	-	(198,025.73)
Proceeds from Investment Income	1,303,324.50	1,269,255.64
Proceeds from Principal Payments on Loans	-	-
Payments to Acquire Investments	(7,985,069.14)	(3,253,255.45)
Net Cash Provided by Investing Activities	\$ (3,281,401.88)	\$ 1,746,650.22
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (6,120,231.93)	\$ (1,407,698.48)
Cash and Cash Equivalents, September 1, 2011 - Restated	130,657,889.52	132,065,588.00
Changes in Accounting Principle	-	-
Changes in Reporting Entity	-	-
Restatements to Beginning Cash and Cash Equivalents	-	-
Cash and Cash Equivalents, September 1 - Restated	\$ 130,657,889.52	\$ 132,065,588.00
Cash and Cash Equivalents, August 31	\$ 124,537,657.59	\$ 130,657,889.52

SAM HOUSTON STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended August 31, 2012

Summary of Significant Accounting Policies

GENERAL INTRODUCTION

Sam Houston State University is an agency of the State of Texas and a component of the Texas State University System and its financial records comply with applicable State statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for Annual Financial Reports of State Agencies and Universities.

Sam Houston State University serves the state by providing a high quality education to residents of the state.

Sam Houston State University includes within this report all components as determined by an analysis of their relationship to Sam Houston State University as listed below.

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.

FUND STRUCTURE

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

Proprietary Fund Types

Business-Type Activity

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

BASIS OF ACCOUNTING

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

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

BUDGET AND BUDGETARY ACCOUNTING

The 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

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

Securities Lending Collateral

The University reports investments at fair value in the Statement of Net Assets with the following exceptions. (Fair value is the amount at which an investment could be exchanged in a current transaction between parties, other than in a forced or liquidation sale.) The exceptions are as follows:

1. Nonparticipating contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the financial institution's credit standing or other relevant factors.
2. Money market investments and participating interest-earning investment contracts that mature within one year or less of the date of their acquisition may be reported at amortized cost, assuming that the investment is not affected by the financial institution's credit standing or other relevant factors.

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3. For real estate, mortgages, venture capital, limited partnerships, and future and forward contracts, etc. held by non-external pool entities, fair value is not permitted. Instead, amortized cost or historical cost should be used.

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 recorded using 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 expended 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 any 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. 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 revenue 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.

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Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

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.

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.

Reservations 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.

Reserved 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.

Reserved for Consumable Inventories

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

Unreserved / Undesignated

Unreserved/undesignated 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 that are attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Assets

Restricted net assets result when constraints place on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

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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

The agency has the following types of transactions among funds:

