

UNAUDITED

ANNUAL FINANCIAL REPORT

of

Texas A&M Veterinary Medical Diagnostic Laboratory

For the Year Ended August 31, 2018

With Comparative Totals for the Year Ended August 31, 2017



Bruce L. Akey, DVM, Director
Vic S. Seidel, CPA, Assistant Agency Director for Finance

UNAUDITED

TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY

TABLE OF CONTENTS

<u>REFERENCE</u>	<u>EXHIBITS</u>	<u>PAGE</u>
III	Statement of Net Position	557-1-1
IV	Statement of Revenues, Expenses, and Changes in Net Position	557-2-1
IV - 1	Schedule of NACUBO Function to Natural Classification Matrix	557-3-1
V	Statement of Cash Flows	557-4-1
	<u>SCHEDULES</u>	
THREE	Schedule of Cash & Cash Equivalents	557-13-1
N-2	Note 2 - Capital Assets	557-14-1

UNAUDITED

EXHIBIT III
 TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY
 STATEMENT OF NET POSITION
 FOR THE YEAR ENDED AUGUST 31, 2018

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Assets and Deferred Outflows		
Current Assets		
Cash & Cash Equivalents [Schedule Three]	\$ 2,447,242.94	\$ 1,626,293.65
Investments		
Restricted		
Cash & Cash Equivalents [Schedule Three]	123,612.21	27,214.81
Investments		
Legislative Appropriations	107,984.04	(13,373.76)
Receivables, Net [Note 24]		
Federal	28,167.94	1,114.34
Other Intergovernmental		
Interest and Dividends		
Gifts		
Self-Insured Health and Dental		
Student		
Investment Trades		
Accounts	1,024,773.07	1,053,323.93
Other		
Due From Other Agencies		
Due From Other Members		8,813.56
Due From Other Funds		20,604.51
Consumable Inventories	399,302.36	399,489.02
Merchandise Inventories		
Loans and Contracts		
Interfund Receivable [Note 12]		
Other Current Assets		
Total Current Assets	<u>\$ 4,131,082.56</u>	<u>\$ 3,123,480.06</u>
Non-Current Assets		
Restricted		
Cash & Cash Equivalents [Schedule Three]	\$	\$
Assets Held By System Office		
Investments [Note 3]		
Loans, Contracts and Other		
Gifts Receivable		
Loans and Contracts		
Assets Held By System Office		
Investments [Note 3]		
Interfund Receivable [Note 12]		
Capital Assets, Non-Depreciable [Note 2]		
Land and Land Improvements	105,700.00	105,700.00
Construction In Progress		
Other Tangible Capital Assets		
Land Use Rights		
Other Intangible Capital Assets		
Capital Assets, Depreciable [Note 2]		
Buildings and Building Improvements	50,973,710.29	50,973,710.29
Infrastructure	772,888.13	772,888.13
Facilities and Other Improvements	1,363,107.46	1,363,107.46
Furniture and Equipment	5,815,739.43	5,813,186.77
Vehicles, Boats, and Aircraft	42,080.00	141,788.45
Other Capital Assets		
Intangible Capital Assets, Amortized [Note 2]		
Land Use Rights		
Computer Software	715,796.16	929,751.54
Other Intangible Capital Assets		
Accumulated Depreciation/Amortization	(11,199,174.74)	(8,253,707.85)
Assets Held In Trust		
Other Non-Current Assets		
Total Non-Current Assets	<u>\$ 48,589,846.73</u>	<u>\$ 51,846,424.79</u>
Deferred Outflows of Resources [Note 28]		
Unamortized Loss On Refunding Debt	\$	\$
Government Acquisition		
Pension		
Other Post Employment Benefits		
Total Deferred Outflows of Resources	<u>\$</u>	<u>\$</u>
Total Assets and Deferred Outflows	<u>\$ 52,720,929.29</u>	<u>\$ 54,969,904.85</u>

UNAUDITED

EXHIBIT III
 TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY
 STATEMENT OF NET POSITION
 FOR THE YEAR ENDED AUGUST 31, 2018

