Financial Reporting Updates

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

Overview

• Recap 2021 Desk Reviews
• GASB 87 Implementation
• Financial Statement Changes
• Report Preparation Timeline
• Schedule III-1 Requirements
2021 Reporting Season

• AFR reviews went very well, there were a few items that came up
• Late shared cash entries posted by Comptroller’s Office impacted Hazlewood transfers, adjustments made to consolidated report
  o Review FMQuery reports periodically
• Analysis of Restricted vs. UnRestricted Cash/Investment by column, should the asset classification always follow the net position category?
  o As a general rule, yes – for example, Designated assets - UnRestricted
  o Something to think about when posting year-end allocations
• Review prior year point log for items that need follow-up in 2022

Fluctuation Analysis

• Some explanation were very detailed, other needed more analysis to identify the cause and explain the “why”
• Examples……
  o Other Operating Revenue - Increase in reimbursements……more specific?
  o Other Expenses - Expenses decreased due to decline in events……which events?
• Ask the question - Does the fluctuation make sense? Is another accounting entry needed?
  o For example, large increases in Other Non-Operating Revenues and Expenses due to capital asset entries, post an elimination entry if needed.
2021 Member Point Logs

• Lots of hard work went into the preparation of financial statements, members were very responsive to System Office requests
  o Five members had zero points, perfection!
  o Five members had 1 point, excellent job
  o Seven members had 2 points
  o Seven members had between 3-11 points
• Thank you!!!

FY 21 AFR Reports – Gold and Silver Stars

ZERO Points – 5 Members
- TAMUG
- TAMUK
- TAMUSA
- TTI
- TAMURF

1-2 Points – 12 Members
- TAMUCC  TAMU
- TAMUT  TAMUC
- HSC  TVMDL
- TFS  SSC
- Ag Research  TEEX
- Ag Extension  TDEM
GASB 87 Lease Implementation

- **New guidance** effective fiscal year 2022 – say good-bye to Capital and Operating Leases, single category for **financing leases**
- Comptroller’s Office set **$100,000 threshold per unit**
- Started with over 1,000 contracts, many were excluded as short-term leases or below the threshold
- System-wide, we have 75 contracts entered in LeaseQuery
  - 53 Lessee (Expense) leases
  - 22 Lessor (Revenue) leases
- Asset types include Right-to-Use Buildings, Land, and Equipment

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**Most Significant Leases**

- Majority of our population of GASB 87 contracts relate to Right-to-Use Buildings (classroom and office space)
- Only 3 leases are for Right-to-Use Equipment
- Longest lease goes out 42 years

<table>
<thead>
<tr>
<th>Member</th>
<th>Lease Type</th>
<th>Years</th>
<th>RTU Asset</th>
<th>Lease Receivable</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAMU</td>
<td>Lessor – Land</td>
<td>42</td>
<td></td>
<td>80,159,587</td>
</tr>
<tr>
<td>TAMU</td>
<td>Lessee - Parking Garage</td>
<td>25</td>
<td>50,774,189</td>
<td></td>
</tr>
<tr>
<td>TAMU</td>
<td>Lessee - Building</td>
<td>10</td>
<td>27,623,050</td>
<td></td>
</tr>
<tr>
<td>TAMUC</td>
<td>Lessee - Building</td>
<td>14</td>
<td>14,476,501</td>
<td></td>
</tr>
<tr>
<td>HSC</td>
<td>Lessee - Building</td>
<td>16</td>
<td>10,293,641</td>
<td></td>
</tr>
</tbody>
</table>
**LeaseQuery**

- Only leases above $100,000 threshold that meet GASB 87 criteria entered into LeaseQuery
- LQ performs calculations to determine the net present value of the contract
  - Lessor – establish Lease Receivable and Deferred Inflow
  - Lessee – establish Right-to-Use Assets and Lease Liability
- Journal entries are downloaded from LeaseQuery and a file is submitted to FAMIS to post at the end of each month
- Reconcile LeaseQuery entries to offset rent expense/revenue to actual payments paid/received

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**Determining Borrowing Rate**