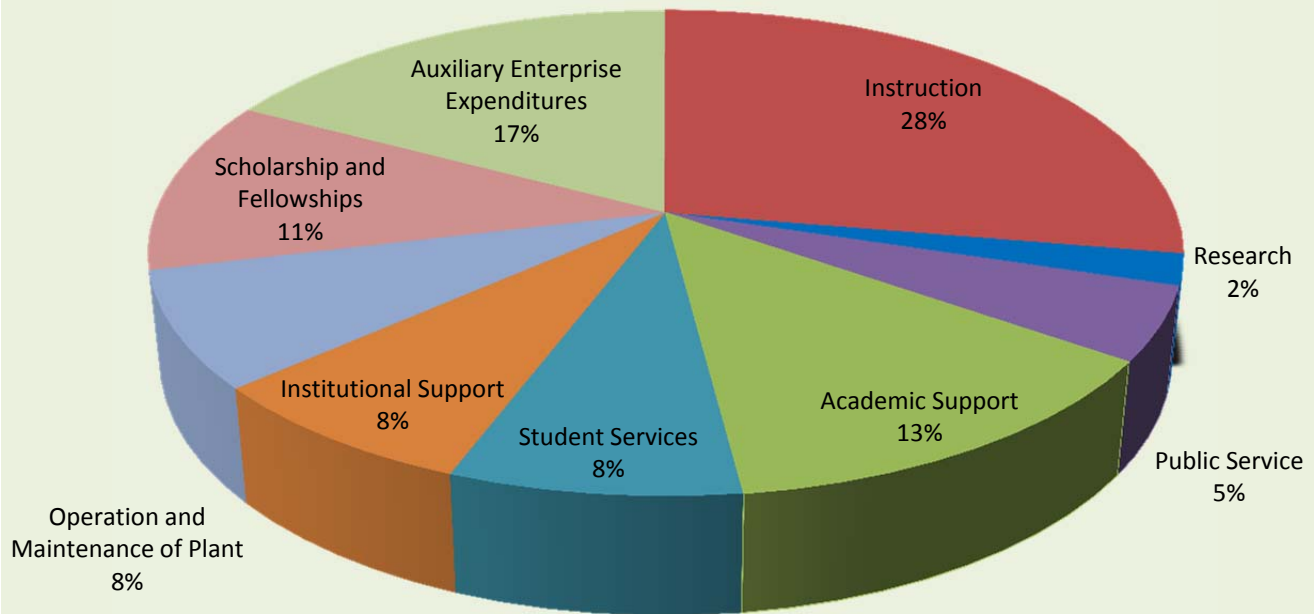
Transfers

Legally required transfers that are reported when incurred as “Transfers In” by the recipient fund and as “Transfers Out” by the disbursing fund.

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”.

FY 2012 Operating Expenses



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Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2012 is presented below:

	Balance 9/1/2011	Adjustments / Restatements	Reclassifications Completed CIP	Additions	Deletions	Balance 8/31/2012
Non-Depreciable Assets						
Land and Land Improvements	16,709,455.81	0.00	0.00	1,233,470.44	0.00	17,942,926.25
Construction in Progress	45,359,034.37	(2,987,973.69)	(61,111,188.08)	25,323,967.99	0.00	6,583,840.59
Other Assets	759,903.50	0.00	0.00	0.00	0.00	759,903.50
Total Non-Depreciated Assets	62,828,393.68	(2,987,973.69)	(61,111,188.08)	26,557,438.43	0.00	25,286,670.34
Depreciable Assets						
Buildings and Building Improvements	342,976,028.37	0.00	59,707,549.33	967,069.31	0.00	403,650,647.01
Infrastructure	11,262,207.97	0.00	0.00	746,875.97	0.00	12,009,083.94
Furniture and Equipment	26,657,907.11	0.00	1,403,638.75	4,648,699.27	(1,007,231.56)	31,703,013.57
Vehicles, Boats and Aircraft	3,433,131.76	0.00	0.00	186,430.75	(58,223.40)	3,561,339.11
Other Capital Assets	11,928,771.40	0.00	0.00	661,723.21	(59,985.90)	12,530,508.71
Facilities and Other Improvements	22,168,248.61	0.00	0.00	135,030.00	0.00	22,303,278.61
Total Depreciable Assets	418,426,295.22	0.00	61,111,188.08	7,345,828.51	(1,125,440.86)	485,757,870.95
Less Accumulated Depreciation	(204,037,042.51)	0.00	0.00	(17,786,705.19)	692,373.38	(221,131,374.32)
Depreciable Assets Net	214,389,252.71	0.00	61,111,188.08	(10,440,876.68)	(433,067.48)	264,626,496.63
Total Intangible Capital Assets Amortized	3,731,164.39	0.00	0.00	0.00	(601,627.37)	3,129,537.02
Less Accumulated Amortization	(943,855.78)	162,964.52	0.00	(671,689.62)	579,249.21	(873,331.67)
Business Type Activities Capital Assets, Net	280,004,955.00	(2,825,009.17)	0.00	15,444,872.13	(455,445.64)	292,169,372.32

Deposits, Investments and Repurchase Agreements

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

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DEPOSITS OF CASH IN BANK

As of August 31, 2012, the carrying amount of deposits was \$43,482,318.60. This amount consists 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	\$ 29,580,093.41	Fiduciary Funds	\$ -	Discrete Component Units	\$ -
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Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The agency does not have a deposit policy for custodial credit risk. As of August 31, 2012, Sam Houston State University was subject to minimal custodial credit risk for deposits.

Foreign currency risk for deposits is the risk that changes in exchange rates will adversely affect the deposit. The agency's policy is to limit deposits subject to foreign currency risk to 5% of total deposits. Sam Houston State University held no exposure to foreign currency risk for deposits as of August 31, 2012.

