

THE TEXAS A&M UNIVERSITY SYSTEM

Instructions for Preparation of the Annual Financial Report



For the Year Ended August 31, 2024

Prepared by System Office of Budgets & Accounting

Annual Financial Report (AFR)

Fiscal Year 2024 Instructions

Table of Contents

Introduction	3
Additional Resources.....	4
Chapter 1 - Fund Groups and Fund Group Classifications.....	5
Chapter 2 - Basic Financial Statements.....	8
Chapter 3 – Service Department Analysis (Schedule IV-4)	24
Chapter 4 – Cash and Investment Reporting.....	26
Chapter 5 - Accounts Receivable and Allowances	35
Chapter 6 - Tuition & Fees Receivable.....	39
Chapter 7 - Inventory Recognition.....	40
Chapter 8 – Unrestricted Net Position (Schedule III-1)	41
Chapter 9 - Materiality Threshold	46
Chapter 10 – Capital Assets, Note 2	47
Chapter 11 – FAMIS AFR Module and OneStream	53
Chapter 12 – Leases and SBITAs.....	60
Appendix A - AFR Chart of Accounts.....	65
Appendix B - FAMIS Reports	66
Appendix C - Business Objects Reports	67
Appendix D - Tuition Exemptions.....	69
Appendix E - Tuition Waivers.....	71
Appendix F – Sponsored Project Revenue and Related F&A Codes.....	72
Appendix G - Schedule of Expenditures of Federal Awards (SEFA) Preparation	73
Appendix H – Downloading SPTR and SEFA Schedules	78

Introduction

In accordance with section 51.005 of the Texas Education Code, and by direction of the Board of Regents, The Texas A&M University System is required to publish an annual financial report (AFR) in compliance with guidance provided by the State Comptroller's Office. The AFR is required to be provided by November 20th.

Timelines have been developed to optimize delivery of information to the System Office of Budgets & Accounting (SOBA) and maximize available preparation time for Member financial reports and consolidation by SOBA. To meet the November 20th deadline, it is important that each Member submit their financial report and other required materials to SOBA by the assigned due dates, and that the reports submitted are complete and accurate.

To facilitate the AFR preparation, each fiscal office will be provided (via email) Excel and Word files containing the appropriate working documents. All work papers should be completed in the format provided for those schedules and submitted to SOBA.

Chief Financial Officers or their designees will submit materials and financial reports to SOBA for review and compilation into the combined report. The cooperation of each fiscal office is essential in enabling SOBA to complete a quality AFR within the required period of time. Communication and resolution of problems as they occur during the preparation process will help alleviate further problems during the review process. For questions, please contact SOBA. AFR contacts are listed below.

<u>Name, Title</u>	<u>Email</u>	<u>Phone</u>
Teresa Edwards, Controller	teresa.bass@tamus.edu	(979) 458-6080
Tracy Crowley, Director, Financial Reporting	tcrowley@tamus.edu	(979) 458-6077
Alex Ramirez, Financial Analyst III	alex.ramirez@tamus.edu	(979) 458-6083
Kaleb Ball, Financial Accountant II	kaleb.ball@tamus.edu	(979) 458-9151
December White, Financial Accountant I	dwhite@tamus.edu	(979) 458-6009
Verna Fritsche, Director, Accounting	vfritsche@tamus.edu	(979) 458-6090
Halli Falke, Associate Director, Accounting	hfalke@tamus.edu	(979) 458-7048
Tori Smejkal, Assistant Director, Accounting	vsmejkal@tamus.edu	(979) 458-6081
Justin Allen, Financial Accountant III	jallen@tamus.edu	(979) 458-6257

AFR group email, af@tamus.edu

Additional Resources

The following instructions apply to the AFRs prepared by each Texas A&M University System Member, and the Texas A&M Research Foundation (the Research Foundation). Many of the definitions and instructions included in this document are the result of discussions of the A&M System's Accounting Policies and Procedures Committee.

State Comptroller Reporting Requirements

These instructions are intended only as a supplement to the [State Comptroller's Reporting Requirements for Annual Financial Reports of State Agencies and Universities \(Comptroller Requirements\)](#). Most instructions included in the *Comptroller Requirements* are purposely not repeated in these instructions. The following instructions are either 1) supplemental to the *Comptroller Requirements*, 2) intended to emphasize a definition or procedure included in the *Comptroller Requirements*, or 3) included because the reporting procedure varies slightly from the *Comptroller Requirements*.

State Property Accounting (SPA)

Per changes made by Senate Bill 5, 82nd Legislature, institutions of higher education are exempted from reporting to SPA. All System Members have elected to use their own internal systems. Institutions of higher education not reporting to SPA are referred to as external agencies, and all state agencies and institutions of higher education using the SPA system are referred to as internal agencies. Refer to [Chapter 7 of the SPA Process User's guide](#) for a list of internal and external agencies.

Some SPA requirements remain for interagency property transfers. Any property transfers to or from an internal agency (SPA user) requires a SPA entry. Property transfers between two external agencies are reported annually using the [External to External Agency Transfers In and Out](#) Excel template. Transfers between A&M System members are exempt from these requirements.

GASB

Member financial staff must present the financial statements in accordance with Generally Accepted Accounting Principles (GAAP) (including GASB pronouncements and NACUBO guidelines), Comptroller Requirements, and System instructions.

To ensure accounts are properly set up to report operating expenses by NACUBO Function, it is important to have a good understanding of the NACUBO Functional Expense Classifications, as defined in the NACUBO Financial Accounting and Reporting Manual (FARM). The FARM is an excellent resource available to all NACUBO members through the [NACUBO website](#).

All GASB statements and implementation guides are available through the GASB website, <http://www.gasb.org/>. The [Governmental Accounting Research Subscription \(GARS\) online](#) Basic View option is available free of charge. The Professional View, which offers advanced navigation and search capabilities, is available for an annual subscription fee.

Chapter 1 - Fund Groups and Fund Group Classifications

Current Funds

Economic resources of an institution expended for primary and supporting missions of the institution; used for general operating purposes and expended in the near term. The following fund group classifications are considered Current Funds: Educational and General, Designated, Auxiliary, and Restricted.

Unrestricted Funds

Assets or Net Position that have no donor-imposed stipulations. The following fund group classifications are considered Unrestricted Funds (all of which are also Current Funds): Educational and General, Designated, and Auxiliary.

Educational and General

Activities that represent the primary function of an institution. Examples include Educational, Research, Extension, Administrative, Regulatory, and Forestry. General Revenue activity is reported in this fund group.

Designated Funds

These represent unrestricted funds that have been internally designated for special purposes and can be modified at any time. Most operational activity occurs in the designated fund group.