- Future lease payments are discounted using the interest rate the lessor charges the lessee
- Often this rate cannot be readily determined from the lease contract, use estimated incremental borrowing rate
- The A&M System is using a specific yield curve based on outstanding bonds issued by the Texas A&M University System to estimate the rate used for leases
- Rates updated Quarterly, manually entered on each lease in LeaseQuery
Borrowing Rate Comparison

**09/01/21 rates**
Use through November 30th

**Rates as of September 1, 2021**
- Year 1, Rate .053
- Year 2, Rate .072
- Years 3-4, Rate .173
- Years 5-9, Rate .486
- Years 10-14, Rate 1.029
- Years 15-29, Rate 1.259
- Years 30-Thereafter, Rate 1.705

**06/01/22 rates**
Use through August 31st

**Rates as of June 1, 2022**
- Year 1, Rate 1.630
- Year 2, Rate 1.923
- Years 3-4, Rate 2.083
- Years 5-9, Rate 2.279
- Years 10-14, Rate 2.732
- Years 15-29, Rate 2.837
- Years 30-Thereafter, Rate 3.260

Capital Lease Balances Removed

- Capital Lease Liability balance is zero for FY 2022
- Existing capital leases for Equipment and Vehicles fell below materiality threshold, which is applied by asset
- After removing, the difference between the net capital assets and the remaining capital lease liability resulted in restatements totaling just under $468,000
Capital Lease - **Software**

- Existing leased software assets will remain in FFX for one more year, remove in **FY 2023** with GASB 96 implementation
- **Capital Lease Liability** related to software reclassified to Other Current/Non-Current Liabilities (2725/2730) for **FY 2022**

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Capital Assets – Statement of Net Position

- For GASB 87, rows were added for lease liability, lease receivable and deferred inflow
- **Capital asset line items collapsed**

**Capital Assets (Note 2)**

- Non-Depreciable or Non-Amortizable
- Depreciable or Amortizable, Net

- Capital Assets are listed by type on Schedule N-2
- New section added to N-2 for Right-to-Use Assets
Lessor Impact – Balances as of July 2022

- Increase assets and deferred inflows by over $105 million
- Interest Receivable
- Deferred Inflow = Receivable at the beginning
- Receivable reduced by lesser amount in early months of lease

<table>
<thead>
<tr>
<th>Lessor</th>
<th># of Lease</th>
<th>Deferred Inflow of Resources</th>
<th>Lease Receivables</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>ST Lease Receivable</td>
</tr>
<tr>
<td>02 TAMU</td>
<td>9</td>
<td>91,231,220</td>
<td>1,375,976</td>
</tr>
<tr>
<td>23 HSC</td>
<td>2</td>
<td>6,007,652</td>
<td>861,286</td>
</tr>
<tr>
<td>01 SO</td>
<td>1</td>
<td>2,318,570</td>
<td>738,673</td>
</tr>
<tr>
<td>26 SSC</td>
<td>1</td>
<td>1,149,910</td>
<td>14,769</td>
</tr>
<tr>
<td>06 AURSH</td>
<td>1</td>
<td>735,351</td>
<td>191,745</td>
</tr>
<tr>
<td>28 TEES</td>
<td>1</td>
<td>476,663</td>
<td>229,752</td>
</tr>
<tr>
<td>21 TAMUC</td>
<td>1</td>
<td>368,867</td>
<td>14,631</td>
</tr>
<tr>
<td>17 TAMUK</td>
<td>1</td>
<td>345,705</td>
<td>166,964</td>
</tr>
<tr>
<td>05 PVMU</td>
<td>1</td>
<td>174,279</td>
<td>52,538</td>
</tr>
<tr>
<td>07 ALEXT</td>
<td>1</td>
<td>120,553</td>
<td>43,932</td>
</tr>
<tr>
<td>18 WATAMU</td>
<td>1</td>
<td>102,722</td>
<td>3,657</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>22</td>
<td><strong>105,038,222</strong></td>
<td><strong>3,697,923</strong></td>
</tr>
</tbody>
</table>