INVESTMENTS

Sam Houston State University invests its endowment funds to provide funding for scholarships, fellowships, professorships, academic chairs, and other uses as specified by donors. Investments of University funds for endowments and quasi endowments shall be accomplished in accordance with the following principals:

There are two primary investment objectives. One is to provide a continuing and dependable cash payout, stable and preferable growing in real terms, after giving effect to inflation. The second is to cause the total value of the funds to appreciate, over time, exclusive of growth derived from donations.

1. The cash payout requirement for endowment and quasi endowment funds are significant and continuous. Income must be sufficient to provide an adequate cash stream to support the programs for which the endowments and quasi endowment accounts need to appreciate to insure preservation of purchasing power, and also to satisfy the need for future growth in payouts.
2. The endowment and quasi endowment funds will be invested to meet these objectives, by maximizing returns consistent with an appropriate level of risk and subject to generation of adequate current income. Additionally, the investments shall be diversified at all times to provide reasonable assurance that investment in a single security, a class of securities, or industry will not have an excessive impact on the funds.

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

Governmental and Business-Type Activities	Fair Value
Equity	34,282,781.06
Fixed Income Money Market and Bond Mutual Fund	57,962,371.48
Other Commingled Funds	398,565.27
SUBTOTAL LONG-TERM INVESTMENTS	92,643,717.81
Other Commingled Funds (Texpool)	55,161,841.45
SUBTOTAL CASH EQUIVALENTS	55,161,841.45
Total	147,805,559.26

The Miscellaneous category consists of one investment type, defined portfolios, Nuveen Unit Trusts. These are non-rated investments in municipal bonds.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The agency's investment policy limits holding of securities by counterparties to those involved with securities lending. As of August 31, 2012, Sam Houston State University had minimal investments subject to custodial credit risk.

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. The agency's policy is to limit investments subject to foreign currency risk to 5% of total investments. As of August 31, 2012, Sam Houston State University was not subject to foreign currency risk.

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% of total investments. As of August 31, 2012, Sam Houston State University was not subject to credit risk.

Investment Type	AAAf	AAf	Unrated
Fixed Income Money Market and Bond Mutual Fund	\$ -	\$ -	\$ 57,962,371.48

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this disclosure requirement. As of August 31, 2012, Sam Houston State University was not subject to concentration of credit risk.

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

REVERSE REPURCHASE, SECURITIES LENDING, DERIVATIVE INVESTING

Sam Houston State University did not participate in Reverse Purchase Agreements, Securities Lending, or Derivative Investing during fiscal year 2012.

Long Term Liabilities

CHANGES IN LONG-TERM LIABILITIES

During the year ended August 31, 2012, the following changes occurred in liabilities.

Business-Type Activities	Balance 09/01/11	Additions	Reductions	Balance 08/31/12	Amounts Due Within One Year	Amounts Due Thereafter
Compensable Leave	\$ 4,342,171.35	\$ 777,320.43	\$ -	\$ 5,119,491.78	\$ 2,823,076.74	\$ 2,296,415.04
Claims & Judgements	154,222.82	-	154,222.82	\$ -	-	\$ -
Total Business-Type Activities	\$ 4,496,394.17	\$ 777,320.43	\$ 154,222.82	\$ 5,119,491.78	\$ 2,823,076.74	\$ 2,296,415.04

CLAIMS AND JUDGEMENTS

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

EMPLOYEES' COMPENSABLE LEAVE

Full-time State employees earn annual leave from eight to twenty-one hours per month depending on the respective employee's years of State employment. The State's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 532 for those employees with 35 or more years of State service. Employees with at least six months of State service, who terminate their employment, are entitled to payment for all accumulated annual leave up to the maximum allowed. The University recognizes the accrued liability for the unpaid annual leave in the Unrestricted Current Funds. For the year ended August 31, 2012, the accrued liability totaled \$5,119,491.78.

The University made lump sum payments totaling \$513,865.96 for accrued vacation and/or compensatory time to employees who separated from state service during fiscal year ending August 31, 2012.