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Liabilities and Deferred Inflows		
Current Liabilities		
Payables		
Accounts	\$ 376,814.92	\$ 179,709.21
Payroll	743,908.07	985,686.26
Investment Trades		
Self-Insured Health and Dental		
Student		
Other		
Interfund Payable [Note 12]		
Due to Other Agencies	118,262.07	
Due to Other Funds		20,604.51
Due to Other Members		
Funds Held for Investment		
Unearned Revenue		
Employees' Compensable Leave	124,356.88	118,069.85
Other Post Employment Benefits		
Claims and Judgments		
Notes and Loans Payable [Note 5]		
Bonds Payable [Note 6]		
Capital Lease Obligations [Note 8]		
Liabilities Payable From Restricted Assets		
Funds Held for Others	192.39	192.39
Other Current Liabilities		
Total Current Liabilities	<u>\$ 1,363,534.33</u>	<u>\$ 1,304,262.22</u>
Non-Current Liabilities		
Interfund Payable [Note 12]	\$ 400,000.00	\$
Employees' Compensable Leave	821,112.08	806,660.90
Other Post Employment Benefits [Note 11]		
Pension Liability [Note 9]		
Claims and Judgments		
Notes and Loans Payable [Note 5]		
Bonds Payable [Note 6]		
Assets Held In Trust		
Liabilities Payable From Restricted Assets		
Funds Held for Others		
Capital Lease Obligations [Note 8]		
Other Non-Current Liabilities		
Total Non-Current Liabilities	<u>\$ 1,221,112.08</u>	<u>\$ 806,660.90</u>
Deferred Inflows of Resources [Note 28]		
Pension	\$	\$
Other Post Employment Benefits		
Split-Interest Agreements		
Total Deferred Inflows of Resources	<u>\$</u>	<u>\$</u>
Total Liabilities and Deferred Inflows	<u>\$ 2,584,646.41</u>	<u>\$ 2,110,923.12</u>
Net Position		
Net Investment In Capital Assets	\$ 48,589,846.73	\$ 51,846,424.79
Restricted for		
Debt Service		
Capital Projects		
Education	7,719.33	
Endowment and Permanent Funds		
Nonexpendable		
Expendable		
Unrestricted	<u>1,538,716.82</u>	<u>1,012,556.94</u>
Total Net Position [Exhibit IV]	<u>\$ 50,136,282.88</u>	<u>\$ 52,858,981.73</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 52,720,929.29</u>	<u>\$ 54,969,904.85</u>

UNAUDITED

EXHIBIT IV
 TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED AUGUST 31, 2018

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Operating Revenues		
Tuition and Fees	\$	\$
Discounts and Allowances		
Professional Fees		400.00
Auxiliary Enterprises		
Discounts and Allowances		
Other Sales of Goods and Services	11,845,573.23	11,840,527.86
Discounts and Allowances		
Interest Revenue		
Federal Revenue - Operating	390,848.82	326,861.84
Federal Pass Through Revenue		
State Grant Revenue		
State Pass Through Revenue		
Other Grants and Contracts - Operating		1,000.00
Other Operating Revenue		1.79
Total Operating Revenues	<u>\$ 12,236,422.05</u>	<u>\$ 12,168,791.49</u>
Operating Expenses		
Instruction	\$	\$
Research	316,758.38	373,984.57
Public Service	16,692,202.42	17,149,729.15
Academic Support		
Student Services		
Institutional Support	1,373,452.99	1,364,520.30
Operation & Maintenance of Plant		89,940.04
Scholarships & Fellowships		
Auxiliary		
Depreciation/Amortization	<u>3,452,313.71</u>	<u>1,909,450.48</u>
Total Operating Expenses [Schedule IV-1]	<u>\$ 21,834,727.50</u>	<u>\$ 20,887,624.54</u>
Total Operating Income [Loss]	<u>\$ (9,598,305.45)</u>	<u>\$ (8,718,833.05)</u>
Nonoperating Revenues [Expenses]		
Legislative Revenue	\$ 9,583,199.58	\$ 9,928,131.14
Federal Revenue Non-Operating		
Federal Pass Through Non-Operating		
State Pass Through Non-Operating		
Gifts		
Investment Income	37,827.45	22,670.24
Investing Activities Expense		
Interest Expense		
Borrower Rebates and Agent Fees		
Gain [Loss] On Sale or Disposal of Capital Assets	3,471.95	12,608.73
Settlement of Claims		
Other Nonoperating Revenues	46,294.54	13,612.50
Other Nonoperating [Expenses]	<u>(912.94)</u>	<u>(1,978,889.77)</u>
Total Nonoperating Revenues [Expenses]	<u>\$ 9,669,880.58</u>	<u>\$ 7,998,132.84</u>
Income [Loss] Before Other Revenues and Transfers	<u>\$ 71,575.13</u>	<u>\$ (720,700.21)</u>

