

UNAUDITED

# ANNUAL FINANCIAL REPORT

of

**Texas A&M Engineering Experiment Station**

*For the Year Ended August 31, 2020*

*With Comparative Totals for the Year Ended August 31, 2019*



**Dr. M. Katherine Banks, Director, Vice Chancellor and  
Dean of Engineering,  
John Crawford, CPA, Assistant Vice Chancellor for Business Management  
and Chief Financial Officer,  
Andy B. Hinton, CPA, Controller,  
and Terry Martin, Assistant Controller**



UNAUDITED

TEXAS A&M ENGINEERING EXPERIMENT STATION

TABLE OF CONTENTS

<u>REFERENCE</u>	<u>EXHIBITS</u>	<u>PAGE</u>
III	Statement of Net Position	1-1
IV	Statement of Revenues, Expenses, and Changes in Net Position	2-1
IV - 1	Schedule of NACUBO Function to Natural Classification Matrix	3-1
V	Statement of Cash Flows	4-1
VI	Statement of Fiduciary Net Position	5-1
VII	Statement of Changes in Fiduciary Net Position	6-1
	<u>SCHEDULES</u>	
THREE	Schedule of Cash & Cash Equivalents	15-1
THREE-F	Schedule of Fiduciary Cash & Cash Equivalents	16-1
N-2	Note 2 - Capital Assets	17-1

UNAUDITED

EXHIBIT III  
TEXAS A&M ENGINEERING EXPERIMENT STATION  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED AUGUST 31, 2020

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Assets and Deferred Outflows		
Current Assets		
Cash and Cash Equivalents [Schedule Three]	\$ 13,769,180.81	\$ 4,048,641.88
Investments		
Restricted		
Cash and Cash Equivalents [Schedule Three]	55,453.43	55,360.68
Investments		
Legislative Appropriations	49,561,059.78	784,251.52
Receivables, Net [Note 24]		
Federal	15,109,408.70	9,579,126.97
Other Intergovernmental		
Interest and Dividends		
Gifts	2,700,000.00	
Self-Insured Health and Dental		
Student		
Investment Trades		
Accounts	8,489,784.38	8,073,909.54
Other		
Due From Other Agencies	459,025.03	714,429.16
Due From Other Members	6,824,041.08	6,457,835.53
Due From Other Funds		
Consumable Inventories		
Merchandise Inventories		
Loans and Contracts		
Interfund Receivable [Note 12]		
Other Current Assets	167,873.51	124,042.17
Total Current Assets	\$ 97,135,826.72	\$ 29,837,597.45
Non-Current Assets		
Restricted		
Cash and Cash Equivalents [Schedule Three]	\$ 20,924,366.13	\$ 21,792,816.54
Assets Held By System Office		
Investments [Note 3]		
Loans, Contracts and Other		
Gifts Receivable		
Loans and Contracts		
Assets Held By System Office	21,986,108.38	32,718,682.39
Investments [Note 3]		
Interfund Receivable [Note 12]		
Capital Assets, Non-Depreciable [Note 2]		
Land and Land Improvements	9,000.00	9,000.00
Construction In Progress	17,655,184.80	26,492,384.73
Other Tangible Capital Assets	76,280.00	76,279.00
Land Use Rights		
Other Intangible Capital Assets		
Capital Assets, Depreciable [Note 2]		
Buildings and Building Improvements	128,625,408.06	119,819,945.78
Infrastructure	4,484,376.68	4,242,963.29
Facilities and Other Improvements	1,366,919.14	1,316,425.38
Furniture and Equipment	112,811,062.66	104,854,317.46
Vehicles, Boats, and Aircraft	1,070,126.63	876,448.75
Other Capital Assets	93,000.00	93,000.00
Intangible Capital Assets, Amortized [Note 2]		
Land Use Rights		
Computer Software	419,904.00	419,904.00
Other Intangible Capital Assets		
Accumulated Depreciation/Amortization	(106,099,111.08)	(93,640,046.16)
Assets Held In Trust		
Other Non-Current Assets		
Total Non-Current Assets	\$ 203,422,625.40	\$ 219,072,121.16
Deferred Outflows of Resources [Note 28]		
Unamortized Loss On Refunding Debt	\$	\$
Government Acquisition		
Pension		
Other Post Employment Benefits		
Asset Retirement Obligations		
Total Deferred Outflows of Resources	\$	\$
Total Assets and Deferred Outflows	\$ 300,558,452.12	\$ 248,909,718.61

