Welcome and Overview

Teresa Edwards, CPA
Controller
Texas A&M System Office
Welcome

• Appreciate every one investing their time in attending this workshop
• We understand each institution and agency has many tasks and responsibilities
• Capital Assets are material to the balance sheet
  • Critical to be accurately reported
  • Auditors will audit these balances
• The A&M members do an excellent job during AFR Desk Review and when SAO and the Comptroller’s Office audits our capital assets

Audit Expectations

• SAO CAFR Audit
  • Each year SAO asks the System Office to estimate how much our net capital assets will increase, total balance for FY 2017 was $5.4 billion
    • Helps them determine if they will audit us for the FY
    • Periodically TAMU is audited since their values are higher than most campuses and agencies
• Comptroller’s Office
  • Post Payment Audit will focus on capital assets purchased and want to view the assets
  • Values and Location are critical
Day 1  Wednesday, June 6th

• 1:00 pm Welcome and Overview
• Capital Asset Guidelines/Policies
  • Inventory Control
  • Processing with AggieBuy
• Upcoming Accounting Changes
• Capital Lease Process
• FAMIS FFX Module
• Capital Asset Processes

Day 2  Thursday, June 7th

• 7:45-8:30 Networking and Breakfast
• 8:30 Welcome
  • Questions from Previous Day
• Surplus Property
• AFR Reporting Considerations
• Construction In Progress (CIP) Overview
• Closing Comments & Questions
Asset Management Manual Updates

- Updated June, 2018 in preparing for this class
- Page 5 Lease Purchase AFR Category removed, changed the way we record leases, no longer in FFX, liability recorded in account the payments will be made from
- Page 16 Capital Leases-Record as Purchased Asset
- Page 18-19 US Government Surplus Property, entries defined for capital and non-capital assets plus SEFA reporting
- Page 34-35 Livestock Clarification for inventoried items
- Page 38-39 Cloud Computing clarification
- Page 41 Operating Lease definition and reporting

Capital Asset Review

Todd Gregory,
Assistant Director
Financial Management Services
Texas A&M University
Policies, Guidelines, Manuals

• State
  o Texas Government Code 403.271
  o State Property Accounting (SPA) Process User’s Guide

• TAMUS
  o System Regulation 21.01.09
  o TAMUS Asset Mgmt Manual

• Member
  o Member Asset Guidelines

Capital Assets

• **Capital Assets** = real, personal, or intangible property that has a value equal to or greater than the capitalization threshold for the particular asset classification and have an estimated useful life of greater than 1 year

• Capitalization threshold and AFR categories as prescribed by the State of Texas

• GL Accounts as prescribed by TAMUS (see System Asset Management manual)
Controlled Assets

- **Controlled Assets** = real or personal property that has a value of $500.00 to $4,999.99 and an estimated useful life of greater than 1 year.
  - Hand guns and Rifles must be controlled regardless of amount.
  - Fall below the capitalization threshold
  - A list of State required controlled items can be found within the SPA Process User’s Guide Appendix A
  - Controlled Assets are expensed when purchased and are NOT included in the AFR or depreciated

Inventoried Assets

- **Inventoried Assets** = real or personal property that has a value of less than $5,000 Agency Head deems necessary to control.
  - Could be recorded in FAMIS FFX or could be tracked separately.
  - Must be tracked consistently throughout
    - Example – printers
  - Inventoried Assets are not depreciated
Real and Personal Property

- **Real** = any interest in land, together with structures, fixtures and improvements of any type located thereon

- **Personal** = fixed or moveable tangible assets to be used for operations, the benefits of which extend beyond 1 year from date of acquisition and rendered into service.

Intangible Property

- **Intangible** = as defined by GASB 51 the asset must possess all of the following:
  - Lack of physical substance
  - Non-financial nature
  - Initial useful life extending beyond a single reporting period (1 year)
    - Includes Cloud Computing Software
Member Internal Policies

• For State required controlled assets, must be tagged (labeled)

• See State’s List (next slide)

• Members need to decide if they want to inventory additional items

• Consistency is required

State Controlled Class Codes

<table>
<thead>
<tr>
<th>SPA Class Code – FAMIS Class Code ( $0 to $4,999.99 )</th>
<th>SPA Property Item Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>106 – 577501</td>
<td>Hand Guns</td>
</tr>
<tr>
<td>107 – 577502</td>
<td>Rifles &amp; Shotguns</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SPA Class Code - FAMIS Class Code ( $500 to $4,999.99 )</th>
<th>SPA Property Item Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>129 – 578001</td>
<td>Sound Systems &amp; other Audio equipment</td>
</tr>
<tr>
<td>130 – 578101, 578103</td>
<td>Camera – Portable – Digital, SLR</td>
</tr>
<tr>
<td>131 – 578201</td>
<td>TVs, Video Players / Recorders</td>
</tr>
<tr>
<td>204 – 578701</td>
<td>Computer, Desktop</td>
</tr>
<tr>
<td>218 – 578708</td>
<td>Data Projectors</td>
</tr>
<tr>
<td>219 – 578707</td>
<td>Smartphones, Tablets &amp; Other hand held devices</td>
</tr>
<tr>
<td>284 – 578704</td>
<td>Computer, Laptop</td>
</tr>
</tbody>
</table>
## Unique Items

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Capital, Controlled or Inventory?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drones</td>
<td>Controlled, Registration required</td>
</tr>
<tr>
<td></td>
<td>Capital if over $5,000</td>
</tr>
<tr>
<td>Tablets</td>
<td>Inventory</td>
</tr>
<tr>
<td>Systems</td>
<td>No</td>
</tr>
<tr>
<td>Servers</td>
<td>Only Capital</td>
</tr>
<tr>
<td>Computers</td>
<td>$500 &amp; up</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Linear</td>
</tr>
<tr>
<td>Microscopes</td>
<td>Only Capital</td>
</tr>
<tr>
<td>Cash Registers</td>
<td>No</td>
</tr>
<tr>
<td>E-Books</td>
<td>Useful Life &gt; 1 year, do you own it?</td>
</tr>
<tr>
<td>Software</td>
<td>Includes Cloud agreements</td>
</tr>
</tbody>
</table>

### Drones

- Federal Aviation Administration (FAA) has instructions on Unmanned Aircraft (UA)

- Unmanned Aircraft – aircraft operated without the possibility of direct human intervention from within or on the aircraft
Registration Required

• We are NOT exempt

• Must register each UAS individually

• To register UAS, you must submit an Aircraft Registration Application, AC Form 8050-1, and evidence of ownership to the Aircraft Registration Branch (AFS-750). Registration costs $5.00. Complete details for registering UAS and reserving an N-number are provided online at www.faa.gov.

Registration Required

• FAA link
  • http://www.faa.gov/licenses_certificates/aircraft_certification/aircraft_registry/

• Link to Advisory Circular
  • https://www.faa.gov/documentLibrary/media/Advisory_Circular/AC_00-1_1A.pdf

• Link to Form AC 8050-1
  • http://www.faa.gov/forms/index.cfm/go/document_information/documentID/185220
Capital, Controlled, Inventoried Assets

- All assets must be identified as belonging to the Member
- Normally, “State of Texas” or the agency’s name is placed on the asset
- May have additional federal requirements to be identified as well
- Additional research related identifier fields are available for the label
- Export Control Fields to be added to FAMIS

Export Control

- Export Control Laws
  - Some identifiers in consideration
    - EAR – Export Administration Regulations Y/N
    - ITAR – International Traffic in Arms Regulations – Y/N
    - Export Control Classification Number / Category – ECCN / USML
    - TCP - Technology Control Plan Y/N
    - TCP Number
    - Export License
  - Security / Member Authorization to add / update
Useful Life and Depreciation/Amortization

- Straight Line Depreciation/Amortization method required for all System Members
- Useful Life of Assets
  - Set by the State, varies by Asset Class Code
  - FFX Master Class Table defines standards set by System Office
  - Can be adjusted by the Member if appropriate
    - Supporting documentation required

Responsible for Asset Management

- Agency Head
- Property Manager
  - Alternate Property Manager
- Accountable Property Officer (usually Dept Head)
  - Alternate Accountable Property Officer
- Surplus Inventory Supervisor
- Surplus Procurement Officer
- Employees
- Refer to System Asset Management Manual
Agency Head Role

- Agency Head = CEO of each TAMUS Member
- Ultimately responsible for:
  - The custody and care of all property in Member’s possession
  - The accuracy of all statements of financial condition relating to the Member’s property
  - Evaluating the adequacy of inventory controls placed on property
  - Distribution of procedures regarding the accountability for and safekeeping of property owned or managed by the Member.
  - Ensure the Property Manager receives training in the rules, policies, procedures and rules/guidelines of SPA.

Agency Head Role (cont’d.)

- Ultimately responsible for:
  - Ensuring written procedures exist for requests for sale
  - Reporting missing, destroyed, damaged or stolen property to the appropriate authority
  - Reporting a new Agency Head and/or Designating a Property Manager, reporting it to the State Comptroller’s Office on form 73-286

- May delegate to the following people:
  - Property Manager
  - Accountable Property Officer (APO)
  - Surplus Inventory Supervisor
  - Surplus Procurement Officer
Property Manager Role

• Designated by the Agency Head

• May delegate property management of personal property to an Accountable Property Officer (APO)

• Responsibilities include
  • Overall asset management of all assets
  • Maintenance and control of central inventory records
  • Training Accountable Property Officer and their alternates in issues related to personal property management.
  • Coordinating an Annual Inventory of its personal property
  • Review of all real and intangible property
  • Transfers of property
  • Reporting missing, destroyed, damaged or stolen property to the Agency Head

Accountable Property Officer Role

• May appoint, in writing, an Alternate Accountable Property Officer (Alt APO)

• Responsibilities include
  • Physical possession and control over personal property entrusted to their department
  • Ensuring employees are aware of their responsibilities for property
  • Training Alt APO’s on proper asset management procedures for property under their care
Accountable Property Officer Role

- Responsibilities include, continued:
  - Submission of transfer documentation to the Property Manager
  - Establishment of procedures for management of personal property that are assigned or loaned from the department.
  - Reporting missing, destroyed, damaged, stolen, or found property to the Property Manager
  - Ensure that any excess personal property under the department’s control is sent to Surplus.

