

UNAUDITED

# ANNUAL FINANCIAL REPORT

of

**Texas A&M Engineering Extension Service**

*For the Year Ended August 31, 2020*

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



**David Coatney, Agency Director**  
**R. Charles Todd, Associate Agency Director/CFO**  
**Brian Stipe, Assistant CFO/Controller**



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TEXAS A&M ENGINEERING EXTENSION SERVICE

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EXHIBIT III  
TEXAS A&M ENGINEERING EXTENSION SERVICE  
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]	\$ 11,644,481.63	\$ 1,758,689.56
Investments		
Restricted		
Cash and Cash Equivalents [Schedule Three]		
Investments		
Legislative Appropriations	11,715.56	587,906.65
Receivables, Net [Note 24]		
Federal	3,490,466.62	5,382,179.18
Other Intergovernmental		
Interest and Dividends		
Gifts		
Self-Insured Health and Dental		
Student		
Investment Trades		
Accounts	9,997,881.55	7,839,911.89
Other		
Due From Other Agencies	269,489.32	590,765.87
Due From Other Members	328,885.90	336,700.30
Due From Other Funds	500,000.00	2,000,000.00
Consumable Inventories	854,214.72	1,108,640.43
Merchandise Inventories		
Loans and Contracts		
Interfund Receivable [Note 12]		
Other Current Assets		
Total Current Assets	\$ 27,097,135.30	\$ 19,604,793.88
Non-Current Assets		
Restricted		
Cash and Cash Equivalents [Schedule Three]	\$ 67,385.68	\$ 67,385.68
Assets Held By System Office		
Investments [Note 3]		
Loans, Contracts and Other		
Gifts Receivable		
Loans and Contracts		
Assets Held By System Office	58,298,264.15	61,379,206.03
Investments [Note 3]		
Interfund Receivable [Note 12]		
Capital Assets, Non-Depreciable [Note 2]		
Land and Land Improvements	5,616,419.60	5,616,419.60
Construction In Progress	5,068,033.05	5,042,317.55
Other Tangible Capital Assets	32,099.00	32,099.00
Land Use Rights		
Other Intangible Capital Assets		
Capital Assets, Depreciable [Note 2]		
Buildings and Building Improvements	27,803,619.57	27,803,619.57
Infrastructure	19,842,910.25	19,842,910.25
Facilities and Other Improvements	9,420,806.30	9,420,806.30
Furniture and Equipment	14,303,262.56	12,870,682.49
Vehicles, Boats, and Aircraft	9,676,495.01	9,433,762.14
Other Capital Assets		
Intangible Capital Assets, Amortized [Note 2]		
Land Use Rights		
Computer Software	479,266.80	479,266.80
Other Intangible Capital Assets		
Accumulated Depreciation/Amortization	(44,949,266.18)	(41,137,443.25)
Assets Held In Trust		
Other Non-Current Assets		
Total Non-Current Assets	\$ 105,659,295.79	\$ 110,851,032.16
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	\$ 132,756,431.09	\$ 130,455,826.04