Lessee Impact – Balances as of July 2022

- Increase assets and liabilities by over $140 million

<table>
<thead>
<tr>
<th>Lessee</th>
<th># of Lease</th>
<th>Leased Assets</th>
<th>Lease Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>RTU Asset</td>
<td>Accum. Amort. RTU Asset, Net</td>
</tr>
<tr>
<td>02 TAMU</td>
<td>21</td>
<td>105,626,452</td>
<td>(7,499,493)</td>
</tr>
<tr>
<td>21 TAMUC</td>
<td>2</td>
<td>15,479,294</td>
<td>(942,759)</td>
</tr>
<tr>
<td>23 HSC</td>
<td>6</td>
<td>14,072,809</td>
<td>(1,206,358)</td>
</tr>
<tr>
<td>01 SO</td>
<td>2</td>
<td>9,540,927</td>
<td>(948,238)</td>
</tr>
<tr>
<td>30 TDEM</td>
<td>5</td>
<td>5,200,897</td>
<td>(1,669,972)</td>
</tr>
<tr>
<td>12 TTI</td>
<td>7</td>
<td>4,498,273</td>
<td>(952,025)</td>
</tr>
<tr>
<td>07 ALEXT</td>
<td>6</td>
<td>1,493,842</td>
<td>(553,637)</td>
</tr>
<tr>
<td>09 TEEK</td>
<td>2</td>
<td>863,269</td>
<td>(260,382)</td>
</tr>
<tr>
<td>26 SSC</td>
<td>1</td>
<td>369,860</td>
<td>(113,013)</td>
</tr>
<tr>
<td>15 TAMUC</td>
<td>1</td>
<td>123,522</td>
<td>(15,440)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>53</td>
<td><strong>157,269,145</strong></td>
<td>(15,961,319)</td>
</tr>
</tbody>
</table>

15

16
**Lessor Impact – Operating Statement**

- As payments are received, deposits posted as revenue
- LeaseQuery creates a monthly offset entry in a year-end account which reclassifies a portion of the revenue to interest

  Debit Lease Revenue  
  Credit Non-Operating Interest Revenue  
  Credit Lease Revenue

- System-wide as of July 2022, non-operating interest revenue **$1.5 million** included with investment income

**Lessee Impact – Operating Statement**

- As payments are made, rent expense is recognized
- New subcodes added – RTU Lease-Rent – 5890-5892
- LeaseQuery creates a monthly offset entry in a year-end account to reduce rent expense and recognize interest and amortization expense

  Debit Interest Expense (Non-Operating)  
  Debit Amortization Expense  
  Credit Rent Expense 5890-5892

- System-wide as of July 2022, interest expense **$1.3 million**
Impact to Net Position?

- In Designated fund group, noticeable reduction in net position...offset by an increase in net position in Plant funds-
  - Investment in Plant
    - Single column is correct
    - Impact to budgeting team...they only analyze “current” funds
    - Shielded the departmental accounts; however, did not shield the Designated fund group
      - By placing the total liabilities in the Designated account which impacted net position
    - This is the same way we reported direct borrowing...in 2021 it was $70 million...in 2022 it is $145 million

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Lease Liability – Net Position Reclassification Entry

- Align the liability with the RTU Asset
- Similar to entries for Direct Borrowing liability

Debit **2756 Net Inv Cap Asset**
Credit **4700, FB Reclass**
Lease Implementation – Final Steps

• GASB 87 implementation wrapping up
• Finalizing Note Disclosures, collect a few details from members
• Document lease contract analysis
• Maintain process to identify leases going forward

Investment Performance – Unrealized Gains

• Unfavorable market conditions led to a large decrease in Unrealized Gains
• Cash Concentration Pool (CCP) unrealized gains decreased by over $768 million, or 62% from August 2021 to July 2022
• On operating statement, expect a negative net change in fair value of investments
• Despite a difficult market environment, the Long Term Cash Concentration Pool as a whole reported $464 million unrealized gains as of the end of July
Investment Performance – Realized Gains and Losses

- In 2021, recognized large realized gains
- For 2022, the realized losses have exceeded the realized gains
- Year-to-date through July net realized loss ($51 Million), compared to $185 million realized gains for 2021, which is a decrease of 128%

System Endowment Fund (SEF)