Surplus Inventory Supervisor Role

- May be the Property Manager, the Surplus Procurement Officer, the Alt APO for the surplus property account, or another employee

- Responsibilities include
  - Management of excess personal property
  - Ensuring safekeeping
  - Complete Paperwork
  - Ensure property is tagged
Surplus Procurement Officer Role

- The official representative of the Member in all matters pertaining to the acquisition of surplus property.

- Name and address must be submitted to the Texas Facilities Commission.

- If property is US Government surplus property, the Surplus Procurement Officer is responsible for coordinating and approving the transfer for the Member.

Employee Role

- Responsible for
  - Using state personal property (equipment) for state purposes and is required to exercise reasonable care for its safekeeping.
    - Reasonable care = at a minimum, steps are taken to:
      - Maintain the asset in an acceptable manner,
      - Ensure the security of an asset,
      - Ensure that an asset can be located at any time requested,
      - Ensure that the person responsible for the asset is known.

- At no time should state property be used for personal gain!
Inventory Control-Personal Property

• Tag (Label)
  • Permanently marked as “Property of the State of Texas or the agency”
  • Assets purchased by a sponsored agreement often require an additional tag that is obtained from grant department
  • Additional fields available for label (SRS)
  • Permanent = can be removed only with considerable or intentional means
  • Asset number must be added promptly upon receipt and acceptance of an item, no later than 10 calendar days after receipt.
  • Tag must be highly visible and consistent for all similar assets

Inventory Control - Personal Property

• Tag (Label)
  • Serial Numbers
  • May be adding Export Control Field(s)
Inventory Control - Personal Property

• Track and Secure
  • Each member is responsible for ensuring property is tracked and secure in a manner most likely to prevent theft, loss, damage or misuse of an asset
  • Should have a method for locating any inventory item whether on-site or off-site
  • Need written procedure regarding loaning or checking out personal property

• Storage
  • Responsibility of Property Manager or the Accountable Property Officer for:
    • Securing items from theft or pilferage
    • Protection against the elements
    • Maintaining the property in serviceable condition
    • Located in an accessible location

• Utilize
  • Any items that are not being utilized should be made available to the rest of your campus community
  • Federal equipment: use in the manner for which it was originally furnished unless an exception is received from the grantor.
Physical Inventory

- Completed annually for personal property
- Suggest a review of all real and intangible property annually to ensure all assets still exist
- Analyze Software
- Review Real Property—any demolition?

Physical Inventory—Personal Property

- Annual inventory required by TAMUS
  - No longer required to submit form to SPA

- During inventory check for
  - Serial number
  - Legibility of inventory number
  - Condition of property
  - Location of property is up-to-date
  - Property Utilization / Purpose (IDC)
Audit - Physical Inventory-Personal Property

- State Auditors Office – Federal Portion of Statewide Single Audit
  - Assets purchased on federal money
  - Physically locate all assets on random sample
  - Verify serial number in FAMIS
  - Missing label

Acquisition

- Common ways a Member can acquire an asset
  - Purchase
  - Gift
  - Transfer In
  - Joint Purchase
  - Found property that was previously reported lost, abandoned or not under the control of anyone
  - Donations of US Government surplus property
  - Fabricated/Constructed Personal Property
  - Be sure to use the correct acquisition code within FFX (this can have accounting implications)
Acquisition-Purchase

- An asset’s life within FFX starts as a Preliminary through purchasing equipment using the following methods:
  - Procurement / Payment card
  - Limited Purchase (L-doc)
  - Purchase Order (PO)
  - E-Procurement System (AggieBuy)
- When invoice has been processed for payment it moves from preliminary to pending. Fixed asset attributes should be updated prior to asset approval

Acquisition-Gift

- System Policy 21.05 and Regulation 21.05.01 should be followed when accepting and reporting such gifts
- Gifts with restrictions must be reviewed by TAMUS Office of General Counsel prior to preliminary acceptance
- Donated assets should be recorded at the estimated fair market value at the gift date
- Valuation documentation must be kept and maintained in accordance with State Comptroller policies and procedures
Acquisition-Gift, continued...

• System Policy 41.01 requires all gifts of Real Property first be accepted by the Board of Regents
  • All potential gifts should be directed to the System Office of Real Estate

Acquisition-Transfer In

• From another State Agency, not within the TAMU System
  • If a capital asset, coordinate and confirm the amount of accumulated depreciation/amortization
  • Must be entered into SPA if the releasing agency uses SPA
  • Must coordinate depreciation with that agency
  • If cash is exchanged another entry is needed

• From another System Member
  • Each member is assigned a unique acquisition method within FAMIS FFX in order to identify where the asset came from
  • Within FAMIS FFX, do NOT change the original acquisition date, acquisition method, class code and dollar amount
Transfer With Non TAMUS State Agency

Transfer Out TO Non TAMUS State Agency
- Drop asset with Disposal Method TA (5415-Tf to Another State Agency)
  - If you receive cash
    - Journal Entry
      - Debit Cash
      - Credit 5415

Transfer In FROM Non TAMUS State Agency
- Add asset with Acquisition Method TA (4415-Tf from Another State Agency)
  - If you pay cash
    - Journal Entry
      - Debit 4415
      - Credit Cash

Transfer With TAMUS Agency

Transfer Out TO TAMUS Agency
- Drop asset with Disposal Method Campus Code # (06)
  - If you receive cash
    - Journal Entry
      - Debit Cash
      - Credit 5706-Tf to Part 06 Ag Research

Transfer In FROM TAMUS State Agency
- Add asset with Acquisition Method Campus Code # (06)
  - If you pay cash
    - Journal Entry
      - Debit 4706-Tf from Part 06 Ag Research
      - Credit Cash
Acquisition-Found Property

- Report immediately to the Property Manager
- Documentation is required
- Is the Owner Known?
  - If yes, notify the Property Manager of the department.
  - If no, determine if the property can be used by your department. If it can, the property needs to be entered into the department’s inventory. If it cannot, the property needs to be sent to surplus property.

Acquisition-US Government Surplus Property

- Allocated from the Texas Facilities Commission
- Provisions exist when accepting property and the Texas Facilities Commission can discontinue your Member’s participation for violating the provisions
- All items (excluding purchased items) should be recorded into the accounting system as an “Other Revenue” and “Other Operating Expense”. The amount will be provided by the Texas Facilities Commission
- If $5,000 or more in value when received the item should be assigned a property number, tagged, entered into inventory and controlled the same way as any other property
Acquisition-Fabricated/Constructed

- Construction or renovation of property
- Property created should keep its configuration for at least one year
- Acquisition Date should be the date the fabrication process is complete
- Cost of individual components may be less than the capitalization limit; however the finished, tangible asset may have a total cumulative cost that does meet the limit and therefore capitalized
- Each component must work together to perform one function

Acquisition-Fabricated/Constructed, continued

- Individual assets having an acquisition value of $5,000 or more will be capitalized on their own merit if they are, or can be, stand-alone equipment
- If individual parts are purchased at various times, these costs should be accumulated in a Construction in Progress (CIP) asset
Fabricating Equipment

• CIP process is used
• Work with department to determine total cost of the equipment
  • Does it meet the threshold?
  • Coding
• Ensure departments submits documentation
  • Charges could be made on the payment-card
• Need notification from the department when placed into service
• When complete, use Disposal code RC and Acq code RC for completed asset

Fabricating Equipment Resources

• The Texas A&M University System Asset Management Manual-Chapter 3 Acquisitions and Disposals

• Texas A&M University Departmental Property Management Manual-Chapter 5 Property Acquisitions
  http://fmo.tamu.edu/media/66204/procedures_manual.pdf
Acquisition Cost Elements

- Vendor’s Invoice (net of discounts)

- Trade-in worksheet

- Sales Tax (generally exempt)

- Initial Installation

- Attachments (only if required for asset operation; not optional accessories)

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Acquisition Cost Elements, continued...

- Freight / Shipping / Packing

- Testing and preparation costs

- Professional fees – Installation costs

- Interest costs - capitalized interest on construction projects (not included on Lease Purchase Assets)

- Does NOT include training
Acquisition Cost Components, continued...

- Demolition Costs
  - If land and building are purchased with the intent to use the land and demolish the building, then demolition costs shall be capitalized as land improvement.
  
  - If land and building are purchased with the initial intent to use the land, demolish the building and build a new building, the demolition costs shall be capitalized in the new building if the demolition occurs soon thereafter.
  
  - If land and building are purchased with the initial intent to use the land and the building, the costs to demolish the existing building at a later date shall be expensed.

Disposal

- Common ways a Member can dispose of an asset by:
  - Transfers
  - TDCJ program
  - Sale
  - Cannibalization
  - Non-Functioning / Obsolete

- Use the correct disposal code within FFX.
Disposal-Transfers Out

- To another State Agency, not within the TAMU System
  - If a capital asset, coordinate and confirm the amount of accumulated depreciation/amortization
  - Must be entered into SPA if the receiving agency uses SPA
  - Must coordinate depreciation with that agency
  - If cash is exchanged another entry is needed
  - All insignia of the releasing Member should be removed or permanently illegible
- To another System Member
  - Each member is assigned a unique disposal method within FAMIS FFX in order to identify where the asset is going
  - Coordinate the cost and depreciation

Disposal-Sale

- Normally takes place through the surplus office for personal property

- Real property must be coordinated with the System Real Estate Office (SREO)

- If any donated/gifted item is disposed during the first 3 years of ownership the Property Manager must notify the appropriate business office per IRS (file IRS form 8282 if original donation included form 8283)
Disposal-Property Acquired through Sponsored Agreements

- Sponsored Agreements should be reviewed prior to transferring, disposing, etc. of research equipment acquired through a sponsored agreement.
- At disposal in FAMIS all SRS assets will have a pop-up question asking “Have SRS disposal requirements been met”.
- Additional fields available for label.