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EXHIBIT III  
TEXAS A&M ENGINEERING EXTENSION SERVICE  
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	\$ 4,714,828.75	\$ 2,864,869.65
Payroll	1,621,493.79	2,146,791.12
Investment Trades		
Self-Insured Health and Dental		
Student		
Other	343.75	1,447.27
Interfund Payable [Note 12]		
Due to Other Agencies	18,197.94	108,699.15
Due to Other Funds	500,000.00	2,000,000.00
Due to Other Members	1,435,447.00	1,435,447.00
Funds Held for Investment		
Unearned Revenue	2,768,953.83	3,107,956.22
Employees' Compensable Leave	315,957.78	253,907.27
Other Post Employment Benefits		
Claims and Judgments		
Notes and Loans Payable [Note 5]		
Notes From Direct Borrowings [Note 5]		
Bonds Payable [Note 6]		
Capital Lease Obligations [Note 8]		
Asset Retirement Obligations [Note 5]		
Liabilities Payable From Restricted Assets		
Other Current Liabilities		
Total Current Liabilities	\$ 11,375,222.84	\$ 11,919,117.68
Non-Current Liabilities		
Interfund Payable [Note 12]	\$	\$
Employees' Compensable Leave	2,962,827.81	2,670,738.34
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]		
Bonds Payable [Note 6]		
Assets Held In Trust		
Liabilities Payable From Restricted Assets		
Capital Lease Obligations [Note 8]		
Asset Retirement Obligations [Note 5]		
Other Non-Current Liabilities		
Total Non-Current Liabilities	\$ 2,962,827.81	\$ 2,670,738.34
Deferred Inflows of Resources [Note 28]		
Pension	\$	\$
Other Post Employment Benefits		
Split-Interest Agreements		
Total Deferred Inflows of Resources	\$	\$
Total Liabilities and Deferred Inflows	\$ 14,338,050.65	\$ 14,589,856.02
Net Position		
Net Investment In Capital Assets	\$ 47,293,645.96	\$ 49,404,440.45
Restricted for		
Debt Service		
Capital Projects		
Education	9,668,511.99	5,607,873.34
Endowment and Permanent Funds		
Nonexpendable	67,385.68	67,385.68
Expendable	72,877.26	70,360.95
Unrestricted	61,315,959.55	60,715,909.60
Clearing Accounts		
Total Net Position [Exhibit IV]	\$ 118,418,380.44	\$ 115,865,970.02
Total Liabilities, Deferred Inflows, and Net Position	\$ 132,756,431.09	\$ 130,455,826.04

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EXHIBIT IV  
TEXAS A&M ENGINEERING EXTENSION SERVICE  
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	\$ 16,279,842.38	\$ 25,222,603.83
Discounts and Allowances		
Professional Fees		
Auxiliary Enterprises		
Discounts and Allowances		
Other Sales of Goods and Services	4,211,750.19	9,623,961.87
Discounts and Allowances		
Interest Revenue		
Federal Revenue - Operating	20,008,933.13	27,480,558.87
Federal Pass Through Revenue	2,873,760.14	4,506,468.18
State Grant Revenue	2,149,951.58	2,481,215.56
State Pass Through Revenue	1,901,858.17	811,796.89
Other Grants and Contracts - Operating	23,716,986.32	22,156,210.14
Other Operating Revenue	4,315.64	7,464.95
Total Operating Revenues	\$ 71,147,397.55	\$ 92,290,280.29
Operating Expenses		
Instruction	\$ 81,905,720.25	\$ 97,587,171.82
Research		
Public Service		
Academic Support		
Student Services		
Institutional Support		
Operation & Maintenance of Plant		
Scholarships & Fellowships		
Auxiliary		
Depreciation/Amortization	3,814,646.94	4,003,557.38
Total Operating Expenses [Schedule IV-1]	\$ 85,720,367.19	\$ 101,590,729.20
Total Operating Income [Loss]	\$ (14,572,969.64)	\$ (9,300,448.91)
Nonoperating Revenues [Expenses]		
Legislative Revenue	\$ 10,551,657.65	\$ 10,306,457.88
Federal Revenue Non-Operating		
Federal Pass Through Non-Operating		
State Pass Through Non-Operating		
Gifts	256,930.20	455,589.62
Investment Income	7,161,747.36	2,543,986.44
Investing Activities Expense	(165,221.05)	(159,231.35)
Interest Expense		
Borrower Rebates and Agent Fees		
Gain [Loss] On Sale or Disposal of Capital Assets	82,610.76	2,576.13
Settlement of Claims		
Other Nonoperating Revenues	100,035.79	144,723.12
Other Nonoperating [Expenses]		(1,705.27)
Total Nonoperating Revenues [Expenses]	\$ 17,987,760.71	\$ 13,292,396.57
Income [Loss] Before Other Revenues and Transfers	\$ 3,414,791.07	\$ 3,991,947.66