Service Departments

Units that provide goods and services to various institutional departments rather than to individuals and are supported primarily by charges to the departments for goods and services provided. Since this activity is considered quasi-external, the revenues must be eliminated to the extent of the expenses.

The AFR module offers a partial solution to eliminating this activity, and requires additional year-end analysis. See Chapter 3 discussion of Service Department Schedule IV-4 for additional guidance on reporting Service Department activity.

Texas Public Education Grants (TPEG)

TPEG are reported in designated funds. Schedule III-1, Unrestricted Net Position, includes a line for a reserve of the TPEG balance.

We recommend that *Student Service Fees* be accounted for in designated funds. If needed to fund athletics, a transfer from designated funds to Auxiliary funds would be the preferred approach.

Auxiliary Enterprises

An auxiliary enterprise is an entity that exists primarily to furnish goods or services to students, faculty, or staff and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. Auxiliary enterprises are managed as self-supporting units.

There are similarities to Auxiliary Enterprises and Service Departments.

Restricted Funds

Funds available for current purposes, the use of which has been restricted by donors (outside agencies or persons) for specific purposes or to a specific time. Revenues for exchange and exchange-like transactions are reported only to the extent expended in the current year. GASB 33 requires revenue for non-exchange transactions be recognized when all eligibility requirements have been met.

Loan Funds

Consists of funds available for loans to students, faculty, or staff and resources available for such purposes. Emergency loan fund balances that represent funds from TPEG transfers are not restricted. These balances are unrestricted and should be included in the TPEG Reserve line on Schedule III-1.

Endowment and Similar Funds

Funds that have been set aside and invested, either as required by the donor of the resources or as determined by the institution's governing board. Each endowment must be accounted for separately.

True Endowments

Established only by a donor and can never be spent. The original principal (also referred to as the endowment corpus) must remain intact in perpetuity, and only the income earned can be expended.

Term Endowment

These are similar to true endowments, except that all or part of the principal may be expended after a specified period of time or the occurrence of a particular event.

Funds Functioning as Endowments (Quasi-Endowments)

Quasi-endowments are expendable resources that may be restricted or unrestricted. An institution's governing board can decide to invest otherwise spendable resources as a quasi-endowment. The board may later direct that the principal be expended. Restricted quasi-endowments are funds with external restrictions that the board approved could be invested as a quasi-endowment. Additions to quasi-endowments should be made by Non Mandatory transfers from current funds rather than as a direct addition. Member records should reflect the original source of quasi-endowments.

Annuity and Life Income Funds

These funds are received under deferred-giving agreements that require income to be paid to the donor, the donor's designee, or a combination thereof, for the lifetime of the recipient(s) or for a fixed period of time. Annuity agreements involve fixed income payments and may provide a partial return of principal to the donor's named beneficiaries. Life income agreements involve income payments based on earnings of the donated assets. At the termination of the agreements, the funds become available for general institutional purposes or for any restricted purpose designated by the donor.

Plant Funds

Funds for the acquisition of long-lived assets; renewal and replacement of assets; debt service charges and retirement of indebtedness; and the associated liability. Plant Funds includes the fund group classifications Unexpended, Renewals and Replacements, Retirement of Indebtedness, and Investment in Plant.

Unexpended Plant Funds

The purpose of these funds is to account for the unexpended resources derived from various sources to finance the acquisition or construction of long-term assets and the associated liabilities.

Renewals and Replacements

These funds provide for the renewal and replacement of plant fund assets as distinguished from additions and improvements to plant.

Retirement of Indebtedness

The purpose of these funds is to account for the accumulation of resources for interest, principal, and associated handling fees/payments and other debt charges, including contributions for sinking funds, relating to plant fund indebtedness.

Investment in Plant Funds

These funds include all long-lived tangible and intangible assets in service and all construction in progress, as well as all associated liabilities.

Agency Funds

Agency funds are resources held by an institution acting as custodian or fiscal agent that either do not meet the criteria for Fiduciary Funds per GASB Statement 84 or qualify for an exception because the assets are expected to be held for three months or less, such as Federal direct loans. If this exception is used, additions and deductions should be shown as cash inflows and outflows in the operating activities section of the Statement of Cash Flows.

Agency funds are reported on the Proprietary statement as assets offset by a corresponding “Other Liability” (previously reported on the “Funds Held for Others” liability prior to GASB 84).

Fiduciary Funds

Fiduciary Funds are assets held for the benefit of outside organizations that meet the criteria specified in GASB Statement 84, *Fiduciary Activities*. The A&M System has Fiduciary activities that meet the criteria for other fiduciary activities reported in custodial funds.

If the funds held by the member have any of the following 3 characteristics they are reported in separate Fiduciary financial statements.

- 1) Assets are controlled or held by the member
- 2) Assets are not derived from either the member’s own-source revenues or from the member’s non-exchange transactions or voluntary exchange transactions
- 3) Assets are for the benefit of the external individual or entity and the member does not have administrative involvement or direct financial involvement.

Definitions for the key terms listed in the third characteristic are listed below.

- Administrative involvement – if the member has any of the following responsibilities then it has administrative involvement (a) monitors secondary recipients for compliance with program-specific requirements, (b) determines eligible secondary recipients or projects, even if using grantor-established criteria, or (c) has the ability to exercise discretion in how the funds are allocated.
- Direct financial involvement- if the member finances direct program costs from the funds held on behalf of the external entity or individual.

Fiduciary Funds are grouped into several categories on the Fiduciary financial statements, based on the AFR fund group assigned to each Fiduciary account.

AFR Fund Group	Description
94	Student Organizations
95	Foundations/Alumni Associations
96	Public Private Partnerships (P3’s)
97	Other (such as consortiums)
98	Funds Invested for Outside Universities (System Office only)

Fiduciary and Agency funds share the same range of accounts, 090000-999999, only the AFR fund group distinguishes between Fiduciary and Agency accounts. FAMIS fund balance code 3940 is reported as “Other Liability” for Agency funds and reported as a true fund balance or Net Position for Fiduciary funds.

Fiduciary financial statements include the Statement of Net Position and the Statement of Changes in Net Position, and does not require issuing a cash flow statement.

On the Statement of Net Position, assets and liabilities are not separated into Current and NonCurrent categories. GASB Statement 84, paragraphs 20-21 discusses how fiduciary funds should not recognize long-term liabilities.

Fiduciary Cash and Investments are allocated between Restricted and Unrestricted. There are a couple of paragraphs in GASB Statement 34 that clarify how to categorize Fiduciary funds.

- Paragraph 298 explains Fiduciary activities are excluded from operational activity and are not available to support the reporting entity’s programs or other services, and goes on to state that this definition should not be interpreted to mean that the fiduciary assets are Restricted assets.
- Paragraph 34 states restricted assets are defined as having their use externally imposed by an external party or by law. Fiduciary funds, although not available for government use, may have restrictions imposed on assets thus requiring a restricted assets designation on their balance sheet.