Surplus Process

- Send assets to surplus
  - All assets go to Surplus for disposal or get written approval to handle differently.
- Disposal of surplus
  - Surplus makes decision
  - Make available to campus or registered assistance organization
  - Place in Auction for sale
  - Discard / Trash
  - Donation of Assets normally not allowed
System Regulation 21.01.10

- Must have written guidelines for disposition
- Give preference to public schools or assistance organizations
- Must advertise on THECB or your own website
- All data processing equipment not going to a public school or assistance organization or disposed under another law, must be transferred to Texas Correctional Industries within Texas Department of Criminal Justice

Policy

- System Policies
  - See Regulation 21.01.08 Vehicle Fleet Mgmt
- Cannibalize Assets
  - Computers
  - IT department
  - See TAC Rule 202.78 & Audit
Cannibalization-TAMU

1. Submit a completed form *FDP-414 Property Additions and Deletions* to Texas A&M Property Management & the computer will be dropped from the department’s inventory, therefore, making it a “non-inventory” asset.

2. Submit a completed online TDP (Transfer Departmental Property) in Canopy to Texas A&M Surplus to transfer the property from the department to Texas A&M Surplus.

3. If submitting a TDP for non inventory computers, the notes section of the form must say that all software and data contained on the hard drive has been irreversibly erased from the computers.

Hard Drive Removal-TAC

- Rule Texas Administrative Code 202.78
- Prior to the sale or transfer of data processing equipment institutions of higher education shall assess whether to remove data from any associated storage device.
- If it is possible that restricted personal information, confidential information, mission critical information, intellectual property, or licensed software is contained on the storage device, the storage device should be sanitized or the storage device should be removed and destroyed.
Tracking Process

- Institutions of higher education shall keep a record/form (electronic or hard copy) documenting the removal and completion of the process with the following information:
  1) Date
  2) Description of the item(s) and **serial number(s)**
  3) Inventory number(s)
  4) Process and sanitization tools used to remove the data or method of destruction and
  5) Name and address of the organization the equipment was transferred to

Audit Finding

- Compliance-Not Compliant
- Strengths
  - The organization has established policies and processes to ensure that sensitive information is removed from data processing equipment prior to the sale or transfer of the equipment
  - The organization has established a process (including appropriate forms) for recording the transfer of data processing equipment
Finding

• Weaknesses
  o The organization does not currently include the following in the documentation associated with the sale or transfer of data processing equipment
    ▪ Serial number of hard drive
    ▪ Process and sanitization tools used to remove data
    ▪ Method of destruction

• Recommendation
  o The organization should alter the current process to ensure this information is included on the forms for the sale or transfer of data processing equipment:

Updated Process

• Department removes hard drive before transferring to Surplus

• Department submits TDP to transfer to Surplus as inventory

• Delete asset as cannibalized after transfer to Surplus (TAMU)

• Hard drives are delivered to Surplus

• Surplus Office records required information from the hard drive

• Surplus Office shreds hard drive
Loaned or Assigned Property

- Equipment may be assigned or loaned to a department or individual for the official benefit of the A&M System only
  - If assigned or loaned for more than 90 days, the APO should review the need for the property in their department

- Accountable Property Officer (APO) should establish procedures for management of personal property that is assigned or loaned

- All loaned inventoried personal property must be reported in the physical inventory of the loaning Member

- Loans of research equipment should have written approval from the CFO or official designated to circulate/control research activities prior to the loan

Missing/Stolen Property

- Each Member must have a missing/stolen property report that the APO or Alt APO will complete when property is discovered missing/stolen

- The APO or Alt APO must notify the Property Manager within 24 hours

- Missing property must remain on the Member’s inventory through 2 physical inventories and/or 2 calendar years from the time the property is determined missing.
Missing/Stolen Property, continued...

• Stolen property requires a Police report & will be immediately disposed from the Member’s inventory

• Any individual who, through misuse or neglect, causes or permits property to be missing, stolen, damaged, or destroyed may be held financially responsible for the loss sustained

• If negligent, Property Office should report it to the Office of Attorney General

Neglect per Dictionary.com

1. to pay no attention or too little attention to; disregard or slight

2. to be remiss in the care or treatment of

3. to omit, through indifference or carelessness

4. to fail to carry out or perform (orders, duties, etc.)

5. to fail to take or use
Wrap Up - Asset Records

- Record
  - Add to inventory

- Track
  - Update location
  - Annual certification
  - Reconcile to AFR (capital)

- Dispose

AggieBuy and Fixed Assets

Todd Gregory
System-Wide AggieBuy Users

- Training continues for System Members to transition to AggieBuy
- By the end of August 2018, most System Members will be trained on AggieBuy
- There are a few exceptions
  - Texas A&M Forest Service
  - TAMU-International
  - TEEX
  - WTAMU

AggieBuy and Fixed Assets

- Selection Criteria
  - Requisitions or Change Orders to PO’s
  - PO sent to Vendor
  - All PO’s evaluated for fixed asset object code range
  - Based on assigned commodity code & object code table
  - Filtered by member Capitalization Rules on FAMIS screen 582
- Email Notification to department
  - ALT APO for Department on screen 860
    - Email recipient based on 1st payment account listed on PO
    - No email – flag can be set to ‘not send’
AggieBuy and Fixed Assets

• Process
  • Preliminary Fixed Asset created from the PO line item
  • FAMIS FRS screen 361 for preliminary asset
  • Canopy (FRS, Preliminary Assets, Pre Asset Document)
    • Updates to Preliminary Assets
      • Description Acquisition & In-Service Date
      • Building / Room Class Code
      • Serial Number
  • Document cross reference
    • FAMIS is FRS screen 295
    • Canopy is FRS, Purchase Document, SciQuest Cross Ref
    • FAMIS Document screens
      • 220, 278, 288

AggieBuy and Fixed Assets

• Create Asset Manually Box
  • Blank - allows criteria by line to be applied
  • Check at line item- overrides line item criteria & causes 1 asset to be built per line
  • Check at header- overrides entire document and follows the object code
  • i.e. 10 @ $1,000 each = 1 asset @ $10,000
AggieBuy and Fixed Assets

- Add to Asset Number Field
  - Add to Asset – add component to existing asset
    - Enter Approved Asset to add to
    - Will add a new component to the asset
    - The TAG # in FAMIS will be the asset # entered
    - Will set the Add to Existing Asset Flag in FAMIS to “Y”
    - If the Add to Asset # is not a valid approved asset in FAMIS, it will feed to FAMIS 362, but the flag will be “N”
  - CIP assets will have new component created and the charge will be to 5799-Other Controlled Assets-Controlled $500-$4,999.99 (DCR needed)
  - Can override coding at the header level
    - Will code charge to CIP

Upcoming Accounting Changes

Teresa Edwards, CPA
Controller
Texas A&M System Office
Upcoming Accounting Changes

• Leases
  • GASB 87 Leases-FY 2021
    • Lessor and Lessee requirements, books in the sky will balance
    • Most operating leases will be converted to capital, unless contract is for less than one year or ownership transfers or the asset is not capitalized
    • Interest rate will have to be imputed/calculated either with a rate from the vendor or a rate the System Office provides based upon our current debt funding

Upcoming Accounting Changes

• Leases
  • GASB 87 Leases-FY 2021
    • Some institutions/agencies are tracking leases, copiers are going to be a challenge due to the volume
      • 220 PO Header Create/Modify screen in FAMIS, Type Order field, typing in LEAS
      • Add this field to Business Objects
      • AggieBuy does have similar fields
Upcoming Accounting Changes

• Cloud Computing
  • GASB 51 guidance is pretty lean, leaving it up to industry standards
    • Contacting other Institutions to help with consistency
    • Contacting SPA (Al & Stacy)
  • Page 38-39 in the Capital Asset Manual
  • Capitalizing Workday HCM brought up several questions
    • Record the asset in FFX
    • Record a liability, meet the capital lease criteria, page 16

Upcoming Accounting Changes

• Cloud Computing-Workday HCM HR/Payroll
  • Implementation Asset
    • Useful Life being debated
      • Software life per SPA 5-6 years
      • Replacing a 20 year solution software
      • Term of contract normally used if capital lease—it is possible to have an asset on the balance sheet longer than the liability if IT team believes appropriate and property manager agrees
    • Contractually the asset meets the capitalization criteria
      • Over $100k
      • Greater than one year
      • Non-cancellable (if can cancel than considered subscription cost)
Capital Lease Process

Teresa Edwards & Todd Gregory

Operating vs. Capital Lease

- Operating Lease
  - Page 41 doesn’t meet the capitalization criteria
  - Reporting usually occurs in the Fiscal Office/Business Office
    - Reported as a lease expense on the operating statement
    - No capital asset is recorded
    - Note Disclosure required
      - List the Years of the operating lease obligation, liability is not required to be reported on the balance sheet
  - Currently A&M members are reporting space, vehicles and equipment to FY 2034, totaling $58 million
    - Most common example is copiers
Operating vs. Capital Lease

• Operating Lease

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Minimum Future Lease Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$18,241,135.54</td>
</tr>
<tr>
<td>2019</td>
<td>13,233,101.35</td>
</tr>
<tr>
<td>2020</td>
<td>8,869,165.16</td>
</tr>
<tr>
<td>2021</td>
<td>6,465,591.36</td>
</tr>
<tr>
<td>2022</td>
<td>3,644,229.66</td>
</tr>
<tr>
<td>2023-2027</td>
<td>4,744,144.74</td>
</tr>
<tr>
<td>2028-2032</td>
<td>2,121,626.40</td>
</tr>
<tr>
<td>2033-2034</td>
<td>848,650.56</td>
</tr>
<tr>
<td><strong>Total Minimum Future Lease Payments</strong></td>
<td><strong>$58,167,644.77</strong></td>
</tr>
</tbody>
</table>

Operating vs. Capital Lease

• Capital Lease
  • Page 16 does meet the capitalization criteria via the contract
  • Reporting can vary, could be Property Office only or a combination of the Property Office and the Fiscal Office/Business Office
    • Asset reported by the Property Office in FFX, Plant Funds
    • Liability reported by the Property Office and/or Fiscal Office/Business Office in Account making payments on the lease and/or AFR account
  • Reporting the Capital Lease
    • Reported as capital object code
    • Asset recorded, normally depreciate over the life of the contract
    • Liability recorded, payments made for principal and interest
    • Note Disclosure required
      • List the Years of the capital lease obligation
  • Currently A&M members are reporting space, vehicles, equipment and software to FY 2035 totaling $48 million
Operating vs. Capital Lease