- SEF experienced a decrease in unrealized gains, the net realized gains were positive
- Good news – the System Endowment Fund Distribution rate per unit is increasing by about 6% for 2023
- Distribution rate is based on a 20 quarter average, higher values included for 3rd and 4th quarter of FY 21 increased the overall average
Short Term CCP Income Distributions

- Short term CCP consists of cash and money market accounts (MMAs)
- Unusual year, net negative short-term interest Nov. through February
- Fluctuation in market prices impacted Blackrock Prime MMA which has a floating net asset value
- Higher returns on Governmental MMA for May-July

System-wide overall total increased
- **2022** $1,484,839 (through July)
- **2021** $99,110

2022 Financial Statements

LET THE JOURNEY BEGIN.
Financial Reporting Resources

- System Office Financial Reporting Resources
  - AFR Submission Deadlines
  - Preparation Instructions
  - Financial Reporting Contacts

- State Comptroller Online Reporting Requirements
  - New tabs added for SEFA and Leases

- Financial Reporting Analyst for Texas A&M System
  Megan Toliver
  megan.toliver@cpa.texas.gov

AFR Preparation Timeline

- GASB surveys submitted to Comptroller August 15th
- PCT’s for payroll corrections must be approved by August 22nd
- Last week of August, monitor USAS
  - Review USAS IT file, review/release batches
  - Review USAS default funds (9000, 9001, 9016)
- FAMIS August Close – September 6th
- Confirmation process for interagency/intra-system Transfers, Due To/From’s and Pass-Through activity
Intra-System Due To/From – Payroll

- Monthly Payroll – change in timing for cash disbursement entry
  - Shifted from end of month to the 1st of each month
  - Also shifted equity transfers for cross-member funding to the 1st
- Intra-System Due To/From is established with each payroll
- Prior to change, clearing account for Payroll Between Parts was previously always zero at month-end (and at year-end)
- For FY 2022, expect small Due To/From balances for August bi-weekly, these will clear in September FY 2023

Review State Comptroller Interagency Contact List

- Identify agency contacts
- Review contact information for your agency

https://fmx.cpa.texas.gov/fm/contacts/

- Contact Other State Agencies
  - Property Manager List
  - Interagency Transactions Contacts

- Submit updates using the Contact List Update Form
  - One online form for all updates
Federal and State Pass-Through’s (SEFA and SPTR Web Applications)

<table>
<thead>
<tr>
<th>Date</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 1st</td>
<td>SEFA and SPTR Initial Certification (preliminary)</td>
</tr>
<tr>
<td>September 23rd</td>
<td>Intra-System Transfers, Due To/From, and Pass-Through confirmation workpapers due to System Office</td>
</tr>
</tbody>
</table>
| September 26th (Sunday) | Interagency Activity must be entered in USAS  
Due To/From, Pass-Thru’s, Transfers – FMQuery reports (excludes Intra-System activity, except Legislative Transfers) |
| September 28th     | Final Pass-Through Certification  
SEFA (Federal) and SPTR (State)  
For SPTR, financial analyst must certify if there is Intra-System activity |
| November 1st       | SEFA - Final Confirmation including SEFA Notes                        |

State Comptroller Web Applications

- System Members are required to complete the following:
  1. SEFA - Federal Awards
  2. SPTR – State Pass-Through
  3. CANSS – Capital Assets
  4. GR Recon – General Revenue

- Decide who will need access and work with your USAS security coordinator to establish access

- The remaining web applications are completed by the System Office based on the A&M System’s combined report
SEFA Schedule – Data Elements

• CFDA number is now known as **ALN (Assistance Listing Number)**
• Listing is maintained in Federal System for Award Management (SAM)
• Number structure is the same as CFDA

- Single alpha character at the end for Subprogram – required for some programs, including all Department of Education grants
- Visit SAM.gov to search Assistance Listings
- Transitioning to ALN, some Comptroller instructions still refer to CFDA

Federal UEI Required in SEFA

• As of April 2022, the Unique Entity Identifier (UEI) replaced DUNS as the ID number entities must use to register to do business with the federal government

• UEI Reporting in SEFA -
  - Include UEI numbers for federal activity reported in FY 2022 SEFA
  - Checkbox added to SEFA Final Certification confirming UEI(s) are complete and correct
Maintain SEFA Documentation

SEFA – Federal Schedule Audit, what information will SAO ask for?