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

Bonded Indebtedness

All bonded indebtedness for Sam Houston State University is issued by System Administration through the Texas State University System Revenue Financing System. System Administration and each component institution within the System are members of the Revenue Financing System. The Board of Regents pledged all of the funds (revenues) and balances derived or attributable to any member of the Revenue Financing System that are lawfully available to the Board for payments on Parity Debt.

System Administration issued the debt; therefore, the bonds payable attributable to the Institution are included with the Bonds Payable reported by System Administration. The Institution 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 SAM HOUSTON STATE UNIVERSITY				
Description	Year	Principal	Interest	Total
All Series	2013	\$ 7,770,322.77	\$ 6,724,071.38	\$ 14,494,394.15
	2014	7,948,577.46	6,373,284.90	14,321,862.36
	2015	8,253,693.46	5,989,859.00	14,243,552.46
	2016-2020	45,293,589.07	23,514,978.39	68,808,567.46
	2021-2025	31,877,687.56	13,119,023.26	44,996,710.82
	2026-2030	14,895,000.00	6,731,556.34	21,626,556.34
	2031-2035	8,905,000.00	4,231,743.80	13,136,743.80
	2036-2040	10,170,000.00	1,840,312.51	12,010,312.51
	2041	1,485,000.00	74,250.00	1,559,250.00
	Totals	\$ 136,598,870.32	\$ 68,599,079.58	\$ 205,197,949.90

A portion of the debt represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. The institution was appropriated \$2,754,430 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.

Leases

As of August 31, 2012, Sam Houston State University is not involved in any capital lease agreements. Sam Houston State University has entered into various operating leases for equipment. Rental expenses for operating leases were \$78,755.07 for the fiscal year ended August 31, 2012.

Future minimum lease payments under operating leases having an initial term in excess of one year as of August 31, 2012 were as follows:

Fiscal Year Ended August 31, 2012		
	2013	\$ 78,755.07
	2014	78,755.07
	2015	45,668.40
	2016	48,000.00
Total future minimum lease payments		\$ 251,178.54

Adjustments to Fund Balances / Net Assets

In 2012, Sam Houston State University fully integrated financial activity from prior years' student accounts receivable system into the financial software system which now encompasses all financial activity for the University. Receivables of \$5.0 million were determined to have been excluded from the prior year statement of net assets; however, it was determined due to the age of such receivables \$5.0 million should be included in the allowance for doubtful accounts. This activity creates a net effect of \$0 on 2012 beginning net assets.

As of August 31, 2011, Sam Houston State University reported \$7.3 million of accounts payable related to construction projects. In the current year, it was determined that these projects were expensed and paid for throughout fiscal years 2010 and 2011 without reducing the associated payable balances. As such, SHSU increased 2012 beginning net assets by \$7.3 million to reduce the payable balance.

At August 31, 2011, Sam Houston State University overstated Construction in Progress. A net total of \$2.9 million was reported in the fiscal year 2011 ending "Construction in Progress" balance. The related activity occurred in 2012 or a prior year. As such, SHSU decreased 2012 beginning net asset by \$2.9 million. Finally, accumulated depreciation related to computer software that was disposed of prior to fiscal year 2012 was not disposed of at the time of the disposal of the asset resulting in an overstatement of beginning accumulated depreciation. SHSU decreased beginning net assets by \$162 thousand.

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Net Asset Balance September 1, 2011	\$ 457,682,953.54
Restatement of Accounts Receivable	5,050,097.58
Restatement of Allowance for Bad Debt Expense	(5,050,097.58)
Restatement of Accumulated Depreciation	162,964.52
Restatement of Payables	7,317,616.61
Restatement of Construction in Progress	(2,987,973.69)
Net asset balance September 1, 2011 as Restated	<u>\$ 462,175,560.98</u>

Contingencies and Commitments

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

Subsequent Events

On September 19, 2012, SHSU liquidated all investments with Commonfund and State Street and reinvested the assets with Trustmark.

Risk Management

Sam Houston State University is self-insured by the State of Texas for coverage in the areas of workers' compensation and unemployment compensation.