• Capital Lease

### Assets Under Capital Leases

<table>
<thead>
<tr>
<th>Class of Property</th>
<th>Assets under Capital Lease</th>
<th>Accumulated Depreciation/Amortization</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>$32,558,402.22</td>
<td>$(3,083,182.00)</td>
<td>$29,475,220.22</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>$14,949,333.23</td>
<td>$(6,951,189.12)</td>
<td>7,998,144.11</td>
</tr>
<tr>
<td>Vehicles</td>
<td>$52,978.25</td>
<td>$(6,306.90)</td>
<td>46,671.35</td>
</tr>
<tr>
<td>Computer Software</td>
<td>$9,651,496.79</td>
<td>$(2,759,738.10)</td>
<td>6,891,758.69</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$57,212,210.49</strong></td>
<td><strong>$(12,800,416.12)</strong></td>
<td><strong>$44,411,794.37</strong></td>
</tr>
</tbody>
</table>

### Future Capital Lease Payments

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Principal Payments</th>
<th>Interest Payments</th>
<th>Minimum Future Lease Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$4,070,920.24</td>
<td>$1,652,965.08</td>
<td>$5,723,885.32</td>
</tr>
<tr>
<td>2019</td>
<td>3,664,078.64</td>
<td>2,133,359.34</td>
<td>5,797,437.98</td>
</tr>
<tr>
<td>2020</td>
<td>2,732,845.03</td>
<td>1,724,162.89</td>
<td>4,457,007.92</td>
</tr>
<tr>
<td>2021</td>
<td>2,982,254.89</td>
<td>1,600,206.34</td>
<td>4,582,461.23</td>
</tr>
<tr>
<td>2022</td>
<td>2,501,486.07</td>
<td>1,487,732.72</td>
<td>3,989,218.79</td>
</tr>
<tr>
<td>2023-2027</td>
<td>9,560,033.44</td>
<td>6,076,789.80</td>
<td>15,636,823.24</td>
</tr>
<tr>
<td>2028-2032</td>
<td>13,715,398.21</td>
<td>3,508,607.20</td>
<td>17,224,005.41</td>
</tr>
<tr>
<td>2033-2035</td>
<td>8,262,693.73</td>
<td>478,694.26</td>
<td>8,741,387.99</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$47,489,710.25</strong></td>
<td><strong>$18,662,517.63</strong></td>
<td><strong>$66,152,227.88</strong></td>
</tr>
</tbody>
</table>

**Summary**

- Total Minimum Lease Payments: $66,152,227.88
- Less: Interest at Various Rates: $(18,662,517.63)
- Present Value of Net Minimum Lease Payments: $47,489,710.25
Lease Purchase

State Property Accounting Manual
Leased property should be capitalized if the lease agreement meets any one of the following criteria:
• The lease transfers ownership of the property to the lessee by the end of the lease term.
• The lease contains a bargain purchase option.
• The lease term equals 75 percent or more of the estimated economic life of the leased property.
• The present value of the minimum lease payments at the inception of the lease, excluding executory costs, equals at least 90 percent of the fair value of the leased property.

Lease Purchase

Documentation Needed
• Contract
  • Determine if should be handled as a Lease Purchase
  • Start and end dates of lease agreement
  • Total financed amount
  • Interest percentage
  • Possible maintenance cost included
• Amortization schedule
  • Will show breakdown of each payment-principal and interest
  • Used to determine principal/interest totals for year end entries
Lease Purchase

Approving the asset (equipment, software, etc.)

- Approve asset in FFX
  - Will be the total principal amount of the Lease Purchase agreement
  - Use the natural class code for the asset – example: Truck 841502
  - Use PO (4400) as the acquisition method (will be offset with SL entry)
- Liability Cost will be entered in FRS SL account with Journal Entries
  - Liability for the total principal amount will be entered in account with the same fund and function as the purchasing account using the appropriate LP obj code (83XX)
  - At year end entries are made moving the payment cost paid with a LP obj code
    - Principal amount of yearly payment total
      - Current
      - Non-current
      - Interest
      - Maintenance if included

Lease Purchase

<table>
<thead>
<tr>
<th>Description</th>
<th>GL/SL #</th>
<th>Subcode</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>087510</td>
<td>1750</td>
<td>$1,395,400.00</td>
<td>$1,395,400.00</td>
</tr>
<tr>
<td>Purchase of Plant Assets</td>
<td>087510</td>
<td>4600</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Create asset in FFR that will lead to FRS and post this entry. Use class code 8400X instead of lease-purchase class code.

Lease Purchase

<table>
<thead>
<tr>
<th>Description</th>
<th>GL/SL #</th>
<th>Subcode</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VEA  Lease Purchase XXX</td>
<td>023350</td>
<td>2030</td>
<td>$1,395,400.00</td>
<td>$1,395,400.00</td>
</tr>
<tr>
<td>Lease Purchase Non-current</td>
<td>023350</td>
<td>2030</td>
<td>$899,452.00</td>
<td>$899,452.00</td>
</tr>
<tr>
<td>AR  Lease Purchase XXX</td>
<td>023350</td>
<td>2030</td>
<td>$1,395,400.00</td>
<td>$1,395,400.00</td>
</tr>
<tr>
<td>Lease Purchase Non-current</td>
<td>023350</td>
<td>2030</td>
<td>$899,452.00</td>
<td>$899,452.00</td>
</tr>
</tbody>
</table>

Lease Purchase

<table>
<thead>
<tr>
<th>Description</th>
<th>GL/SL #</th>
<th>Subcode</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VEA  Lease Purchase Principle</td>
<td>023350</td>
<td>2030</td>
<td>$279,844.00</td>
<td>$279,844.00</td>
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<td>Lease Purchase Interest</td>
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<td>0230</td>
<td>$3,644.30</td>
<td>$3,644.30</td>
</tr>
<tr>
<td>Lease Purchase Interest</td>
<td>240095</td>
<td>0230</td>
<td>$3,644.30</td>
<td>$3,644.30</td>
</tr>
<tr>
<td>Lease Purchase Interest</td>
<td>291134</td>
<td>0230</td>
<td>$18,320.04</td>
<td>$18,320.04</td>
</tr>
<tr>
<td>Lease Purchase Interest</td>
<td>291134</td>
<td>0230</td>
<td>$18,320.04</td>
<td>$18,320.04</td>
</tr>
<tr>
<td>Principal</td>
<td>202000</td>
<td>0850</td>
<td>$2,708,983.00</td>
<td>$2,708,983.00</td>
</tr>
<tr>
<td>Total Prin</td>
<td>202000</td>
<td>0850</td>
<td>$301,749.00</td>
<td>$301,749.00</td>
</tr>
</tbody>
</table>
FAMIS FRS/FFX Basics

- All A&M members have the same GL accounts
  - See List of GL's in System Asset Management Manual
  - Land 089700, Equipment 089730……

- Account controls define the assets/depreciation/amortization

- Object codes (4 digits) define the asset purchase

- Class (6 digits) the object code plus 2 digits to further define the asset, FFX Screen 581

FFX Tables

- Master FFX Tables maintained by System Offices
  - Class code Table, FAMIS Screen 581
    - 6 digits, defines the object code plus 2 digits to further define the asset
  - Acquisition/Disposal methods, FAMIS Screen 583
    - will appear on the operating statement
    - All PY/Adjustments are restatements on the AFR, need to ensure financial statement analyst agrees that the correction meets the criteria
  - Capitalization Rules, FAMIS Screen 582
Overview of FAMIS FFX

- FAMIS FFX manuals - 2 volumes
- FRS assets are purchased
- Preliminary Fixed Assets
  - Credit Card Purchases
- Receiving screens and importance of dates
- Shipping cost responsibility
  - Purchasing
  - Department
  - AP
  - Fixed Asset
- YR217-End of the Year Accruals
  - More detail later
FFX-Preliminary Fixed Assets

- Preliminary Fixed Assets
  - Departments
- Non PO invoices
  - Create Preliminary Fixed Asset
- Credit Card Purchases
  - Allocate in CitiDirect
    - Code to inventory, capital or controlled object code
  - Importance of Documentation
    - Send invoice or receipt
  - Create Preliminary Fixed Asset
    - FAMIS FRS Screen 360 option 4
    - Canopy NonPurchasing Preliminary Asset

Fixed Assets Processes within FAMIS

- FFX Transactions
  - Approve assets
  - Remove assets
  - Change in cost
  - Transfers between Members
  - Modify
  - Undelete/Reacquire
  - Transfer
Departmental Processing in FFX
Donna Murray

Notice to Department-Update

- When a PO is sent to the vendor, the AggieBuy programming will generate the Preliminary Asset
- When receiving is completed it will send an email notification to update preliminary asset(s)

From: PFFX@CANOPY.TAMU.EDU [mailto:PFFX@CANOPY.TAMU.EDU]
Sent: Wednesday, March 28, 2018 6:30 PM
To: Seth Dorsey <sdorsey@athletics.tamu.edu>
Subject: FAMIS PFFX Notification for doc 666086A

A Preliminary Controlled or Capital asset was created on:
AggieBuy PO Document: AB0336776
FAMIS PO Document: 666086A
Complete the following fields in Canopy or FAMIS
Acquisition & In-Service dates
Location Information
Please use the links below for instruction on how to complete the fields
Canopy
AggieBuy Preliminary FFX Canopy Instructions
FAMIS
AggieBuy Preliminary FFX FAMIS Instructions
Note: It is possible the asset(s) from this document may have been received and handled by another department.
Contact your Property Manager with questions concerning this email.
A full list of Aggiebuy quick reference guides may be found at:
http://aggiebuy.tamu.edu/training
Creating an Asset-Department

Choose the method to create the Preliminary Asset

We chose create from scratch, on the pop-up window, we created one asset
Creating an Asset-Department

Add specific information about the asset; serial number, model number, manufacturer and press Pf11

Creating an Asset-Department

Add location information and purpose allocation – Press <Enter> to record
Creating an Asset-Department