UNAUDITED

EXHIBIT III  
TEXAS A&M ENGINEERING EXPERIMENT STATION  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED AUGUST 31, 2020

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Liabilities and Deferred Inflows		
Current Liabilities		
Payables		
Accounts	\$ 7,393,570.80	\$ 3,610,580.75
Payroll	8,668,899.95	5,640,599.46
Investment Trades		
Self-Insured Health and Dental		
Student		
Other		
Interfund Payable [Note 12]		
Due to Other Agencies	387,416.98	189,044.77
Due to Other Funds		
Due to Other Members	1,858,722.73	1,903,328.54
Funds Held for Investment		
Unearned Revenue	15,842,546.18	15,144,662.00
Employees' Compensable Leave	372,997.03	414,650.76
Other Post Employment Benefits		
Claims and Judgments		
Notes and Loans Payable [Note 5]		
Notes From Direct Borrowings [Note 5]	1,008,084.58	916,955.18
Bonds Payable [Note 6]		
Capital Lease Obligations [Note 8]		139,968.00
Asset Retirement Obligations [Note 5]		
Liabilities Payable From Restricted Assets		
Other Current Liabilities	50,000.00	55,000.00
Total Current Liabilities	\$ 35,582,238.25	\$ 28,014,789.46
Non-Current Liabilities		
Interfund Payable [Note 12]	\$	\$
Employees' Compensable Leave	2,507,630.06	2,121,269.91
Other Post Employment Benefits [Note 11]		
Pension Liability [Note 9]		
Claims and Judgments		
Notes and Loans Payable [Note 5]		
Notes From Direct Borrowings [Note 5]	27,119,973.27	28,214,111.32
Bonds Payable [Note 6]		
Assets Held In Trust		
Liabilities Payable From Restricted Assets		
Capital Lease Obligations [Note 8]		
Asset Retirement Obligations [Note 5]	9,724,884.50	9,724,884.50
Other Non-Current Liabilities	100,000.00	691,064.25
Total Non-Current Liabilities	\$ 39,452,487.83	\$ 40,751,329.98
Deferred Inflows of Resources [Note 28]		
Pension	\$	\$
Other Post Employment Benefits		
Split-Interest Agreements		
Total Deferred Inflows of Resources	\$	\$
Total Liabilities and Deferred Inflows	\$ 75,034,726.08	\$ 68,766,119.44
Net Position		
Net Investment In Capital Assets	\$ 132,384,093.04	\$ 135,429,555.73
Restricted for		
Debt Service		
Capital Projects		
Education	8,858,105.11	6,161,604.38
Endowment and Permanent Funds		
Nonexpendable		
Expendable	13,562,250.16	13,318,944.25
Unrestricted	70,719,277.73	25,233,494.81
Clearing Accounts		
Total Net Position [Exhibit IV]	\$ 225,523,726.04	\$ 180,143,599.17
Total Liabilities, Deferred Inflows, and Net Position	\$ 300,558,452.12	\$ 248,909,718.61

UNAUDITED

EXHIBIT IV  
TEXAS A&M ENGINEERING EXPERIMENT STATION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED AUGUST 31, 2020