- Internal procedures to prepare the SEFA
- List of all transactions used to prepare the SEFA and identified by CFDA numbers, transactions reference, account, support account, sponsor name
- Copy of internal queries (like Business Objects) used to prepare the SEFA/federal schedule
- If they pull a sample of transactions, they would ask to see backup for the transactions, like invoice copy and approvals.
- When testing revenues, they may ask to see documentation on cash draws, like how it was determined amount to draw and timing. They are more concerned that you are not drawing funds too far in advance.

Supplemental Packet Items

- Information sent to members in August and September
- Coming in August
  - Property Premium Insurance Accrual
  - Intra-system due to/from transfer and pass-through templates
  - List of items to submit with AFR package
    - Statement of Cash Flows template
    - Flux Review Workpaper - Added Capital Asset Schedule N-2
    - TPEG and Tuition Discounting Workpapers
    - Member Review Checklist
    - Explanations for desk review workpaper
Supplemental Packet (cont’d.)

• Expect these items in early September
  o USAS Cash in State Treasury Report – adjust State cash to match this report
    ▪ Typically record payable to adjust for timing between FAMIS and USAS
  o Notes Worksheet, including Notes Template for GASB 87 NEW for 2022
    ▪ Operating lease note disclosures no longer required
  o Title page – update with current officer names/titles and submit with AFR
  o TRB/GR Debt Service Lapse Amounts – verify these lapses are reported on operating statement

Payroll Accrual Entries

• Manually post accruals for the last week of August
• 09/09 bi-weekly payroll includes both August and September
• Actuals for 09/09 bi-weekly post to FAMIS 09/08 (estimated date)
• After actuals post, estimate FY 22 portion to accrue
• Business objects query
  o TAMUS Shared/AFR Reports/Payroll Accrual
• Use year-end AFR accrual accounts
  o Departmental accounts are not recommended for contract/grant accounts due to the impact on sponsored billing
• Accrual entries required in both FAMIS and USAS
Accrued Compensable Absences (ACAP)

• Accrued Compensable Absences Payable
  • System Office estimates the liability for compensated absences based on 08/31 leave balances in September, after excess balances have lapsed

• Liability includes Salaries & Wages and FICA

• Report Current and Non-Current portion
  • Current Portion estimated based on 3-year average of actual pay-outs

• ACAP details will be distributed to AFR listserv mid-September

ACAP Accrual Entries

• Allocate by Fund Group/Function (based on funding account)
  o Workpaper provided by System Office provides these details

• Some members may not have Restricted funds available for leave payouts, Restricted portion could be allocated to E&G instead

• Liability must match in total to ACAP workpaper

<table>
<thead>
<tr>
<th>ACAP Account Controls</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACAP Liability</td>
</tr>
<tr>
<td>2410 Current</td>
</tr>
<tr>
<td>2415 Non-Current</td>
</tr>
</tbody>
</table>
General Revenue
TRS Employer Contribution

- System Office provides the TRS GR employer contribution amount for the APS011 benefits proportional calculation
- Calculated based on Business Object query using “Uncharged Employer Amount”
- We will wait until after 09/09 BW is posted to capture the expenses for the last week of August
- If you have pending PCT’s related to FY21, let us know, we may need to adjust the workpaper to include these amounts

Cash & Investments – Cash Concentration Pool (CCP)

Year-End Process
- Record August monthly CCP investment income/fees in Month 13
- Record Year-End CCP Fair Value Adjustment
- Allocate by Fund Group to - both Proprietary and Fiduciary
- Allocate CCP Balance by Fund Group
  - Current vs. NonCurrent (provided on Asset Recon)
  - Restricted vs. UnRestricted (member decides)
- After entries, verify “Assets Held by System” rows to Asset Recon
Cash & Investments –
System Endowment Fund (SEF)