Can also use Canopy to create a Preliminary Asset

Select create type, then click 'Submit', then once the items are displayed, click 'Create PreAsset'
Creating an Asset-Department

Select a method-Add to Existing or Assign number

Enter number of assets, asset value and choose the assignment method

Click save.
Creating an Asset-Department

Click the ‘Edit’ button to enter asset information

- Asset Description
- Serial Number
- Class Code *
- Acquisition and In Service Date *
- Building and Room Number
- Other available information

* Required Information

Click the ‘Save’ button to retain updates
Creating a Non-Purchasing Asset

- Used to create Preliminary Assets purchased with Purchasing Card and IDT (AgriLife)
- Enter “XO” as the document
- Select “Create a Non-Purchasing Preliminary Asset
- Click “Submit”

Enter number of assets, asset value and choose the assignment method
Click save.
Creating a Non-Purchasing Asset

Click the ‘Edit’ button to enter asset information

› Asset Description
› Serial Number
› Class Code *
› Acquisition and In Service Date *
› Building and Room Number
› Other available information

* Required Information

Click the ‘Save’ button to retain updates
Property Office Processing

Donna Murray

FAMIS Asset Creation and Approval

- AggieBuy Purchase Document with inventory codes sent to vendor
- PO information feeds to FAMIS and creates preliminary fixed asset
- Goods received (receiving completed by department in AggieBuy)
- FAMIS emails department to update preliminary fixed asset
- Department updates preliminary fixed asset in FRS or Canopy
- Invoice received and processed for payment voucher assigned
- Preliminary asset feeds to FFX and becomes pending
- Property Management audits/updates pending asset in FFX
- Property Management approves asset in FFX
Can use FFX screen 548 and select pending assets using the voucher number.
Audit of Pending Asset-Property

T2202 Mark field with an 'X' to select
545 View Preliminary Assets
Screen: ___ Starting from Doc: 688779A Doc Seq: 1 Order: A Prelim Only: ___

| Doc | Sel | Nbr | Tag Number | To │ Asset Nbr | St | Comp Cost | Description |
|-----|-----|-----|------------|----|-----------|----|-----------|-------------|
| ___ | ___ | ___ | ___        | ___| ___       | ___| ___      | ___         |

- 688779A 0001 1900248500 0906321001 P 885.32 PRECISION T5620 M
- 688779A 0002 1900248501 0906321002 P 885.32 PRECISION T5620 M
- 688779A 0003 1900248502 0906321003 P 885.32 PRECISION T5620 M
- 688779A 0004 1900248503 0906321004 P 885.32 PRECISION T5620 M
- 688779A 0005 1900248504 0906321005 P 885.32 PRECISION T5620 M
- 688779A 0006 1900248505 0906321006 P 885.32 PRECISION T5620 M
- 688779A 0007 1900248506 0906321007 P 885.32 PRECISION T5620 M
- 688779A 0008 1900248507 0906321008 P 885.32 PRECISION T5620 M
- 688779A 0009 1900248508 0906321009 P 885.32 PRECISION T5620 M
- 688779A 0010 1900248509 0906321010 P 885.32 PRECISION T5620 M

Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10---PF11---PF12---
Menu Help Help

Or use screen 545 and take out Prelim Only then select pending asset to update

T0103 Please enter desired modifications
546 Preliminary Fixed Asset Data
Screen: ___ Doc: 688779A Doc Seq: 1 Page: 1 (More)___

Asset: 6006321001 Component: 01 Status: P
Tag Number: 1900248500 Add to Asset: ___
Asset Description: PRECISION T5620 MINI TOWER - BUILD Line 3: ___
Component Cost: 885.32 Acq Method: PD

Manufacturer Name: DELL
Model Number: T5620
Vendor Name: SUMS-DELL
Serial Number: 607RMN2

Class: 578701 COMPUTER, DESKTOP $500-4999.99
Acquisition D1: 04/12/2010 In-Service D1: 04/15/2018
Condition: N
Availability: US

Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10---PF11---PF12---
Menu Help Help

Takes you to 546-Advance to 501-506 to update
Add or modify data as needed and press Pf5 to advance.
Audit of Pending Asset-Property

Review funding information and modify as needed and press PF9 to see all fund sequences.

---

Audit of Pending Asset-Property

If multiple sequences will need to update each and delete unneeded sequences.
Audit of Pending Asset-Property

If multiple sequences will need to update each and delete unneeded sequences.

Audit of Pending Asset-Property

We let the department update any financing, maintenance or insurance information-press P5 to advance.
Audit of Pending Asset-Property

Review location information and modify as needed and press F5 to advance.

Modify any additional data
Audit of Pending Asset-Property

Check 548 for total amount per voucher number

Asset Approval
Donna Murray
Approving an Asset

Approval screen 511 requires that a batch be opened.

Final review – snapshot of asset information
Pressing Pf9 displays the funding of the asset.
Will have error message in action line if need additional information.
Approving an Asset

Type a 'Y' to approve and press enter

Asset Transactions

Defaults to FY Only: Y, change to 'N' to see all transactions
Order defaults to D (descending-last to first)
can change to A (ascending-first to last)
Asset Transactions

Use ? In Filter Out field to see options

Capital Asset Processes

Todd Gregory
**YR217 – AP Accruals**

- **For reporting purposes, converts existing encumbrances to expenses**
  - Items must be received as of August 31st, but have not been invoiced
  - Receiving dates must be accurate for this process to work correctly
  - May be requested multiple times as a “No Post” to allow for review of items that may be ‘received’ incorrectly

- **Posts for all parts on the night of August close**
  - Posts into the 13th Month, Batch = YER217
  - Automatic reversing entry in September, Batch = RYR217
  - Includes file from AggieBuy

**YR217 – FFX Implications**

- **Conversions of encumbrances on controlled or capital codes create feeds to FFX**
  - Ensure items clear
  - How do YOU get them to match??
YR217-Received Not Paid

- DDRINT (DocumentDirect for the Internet) - PBYR239 and TBAR010
  - Review entries
  - Approve assets with current FY in-service dates
  - Make reversing journal entries for assets with in-service dates in the next FY or cost that will need corrections when paid
  - 2006 State audit dictated procedure
FFX Corrections

Donna Murray,
Financial Management Supervisor II
Texas A&M University

FFX-Corrections

  - Using Screen 515 alone
    - Voucher # corrections, page XI-50
  - Using Screen 516 alone
    - Class code corrections within same GL, and is Capital to Capital or Controlled to Controlled, page XI-51
  - Sequencing Screens 515, 516, 515
    - Class code changes from one GL to another GL, page XI 52
  - Sequencing Screens 512, 515, 516, 515, 512
    - Class code changes from one GL to another GL when asset has accrued depreciation, page XI 53
Fund Sequences

<table>
<thead>
<tr>
<th>Asset Nbr: 1200123962</th>
<th>Component Nbr: 01</th>
<th>Status: A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sel Fund Sq. Fund Bank</td>
<td>Src</td>
<td>Buying Account</td>
</tr>
<tr>
<td>00001 7999 06000</td>
<td>DS</td>
<td>210720 48000</td>
</tr>
<tr>
<td>00002 7999 06000</td>
<td>DS</td>
<td>225100 64202</td>
</tr>
<tr>
<td>00003 7999 06000</td>
<td>DS</td>
<td>225100 04052</td>
</tr>
<tr>
<td>00004 7999 06000</td>
<td>DS</td>
<td>225100 84202</td>
</tr>
</tbody>
</table>

Sub Total: 4899.00

*** End of Fund Sequence List ***
Press <PF4> to Exit

FFX-Corrections continued

- Before making corrections-Canopy download of asset transactions
  - More information than seen on FFX screen 523 without F6 for detail of each transaction
  - Save in Excel to sort by different fields
  - Total cost for different Acquisition/Disposal Methods
- After making corrections-Canopy download of asset transactions to verify entries
Fixed Asset Reconciliation

- Using the monthly FAMIS reports
  - FBMR095- Expenses to Assets
  - TBMR003-Assets to General Ledgers
  - TBAR010-FRS to FFX
- Year end Land Recon-SREO to FAMIS Fixed Assets
<table>
<thead>
<tr>
<th>Subcode</th>
<th>Summary</th>
<th>A/P or FRS</th>
<th>GL Accounting</th>
<th>Total by Account Code</th>
<th>Differences</th>
<th>GL, 6400</th>
<th>FFX</th>
<th>Differences</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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</tr>
<tr>
<td>F&amp;G</td>
<td>8211-4</td>
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<tr>
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Prepared by: [Signature]
Reviewed by: [Signature]
Date: [Date]

Footnotes:
Total less Sits & LP: 88,709.33
TBA/Z10 FRX: -116,645.33
TBA/DR06 FFX: -26,632.00
### Land Reconciliation

“All land acreage is required to reconcile with the General Land Office. Each System Member should reconcile the acreage for all land back to the information that is maintained by SREO.” Texas University System Asset Management Manual

- Should get Land Report at fiscal year end from Office of General Counsel-Real Estate-Janie Tountas/Admin Assistant j-tountas@tamu.edu
  - Specify system member
  - Report may include Surface interest and Mineral Interest
  - They can’t provide it before September 1
- FAMIS assets in class code 801001 Land & Land Improvements
- Balance acreage-as of FY17 SREO would no longer be tracking land value

#### Table: Fixed Asset Reconciliation

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*Prepared by: Date:*

*Reviewed by: Date:*
Additional Review

Todd Gregory

Additional Items to Review

• Meets threshold for fiscal year-Capital and Controlled
  - Business objects or Canopy download by account control; sort by vnrdr/card id; review by dollar amounts

• System to System transfers
  - Report sent for transfers between members

• Verify 5% Salvage Value

• TBAR 241/242 compare to AFR N-2 Schedule

• What are others doing?
Business Objects Queries

• Useful tool to analyze FFX asset data
• Queries available in Public Folders, TAMUS Shared

Capital Asset
Best Practices Workshop

Day 2 June 7, 2018
Surplus Property

Andy Mitchell
Executive Director
TAMU Logistics Services

- Documentation
- Challenges, example-dorm moves
- Transfer Process
- Disposal of Equipment, Auction, TDCJ, etc.
- Salvage
- State Requirements
- Logistics
- Questions from Other Members?
Reporting Considerations