UNAUDITED

SCHEDULE IV-1
 TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY
 NACUBO FUNCTION TO NATURAL CLASSIFICATION MATRIX
 FOR THE YEAR ENDED AUGUST 31, 2018

	<u>INSTRUCTION</u>	<u>RESEARCH</u>	<u>PUBLIC SERVICE</u>	<u>ACADEMIC SUPPORT</u>	<u>STUDENT SERVICES</u>
Natural Classification					
Cost of Goods Sold	\$	\$	\$	\$	\$
Salaries & Wages		256,277.77	7,827,020.12		
Payroll Related Costs		56,357.06	2,733,352.12		
Payroll Related Costs-TRS Pension					
Payroll Related Costs-OPEB					
Professional Fees & Services			871,885.47		
Travel		2,097.59	103,722.24		
Materials & Supplies		1,229.87	3,192,521.60		
Communication & Utilities			896,790.67		
Repairs & Maintenance			586,213.08		
Rentals & Leases			72,235.30		
Printing & Reproduction			12,455.23		
Federal Pass-Through					
State Pass-Through					
Depreciation & Amortization					
Bad Debt Expense					
Interest			470.44		
Scholarships					
Claims & Losses					
Net Change In OPEB Obligation					
Other Operating Expenses		796.09	395,536.15		
Total Operating Expenses	<u>\$</u>	<u>\$ 316,758.38</u>	<u>\$ 16,692,202.42</u>	<u>\$</u>	<u>\$</u>

<u>INSTITUTIONAL SUPPORT</u>	<u>OPERATION & MAINTENANCE OF PLANT</u>	<u>SCHOLARSHIPS & FELLOWSHIPS</u>	<u>AUXILIARY</u>	<u>DEPRECIATION & AMORTIZATION</u>	<u>TOTAL</u>	<u>PRIOR YEAR</u>
\$	\$	\$	\$	\$	\$	\$
1,029,450.33					9,112,748.22	9,292,495.98
286,900.28					3,076,609.46	3,057,423.99
1,204.21					873,089.68	1,062,382.89
20,871.80					126,691.63	173,241.04
8,859.15					3,202,610.62	3,097,956.25
1,250.50					898,041.17	882,388.24
3,921.20					590,134.28	576,823.88
430.86					72,666.16	81,251.52
76.93					12,532.16	9,961.13
				3,452,313.71	3,452,313.71	89,475.00
						1,909,450.48
10.74					481.18	314.62
3,000.00					3,000.00	4,000.00
17,476.99					413,809.23	650,459.52
<u>\$ 1,373,452.99</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,452,313.71</u>	<u>\$ 21,834,727.50</u>	<u>\$ 20,887,624.54</u>

[Exhibit IV]