Unemployment Compensation

The State provides coverage for unemployment benefits for University employees from appropriations made to the Texas Workforce Commission (TWC). The current General Appropriations Act provides that the University must reimburse the General Revenue Fund, from University appropriations, 50% of the unemployment benefits paid for State funded positions and 100% of the cost for unemployment compensation for any positions paid from funds held in local bank accounts and local funds held in the State Treasury. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. The unemployment benefit plan is on a pay-as-you-go basis, in which

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no assets are set aside to be accumulated for the payment of claims. It is estimated that there were no material liabilities as of August 31, 2012.

Workers Compensation

The administration of the State's employee workers' compensation program is vested with the State Office of Risk Management (SORM). In accordance with H.B. No. 1203, 77th Legislature, SORM developed and imposed a formula driven charge for workers' compensation costs upon participating agencies. The workers' compensation assessment is prepaid to SORM through an Interagency Contract for risk management services and workers' compensation coverage for its employees in compliance with TEX.LABOR CODE Chapter 412 and Chapter 501. The assessment for SHSU for FY 2012 was \$292,384.69. The assessment for SHSU for FY 2013 is \$267,023.15.

Sam Houston State University is required by certain bond covenants to carry fire and extended coverage and boiler insurance on buildings financed through the issuance of bonds using pledged Auxiliary Enterprise or other non-Educational and General Funds. The insurance protects the bond holders from a disruption to the revenue stream that is being utilized to make the bond interest and principal payments. Sam Houston State University had no insurance claims made during the fiscal year ended August 31, 2012.

The Texas Motor Vehicle Safety Responsibility Act requires that every non-governmental vehicle operated on a state highway be insured for minimum limits of liability in the amount of \$20,000/\$40,000 bodily injury and \$15,000 property damage. All vehicles owned and/or leased by Sam Houston State University are covered by one of two commercial insurance policies specifically customized for the Texas State University System. Both policies provide coverage to the extent of \$1,000,000 combined single liability. The coverage exceeds the extent of the waivers of state immunity specified in the Texas Tort Claims Act, Civil Properties and Remedies Code Section 101.023.

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

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

The Financial Reporting Entity

Sam Houston State University is an agency of the State of Texas and a component of the Texas State University System and its financial records comply with applicable State statutes and regulations. As required by generally accepted accounting principles, these financial statements present Sam Houston State University.

The Sam Houston University Foundation is a separate nonprofit organization which was established for the purpose of cooperating with and working on behalf of the University. Neither the balance nor the transactions of this organization's fund are reflected in the financial statements during the year ended August 31, 2012.

Stewardship, Compliance and Accountability

Sam Houston State University has no material violations of finance related and contract provisions and no new component units are included in the financial report. Per the laws of the State of Texas, Sam Houston State University cannot spend amounts in excess of appropriations granted by the Texas Legislature and there are no deficits reported in net assets.

Donor-Restricted Endowments

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

Donor-Restricted Endowment	Amounts of Net	
	Appreciation	Reported in Net Assets
True Endowments	\$ 8,612,021.38	Restricted for Nonexpendable
Term Endowments	\$ -	Restricted for Nonexpendable
True Endowments	\$ -	Restricted for Expendable

Disaggregation of Receivable and Payable Balances

Sam Houston State University had the following aggregate receivable and payable balances as of August 31, 2012:

CURRENT RECEIVABLES

Federal Receivable

Instructional and Departmental	\$ -
Research	815,886.03
Public Service	-
Financial Aid	3,253,749.30
Academic Support	-
Total Net Federal Receivable	\$ 4,069,635.33
As reported on the Financial Statements:	
Current Federal Receivable	\$ 4,069,635.33
Non-Current Federal Receivable	-
Total Net Federal Receivable	\$ 4,069,635.33

Accounts Receivable

Installment Plans	\$ 21,838,305.34
Contract and Grants	4,845,722.50
Parking	951,651.44
Returned Checks	475,784.81
Allowance for Doubtful Accounts	(6,063,795.81)
Armed Forces Receivable	130,043.76
Other Receivables	3,656,818.81
Total Net Accounts Receivable	\$ 25,834,530.85

Accounts Receivable is reported net of Allowance for Doubtful Accounts. For FY 2012, Allowance for Doubtful Accounts (\$6,063,795.81) increased from FY 2011 (\$1,013,698.23). The change is due to the \$5,050,097.58 of receivables that were determined to have been excluded from the prior year statement of net assets and determined to be uncollectible and is further explained in the note for "Adjustments to Fund Balances/Net Assets". As such, the change in Allowance for Doubtful Accounts does not represent the amount of Bad Debt Expense for FY 2012.