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Operating Revenues		
Tuition and Fees	\$	\$
Discounts and Allowances		
Professional Fees		
Auxiliary Enterprises		
Discounts and Allowances		
Other Sales of Goods and Services	9,947,989.31	15,546,589.04
Discounts and Allowances		
Interest Revenue		
Federal Revenue - Operating	79,673,941.20	64,023,327.74
Federal Pass Through Revenue	4,284,537.32	3,429,206.74
State Grant Revenue	106,686.67	161,804.29
State Pass Through Revenue	808,660.40	1,933,275.24
Other Grants and Contracts - Operating	46,794,266.60	40,046,868.03
Other Operating Revenue	256,372.20	222,560.51
Total Operating Revenues	\$ 141,872,453.70	\$ 125,363,631.59
Operating Expenses		
Instruction	\$	\$
Research	166,035,774.55	149,298,887.81
Public Service		
Academic Support		
Student Services		
Institutional Support		
Operation & Maintenance of Plant		
Scholarships & Fellowships		
Auxiliary		
Depreciation/Amortization	14,847,990.72	13,086,955.09
Total Operating Expenses [Schedule IV-1]	\$ 180,883,765.27	\$ 162,385,842.90
Total Operating Income [Loss]	\$ (39,011,311.57)	\$ (37,022,211.31)
Nonoperating Revenues [Expenses]		
Legislative Revenue	\$ 27,901,131.56	\$ 25,943,092.65
Federal Revenue Non-Operating		
Federal Pass Through Non-Operating		
State Pass Through Non-Operating		
Gifts	4,691,596.54	1,781,260.10
Investment Income	4,362,743.57	1,251,321.74
Investing Activities Expense	(105,770.31)	(121,139.16)
Interest Expense	(1,308,652.34)	(1,351,595.80)
Borrower Rebates and Agent Fees		
Gain [Loss] On Sale or Disposal of Capital Assets	29,776.18	(32,261.48)
Settlement of Claims		
Other Nonoperating Revenues	1,350,128.58	321,712.25
Other Nonoperating [Expenses]	(614,689.63)	(1,026,442.20)
Total Nonoperating Revenues [Expenses]	\$ 36,306,264.15	\$ 26,765,948.10
Income [Loss] Before Other Revenues and Transfers	\$ (2,705,047.42)	\$ (10,256,263.21)

EXHIBIT IV  
TEXAS A&M ENGINEERING EXPERIMENT STATION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED AUGUST 31, 2020

712 - 2 - 2

UNAUDITED

SCHEDULE IV-1  
TEXAS A&M ENGINEERING EXPERIMENT STATION  
NACUBO FUNCTION TO NATURAL CLASSIFICATION MATRIX  
FOR THE YEAR ENDED AUGUST 31, 2020

	INSTRUCTION	RESEARCH	PUBLIC SERVICE	ACADEMIC SUPPORT	STUDENT SERVICES
Natural Classification					
Cost of Goods Sold	\$	\$	\$	\$	\$
Salaries & Wages		76,781,686.11			
Payroll Related Costs		14,839,462.47			
Payroll Related Costs-TRS Pension					
Payroll Related Costs-OPEB					
Professional Fees & Services		12,608,043.64			
Travel		2,933,367.34			
Materials & Supplies		8,914,422.35			
Communication & Utilities		3,483,958.69			
Repairs & Maintenance		1,863,804.08			
Rentals & Leases		3,588,189.66			
Printing & Reproduction		269,647.43			
Federal Pass-Through		744,288.41			
State Pass-Through		132,422.19			
Depreciation & Amortization					
Bad Debt Expense					
Interest		3,021.42			
Scholarships		11,678,138.06			
Claims & Losses					
Net Change In OPEB Obligation					
Other Operating Expenses		28,195,322.70			
Total Operating Expenses	\$	\$ 166,035,774.55	\$	\$	\$



INSTITUTIONAL SUPPORT	OPERATION & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY	DEPRECIATION & AMORTIZATION	TOTAL	PRIOR YEAR
\$	\$	\$	\$	\$	\$	\$
					76,781,686.11	71,537,167.62
					14,839,462.47	13,618,000.46
					12,608,043.64	11,068,642.26
					2,933,367.34	4,620,727.50
					8,914,422.35	9,014,324.37
					3,483,958.69	3,621,594.95
					1,863,804.08	1,594,898.86
					3,588,189.66	4,236,848.02
					269,647.43	339,936.29
					744,288.41	1,215,134.62
					132,422.19	119,541.26
				14,847,990.72	14,847,990.72	13,086,955.09
					3,021.42	10,220.56
					11,678,138.06	9,534,538.59
					28,195,322.70	18,767,312.45
\$	\$	\$	\$	\$ 14,847,990.72	\$ 180,883,765.27	\$ 162,385,842.90