- 4th Quarter SEF reports
  - Automated entries will post income distribution in Month 13
  - Same as typical quarterly entries
- Year-End SEF Appreciation Reserve, Fair Value Adjustment and Net Position Summary
  - Record AFR Reversing Entries
    - Fair value adjustment
    - Appreciation reserve allocation
  - After entries, verify net position summary to the net position categories per Statement of Net Position

Cash & Investments -
Assets Held by System Office

- AFR Instructions Chapter 4 provides detailed instructions
- System Office (Wanda Roof) sends out the Reconciliation of Assets Held by System mid-September
  - Also referred to as the “Asset Recon”
  - Provides adjusted year-end cash & investment balances
  - Each member must reconcile their accounting records to the balances provided
- Post entries in Month13 to record August income and year-end fair value adjustments
Service Center Analysis

• AFR Instructions Chapter 3 provides detailed instructions
• Analyze net income (loss) per Schedule IV-4 by column
  1. Review function for net loss, adjust if other than Institutional Support
  2. Net Income, reclassify as Revenue if over $25,000
• Adjusting Journal Entries
  ▪ Use a Designated account coded as Institutional Support
  ▪ Regular journal entries, not AFR reversing
• On Notes Worksheet, document adjusting entries and explain any negative balances

Final Entries

• These entries should be some of the last entries, after all other entries have posted
  ▪ Tuition Discounting
  ▪ Service Center Elimination
  ▪ Cash & Investment Allocations
  ▪ Fund Balance Reserve Entries (Schedule III-1)
• If fund balance changes or cash is moved between fund groups these entries may need to be adjusted
• Prepare Fluctuation Analysis
Statement of Cash Flows

• See instructions sent out with the Cash Flow template
• Import files to pull in balance sheet and operating statement data
• Manual step - exclude Fiduciary
  o Run business objects query
  o Enter amount to exclude (CY 204 tab)
• Enter reclassification entries in the template
• Review check figures on the Summary tab
• Enter manual entries in AFR module

AFR Due Dates (submit to System Office)

<table>
<thead>
<tr>
<th>Date</th>
<th>Member</th>
<th>Date</th>
<th>Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept. 29th</td>
<td>TVMDL, SSC</td>
<td>October 12th</td>
<td>TEES, TAMUC</td>
</tr>
<tr>
<td>Sept. 30th</td>
<td>TTI</td>
<td>October 13th</td>
<td>TAMUK</td>
</tr>
<tr>
<td>October 3rd</td>
<td>TAMIU, TSU</td>
<td>October 14th</td>
<td>TDEM, TAMUSA</td>
</tr>
<tr>
<td>October 4th</td>
<td>TAMUT</td>
<td>October 17th</td>
<td>AgriLife Extension</td>
</tr>
<tr>
<td>October 5th</td>
<td>TAMUG, PVAMU</td>
<td>October 18th</td>
<td>AgriLife Research</td>
</tr>
<tr>
<td>October 6th</td>
<td>TFS</td>
<td>October 19th</td>
<td>TAMRF</td>
</tr>
<tr>
<td>October 7th</td>
<td>WTAMU</td>
<td>October 20th</td>
<td>HSC</td>
</tr>
<tr>
<td>October 10th</td>
<td>TAMUCT</td>
<td>October 21st</td>
<td>TAMU</td>
</tr>
<tr>
<td>October 11th</td>
<td>TEEX, TAMUCC</td>
<td>October 28th</td>
<td>System Office</td>
</tr>
</tbody>
</table>
AFR Review Process - Checklist

- Checklist used by System Office for AFR desk reviews, recommend going through the checklist before submitting

- Verify reports balance **by Fund Group**
  - Total Assets and Deferred Outflows equals Total Liabilities, Deferred Inflows and Net Position
  - Net Position per Sch III-Fund equals Net Position per Sch IV-Fund

- Verify supporting workpapers tie to AFR
  - Notes worksheet
  - Tuition Discounting Schedule
  - FMQuery reports

Submit AFR Package

- **Ready to submit AFR?**
  - Send email to afr@tamus.edu
  - System Office will lock campus code to prevent additional entries

- Three FAMIS jobs must be completed before locking campus (n/a for TEEX and WTAMU)
  1. MDEP Monthly Depreciation
  2. RR200 Indirect Cost
  3. **YR412** Close budget, can be run multiple times, make sure to request final run, at least 1 day prior to AFR submission