NONCURRENT RECEIVABLES

Pledge Receivables	\$ 167,673.55
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CURRENT PAYABLES

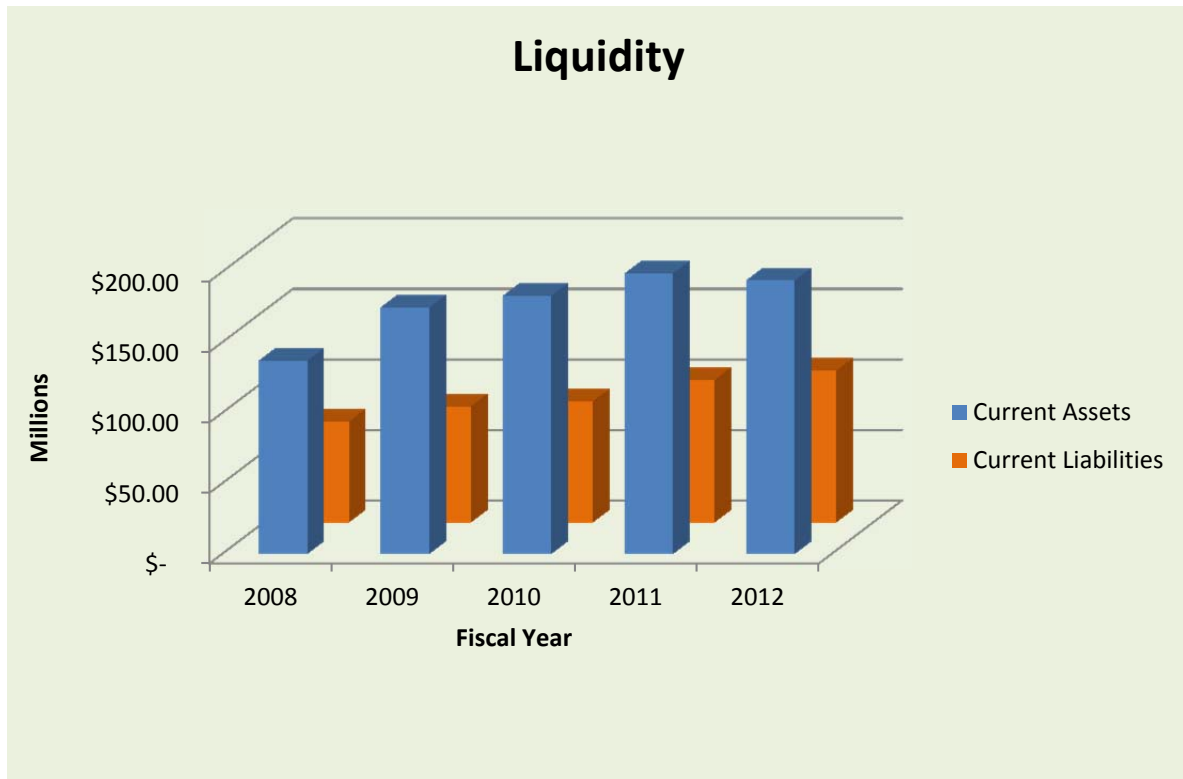
Accounts Payable

Taxes Payable	\$ 24,100.11
Financial Aid Residual Checks	2,683,664.35
Other Payables	5,450,173.89
Total Accounts Payable	\$ 8,157,938.35

NONCURRENT PAYABLES

Other Non-Current Liabilities

Student Deposit Payable	\$ 2,307,780.89
Other	37,075.19
Total Other Non-Current Liabilities	\$ 2,344,856.08





Tailgate Season 2011



Family Weekend 2011

SHSU Night at Minute Maid Park



Official Ring Ceremony April 4, 2012