[See Appendix A for complete list of FAMIS AFR Fund Groups.](#)

Chapter 2 - Basic Financial Statements

For financial reporting purposes, the Texas A&M University System is considered a special-purpose government engaged in business-type activities. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds are reported on three primary statements the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

Fiduciary funds are reported separately on two primary statements the Fiduciary Statement of Net Position and the Fiduciary Statement of Revenue, Expenses, and Changes in Net Position.

Statement of Net Position (Proprietary Balance Sheet)

The primary purpose of the Statement of Net Position is to provide a snapshot of an entity's assets, liabilities, and net position as of the end of the fiscal year. This information helps users assess the entity's liquidity, ability to meet obligations, and needs for external financing. Assets and liabilities must be presented in a classified format that distinguishes between current and non-current assets and liabilities. Net position of an entity is displayed in three broad components – (1) net investment in capital assets, (2) restricted, and (3) unrestricted.

Current and Non-Current Definitions

Assets are recognized as either current or non-current. The **current** classification applies to those assets which are available for operations and will be realized in cash, sold or consumed within one year, and those liabilities that will be discharged by use of current assets or the creation of other current liabilities within one year. Other assets expected to be consumed beyond one year, and liabilities expected to become due beyond one year are considered **non-current**. (These categories do not apply to the Fiduciary financial statements.)

Assets

Cash and Cash Equivalents

GASB 9 defines Cash and Cash Equivalents. Cash Equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near their maturity that they present insignificant risk of changes in value due to changes in interest rates. Generally, only investments of original maturities of three months or less meet this definition.

Legislative Appropriations

The ending balance in State Appropriations must match the GR Reconciliation required by the State Comptroller's Office. Unexpended *Staff Benefits* funded by the State should not be included in the ending balance in State Appropriations, the revenue amounts must match amounts reported on the GR Reconciliation.

Accounts Receivable

These balances should be reported net of allowances for doubtful accounts. The allowance amounts for the current year are reported on Schedule IV-Fund. See Chapter 5 for additional information on allowances, and a list of FAMIS account controls used for receivables. Accruals of exchange (quasi-external) transactions between universities and agencies or between universities should be treated as accounts receivable.

Receivables related to assets received for public-private partnership contracts where the A&M System is the transferor are also included in Accounts Receivable.

Lease Receivable

For leases where the A&M System is the lessor, a Lease Receivable and corresponding Deferred Inflow of Resources will be recognized based on the net present value of expected payments. This is applicable to leases that meet GASB statement 87 criteria that are above the \$100,000 materiality threshold.

The Deferred Inflow will be amortized evenly over the lease term and interest revenue will be recognized monthly.

Interest and Dividends Receivable

This includes interest earned but not received, including interest earned on lessor lease contracts.

Federal Receivables

Include funds expended or services performed for which federal contract and grant funds have not yet been received. Unrestricted *Federal appropriations* which has not been drawn should be reported on the Federal Receivables line on Exhibit III. Generally, Restricted Federal Appropriations are reported only to the extent expended for current operations.

Due From Other Agencies

Accruals of reimbursements, operating transfers, federal/state grant pass-through activity, and shared funds that are due from other state agencies. The total should match the FMQuery Interagency/Interfund report.

Due From Other Members

Due From Other Members amounts must be verified with the associated System Members prior to submission of the Due To/Due From Transfer Worksheet (provided by the SOBA as part of the *Supplemental Package*). Amounts should be to the penny for elimination on the combined report. Due From Other Members activity should **not** be entered into USAS at the member level.

Payables and receivables between Members related to service departments are treated as Accounts Receivable and Accounts Payable and are not eliminated.

Due From Other Funds

This row should tie in total to the corresponding Due To Other Funds liability line item.

Inventory

Inventories should be reported as either Consumable Inventories or Merchandise Inventories (See Chapter 7). Consumable inventories include storeroom inventories, print shop inventory and other service department activities. Only consumable supply inventories more than \$10,000 are required to be reported. Merchandise inventories recognize items held for re-sale such as bookstore inventories.

Interfund Receivable

Accrual of loans between agencies and universities, or between universities. All loans must be displayed as either Current or Non-Current and be detailed by the agency number and the USAS D23 agency fund number the loan was given to in the Notes Worksheet.

Investments

Investments held by the Member that are not part of the A&M System's pooled investments (Cash Concentration Pool, System Endowment Fund, or Separately Held Investments).

Assets Held by System Office

The Member's share of the System's pooled investments (Cash Concentration Pool, System Endowment Fund, and Separately Held Investments). The current portion is reported as a Cash Equivalent, and the non-current portion is reported in the non-current asset section of the Statement of Net Position.

Amounts reported on the Assets Held by System Office rows must match the Reconciliation of Assets Held by System Office worksheet (provided by the SOBA in mid-September). SOBA determines Current vs. Non-Current, and each Member allocates between Restricted and Unrestricted. [See Chapter 4 for more information.](#)

Derivative Instrument Assets (*System Office Only*)

Changes in values of hedging derivative instruments are reported on the balance sheet as deferred inflows or deferred outflows. A potential hedging derivative instrument is associated with a hedgeable item and significantly reduces an identified financial risk by substantially offsetting changes in cash flows or fair values of the hedgeable item.

Capital Assets

Please refer to the *Comptroller Requirements* for definitions. *Keep in mind when accruing payables that asset classification and thresholds should be considered.* Capital Assets must be displayed either as Non-Depreciable or Non-Amortizable Assets or as Depreciable or Intangible Capital Assets-Amortizable. Capital Assets reported in the AFR must match the amounts per Comptroller's CANSS (Capital Asset Note Submission System) web application.

Right-to-Use Assets – Leases and Software Subscription Assets

GASB Statement 87, *Leases*, defines a right-to-use asset as an intangible asset representing the lessee's right to use an asset over the life of a lease. The right-to-use asset is initially calculated as the net present value of the expected lease payments, then amortized over the lease term. Right-to-use lease contracts are entered into lease accounting software (FinQuery) where calculations are performed and journal entries are downloaded and posted monthly.

GASB Statement 96, *Subscription-Based IT Arrangements* (SBITAs), defines right-to-use software subscription assets which are recorded similar to right-to-use leases where the asset is reported based on the net present value of expected payments and amortized over the lease term. SBITA contracts are entered into lease accounting software (FinQuery) where calculations are performed and journal entries are downloaded and posted monthly.

Right-to-Use Lease and Software Subscription assets are included with Capital Assets on the Statement of Net Position.

Deferred Outflows of Resources

Consumption of net assets by the government that is applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets. Examples include changes in assumptions related to pension and OPEB calculations.