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

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SCHEDULE IV-1  
TEXAS A&M ENGINEERING EXTENSION SERVICE  
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	\$ 14,696.58	\$	\$	\$	\$
Salaries & Wages	35,013,870.27				
Payroll Related Costs	10,281,289.34				
Payroll Related Costs-TRS Pension					
Payroll Related Costs-OPEB					
Professional Fees & Services	5,136,489.40				
Travel	5,044,880.58				
Materials & Supplies	4,460,909.01				
Communication & Utilities	1,736,401.56				
Repairs & Maintenance	567,793.53				
Rentals & Leases	7,961,984.72				
Printing & Reproduction	1,008,709.68				
Federal Pass-Through	407,905.80				
State Pass-Through					
Depreciation & Amortization					
Bad Debt Expense					
Interest	1,780.36				
Scholarships	297,375.00				
Claims & Losses					
Net Change In OPEB Obligation					
Other Operating Expenses	9,971,634.42				
Total Operating Expenses	<u>\$ 81,905,720.25</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>



INSTITUTIONAL SUPPORT	OPERATION & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY	DEPRECIATION & AMORTIZATION	TOTAL	PRIOR YEAR
\$	\$	\$	\$	\$	\$ 14,696.58	\$ 15,256.67
					35,013,870.27	40,095,412.77
					10,281,289.34	11,310,155.19
					5,136,489.40	4,947,037.31
					5,044,880.58	7,546,406.93
					4,460,909.01	7,789,915.82
					1,736,401.56	1,831,732.53
					567,793.53	906,739.61
					7,961,984.72	7,835,791.52
					1,008,709.68	1,715,339.81
					407,905.80	808,009.49
				3,814,646.94	3,814,646.94	4,003,557.38
					1,780.36	4,773.45
					297,375.00	67,625.00
					9,971,634.42	12,712,975.72
\$	\$	\$	\$	\$ 3,814,646.94	\$ 85,720,367.19	\$ 101,590,729.20
					[Exhibit IV]	

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EXHIBIT V  
TEXAS A&M ENGINEERING EXTENSION SERVICE  
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	\$ 15,940,839.99	\$ 24,233,661.69
Proceeds Received From Customers	2,380,896.48	12,195,019.23
Proceeds From Grants and Contracts	52,543,201.90	57,469,398.43
Proceeds From Auxiliary Enterprises		
Proceeds From Loan Programs		
Proceeds From Other Operating Revenues	4,315.64	7,464.95
Payments to Suppliers for Goods and Services	(33,892,499.76)	(42,995,143.96)
Payments to Employees	(45,466,316.96)	(50,472,033.71)
Payments for Loans Provided		
Payments for Pension Benefits to Plan Members		
Payments for OPEB Benefits to Plan Members		
Payments for Other Operating Expenses	(705,280.80)	(875,634.49)
Net Cash Provided [Used] By Operating Activities	\$ (9,194,843.51)	\$ (437,267.86)
Cash Flows From Noncapital Financing Activities		
Proceeds From State Appropriations	\$ 10,685,563.30	\$ 9,718,551.23
Proceeds From Gifts	256,930.20	455,589.62
Proceeds From Endowments		
Proceeds From Transfers From Other Funds		
Proceeds From Other Grant Receipts		
Proceeds From Other Noncapital Financing Activities	100,035.79	144,723.12
Payments of Interest		
Payments for Transfers to Other Funds		
Payments for Grant Disbursements		
Payments for Other Noncapital Financing Uses		
Other Noncapital Transfers From/To System	163,724.54	(1,915,457.65)
Transfers Between Fund Groups		
Net Cash Provided [Used] By Noncapital Financing Activities	\$ 11,206,253.83	\$ 8,403,406.32
Cash Flows From Capital and Related Financing Activities		
Proceeds From Sale of Capital Assets	\$ 83,747.66	\$ 2,576.13
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	(1,508,193.77)	(4,452,339.93)
Payments of Principal On Debt		
Payments for Capital Leases		
Payments of Interest On Debt Issuance		
Payments for Interfund Receivables		
Payments of Other Costs On Debt Issuance		
Transfer of Capital Debt Proceeds From System [Nonmandatory]	501,975.00	2,614,049.36
Intrasystem Transfers for Capital Debt [Mandatory]	(1,280,615.33)	(929,169.85)
Intrasystem Transfers for Construction Projects [Non-Mand]		
Net Cash Provided [Used] By Capital & Related Financing Act.	\$ (2,203,086.44)	\$ (2,764,884.29)
Cash Flows From Investing Activities		
Proceeds From Sales of Investments	\$	\$
Sales and Purchases of Investments Held By System	9,290,242.10	(8,852,648.39)
Proceeds From Interest and Investment Income	787,226.09	1,052,175.41
Payments to Acquire Investments		
Net Cash Provided [Used] By Investing Activities	\$ 10,077,468.19	\$ (7,800,472.98)
Net Increase [Decrease] In Cash and Cash Equivalents	\$ 9,885,792.07	\$ (2,599,218.81)
Cash and Cash Equivalents, Beginning of Year	\$ 1,758,689.56	\$ 4,357,908.37
Restatement		
Cash and Cash Equivalents, Beginning of Year, As Restated	\$ 1,758,689.56	\$ 4,357,908.37
Cash and Cash Equivalents, End of Year [Sch Three]	\$ 11,644,481.63	\$ 1,758,689.56