[Exhibit IV]

UNAUDITED

EXHIBIT V  
TEXAS A&M ENGINEERING EXPERIMENT STATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2020

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Cash Flows From Operating Activities		
Proceeds Received From Tuition and Fees	\$ 10,237,112.87	\$ 10,865,428.74
Proceeds Received From Customers	130,798,914.74	107,399,190.68
Proceeds From Grants and Contracts		
Proceeds From Auxiliary Enterprises		
Proceeds From Loan Programs		
Proceeds From Other Operating Revenues	251,372.20	227,560.51
Payments to Suppliers for Goods and Services	(62,493,801.39)	(54,220,196.09)
Payments to Employees	(87,975,720.77)	(87,712,457.03)
Payments for Loans Provided		
Payments for Pension Benefits to Plan Members		
Payments for OPEB Benefits to Plan Members		
Payments for Other Operating Expenses	(12,369,054.51)	(10,963,521.22)
Net Cash Provided [Used] By Operating Activities	\$ (21,551,176.86)	\$ (34,403,994.41)
Cash Flows From Noncapital Financing Activities		
Proceeds From State Appropriations	\$ 25,707,725.76	\$ 26,727,911.69
Proceeds From Gifts	1,991,596.54	1,781,260.10
Proceeds From Endowments		
Proceeds From Transfers From Other Funds	475,628.62	441,357.09
Proceeds From Other Grant Receipts		
Proceeds From Other Noncapital Financing Activities	869,295.44	451,544.24
Payments of Interest		
Payments for Transfers to Other Funds	(76,332.72)	(3,830.61)
Payments for Grant Disbursements		
Payments for Other Noncapital Financing Uses	(693,686.25)	(127,305.81)
Other Noncapital Transfers From/To System	805,147.44	3,439,427.73
Transfers Between Fund Groups		
Net Cash Provided [Used] By Noncapital Financing Activities	\$ 29,079,374.83	\$ 32,710,364.43
Cash Flows From Capital and Related Financing Activities		
Proceeds From Sale of Capital Assets	\$ 76,129.38	\$ 6,098.96
Proceeds From Debt Issuance		
Proceeds From State Grants and Contracts		
Proceeds From Federal Grants and Contracts		
Proceeds From Gifts		
Proceeds From Interfund Payables		
Proceeds From Other Financing Activities		
Proceeds From Capital Contributions		
Payments for Additions to Capital Assets	(7,748,886.48)	(13,384,633.38)
Payments of Principal On Debt		
Payments for Capital Leases	(1,142,976.65)	(908,925.33)
Payments of Interest On Debt Issuance		
Payments for Interfund Receivables		
Payments of Other Costs On Debt Issuance	(1,308,652.34)	(1,351,595.80)
Transfer of Capital Debt Proceeds From System [Nonmandatory]	2,733,940.36	13,369,802.13
Intrasystem Transfers for Capital Debt [Mandatory]	(5,568,870.56)	(5,013,909.12)
Intrasystem Transfers for Construction Projects [Non-Mand]	(704,205.85)	(363,566.28)
Net Cash Provided [Used] By Capital & Related Financing Act.	\$ (13,663,522.14)	\$ (7,646,728.82)
Cash Flows From Investing Activities		
Proceeds From Sales of Investments	\$ 15,326,996.51	\$ 6,599,561.05
Sales and Purchases of Investments Held By System	531,001.17	779,633.29
Proceeds From Interest and Investment Income		
Payments to Acquire Investments		
Net Cash Provided [Used] By Investing Activities	\$ 15,857,997.68	\$ 7,379,194.34
Net Increase [Decrease] In Cash and Cash Equivalents	\$ 9,722,673.51	\$ (1,961,164.46)
Cash and Cash Equivalents, Beginning of Year	\$ 4,104,002.56	\$ 6,065,167.02
Restatement	(2,041.83)	
Cash and Cash Equivalents, Beginning of Year, As Restated	\$ 4,101,960.73	\$ 6,065,167.02
Cash and Cash Equivalents, End of Year [Sch Three]	\$ 13,824,634.24	\$ 4,104,002.56