Tracy Crowley
Associate Director, Financial Reporting
Texas A&M System Office

Capital Assets and Financial Reporting

- Capitalized Assets reported by asset category (Buildings, Equipment) on the Statement of Net Position
- Driven by the GL account linked to the FFX Class Code
- FFX Screen 581 (maintained by System Office)

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Acquisition/Disposal Codes

- Selecting the correct FFX acquisition/disposal code is critical for financial reporting
- FFX screen 583 (maintained by System Office)
- Each code is mapped to an account control which drives where the activity is reported on the operating statement, and the column on the capital asset schedule/note
- See Acquisition and Disposal Method Handout

Acquisition/Disposal Codes Handout

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<td>A  TA</td>
<td>4415</td>
<td>Tiff from Non-TANUS Agency Will TX</td>
<td>Inter-agency Transactions</td>
<td></td>
</tr>
<tr>
<td>A  TB</td>
<td>4426</td>
<td>Tiff from Non-Territory Entity - Gift</td>
<td>Additions</td>
<td></td>
</tr>
</tbody>
</table>

See Acquisition and Disposal Method Handout
Capital Asset Transfers

- Intra-System Transfers
  - Must match between System Members
    - Acquisition/disposal method corresponds to Campus Code
  - Capital asset business objects query useful to verify amounts
  - Eliminated on TAMUS Combined AFR
- Transfers with Non-TAMUS State Agencies
  - Internal Agency uses SPA (TXDot), requires SPA entry
  - External Agency does not use SPA (UT)
  - Both agencies must agree and book the same value and asset type (vehicle, equipment, etc.)
  - Eliminated on State CAFR

Transfer Documentation

- Documentation required for asset transfers to/from Non-TAMUS agencies
  - Printout from SPA showing asset transfer (Internal)
  - Transfer Worksheet signed by other Agency (External)
- Submitted with AFR package (Sept/Oct)
- During desk review, documentation verified to transfer totals reported in financial statements
- Intra-System Transfers verified during mid-September
  - Financial reporting team completes schedule and submits to System Office
System-Wide Transfer Worksheet

- **Completed by System Office**, recent change FY17
- Members no longer need to submit the “External to External transfer worksheet” to SPA
- System Office prepares System-wide transfer summary based on business objects query, using the transfer documentation provided by members
- Any cash paid or received related to asset transfers is included on the transfer schedule
- Submitted to Comptroller with Combined AFR package

System-Wide Transfer Worksheet

- Required data elements
  - Agency Number
  - USAS GL Account (Equipment, Vehicle, etc.)
  - Description
  - Transfer Type (Internal, External, Intra-System)
  - Transfer To/From Agency
  - Transfer Date
  - Historical Cost
  - Accumulated Depreciation (much match agency amount)
  - Cash Paid/Received
Annual Financial Report (AFR) Schedules

• N-2 (Note 2) Schedule built from FFX entries
  • FFX uploads to FRS nightly
• N-2 FN (Footnote) details how the Capital Asset activity is reported on operating statement
• N-2 SYSTR and N-2 SYST2 schedules used to verify intra-system transfers
  • Helps isolate intra-system from transfers with non-TAMUS agencies
• Goal is to not make manual adjustments in the AFR module (exception for non-FAMIS users, TEEX and WTAMU)

State Requirements

• Note 2 Submitted via CANSS
  • Capital Asset Note Submission System web application
  • USAS entries required
  • Deadline October 20th
  • Reconcile to AFR schedule N-2 by row and column
  • Enter data prior to October 20th deadline to allow time to resolve errors
Note 2/CANSS Columns

<table>
<thead>
<tr>
<th>Column</th>
<th>What to review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance</td>
<td>Should match PY published N-2 schedule CANSS beginning balance populated from USAS</td>
</tr>
<tr>
<td>Adjustments</td>
<td>Column should net to zero. If there is a balance, amount should be reported as a restatement, need to consider materiality</td>
</tr>
<tr>
<td>Completed CIP</td>
<td>Must net to zero</td>
</tr>
<tr>
<td>Interagency Transactions</td>
<td>Includes intra-system transfers and transfers with other state agencies</td>
</tr>
<tr>
<td>Additions</td>
<td>Verify Depreciation/Amortization matches operating statement</td>
</tr>
<tr>
<td>Deletions</td>
<td>Includes gain/loss on sale or disposal of assets</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>Must match USAS balance to certify</td>
</tr>
</tbody>
</table>

AFR Review – Schedule N-2

- Handout – System Office Example
- Review CIP row
  - Has balance changed?
  - Is there a pending project close-out?
- Unusual to have Deletions for CIP
- Review fully depreciated assets – are they still in use?
- Operating Statement (Schedule IV-Fund), Expended for Plant Facilities row must net to zero
- N-SYSTR/N-SYST2 transfers must match by member and asset (used during consolidation)
Gift Report

• During desk review, compare total gifts reported on the 4th quarter gift report to gift total per the financial statements

• Non-monetary gifts reflected on the gift report should be recognized as gift revenue

• Capital Gifts
  • Added in FFX using acquisition method ‘GF’
  • Value is the estimated fair value at date of gift

Gift Report (cont’d)

• Non-Capital Gifts (below capitalization threshold)
• Gift revenue is recorded using a journal entry
  • Journal entry will vary depending on type of asset
• Typical Journal Entry
  • Debit SL expense code (similar to code used if the donated asset were purchased such as supplies)
  • Credit SL Gift Revenue 0295, Non-Monetary Gifts
• Communicate with gift receipting to identify assets that need to be recorded
Importance to Facilities and Administrative Cost Rate

- US Department of Health and Human Services (DHHS) is our cognizant agency and approves the F&A rate calculation and sets the rate to be applied to future sponsored agreements that are awarded to each Member
- Assets are a major factor in the rate calculation
- Assets are pulled from FFX and balanced to FRS
- Asset location is very important
- Funding is also important, assets purchased with Federal funds are excluded

Construction in Progress System Office Overview

Teresa Edwards
Construction in Progress (CIP) Policy

- Projects below $4 million considered minor, managed by the member

- Major projects between $4 – 10 million may be administered by the members
  - If constructing a building must record Capitalized Interest
  - Require coordination between the System Office Accounting team and the member’s fiscal office

- Major projects greater than $10 million are managed by Facilities Planning and Construction team at the System Office

- Debt funding can be used for these projects

CIP Using Debt Funds

- If members decide to fund construction projects using debt funds (RFS or PUF)

- Must Coordinate with Treasury Services

- Placed on the System Capital Plan

- Major Projects are Approved by the Board
Major Projects Managed by System Office

- When Approved by the Board or when a C-1 is Issued for a Major Project Managed by FP&C
  - System Office Records appropriation and begins spending
- CIP is recorded on the System Office’s AFR and transferred to the Member when the project is Substantially Complete
- System Office Transfers Out CIP
- Member Transfers In CIP and converts to true assets and begins depreciation or amortization
  - Members must use the correct date either Substantial Completion Date or Acceptance Date
  - Depreciation/amortization must be analyzed to determine if it is material and would impact the prior year

Minor Projects & Major Projects Managed by Member

- When Appropriations are granted for Minor Project or Major Project Managed by the Member
  - Minor Project or Major Project Managed by Member
    - System Office Records Due To and Transfer Out (accrual)
    - Member Records Due From and Transfer In (accrual)
    - Member begins spending their funds
    - Periodically submits equity transfers to System Office for reimbursement (recommend monthly reimbursements)
    - Member determines when substantially completed
      - Establish a Form to be used by the construction manager
    - Capitalized Interest must be recorded by the Member for Major Projects until substantial completion
CIP Handout

- Top two sections - Note 2 Capital Assets
  - System Office Note 2-only 2 columns impacted
    - Transfers Out-must equal Member’s Transfer In
    - Additions
  - Member’s Note 2-3 columns impacted
    - Reclass CIP-reclass line items and column must net to zero
    - Transfers In-must equal System Office’s Transfer Out
    - Deletions-CIP asset below the threshold, needs to be expensed

- Two Boxes-Steps to Process CIP in FFX
  - CIP Transferred from the System Office
    - RC dispose of CIP; RC add new depreciable assets
    - RD expense CIP
  - CIP on the Member’s AFR
    - RC dispose of CIP; RC add new depreciable assets
    - RD expense CIP

Construction in Progress
System Office Process

Rekha Joshi, CPA
Financial Accountant IV
Texas A&M System Office
Reconcile CIP

- Substantial completion notice received from FP&C managers
- SOBA prepares Semi-Final and Final C-30s
- SOBA prepares workpaper to allocate CIP costs to the true assets and components
- Moveable furnishings analyzed individually
- Packet compiled and submitted to member property managers for signatures
- CIP costs transferred upon receiving a signed copy from the members

C-30 Prepared by SOBA

THE TEXAS A&M UNIVERSITY SYSTEM
CONSTRUCTION PROJECT COMPLETION REPORT (C30)

PROJECT NAME:
Vet Med & Biomedical Science Edu Bldg & Small Animal Clinic
Texas A&M University
College Station, Texas

Object Classification of Expenses and Total Project Cost:

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>CODE</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>See Attached</td>
<td></td>
<td>$113,321,943.07</td>
</tr>
</tbody>
</table>

TOTAL $113,321,943.07

* Capitalized Interest = $4,365,365.66
(Capitalized interest is in addition to the total project costs that were approved for this project)