UNAUDITED

EXHIBIT V
TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2018

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Cash Flows From Operating Activities		
Proceeds Received From Tuition and Fees	\$	\$
Proceeds Received From Customers	11,874,124.09	11,736,798.82
Proceeds From Grants and Contracts	363,795.22	326,090.83
Proceeds From Auxiliary Enterprises		
Proceeds From Loan Programs		
Proceeds From a Defined Benefit Pension Plan		
Proceeds From a Defined Benefit OPEB Plan		
Proceeds From Other Operating Revenues		1.79
Payments to Suppliers for Goods and Services	(5,874,501.67)	(6,803,035.88)
Payments to Employees	(12,410,397.66)	(12,296,104.36)
Payments for Loans Provided		
Payments for Pension Benefits to Plan Members		
Payments for OPEB Benefits to Plan Members		
Payments for Other Operating Expenses	(3,000.00)	(93,475.00)
Net Cash Provided [Used] By Operating Activities	\$ (6,049,980.02)	\$ (7,129,723.80)
Cash Flows From Noncapital Financing Activities		
Proceeds From State Appropriations	\$ 9,460,104.97	\$ 9,972,233.50
Proceeds From Gifts		
Proceeds From Endowments		
Proceeds From Transfers From Other Funds		
Proceeds From Other Grant Receipts		
Proceeds From Other Noncapital Financing Activities	46,294.54	13,612.50
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	134,924.00	
Transfers Between Fund Groups		
Net Cash Provided [Used] By Noncapital Financing Activities	\$ 9,641,323.51	\$ 9,985,846.00
Cash Flows From Capital and Related Financing Activities		
Proceeds From Sale of Capital Assets	\$ 27,474.50	\$ 30,000.00
Proceeds From Debt Issuance		
Proceeds From State Grants and Contracts		
Proceeds From Federal Grants and Contracts		
Proceeds From Gifts		
Proceeds From Interfund Payables	400,000.00	
Proceeds From Other Financing Activities		
Proceeds From Capital Contributions		
Payments for Additions to Capital Assets	(221,649.12)	(52,135.82)
Payments of Principal On Debt		
Payments for Capital Leases		
Payments of Interest On Debt Issuance		
Payments for Interfund Receivables		(129,212.11)
Payments of Other Costs On Debt Issuance		
Transfer of Capital Debt Proceeds From System [Nonmandatory]	8,813.56	81,126.48
Intrasystem Transfers for Capital Debt [Mandatory]	(2,926,463.19)	(2,999,700.00)
Intrasystem Transfers for Construction Proceeds [Non-Mand]		
Net Cash Provided [Used] By Capital and Related Financing Act.	\$ (2,711,824.25)	\$ (3,069,921.45)
Cash Flows From Investing Activities		
Proceeds From Sales of Investments	\$	\$
Sales and Purchases of Investments Held By System		
Proceeds From Interest and Investment Income	37,827.45	22,670.24
Payments to Acquire Investments		
Net Cash Provided [Used] By Investing Activities	\$ 37,827.45	\$ 22,670.24
Net Increase [Decrease] In Cash and Cash Equivalents	\$ 917,346.69	\$ (191,129.01)
Cash and Cash Equivalents, Beginning of Year Restatement	\$ 1,653,508.46	\$ 1,844,637.47
Cash and Cash Equivalents, Beginning of Year, As Restated	\$ 1,653,508.46	\$ 1,844,637.47
Cash and Cash Equivalents, End of Year [Sch Three]	\$ 2,570,855.15	\$ 1,653,508.46

UNAUDITED

EXHIBIT V
 TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED AUGUST 31, 2018

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Reconciliation of Operating Income [Loss] to Net Cash Provided [Used] By Operating Activities	\$	\$
Operating Income [Loss]	(9,598,305.45)	(8,718,833.05)
Adjustments to Reconcile Operating Income [Loss] to Net Cash Provided [Used] By Operating Activities		
Amortization and Depreciation	3,452,313.71	1,909,450.48
Bad Debt Expense	15,134.00	5,016.12
Pension Expense		
OPEB Expense		
Operating Income [Loss] and Cash Flow Categories Classification Differences		
Changes In Assets and Liabilities		
[Increase] Decrease In Receivables	(13,636.74)	(109,916.17)
[Increase] Decrease In Due From Agencies/Funds		
[Increase] Decrease In Due From System Members		
[Increase] Decrease In Inventories	186.66	(25,678.59)
[Increase] Decrease In Prepaid Expenses		
[Increase] Decrease In Loans and Contracts		
[Increase] Decrease In Other Assets		
[Increase] Decrease In Deferred Outflows - Pensions		
[Increase] Decrease In Deferred Outflows - OPEB		
Increase [Decrease] In Payables	(44,672.48)	(170,778.77)
Increase [Decrease] In Due to Other Agencies/Funds	118,262.07	
Increase [Decrease] In Due to System Members		(1,000.00)
Increase [Decrease] In Deposits		
Increase [Decrease] In Employees' Compensable Leave	20,738.21	(17,983.82)
Increase [Decrease] In OPEB Liability		
Increase [Decrease] In Pension Liability		
Increase [Decrease] In Self Insured Accrued Liability		
Increase [Decrease] In Other Liabilities		
Increase [Decrease] In Deferred Inflows - Pensions		
Increase [Decrease] In Deferred Inflows - OPEB		
Total Adjustments	\$ 3,548,325.43	\$ 1,589,109.25
Net Cash Provided [Used] By Operating Activities	\$ (6,049,980.02)	\$ (7,129,723.80)
Non-Cash Transactions		
Donation of Capital Assets	\$	\$ 76,636.31
Net Change In Fair Value of Investments		
Refunding of Long Term Debt		
Amortization of Bond Premiums and Discounts		
Borrowing Under Capital Lease Purchase		
Other	2,473.97	50,310,333.15

UNAUDITED

SCHEDULE THREE
TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY
SCHEDULE OF CASH & CASH EQUIVALENTS
FOR THE YEAR ENDED AUGUST 31, 2018