EXHIBIT V  
TEXAS A&M ENGINEERING EXPERIMENT STATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2020

712 - 4 - 2

EXHIBIT VI  
TEXAS A&M ENGINEERING EXPERIMENT STATION  
STATEMENT OF FIDUCIARY NET POSITION-CUSTODIAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2020

712 - 5 - 1

EXHIBIT VI  
TEXAS A&M ENGINEERING EXPERIMENT STATION  
STATEMENT OF FIDUCIARY NET POSITION-CUSTODIAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2020

712 - 5 - 2



UNAUDITED

EXHIBIT VII  
TEXAS A&M ENGINEERING EXPERIMENT STATION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION-CUSTODIAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2020

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Additions		
Contributions		
Gifts	\$	\$
Capital Contributions		
Total Contributions	\$	\$
Investment Income		
Interest/Dividends/Other Income	\$	\$
Realized Gain [Loss] Sale of Investments		
Net Increase [Decrease] in Fair Value		
Total Investment income	\$	\$
Less: Investing Activities Expense	\$	\$
Total Net Investment Income	\$	\$
Other Additions		
Intergovernmental Receipts	\$	\$
Transfers from Other Members		
Transfers from Other State Agency		
Transfers from Other Funds		
Other Revenue/Additions		
Net Other Sales of Goods and Services	433,664.98	
Net Professional Fees		
Federal Revenue		
State Grant Revenue		
Other Grants and Contracts		
Other Revenue		
Total Other Additions	\$ 433,664.98	\$
Total Additions	\$ 433,664.98	\$
Deductions		
Refunds of Contributions	\$	\$
Salaries and Wages		
Payroll Related Costs		
Interest		
Settlement of Claims		
Transfers to Other State Agencies		
Transfers to Other Members		
Transfers to Other Funds		
Intergovernmental Payments		
Other Expenses/Deductions		
Communication & Utilities		
Materials & Supplies	(340.00)	
Printing & Reproduction		
Professional Fees & Services		
Rentals & Leases		
Repairs & Maintenance		
Travel		
Other Expenses	(574,748.02)	
Total Deductions	\$ (575,088.02)	\$
Change in Net Position	\$ (141,423.04)	\$
Net Position, Beginning of Year	\$	\$
Restatement	589,022.42	
Net Position, Beginning of Year, Restated	\$ 589,022.42	\$
Net Position, End of Year	\$ 447,599.38	\$

SCHEDULE THREE  
TEXAS A&M ENGINEERING EXPERIMENT STATION  
SCHEDULE OF CASH & CASH EQUIVALENTS  
FOR THE YEAR ENDED AUGUST 31, 2020

712 - 15 - 1



SCHEDULE THREE-F  
TEXAS A&M ENGINEERING EXPERIMENT STATION  
SCHEDULE OF FIDUCIARY CASH & CASH EQUIVALENTS-CUSTODIAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2020

	CURRENT YEAR TOTAL
Cash & Cash Equivalents	
Restricted	
Cash On Hand	
Assets Held By System Office	\$ 449,229.38
Total Restricted Cash & Cash Equiv [Exhibit VI]	\$ 449,229.38
Total Cash & Cash Equivalents	\$ 449,229.38

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SCHEDULE N-2  
TEXAS A&M ENGINEERING EXPERIMENT STATION  
NOTE 2 - CAPITAL ASSETS  
FOR THE YEAR ENDED AUGUST 31, 2020