Submitted This COP $4,365,365.66
Submitted Previously n/a

Prepared & Submitted By: [Signature] Date: [10/17]
C-30 Project Close Report

Allocate CIP Costs

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>BUILDING 1 (VEN)</th>
<th>BUILDING 2 (VET)</th>
<th>BUILDING 3 (VET)</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vet Med Building 1 (VEN)</td>
<td>$33,830,947.45</td>
<td>$33,830,947.45</td>
<td>$33,830,947.45</td>
<td>$33,830,947.45</td>
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<tr>
<td>Building Shell</td>
<td>8110.1</td>
<td>12/1/15</td>
<td>12,889,012.28</td>
<td>12,889,012.28</td>
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<tr>
<td>Roof Coverings</td>
<td>8110.2</td>
<td>12/1/15</td>
<td>893,990.99</td>
<td>893,990.99</td>
</tr>
<tr>
<td>HVAC Systems</td>
<td>8110.3</td>
<td>12/1/15</td>
<td>5,445,999.34</td>
<td>5,445,999.34</td>
</tr>
<tr>
<td>Plumbing Systems</td>
<td>8110.4</td>
<td>12/1/15</td>
<td>2,675,318.37</td>
<td>2,675,318.37</td>
</tr>
<tr>
<td>Electrical &amp; Lighting Systems</td>
<td>8110.5</td>
<td>12/1/15</td>
<td>4,005,507.97</td>
<td>4,005,507.97</td>
</tr>
<tr>
<td>Fire Protection Systems</td>
<td>8110.6</td>
<td>12/1/15</td>
<td>522,260.47</td>
<td>522,260.47</td>
</tr>
<tr>
<td>Field Equipment Assets</td>
<td>8110.7</td>
<td>12/1/15</td>
<td>311,181.26</td>
<td>311,181.26</td>
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<tr>
<td>Miscellaneous Construction Failures</td>
<td>8110.8</td>
<td>12/1/15</td>
<td>1,097,318.01</td>
<td>1,097,318.01</td>
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</tbody>
</table>
### Allocate CIP Costs (cont’d)

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>CODE</th>
<th>COMPLETION</th>
<th>BPS 1</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire Protection System</td>
<td>31L015</td>
<td>12/31/16</td>
<td>522,206.47</td>
<td>522,206.47</td>
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<tr>
<td>Fixed Equipment Assets</td>
<td>31L025</td>
<td>12/31/16</td>
<td>311,190.38</td>
<td>311,190.38</td>
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<tr>
<td>Miscellaneous Construction Features</td>
<td>31L035</td>
<td>12/31/16</td>
<td>1,097,910.81</td>
<td>1,097,910.81</td>
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<tr>
<td>Small Animal Hospital</td>
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<td></td>
<td></td>
<td>976,391.00</td>
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<tr>
<td></td>
<td><strong>TOTAL ESTIMATED BUILDING VALUE</strong></td>
<td><strong>$ 191,490,033.35</strong></td>
<td><strong>$ 191,490,033.35</strong></td>
<td></td>
</tr>
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</table>

### FACILITIES & OTHER IMPROVEMENTS

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>CODE</th>
<th>COMPLETION</th>
<th>BPS 1</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parking</td>
<td>31L221</td>
<td>12/31/16</td>
<td>201,220.00</td>
<td>201,220.00</td>
</tr>
<tr>
<td>Real Coverage</td>
<td>31L235</td>
<td>12/31/16</td>
<td>13,080.00</td>
<td>13,080.00</td>
</tr>
<tr>
<td>Water Pumps</td>
<td>31L241</td>
<td>12/31/16</td>
<td>230,330.00</td>
<td>230,330.00</td>
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<tr>
<td></td>
<td><strong>TOTAL INCREASE</strong></td>
<td><strong>$ 181,402,033.35</strong></td>
<td><strong>$ 181,402,033.35</strong></td>
<td></td>
</tr>
</tbody>
</table>

### INFRASTRUCTURE & SITE IMPROVEMENTS

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>CODE</th>
<th>COMPLETION</th>
<th>BPS 1</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrical/Plumbing/Steam/Pipes/Plumbing</td>
<td>31L252</td>
<td>12/31/16</td>
<td>2,177,190.00</td>
<td>2,177,190.00</td>
</tr>
<tr>
<td>streets/Roofs (excluding CIP/Build)</td>
<td>31L253</td>
<td>12/31/16</td>
<td>2,511,720.00</td>
<td>2,511,720.00</td>
</tr>
<tr>
<td>Electrical Distribution</td>
<td>31L254</td>
<td>12/31/16</td>
<td>24,710.00</td>
<td>24,710.00</td>
</tr>
<tr>
<td>Sanitary &amp; Storm Sewers</td>
<td>31L255</td>
<td>12/31/16</td>
<td>1,520,777.00</td>
<td>1,520,777.00</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL INFRASTRUCTURE &amp; SITE IMPROVEMENTS</strong></td>
<td><strong>$ 6,834,935.00</strong></td>
<td><strong>$ 6,834,935.00</strong></td>
<td></td>
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</table>

### MEB Library

<table>
<thead>
<tr>
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<th>COMPLETION</th>
<th>BPS 1</th>
<th>TOTAL</th>
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</thead>
<tbody>
<tr>
<td>Mobile Furnishings - Inventory (See attachment)</td>
<td></td>
<td></td>
<td>70,340.00</td>
<td>70,340.00</td>
</tr>
<tr>
<td>Mobile Furnishings - Equipment (See attachment)</td>
<td></td>
<td></td>
<td>4,731,790.00</td>
<td>4,731,790.00</td>
</tr>
<tr>
<td>Print/Phone/Internet/Exterior</td>
<td></td>
<td></td>
<td>14,00</td>
<td>14,00</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>$ 4,802,881.00</strong></td>
<td><strong>$ 4,802,881.00</strong></td>
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</table>

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>CODE</th>
<th>COMPLETION</th>
<th>BPS 1</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL PROJECT COST</strong></td>
<td></td>
<td></td>
<td><strong>$ 113,321,851.37</strong></td>
<td><strong>$ 113,321,851.37</strong></td>
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### Cost Distribution

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>101</th>
<th>102</th>
<th>104</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Cost</td>
<td>69,889,291.74</td>
<td>32,196,498.30</td>
<td>2,354,524.30</td>
<td>104,440,314.34</td>
</tr>
<tr>
<td>Real Coverage</td>
<td>2,190,000.00</td>
<td>145,102.00</td>
<td>21,705.00</td>
<td>2,447,807.00</td>
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<tr>
<td>Equipment</td>
<td>2,383,160.00</td>
<td>100,140.00</td>
<td>24,240.00</td>
<td>2,507,540.00</td>
</tr>
<tr>
<td>Water Pumps</td>
<td>2,680,452.00</td>
<td></td>
<td></td>
<td>2,680,452.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>112,853,813.74</strong></td>
<td><strong>37,672,519.30</strong></td>
<td><strong>2,451,328.30</strong></td>
<td><strong>152,987,650.34</strong></td>
</tr>
</tbody>
</table>

---

### 312S

- Vet Med & Biomedical Science Bio-Bldg & Small Animal Clinic
- Texas A&M University
- 12/31/2016

---

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>101</th>
<th>102</th>
<th>104</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Cost</td>
<td>69,889,291.74</td>
<td>32,196,498.30</td>
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<td>104,440,314.34</td>
</tr>
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<td>145,102.00</td>
<td>21,705.00</td>
<td>2,447,807.00</td>
</tr>
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<td>100,140.00</td>
<td>24,240.00</td>
<td>2,507,540.00</td>
</tr>
<tr>
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<td>2,680,452.00</td>
<td></td>
<td></td>
<td>2,680,452.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>112,853,813.74</strong></td>
<td><strong>37,672,519.30</strong></td>
<td><strong>2,451,328.30</strong></td>
<td><strong>152,987,650.34</strong></td>
</tr>
</tbody>
</table>
Cost Distribution (cont’d)

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>105</th>
<th>106</th>
<th>107</th>
<th>108</th>
<th>109</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linear Polish</td>
<td>HVAC System</td>
<td>Plumbing System</td>
<td>Electrical &amp; Lighting System</td>
<td>Fire Protection System</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,053,328.80</td>
<td>7,288,737.90</td>
<td>13,332,590.48</td>
<td>2,761,630.08</td>
<td>3,596,994.00</td>
</tr>
<tr>
<td><strong>Total%</strong></td>
<td>10.13%</td>
<td>7.06%</td>
<td>11.05%</td>
<td>10.00%</td>
<td>10.00%</td>
</tr>
<tr>
<td>(B) Distribution of All Contract:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SHP Group Inc: 249057</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,615,117.17</td>
<td>496,344.60</td>
<td>3,109,468.76</td>
<td>914,230.79</td>
<td>60,347.60</td>
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<tr>
<td><strong>Total%</strong></td>
<td>9.12%</td>
<td>2.02%</td>
<td>8.16%</td>
<td>2.31%</td>
<td>1.60%</td>
</tr>
<tr>
<td>(C) Other Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,005,248.23</td>
<td>521,719.21</td>
<td>750,314.91</td>
<td>955,465.22</td>
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<td><strong>Total%</strong></td>
<td>25.69%</td>
<td>10.71%</td>
<td>18.34%</td>
<td>26.19%</td>
<td>2.60%</td>
</tr>
<tr>
<td>(D) Nonrecurring Furnishings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,035,658.27</td>
<td>5,584,928.40</td>
<td>13,619,129.17</td>
<td>18,465,893.14</td>
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<td><strong>Total%</strong></td>
<td>25.98%</td>
<td>13.57%</td>
<td>32.74%</td>
<td>42.49%</td>
<td>11.71%</td>
</tr>
<tr>
<td>(E) Distribution of P/F Contract</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100,738.80</td>
<td>3,388,883.81</td>
<td>11,097,319.01</td>
<td>10,713,523.47</td>
<td>1,543,431.10</td>
</tr>
<tr>
<td><strong>Total%</strong></td>
<td>2.49%</td>
<td>7.85%</td>
<td>27.26%</td>
<td>26.17%</td>
<td>4.62%</td>
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<tr>
<td>(F) Distribution of Sec. Condition/Bond/Back Charge Abatement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>154,942.80</td>
<td>76,346.13</td>
<td>99,695.68</td>
<td>136,646.48</td>
<td>13,773.68</td>
</tr>
<tr>
<td><strong>Total%</strong></td>
<td>3.88%</td>
<td>1.79%</td>
<td>2.43%</td>
<td>3.35%</td>
<td>0.41%</td>
</tr>
<tr>
<td>(G) Prepayment Interest &amp; Other Expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
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Voucher Report

02-3125 Voucher Report - Tamu Vet Med & Biomed Bldg

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<td>$38,800.00</td>
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### CIP Transfer Form