Liabilities

Accounts Payable

A liability or amount owed to a creditor for goods or services received, which resulted from an oral or implied promise to pay. Accruals of quasi-external transactions between universities and agencies should be treated as accounts payable.

Other Payable

Includes Sales Tax Payable and other payables not attributable to funds owed to creditors for goods or services received.

Student Payable

Payable to students for refunds of amounts applied to a student's account in excess of the amount billed to the student's account.

Interfund Payable

Accruals of loans between agencies and universities or between universities. All loans must be displayed as either Current or Non-Current and be detailed in the Member's work papers, with the agency number and the USAS D23 agency fund number the loan was given from in the Notes Worksheet. This line includes The Loan Star Fund.

Due To Other Agencies

Accruals of payments, operating transfers and federal/state grant pass-through activity that are due from other state agencies. The total should match the FMQuery Interagency/Interfund report.

Due To Other Funds

This row should tie in total to the corresponding Due From Other Funds asset line item.

Due To Other Members

Due To Other Member amounts must be verified with the associated System Members prior to submission of the Due To/Due From Worksheet (provided by the System Office as part of the *Supplemental Package*). Amounts should be

to the penny for elimination on the combined report. Due To Other Members activity should not be entered into USAS at the member level.

Payables and receivables between Members related to service departments are treated as Accounts Receivable and Accounts Payable and are not eliminated.

Funds Held For Investment (*System Office only*)

This line item is for the System Office's use only and represents the total pooled investments held on behalf of System Members and other universities that have funds invested in the A&M System's investment pool.

Unearned Revenue

With full accrual accounting, revenue is recognized when earned. Revenue received prior to being earned should be recorded as cash and unearned revenue (liability). Unearned revenue includes tuition revenue recorded in August for the fall semester and payments received in advance for sponsored programs. The portion of cash received for student loans and grants that will be returned to the student must be reported as Funds Held in Custody for Others.

Employee's Compensable Leave

Vacation pay should be accrued as a liability as benefits are earned if the employees' rights to receive compensation are attributable to services already rendered, AND it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The liability for Accrued Compensable Absences Payable (ACAP) should be reported in each applicable fund group. The ACAP accrual amount should include salaries and wages and the related benefits (FICA). Account controls 4635/5635 are used as the offset to adjust the liability balance each year for the increase or decrease in the salary and wages portion, and account controls 4637/5637 are used to record the increase or decrease in FICA.

The System Office calculates the liability as of August 31st, after lapses have been posted for employees with balances that exceed the carry over limit, and provides the liability information to System Members in mid-September.

The liability must be presented as either current or non-current. The current portion is estimated based on the three year weighted average of the previous three year's lump sum termination pay. The ACAP amounts must tie in total to the liability worksheet calculated and distributed by System Office. The information provided by System Office will include details to assist in allocating the expense across functions and fund groups.

Balances calculated as the Restricted fund liability for ACAP may be included in either the Educational & General column, or the Restricted column. If the funds are available, and the expense is allowable, a portion of the accrual may be charged to Restricted. **Members should exercise judgment to determine if a portion should be allocated to Restricted.**

Notes from Direct Borrowings and Direct Placements

GASB Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, defines debt as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Debt does not include accounts payable or leases (except for contracts reported as a financed purchase of the underlying asset.)

Direct borrowings and direct placements have terms negotiated directly with the investor or lender and are not offered for public sale.

- Direct borrowings, for example, a state agency entering into a loan agreement with a lender.
- Direct placements, for example, a state agency issuing a debt security directly to an investor.

The A&M System has Direct Borrowings related to contracts to finance the purchase of capital assets.

Lease Liability

For leases where the A&M System is the lessee, a Right-to-Use Asset and Lease Liability is recognized based on the net present value of expected payments. This is applicable to leases that meet GASB 87 criteria that are above the

\$100,000 materiality threshold. The Right-to-Use Asset is amortized evenly over the lease term and interest expense is recognized monthly as the liability is reduced for payments received.

Right to Use Software Subscription Liability

For SBITA contracts that meet the criteria defined in GASB 96 and are above the **\$500,000** materiality threshold, a Right to Use Software Subscription Asset and Liability are reported based on the net present value of the expected payments. The Right-to-Use Asset is amortized evenly over the lease term and interest expense is recognized monthly as the liability is reduced for payments received.

Asset Retirement Obligations (AROs)

An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset (in other words, the tangible capital asset is permanently removed from service). The retirement of a tangible capital asset encompasses its sale, abandonment, recycling or disposal in some other manner — however, it does not encompass the temporary idling of a tangible capital asset.

AROs result from the normal operations of tangible capital assets (whether acquired or constructed) and include legally enforceable liabilities associated with all of the following activities:

- Retirement of a tangible capital asset
- Disposal of a replaced part that is a component of a tangible capital asset
- Environmental remediation associated with the retirement of a tangible capital asset that results from the normal operation of that capital asset

This disclosure also applies to legally enforceable liabilities of a lessor in connection with the retirement of its leased property if those liabilities meet the definition of an ARO.

Some common examples of AROs include:

- Sewage treatment plants
- X-ray machines
- Magnetic resonance imaging machines
- Equipment associated with radioactive material or waste
- Wind turbines
- Nuclear research facilities, reactors or power plants

Bonds Payable, Notes and Loans Payable (*System Office only*)

The System Office manages debt programs to finance new facilities, capital improvements, and equipment. The resulting capital assets are reported on the applicable member's Statement of Net Position. The associated liabilities for outstanding debt are reported in total on System Office's Statement of Net Position.

Other Post-Employment Benefits (OPEB) (*System Office only*)

The A&M System provides certain health care and life insurance benefits to retirees in accordance with State statutes. These benefits are provided under the A&M System group insurance program, which is a single-employer defined benefit OPEB plan. The State contributes to the cost of each participant's insurance coverage. The total current and non-current OPEB liability, deferred outflows of resources and deferred inflows of resources is measured based on a calculation prepared by the A&M System's actuary.

Pension Liability (*System Office only*)

GASB Statement No. 68, *Accounting and Reporting for Pensions* requires us to report pension liabilities. The pension values provided by the Texas Comptroller's Office define the Texas A&M System's proportional share of the Teacher Retirement System of Texas (TRS) unfunded pension liability. These amounts are reported on the TAMUS consolidated financial statements.

Deferred Inflows of Resources

Acquisition of net assets by the government that is applicable to a future reporting period. Deferred inflows have a negative impact on net position, similar to liabilities. Examples include changes in assumptions related to pension and OPEB calculations, deferred inflows related to leases where the A&M System is the lessor, and deferred inflows related to public-private partnership contracts where the A&M System is the transferor.