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

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

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SCHEDULE N-2  
TEXAS A&M ENGINEERING EXTENSION SERVICE  
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	\$ 5,616,419.60	\$	\$
Construction In Progress	5,042,317.55		
Other Tangible Capital Assets	32,099.00		
Total Non-Depreciable/Non-Amortizable Assets	\$ 10,690,836.15	\$	\$
Depreciable Assets			
Buildings	\$ 27,803,619.57	\$	\$
Infrastructure	19,842,910.25		
Facilities and Other Improvements	9,420,806.30		
Furniture and Equipment	12,870,682.49		
Vehicles, Boats and Aircraft	9,433,762.14		
Total Depreciable Assets at Historical Cost	\$ 79,371,780.75	\$	\$
Less Accumulated Depreciation for			
Buildings	\$ (11,398,774.77)	\$	\$
Infrastructure	(9,475,607.84)		
Facilities and Other Improvements	(3,873,677.05)		
Furniture and Equipment	(9,067,586.48)		
Vehicles, Boats and Aircraft	(6,842,530.31)		
Total Accumulated Depreciation	\$ (40,658,176.45)	\$	\$
Depreciable Assets, Net	\$ 38,713,604.30	\$	\$
Amortizable Assets - Intangible			
Computer Software	\$ 479,266.80	\$	\$
Total Intangible Assets at Historical Cost	\$ 479,266.80	\$	\$
Less Accumulated Amortization for			
Computer Software	\$ (479,266.80)	\$	\$
Total Accumulated Amortization	\$ (479,266.80)	\$	\$
Amortizable Assets, Net	\$	\$	\$
Capital Assets, Net	\$ 49,404,440.45	\$	\$

INC-INTERAGENCY TRANSACTIONS	DEC-INTERAGENCY TRANSACTIONS	ADDITIONS	DELETIONS	BALANCE 8-31-20
\$	\$	\$	\$	\$
		25,715.50		5,616,419.60
				5,068,033.05
				32,099.00
\$	\$	\$	\$	\$
		25,715.50		10,716,551.65
\$	\$	\$	\$	\$
				27,803,619.57
				19,842,910.25
				9,420,806.30
375,200.58		1,076,487.27	(19,107.78)	14,303,262.56
52,771.00		405,991.00	(216,029.13)	9,676,495.01
\$	\$	\$	\$	\$
427,971.58		1,482,478.27	(235,136.91)	81,047,093.69
\$	\$	\$	\$	\$
		(1,148,723.49)		(12,547,498.26)
		(1,008,099.48)		(10,483,707.32)
		(406,928.24)		(4,280,605.29)
(201,842.72)		(733,333.18)	17,970.88	(9,984,791.50)
(29,333.28)		(517,562.55)	216,029.13	(7,173,397.01)
\$	\$	\$	\$	\$
(231,176.00)		(3,814,646.94)	234,000.01	(44,469,999.38)
\$	\$	\$	\$	\$
196,795.58		(2,332,168.67)	(1,136.90)	36,577,094.31
\$	\$	\$	\$	\$
				479,266.80
\$	\$	\$	\$	\$
				479,266.80
\$	\$	\$	\$	\$
				(479,266.80)
\$	\$	\$	\$	\$
				(479,266.80)
\$	\$	\$	\$	\$
\$	\$	\$	\$	\$
196,795.58		(2,306,453.17)	(1,136.90)	47,293,645.96