**Agency Reference No:**

Transfer Type:  
(Check one)  
X Transfer Out of TAAS  
Transfer In to TAAS

**Form must be approved by the property manager**

**For Department Pick-up**

Contact: Name and Phone Number PLUS Location of the Items to be Picked Up

---

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<th>Description</th>
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<th>Pre-Ag. Asset Code</th>
<th>New Location</th>
<th>Asset Value</th>
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<td>871003</td>
<td>06/30/13</td>
<td></td>
<td></td>
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**Additional lines are needed go to page 2.**

**SUBTOTAL FROM PAGE 1:**

**Subtotal:** 111,294,495.32

**GRAND TOTAL:** 111,294,495.32

---

### Construction in Progress Member Process

Donna Murray
Basic Concept-Ultimate Goal

• CIP assets are disposed with RC
• Capital assets approved with RC
• These cost must equal

\[ \text{Disposal RC (5447)} = \text{Acquisition RC (4410)} \]

Three Basic Scenarios

1. The first closing received (semi-final or final) with a Prior FY substantial completion date

2. The first closing received (semi-final or final) with a Current FY substantial completion date

3. Any closing received after the first semi-final-Will be Current FY
CIP Process-First Closing
Semi Final or Final

• Determine if Substantial Completion Date
  • Current FY-no depr calculations needed
  • Prior FY-add depr from the Substantial Completion date (only if material use code 5621 PY Depr)

• Reclass to Real and Personal Property
  • Disposal method for CIP assets-RC(5447)
  • Acquisition Method for Real & Personal assets-RC(4410)

CIP Depreciation – Material

• If the prior year, catch-up depreciation amount is material (material is defined as an amount that is greater than 3-5% of the net assets of the NACUBO Fund Group ‘Investment in Plant’), the amount should be recorded as a Restatement on the operating statement and recorded in the ‘Adjustments’ column for Note 2
  • Prior FY depreciation is recorded as restatement (5621)
  • Will be in the Adj/Restatement column of the N-2
CIP Depreciation – Immaterial

• If the prior year, catch-up depreciation amount is **immaterial**, the expenses are reported as current year depreciation expense and recorded in the ‘Additions’ column for Note 2

• Prior FY depreciation is recorded as current year (default code 5650)

• Will be in the Additions column of the N-2

CIP Any Closing After Semi Final

• Signature of acceptance date will be the date used for adding the additional cost to approved assets from the previous closing

• The cost added will be new components—not additions to the existing components from a previous closing

• No depreciation manual entry needed

• Reclass to Real and Personal Property
  • Disposal method for CIP assets-[RC(5447)]
  • Acquisition Method for Real & Personal assets-[RC(4410)]
TAMU’s Process-Handout

- Reconcile closing
- Build pending assets & prepare transaction worksheet & depr spreadsheets if needed
- Process transfer
- CIP Reclassifications-FFX entries
- Verify account control totals equal

THE TEXAS A&M UNIVERSITY SYSTEM
CONSTRUCTION PROJECT COMPLETION REPORT (C39)

PROJECT NO.
SYSTEM PART (SHORT)
SUBSIDIARY COMPLETION

PROJECT NAME
Vet Med & Biomedical Science Etc. Bldg & Small Animal Clinic
Texas A&M University
College Station Texas

Object Classification of Expenses and Total Project Cost

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>LINE</th>
<th>AMOUNT</th>
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</thead>
<tbody>
<tr>
<td>See Attached</td>
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<td>Capitalized Equipment &amp; (Casualized portion is in addition to the above)</td>
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<td>Submitted Title C39</td>
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Submitted Previously

Prepared & Submitted by
Data: 1/17/17

Reviewed By
Data: 3-30-17
C-30 PROJECT CLOSE REPORT

PROJECT NAME: The Med & Biomedical Sciences Bldg & Small Animal Hospital

Buget: $5,000,000

MAGAZINE OF CONTRACTS IN PROJECT C-30

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<th>Amount</th>
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TOTAL C-30 EXPENSES $1,500,000.00

THE TEXAS A&M UNIVERSITY SYSTEM

Prepared by:

Prepared Date:

Texas A&M University

Approved by:

Approved Date:

THE TEXAS A&M UNIVERSITY SYSTEM

System Office of Budgets and Accounting

TAMU Vet Med & Biomedical Sciences Bldg & Small Animal Hospital

Jan 17, 2017

Dear Mr. Gregory,

Please see attached C-30, Construction Project Close Report for project # 3125. Please review the information and send in a signed copy of the report. The C-30 was prepared upon receiving a notification from Project Planning Office that the project has been substantially completed. Please note: C-30 includes appropriate reductions for the CIP interest, which should be re-budgeted to the same fiscal year. CIR interest should be re-entered in PTA; Building Maintenance must code.

Project Name: TAMU Vet Med & Biomedical Sciences Bldg & Small Animal Hospital
Project Closing Date: 2017
CIP Amount: $1,500,000.00
CIP Interest: $4,500,000.00

Please contact Betha J. Saul at 979-845-3175 if you have any questions or require additional information.

Sincerely,

Betha J. Saul

Betha J. Saul
First semi-final with current FY substantial completion date

Closing Cost

- In service date is the Substantial Completion date
- Will be new components of the building asset
- Do not need to add depreciation because it is current FY in service date—will accrue depreciation at month end
- Moveable Furnishings Inventory

Allocate Capitalized interest between buildings
Determine Capital and Controlled assets

Controlled Assets in Closing

- Approve individual assets with RC(4410) acquisition method and controlled class code
- Approve an asset for the total of the controlled assets-with RC(4410) acquisition method and a capital class code with the Depr Indicator set to N
- Dispose of capital asset with RD(5410)
Set up transactions-including adding Capitalized Interest

Controlled assets with Capital asset for total
Process Transfer of CIP Cost

CC02 Process-Before returning signed report to authorize CIP transfer
• Any issues are resolved
• All pending assets and components are built in FFX and total verified to project total
• Department to be responsible for any equipment assets is notified and has provided serial numbers and locations (if possible)
• Transaction spreadsheet is completed and balanced to project total

Canopy download of closing batch transactions

<table>
<thead>
<tr>
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<th>Component</th>
<th>Description</th>
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<tbody>
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<td>2.0 K75, TANK, 5K11-15, 5K18 Suction Side 0.25</td>
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<td>0000032523</td>
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<td>REGLASS CIP</td>
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Include all entries in one batch-download to verify
RC disposal and RC acquisition should be $0

Any Closing Received After First Closing

- Considered current FY cost-cost incurred after previous Semi-Final(s)

- In service date is the date that the acceptance was signed by the receiving agency

- Will be new components of the building asset-not added to components from previous closings

- Do not need to add depreciation because it is current FY in service date-will accrue depreciation at month end
Recap - Three Options

1. The first closing received (semi-final or final) with a Prior FY substantial completion date requires manual addition of depreciation.

2. The first closing received (semi-final or final) with a Current FY substantial completion date no depreciation calculation needed.

3. Any closing received after the first semi-final will automatically be a current FY date because the in-service date will be the date of the Property Managers signature.

Infrastructure and Facilities and Other Improvements Assets - Method for Capitalizing

( CC02 method) Each FY will have one asset for all Infrastructure and one asset for all F&OI. Each asset will be comprised of multiple components that will be Project/in-service/class code specific.

• FY18 assets would be
  • 1830008200-F&OI (last 4 digits of 8200 because all F&OI begins with 82XX)
  • 1830008250-Infra (last 4 digits of 8250 because all Infra begins with 8250)
### Assets - Method for Capitalizing - continued

#### Example

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<tr>
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### Depreciation Spreadsheet

#### Screen 012 (before approving asset)

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<th>Sequence</th>
<th>Rate</th>
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**Depreciation Spreadsheet**

#### Sequence 000001

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Depr spreadsheet-page 2

Other CIP Projects-Not FP&C

- Maybe Department Managed or Out Sourced Construction Management
- Challenges
  - Identifying projects to be Capitalized
  - Setting up PO for project to capture all CIP cost
  - Obtaining closing when complete
  - Department could have purchased equipment/fixtures for the project which are outside the PO/project cost
    - Examples
      - fixed seating purchased for teaching auditorium upgrade
      - Surgery specialty lighting and equipment
      - Option-set up second component of CIP asset to capture cost
  - Cost will not be in closing but need to be included in the reclassification
Developed Closing Form

SSC Construction Project Completion Form

<table>
<thead>
<tr>
<th>PROJECT INFORMATION</th>
<th>COMPONENTIZATION</th>
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<tbody>
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<tr>
<td>PROJECT NO.</td>
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<tr>
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<td>0.00</td>
</tr>
<tr>
<td>Window Systems - Doors</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Window Systems - Windows</td>
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<td>0.00</td>
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<tr>
<td>Approved SSC Property Manager</td>
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<td>Recorded Paid Property Management</td>
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</table>

<table>
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<tr>
<td>SELECT COMPONENT</td>
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</tr>
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</table>

Project Total: $0.00
Helpful Links

- SPA Process User’s Guide
- TAMUS Asset Management Manual
- System Regulation 21.01.09
- FAMIS Fixed Asset Manuals
- Trade-In Worksheet
- Texas Comptroller’s Form 73-286: Notice of Agency Head and Designation of Property Manager Form
- IRS Forms
  - 8282 – Donee Information Return
  - 8283 – Noncash Charitable Contributions
- TAMUS Records Retention

Potential Upcoming Changes

- Met with the Comptroller’s Office in May and they are moving forward with improving their desk reviews; we are optimistic these upcoming changes will reduce the A&M member’s time for the Note 2
- In 2019
  - Adding a new system for Transfers, which will provide the details the CAFR teams need to reconcile capital asset transfers statewide
  - Reducing the need to post USAS entries for the CANSS System
  - Reducing the data entry and certification into CANSS, only required for the consolidated system (agency 798)
Closing Comments

- Importance of Capital Asset Reporting
- FFX data available in Business Objects
- Construction in Progress Requires Coordination
- Importance of Note 2 Capital Assets
- Appreciate all the Property Managers and Fiscal Offices coordination
- Questions?