Net Position

Net Investment in Capital Assets

This category consists of capital assets, net of accumulated depreciation/ amortization, and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of these assets. This includes liabilities related to direct borrowing for leases, right-to-use leases and right-to-use software subscriptions. A year-end fund balance reclassification entry is required (by fund group) to reclassify the net position related to these liabilities to Net Investment in Capital Assets – see example at the end of Chapter 12 – Leases and SBITAs.

Restricted

Net Position must be reported as Restricted when constraints placed on the use are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. In some cases members have debt funds held in project accounts on their books. If the project account is in Designated, a fund balance reclassification entry is needed to report the balance as Restricted. Account control 2795, Restricted for Capital Projects, was established for this purpose. (Year-end fund balance reclassification entry, Debit GL 5700 (Fund Balance Reclassification), Credit 2795.

Unrestricted

Unrestricted Net Position includes balances that do not meet the definition of the other two net position categories. If the governing board or management designates otherwise Unrestricted assets for certain uses, the Net Position remain Unrestricted. Such constraints are internal and can be removed by the governing board or management. Designations or reservations of Unrestricted Net Position may not be reported on the face of the statement. Schedule III-1 allows for recognition of designations or reservations of Unrestricted Net Position. This information is used frequently in analysis by the System Office (see Chapter 8).

Statement of Revenues, Expenses and Changes in Net Position (Proprietary Operating Statement)

The purpose is to provide information to users both about the operating performance of the entity and the effects of non-operating transactions and events that change the amount of net assets of the entity. The information in this statement should assist users of the financial statements in evaluating the entity's performance during a period, including management's effectiveness in fulfilling stewardship responsibilities and other aspects of their duties.

The minimum requirements for this statement include (a) revenues by major source, (b) revenues used as security for revenue bonds, (c) revenues net of discounts and allowances, (d) operating revenues and expenses separated from non-operating revenues and expenses, (e) separate subtotals for operating revenues, operating expenses, and operating income or loss, (f) establishment and disclosure of a policy that defines operating revenues and expenses, and (g) display of items in prescribed format.

Generally, operating activities are those that directly result from the providing goods and services to customers or are directly related to the principal and usual activity of an entity. GASB 34 indicates that a consideration for defining operating revenues and expenses is how individual transactions would be classified for purposes of preparing a Statement of Cash Flows.

Operating Revenues

Tuition and Fees

This section includes all tuition and fees recognized for educational purposes and should be reported net of discounts and allowances. Historically, the discount calculation has been prepared in accordance with NACUBO Advisory Report 2000-05. This guidance was superseded by NACUBO Advisory Report 2023-01 effective for fiscal year 2025. For fiscal year 2024, the System Office will provide the same Tuition Discounting Workpaper as in previous years.

Federal Revenue – Operating

Amounts earned on federal grants. Federal pass-through revenue and indirect cost revenue received from the Research Foundation is also included here (object codes 0270/0333). The amount from Research Foundation will be a reconciling item on Schedule 1A, Schedule of Expenditure of Federal Awards (SEFA) Note 2. See the Comptroller's Reporting Requirements, the [SEFA Special Conditions section](#) defines how Research Foundation activity is reported.

Federal Pass-Through Revenue

Federal Pass-Throughs received from other State Agencies, including activity with A&M System Members. Revenue total should tie to the Pass-Through From Other Agencies and Universities column on Schedule 1A generated from the Comptroller's Schedule of Expenditure of Federal Awards (SEFA) web application, less any non-monetary items (federal surplus property) reported in Note 1. All pass-throughs must be confirmed with the sending agency and reconciled in the online SEFA database. Pass-throughs from A&M System Members are entered in SEFA, and reported on Intra-System Pass-Through worksheet, but not entered in USAS.

State Grant Revenue

The State Grant Revenue line is reserved for funds received from *states other than Texas*. State of Texas grants should either be accounted for as state pass-through activity or treated as a vendor relationship.

State Pass-Through Grants

Entities must submit Schedule 1-B through the Comptroller's State Pass-Through (SPTR) web application. Refer to the Pass-Through Activity section of the Comptroller's Reporting Requirements. Pass-throughs from A&M System Members are entered in SPTR, and reported on Intra-System Pass-Through worksheet, but are not entered in USAS.

This line does not include state pass-through revenue received from the Research Foundation, which is reported as Other Contracts & Grants. These revenues should tie in total to Schedule 1B. Examples of state pass-through grants reported in SPTR include Texas Higher Education Coordinating Board College Work Study Program and TEXAS Grant Program.

Other Grants and Contracts – Operating

This line includes grants and contracts from sources other than federal and state. Private pass-through funds received from another TAMUS Member should be reported here, and state pass-through revenues received from Research Foundation.

Indirect Cost Recoveries

Indirect cost recoveries (IDCs) are reported as **contra-revenue** to the corresponding revenue codes on the Federal Revenue, Federal Pass-Through Revenue, State Grant Revenue, and State Pass-Through Grant lines. Inter-Member indirect cost pass-throughs are reported as revenues and expenses to each Member just as inflows and outflows from grants and contracts are reported.

Indirect cost recoveries should be recorded as Designated contract and grant revenue. FAMIS expense codes 9610-9637 should be used to record IDC charged to grant accounts. FAMIS revenue codes 0320-0337 should be used to record the receipt of IDC recoveries in Designated funds. (Refer to Appendix F for complete list of codes.)

Indirect cost recoveries from the Research Foundation should be recorded as revenue directly in unrestricted current funds using FAMIS subcodes 0333-0335. Offset is 5453 - Other Professional Services for the fee paid for contract administration.

Operating Expenses

Operating expenses are presented on the face of the operating statement by NACUBO function. There is a separate report, Schedule IV-1, that crosswalks the expenses from NACUBO function to the natural classification.

Schedule IV-4 is run to capture the service department *operating* revenue less expense. That amount is included in Designated Institutional Support function in the natural classification category that corresponds to each column on Schedule IV-4 (based on AFR fund groups 21-29).

NACUBO Functions

The NACUBO Financial Accounting and Reporting Manual for Higher Education defines the functional expense classifications. For the A&M System, the functions below are used.

FAMIS NACUBO Function Codes

- 10 – Instruction
- 15 – Research
- 20 – Public Service
- 23 – Hospitals and Clinics (no longer used effective FY 2015)
- 25 – Academic Support
- 30 – Student Service
- 35 – Institutional Support
- 40 – Operation & Maintenance of Plant
- 60 – Scholarships & Fellowships
- 70 – Auxiliary
- 90 – Depreciation

Instruction

The instruction classification includes expenses for all activities that are part of a member's instruction program. Expenses for credit and noncredit courses; academic, vocational, and technical instruction; remedial and tutorial instruction; and regular, special, and extension sessions should be included.