	BALANCE 9-1-19	ADJUSTMENTS	COMPLETED CIP
Non-Depreciable/Non-Amortizable Assets			
Land and Land Improvements	\$ 9,000.00	\$	\$
Construction In Progress	26,492,384.73		(14,346,500.04)
Other Tangible Capital Assets	76,279.00		
Total Non-Depreciable/Non-Amortizable Assets	\$ 26,577,663.73	\$	\$ (14,346,500.04)
Depreciable Assets			
Buildings	\$ 119,819,945.78	\$	\$ 10,826,800.85
Infrastructure	4,242,963.29		241,413.39
Facilities and Other Improvements	1,316,425.38		50,493.76
Furniture and Equipment	104,854,317.46	(178,174.37)	3,127,200.43
Vehicles, Boats and Aircraft	876,448.75	178,174.37	100,591.61
Other Capital Assets	93,000.00		
Total Depreciable Assets at Historical Cost	\$ 231,203,100.66	\$	\$ 14,346,500.04
Less Accumulated Depreciation for			
Buildings	\$ (17,342,713.90)	\$	\$
Infrastructure	(330,906.34)		
Facilities and Other Improvements	(161,335.95)		
Furniture and Equipment	(74,886,762.77)	39,929.13	
Vehicles, Boats and Aircraft	(757,792.64)	(39,929.13)	
Other Capital Assets	(93,000.00)		
Total Accumulated Depreciation	\$ (93,572,511.60)	\$	\$
Depreciable Assets, Net	\$ 137,630,589.06	\$	\$ 14,346,500.04
Amortizable Assets - Intangible			
Computer Software	\$ 419,904.00	\$	\$
Total Intangible Assets at Historical Cost	\$ 419,904.00	\$	\$
Less Accumulated Amortization for			
Computer Software	\$ (67,534.56)	\$	\$
Total Accumulated Amortization	\$ (67,534.56)	\$	\$
Amortizable Assets, Net	\$ 352,369.44	\$	\$
Capital Assets, Net	\$ 164,560,622.23	\$	\$

INC-INTERAGENCY TRANSACTIONS	DEC-INTERAGENCY TRANSACTIONS	ADDITIONS	DELETIONS	BALANCE 8-31-20
\$	\$	\$	\$	\$
2,883,424.19		2,625,875.92		9,000.00
		1.00		17,655,184.80
				76,280.00
\$ 2,883,424.19	\$	\$ 2,625,876.92	\$	\$ 17,740,464.80
\$	\$ (1,998,363.57)	\$	\$ (22,975.00)	\$ 128,625,408.06
				4,484,376.68
				1,366,919.14
2,401,697.07	(1,101,606.10)	6,283,051.70	(2,575,423.53)	112,811,062.66
		89,791.00	(174,879.10)	1,070,126.63
				93,000.00
\$ 2,401,697.07	\$ (3,099,969.67)	\$ 6,372,842.70	\$ (2,773,277.63)	\$ 248,450,893.17
\$	\$ 304,593.62	\$ (6,659,795.14)	\$ 5,488.47	\$ (23,692,426.95)
		(260,896.64)		(591,802.98)
		(79,005.91)		(240,341.86)
(772,700.62)	640,154.46	(7,442,925.08)	2,046,373.49	(80,375,931.39)
		(106,069.71)	165,016.38	(738,775.10)
				(93,000.00)
\$ (772,700.62)	\$ 944,748.08	\$ (14,548,692.48)	\$ 2,216,878.34	\$ (105,732,278.28)
\$ 1,628,996.45	\$ (2,155,221.59)	\$ (8,175,849.78)	\$ (556,399.29)	\$ 142,718,614.89
\$	\$	\$	\$	\$ 419,904.00
\$	\$	\$	\$	\$ 419,904.00
\$	\$	\$ (299,298.24)	\$	\$ (366,832.80)
\$	\$	\$ (299,298.24)	\$	\$ (366,832.80)
\$	\$	\$ (299,298.24)	\$	\$ 53,071.20
\$ 4,512,420.64	\$ (2,155,221.59)	\$ (5,849,271.10)	\$ (556,399.29)	\$ 160,512,150.89