	<u>CURRENT YEAR TOTAL</u>
Cash & Cash Equivalents	
Current Assets	
Cash In State Treasury	
Reimbursements Due From State Treasury	\$ 68,856.87
Assets Held By System Offices-Current	<u>2,378,386.07</u>
Total Current Cash and Cash Equivalents [Exhibit III]	<u>\$ 2,447,242.94</u>
Restricted	
Assets Held By System Offices-Current	<u>\$ 123,612.21</u>
Total Restricted Cash and Cash Equivalents [Exhibit III]	<u>\$ 123,612.21</u>
Total Cash & Cash Equivalents [Exhibit V]	<u><u>\$ 2,570,855.15</u></u>

UNAUDITED

SCHEDULE N-2
 TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY
 NOTE 2 - CAPITAL ASSETS
 FOR THE YEAR ENDED AUGUST 31, 2018

	BALANCE 9-1-17	ADJUSTMENTS	COMPLETED CIP
Non-Depreciable/Non-Amortizable Assets			
Land and Land Improvements	\$ 105,700.00	\$	\$
Total Non-Depreciable/Non-Amortizable Assets	\$ 105,700.00	\$	\$
Depreciable Assets			
Buildings	\$ 50,973,710.29	\$	\$
Infrastructure	772,888.13		
Facilities and Other Improvements	1,363,107.46		
Furniture and Equipment	5,813,186.77		
Vehicles, Boats and Aircraft	141,788.45		
Total Depreciable Assets at Historical Cost	\$ 59,064,681.10	\$	\$
Less Accumulated Depreciation for			
Buildings	\$ (3,054,355.48)	\$	\$
Infrastructure	(35,244.29)		
Facilities and Other Improvements	(92,161.34)		
Furniture and Equipment	(4,163,050.97)		
Vehicles, Boats and Aircraft	(87,369.19)		
Total Accumulated Depreciation	\$ (7,432,181.27)	\$	\$
Depreciable Assets, Net	\$ 51,632,499.83	\$	\$
Amortizable Assets - Intangible			
Computer Software	\$ 929,751.54	\$	\$
Total Intangible Assets at Historical Cost	\$ 929,751.54	\$	\$
Less Accumulated Amortization for			
Computer Software	\$ (821,526.58)	\$	\$
Total Accumulated Amortization	\$ (821,526.58)	\$	\$
Amortizable Assets, Net	\$ 108,224.96	\$	\$
Capital Assets, Net	\$ 51,846,424.79	\$	\$

INC-INTERAGENCY TRANSACTIONS	DEC-INTERAGENCY TRANSACTIONS	ADDITIONS	DELETIONS	BALANCE 8-31-18
\$	\$	\$	\$	\$ 105,700.00
\$	\$	\$	\$	\$ 105,700.00
\$	\$	\$	\$	\$ 50,973,710.29
				772,888.13
				1,363,107.46
161,166.00	(22,552.21)	72,632.56	(208,693.69)	5,815,739.43
			(99,708.45)	42,080.00
\$ 161,166.00	\$ (22,552.21)	\$ 72,632.56	\$ (308,402.14)	\$ 58,967,525.31
\$	\$	\$ (2,719,988.16)	\$	\$ (5,774,343.64)
		(48,370.08)		(83,614.37)
		(126,535.68)		(218,697.02)
(159,329.11)	19,717.34	(431,566.47)	200,123.05	(4,534,106.16)
		(11,715.00)	83,363.60	(15,720.59)
\$ (159,329.11)	\$ 19,717.34	\$ (3,338,175.39)	\$ 283,486.65	\$ (10,626,481.78)
\$ 1,836.89	\$ (2,834.87)	\$ (3,265,542.83)	\$ (24,915.49)	\$ 48,341,043.53
\$	\$	\$ 149,016.56	\$ (362,971.94)	\$ 715,796.16
\$	\$	\$ 149,016.56	\$ (362,971.94)	\$ 715,796.16
\$	\$	\$ (114,138.32)	\$ 362,971.94	\$ (572,692.96)
\$	\$	\$ (114,138.32)	\$ 362,971.94	\$ (572,692.96)
\$	\$	\$ 34,878.24	\$	\$ 143,103.20
\$ 1,836.89	\$ (2,834.87)	\$ (3,230,664.59)	\$ (24,915.49)	\$ 48,589,846.73