Expenses for departmental research and public service that are not separately budgeted also should be included in this classification.

This classification excludes expenses for those academic personnel whose primary activity is administration—for example, academic deans.

The instruction classification includes five subclasses.

- General Academic Instruction
- Vocational/Technical Instruction
- Community Education
- Preparatory/Remedial Instruction
- Instructional Information Technology

For Texas A&M System members, classes offered to the public need to be analyzed when a degree is not issued for those classes. If the attendees will receive certifications, and/or institutions accept these certifications for college credit, then the classes should be recorded as Instruction function. If there are instructional classes not tied to a degree or even a certification, then these classes should be placed in the Public Service function.

Research

The research classification includes all expenses for activities specifically organized to produce research, whether commissioned by an agency external to the member or separately budgeted by an organizational unit within the member. Subject to these conditions, the classification includes expenses for individual and/or project research as well as that of institutes and research centers.

This classification does not include all sponsored programs nor is it necessarily limited to sponsored research, since internally supported research programs, if separately budgeted, might be included in this classification.

Expenses for departmental research that are separately budgeted are included in this classification. However, the research classification does not include expenses for departmental research that are not separately budgeted. Departmental research that is not separately budgeted is included in the instructional category.

The research classification includes three subclasses.

- Institutes and Research Centers
- Individual and Project Research
- Research Information Technology

Where NACUBO is silent, guidelines from the federal government should be considered. Per the definition of Facilities and Administration in Electronic Code of Federal Relations, Part 220, F.1 (historically known as OMB Circular A-21 F.1), Sponsored Projects Administration is considered an F&A cost and accordingly would not be classified as a Research expense.

F. Identification and assignment of F&A costs.

1. Definition of Facilities and Administration. F&A costs are broad categories of costs.

- "Facilities" is defined as depreciation and use allowances, interest on debt associated with certain buildings, equipment and capital improvements, operation and maintenance expenses, and library expenses.
- "Administration" is defined as general administration and general expenses, departmental administration, sponsored projects administration, student administration and services, and all other types of expenses not listed specifically under one of the subcategories of Facilities (including cross allocations from other pools).

As sponsored projects administration is an F&A cost, it cannot be Research. A Pre-Award Office is an administrative department typically budgeted as a support office for research to review, authorize, submit, negotiate and accept proposals. Based on Section 604.2614 of the FARM, the best classification of the pre-award activities associated with sponsored projects administration appears to be Academic Support.

Public Service

The public service classification includes expenses for activities established primarily to provide non-instructional services for the benefit of individuals and groups that are external to the member. These activities include community service programs (excluding instructional activities) and cooperative extension services. Included in this classification are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar non-instructional services to particular sectors of the community.

The public service classification includes four subclasses.

- **Cooperative Extension Service**
This subcategory includes expenses for non-instructional public service activities established as the result of cooperative extension efforts between the institution and outside agencies such as the U.S. Department of Agriculture's extension service and the affiliated state extension services. This subcategory is intended primarily for land-grant colleges and universities and includes both agricultural extension and urban extension services. The distinguishing feature of activities in this subcategory is that the institution shares programmatic and fiscal control with the Department of Agriculture's extension service, the related state extension services, and agencies of local government.
- Community Service
- Public Broadcasting Services
- Public Service Information Technology

Hospitals and Clinics (not applicable, no hospital)

The hospital classification includes all expenses associated with the patient care operations of a hospital, including nursing and other professional services, general services, administrative services, and fiscal services. Because of a desire to assess whether the hospital is self-supporting, an allocation of expenses for operation and maintenance of plant, depreciation, and interest is included, even though that allocation is not required of public institutions for financial statement purposes. (Independent institutions, however, are required to make the allocation.) Also included are other direct and indirect costs, whether charged directly as expenses or allocated as a proportionate share of costs of other departments and units.

Expenses for activities that take place within the hospital, but that are categorized more appropriately as instruction or research, are excluded from this classification and accounted for in their appropriate classifications.

The hospitals classification includes six subclasses.

- Direct Patient Care
- Health Care Supportive Services
- Administration of Hospitals
- Physical Plant Operations for Hospitals
- Depreciation of Hospital Facilities and Equipment
- Hospital Information Technology

Academic Support

The academic support classification includes expenses incurred to provide support services for the member's primary programs of instruction, research, and public service. It includes the following activities:

- Retention, preservation, and display of educational materials, such as libraries, museums, and galleries
- Provision of services that directly assist the academic functions of the member, such as demonstration schools associated with a department, school, or college of education
- Media, such as audio-visual services, and technology, such as computing support
- Academic administration (including academic deans but not department chairpersons) and personnel providing administrative support and management direction to the three primary missions
- Separately budgeted support for course and curriculum development

For members that currently charge some of the expenses—for example, computing support—directly to the various operating units of the member, this classification does not include those expenses.

The academic support classification includes eight subclasses.

- Libraries
- Museums and Galleries
- Educational Media Services
- Ancillary Support
- Academic Administration
- Academic Personnel Development
- Course and Curriculum Development
- Academic Support Information Technology

As sponsored projects administration is an F&A cost, it cannot be Research. A Pre-Award Office is an administrative department typically budgeted as a support office for research to review, authorize, submit, negotiate and accept proposals. Based on Section 604.2614 of the FARM, the best classification of the pre-award activities associated with sponsored projects administration appears to be Academic Support.

Student Services

The student services classification includes expenses incurred for offices of admissions and the registrar and activities that, as their primary purpose, contribute to students' emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program.

This classification includes expenses for student activities, cultural events, student newspapers, intramural athletics, student organizations, intercollegiate athletics (if the program is not operated as an auxiliary enterprise), counseling and career guidance (excluding informal academic counseling by the faculty), student aid administration, and student health service (if not operated as an auxiliary enterprise).

The student services classification includes eight subclasses.

- Student Services Administration
- Social and Cultural Development
- Counseling and Career Guidance
- Financial Aid Administration
- Student Admissions
- Student Records
- Student Health Services
- Student Services Information Technology

Institutional Support

The institutional support classification includes expenses for central, executive-level activities concerned with management and long-range planning for the entire member, such as the governing board, planning and programming operations, and legal services; fiscal operations, including the investment office; administrative information technology (when not accounted for in other categories); space management; employee personnel and records; logistical activities that provide procurement, storerooms, printing, and transportation services to the member; support services to faculty and staff that are not operated as auxiliary enterprises; and activities concerned with community and alumni relations, including development and fundraising.

Appropriate allocations of institutional support should be made to auxiliary enterprises, hospitals, and any other activities not directly related to the primary programs—instruction, research, and public service—or their related support classifications.

The institutional support classification includes five subclasses.