  **Campus cannot be locked until FAMIS has been notified YR412 is final**
Items to Submit with the AFR Package
(List posted on Financial Resources web page)

- SEFA/SPTR report downloads (Excel format), plus SEFA Notes
- Fluctuation Analysis, Explanations for review team
- Notes Worksheet
- Tuition Discounting Workpaper and TPEG Worksheet (Academics, HSC)
- GR Recon, FMQuery Interagency Report
- Note 2 from CANSS, plus documentation for transfers to/from non-TAMUS Agencies
- Cash Flow Workpaper
- Completed Reconciliation of Assets Held by System
- Title Page and signed member review checklist
- APS011 Benefits Proportional and supporting workpapers
- APS011 Check report from ACO (latest version)

CANSS Web Application

- Certification deadline October 20th (Thursday)
- Enter capital asset balances in USAS by October 19th
- Members with later AFR submission deadlines will need to certify before AFR review is completed
# USAS Entries – What’s Required?

<table>
<thead>
<tr>
<th>Deadline</th>
<th>Description</th>
<th>Entries</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/26</td>
<td>Interagency/Interfund Activity - Non-A&amp;M member activity</td>
<td>Pass-Through Revenue /Expense, Due To/From’s, and Transfers Legislative Transfers (including intra-system)</td>
</tr>
<tr>
<td>10/20</td>
<td>CANSS Certification Due</td>
<td>Enter Capital Asset Balances by 10/19</td>
</tr>
<tr>
<td>10/30 (Sunday)</td>
<td>GR Recon (Due Nov. 1st)</td>
<td>Post Legislative Appropriation and Revenue to balance to the GR Recon website</td>
</tr>
<tr>
<td>11/20 (Sunday)</td>
<td>Cash in State Treasury</td>
<td>Ensure the net of 0045 CIST, 0047 Shared Cash and 0048 Legislative Cash match the true Cash in State Treasury balance</td>
</tr>
</tbody>
</table>

- Members are not required to zero out System clearing
- Members not required to submit USAS AFR Template and Certification Forms

## Other Due Dates

- **October 30th (Sunday)** Binding Encumbrances
- **November 1st** SEFA Final Certification and GR Recon due
- **November 10th** THECB Sources & Uses due to System Office
  - System Office sends out template as each member's AFR is finalized
- **November 19th (Saturday)** APS011Benefits Proportional
  - Adjusting USAS entries must be posted by this date
  - Submit to Comptroller, SAO, LBB, send copy to System Office
- **November 20th (Sunday)** System Office submits Consolidated AFR to State Comptroller
Schedule III-1 Unrestricted Net Position

- AFR Instructions Chapter 8 provides line item descriptions and a list of FAMIS reserve codes
- Allocate Unrestricted Net Position into categories to analyze balances available
  1. Reserves (encumbrances, debt service payments)
  2. Allocations (set aside for specific programs)
  3. Allocated for Operations
- Remainder goes in Unallocated
- Review negative balances

Reserved for Future Capital Renewal Projects

- Fund set aside for deferred maintenance projects
- **2757 Reserve – Future Capital Renewal Projects**
  - Include only the current funds available, exclude any portion funded from debt proceeds
  - For current maintenance costs below the capitalization threshold, include with Maintenance and Repair allocation
  - Certification question added to Member Review Checklist
Reserved for Unrealized Gains

- Reserve amount should represent the **Unrealized Gain** reflected in the net position (fund balance) **as of August 31st**
- This is different from the **net change** reported on the operating statement
- Record reserve (GL 2772) for current year unrealized gain allocated to E&G, Desig, Auxiliary, or UnRestr Plant Funds
- Expect large decrease for 2022

Reserved for Annual Debt Service Payment

- Should match reserve schedule prepared by Treasury Services
- Amounts will be sent to AFR listserv in September
- Exclude TRB or HEF for upcoming year, not part of this year’s fund balance
- It is possible to have a variance if a portion of the payment is funded from Restricted funds, include explanation for desk review
Questions?

• Reach out if you have questions as you go through the report preparation
• We are here to help!