- Executive Management
- Fiscal Operations
- General Administration
- Public Relations/Development
- Administrative Information Technology

Operation & Maintenance of Plant

The operation and maintenance of plant category includes all expenses for the administration, supervision, operation, maintenance, preservation, and protection of the member's physical plant. These expenses include items such as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture, and equipment; care of grounds; maintenance and operation of buildings and other plant facilities; security; earthquake and disaster preparedness; safety; hazardous waste disposal; property, liability, and all other insurance relating to property; space and capital leasing; facility planning and management; and central receiving.

Scholarships & Fellowships

Generally, members report most scholarships and fellowships as tuition discounts and allowances (reductions of tuition and fees revenues). Other student awards are funded by third parties and made to students specified by those parties (that is, recipients are not determined by the institution); they are agency transactions and do not result in either revenues or expenses.

Auxiliary

An auxiliary enterprise exists to furnish goods or services to students, faculty, staff, other institutional departments, or incidentally to the general public, and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services.

The distinguishing characteristic of an auxiliary enterprise is that it is managed to operate as a self-supporting activity. Over time, the revenues will equal or exceed the expenses, although in any individual year there may be a deficit or a surplus. Examples are residence halls, food services, intercollegiate athletics (if operated as essentially self-supporting), college stores, faculty clubs, parking, and faculty housing. Student health services, when operated as an auxiliary enterprise, also are included. Hospitals, although they may serve students, faculty, or staff, are classified separately because of their financial significance.

The auxiliary enterprise classification includes seven subclasses.

- Auxiliary Enterprises—Student
- Auxiliary Enterprises—Faculty/Staff
- Intercollegiate Athletics
- Auxiliary Enterprises—Other
- Other Self-Supporting Enterprises
- Auxiliary Enterprises—Depreciation
- Auxiliary Enterprises—Information Technology

Depreciation/Amortization

Depreciation refers to two very different but related concepts.

1. decrease in value of assets (fair value depreciation), affects the values of businesses and entities
2. allocation of the cost of assets to periods in which the assets are used (depreciation with the matching principle), which affects income

Generally the cost is allocated as depreciation expense among the periods in which the asset is expected to be used. Depreciation/amortization expenses should be calculated in accordance with the defined capitalization and depreciation policies. The A&M System uses rules defined by the Texas Comptroller's Office, which has separate asset classes, thresholds and recommended useful lives.

Non-Operating Revenues/Expenses

Legislative Appropriations

State appropriations are required to be reported as NonOperating revenue. The total amount presented should tie to the GR Reconciliation. The State Appropriation amount includes the following:

- **General Appropriation Act**

Total GR Amount Less any reductions. This amount must tie to the GR Reconciliation submitted to the State Comptroller.

- **Additional Appropriations - Payroll Related Costs**

This includes Optional Retirement Plan (ORP), Teacher Retirement System (TRS), Group Insurance Program (GIP), and Old Age Survivor's Insurance (OASI). System Office will provide amounts for ORP and TRS as part of the supplemental packet information distributed in September. The amounts provided are used as a starting point, pending APS011 Benefits Proportional adjustments.

The footnote on IV-Fund that itemizes State Appropriations should tie in total to Appropriation Revenue and line by line to the GR Reconciliation. When recognizing appropriation revenue, it is important that the appropriate revenue code is used.

Federal Pell Grants

According to GASB guidance, Pell grants are considered non-exchange transactions and should be reported as Non-Operating Revenue. Some institutions may elect to charge an administrative fee for Pell grants. This fee should be recorded as Indirect Cost – Federal Non-Operating Grant, reference FAMIS codes 9636 and 0336. The entire amount received, including administrative fees retained by the institution, is reported as Federal Non-Operating Revenue on the operating statement and included on the SEFA. (Administrative fees should not be a reconciling item in SEFA Note 2 Reconciliation,)

Federal CARES Act Funding (first received in FY 2020)

The CARES act (Coronavirus Aid, Relief, and Economic Security Act) provides budgetary relief to higher education institutions through the Higher Education Relief Fund (HEERF). The funding is considered stimulus funding and is reported as non-operating. Institutions receive grants composed of two parts.

1. **Student Aid**

Under the legislation, no less than 50% of the full grant must be used for direct emergency aid to students, including but not limited to “grants to students for food, housing, course materials, technology, health care, and childcare. The recipient agrees to promptly make available emergency financial aid grants from the advanced funds directly to students.

Based on NACUBO guidance, the student aid activity should be placed in the NACUBO function for Student Services. This activity should not be included with the Scholarships and Fellowships function, especially since it does not impact tuition discounting. Record disbursements to students as Grants, subcode 6018 which rolls to ‘Other Operating Expense’. Funds received for the Student Aid portion should be recorded as Non-Operating Federal Revenue, subcode 0300, Federal Stimulus-Student Aid.

2. **Institutional Aid (Member Discretion)**

The remaining portion – up to 50% of the full grant can be used by institutions to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. Institutions can also use funds as reimbursement for foregone student revenue caused by campus closures. The institutional costs must have first been incurred on or after March 13, 2020, the date of the proclamation of the national emergency.

Funds received for the Institutional Aid portion should be recorded as Non-Operating Federal Revenue, subcode 0301, Federal Stimulus-Member Discretion. Institutions are allowed to use the Institutional Aid portion to reimburse the institution for student refunds attributable to housing, parking and dining.

If the funding is used to offset housing, parking and dining refunds paid to students, a journal entry is needed to move the negative sales revenue (0053 Sales-Board, 0083-Sales-Room Rent) for these student refunds

from Auxiliary to the Restricted Federal Stimulus-Member Discretion funding account. This may skew the auxiliary reporting since the negative revenue is being posted in Restricted instead of Auxiliaries, but this helps match the inflows and outflows for the federal stimulus funding. Details for these negative revenues need to be auditable and verifiable.

If a portion of the Institutional Aid is used for auxiliary expenses, the expenses can be moved out of the Auxiliary account and into the Restricted account. This will need to be documented since it is unusual to move self-funded expenses out of the fund group; however, with this entry we will guarantee the matching of the federal stimulus revenue with expenses. It is recommended to post these entries at a granular level to ensure these expenses are easily audited and verifiable. If the volume is too great, journal entries can be posted, with detailed backup.

Lost Revenue

Place the type of auxiliary revenue in the restricted CARES/HEERF account as a negative revenue and positive revenue in the auxiliary account. This will net to zero on the auxiliary revenue object code which is accurate for the single column.

For the 5% General Revenue reduction, it is recommended to record negative 0728-Other Reimbursement revenue in the restricted CARES/HEERF account and place the offset to revenue in Designated with a positive 0728 object code

- This is a better option than posting as an offset to Legislative Appropriation revenue
- Some institutions are moving utility costs or salary costs into this designated account; others have too many salary accounts with unique NACUBO functions to move to the designated account
- It is recommended to use this funding to supplement operational costs

Funds may be received directly or as a Non-Operating Pass-Through, subcode 0302-Federal Pass-through Stimulus from another State agency. Comptroller's Office established Fund 0325-Federal Cares Act in State Treasury. If the funds are received in State Treasury, they must be spent in the State Treasury. Object code 0303 Federal Stimulus Grant NonOperating was established to report stimulus funding if the funding amount was not listed in a federal statute; this will be used for members to ensure the revenue rolls up to Contracts and Grants budget pattern vs. Federal Appropriations.

Both the Student Aid and Institutional Aid components should be placed in Restricted accounts. To help identify CARES act accounts, include CARES Act in the account titles and use the Fund Source (Sub-Fun) Field on FAMIS screen 6 to mark the account 'CA' for CARES act. It will be important to be able to identify CARES act activity for reporting such as the Schedule of Expenditures for Federal Awards (SEFA).

Indirect cost (IDC) may be charged to the Institutional Aid portion, but is not allowed on the Student Aid portion. If IDC is charged, use Federal Non-Operating IDC subcodes 0336/9336. For TAMU, PVAMU and TAMUCC use the Other Sponsored Activity or Instruction rate and for all other institutions use the on-campus IDC rate. The modified total direct base should be used to determine if the costs are eligible for IDC.

The MTDC base means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs of offsite facilities, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

Investment Income

On the single column operating statement (Exhibit IV), Investment Income includes interest, dividends, royalty revenues received from mineral rights, realized and unrealized gains/losses, and interest earned on leases where the A&M System is the lessor.. These components of Investment Income are detailed on Schedule IV-Fund.

Other Revenues, Expenses, Gains, Losses and Transfers

Transfers

Although the Exhibit IV presentation does not require recognition of mandatory and non-mandatory transfers, the information is needed for cash flow purposes. All intra-system transfers must be verified with the associated System Member prior to submission of the Due To/From Transfer Verification Worksheet (provided by the System Office as part of the *Supplemental Package*), and balance to the Transfers From/To Member rows on Schedule IV-Fund. Transfers From/to Other State Agencies rows must match USAS Interagency Activity report.

Mandatory Transfers

This category includes transfers from current funds to other fund groups arising out of either (a) binding legal agreements related to the financing of institutional plant, such as amounts for debt retirement and interest (i.e., debt service transfers to the System Office), or (b) grant agreements with agencies of the Federal government, donors, and other organizations to match gifts and grants to Loan funds and other fund groups. Mandatory transfers may be required to be made from either Unrestricted or Restricted Current funds. Intra-system transfers to System Office for debt service payments are reported as Mandatory.

Non-Mandatory Transfers

This category includes transfers from current funds to other fund groups made at the discretion of the governing board to serve a variety of objectives, such as additions to loan funds, additions to funds functioning as endowment, and general or specific plant additions. It also may include the transfer of resources back to current funds.

Capital Asset Transfers

Capital asset transfers are reported as “Non-mandatory Transfers To/From Members/Agencies-Cap Assets”.

Statement of Cash Flows

The purpose of the Statement of Cash Flows is to provide information about the cash receipts and cash payments of an entity during the fiscal year. The statement should help financial report users assess an entity’s ability to generate future net cash flows, its ability to meet its obligations as they come due, its needs for external financing, the reasons for differences between operating income and the associated cash receipts and payments, and the effects on the entity’s financial position of both its cash and noncash investing, capital, and financing transactions during the year.

GASB 9, as amended by GASB 34, sets forth the requirements of the statement. The minimum requirements for the Statement of Cash Flows include total change in cash and cash equivalents; total amount of net cash provided by or used for operating activities, noncapital financing activities, capital and related financing activities, and investing activities; use of the direct method of presenting cash flows from operating activities; reconciliation of net operating income (loss) to cash provided by (used in) operating activities; and significant noncash financing and investing activities.

The A&M System Office provides a template to prepare the cash flow statement and make the necessary reclassification adjustments. After the template is completed, the cash flow statement data must be manually entered in the FAMIS AFR module to generate the statement.

Cash Flows from Operating Activities

Cash flows from operating activities result from providing services and producing and delivering goods; and include all other transactions and other events that are not defined as noncapital financing, capital and related financing or investing activities.

Cash inflows from operating activities include:

- cash from sales of goods and services including receipts from collection of accounts receivable and both short/long-term notes receivable,
- cash receipts from exchange (quasi-external) operating transactions,
- grant receipts for activities considered as operating activities of the grantor entity,
- cash receipts for reimbursement of operating activities,
- collections related to student loans, and

- other receipts not classified in other categories

Cash outflows from operating activities include:

- cash payments to suppliers of goods & services,
- cash payments to employees for services, including benefits,
- grant payments considered to be operating activities of the grantor entity,
- cash payments for exchange (quasi-external) operating transactions,
- cash disbursements for student loans, and
- other payments not classified in other categories

Cash Flows from Non-Capital Financing Activities

Cash flows from non-capital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets; and repaying the principal and interest on amounts borrowed.

Cash inflows from non-capital financing activities include:

- cash from short and long-term borrowings used for purposes other than to acquire, construct, or improve capital assets,
- cash receipts from grants not used for capital assets or for specific activities considered to be operating activities of the grantor,
- cash received from other funds except amounts used for capital assets, exchange (quasi-external) operating transactions, or reimbursement for operating transactions,
- cash received from property and other taxes not specifically restricted for capital purposes, and
- State appropriations, including appropriations for staff benefits (Old-Age and Survivor's Insurance, or OASI, Group Insurance Premiums, or GIP; etc.)

Cash outflows from non-capital financing activities include:

- payments for principal and interest on borrowings for purposes other than acquiring, constructing, or improving capital assets,
- grant payments to other governments or organizations for activities not considered to be operating activities of the grantor, and
- cash paid to other funds except for exchange (quasi-external) operating transactions

Cash Flows from Capital and Related Financing Activities

Cash flows from capital and related financing activities include acquiring and disposing of capital assets, borrowing money to acquire, construct or improve capital assets and repaying the principal and interest amounts.

Cash inflows from capital financing activities include

- proceeds from issuing or refunding bonds and other short or long-term borrowings used to acquire, construct or improve capital asset,
- receipts of capital grants or other contributions for capital assets,
- receipts from contributions for the specific purpose of defraying the cost of acquiring, constructing, or improving capital assets,
- receipts from sales of capital assets including proceeds from insurance on capital assets that are stolen or destroyed, and
- receipts from special assessments or property and other taxes levied for capital purposes

Cash outflows for capital financing activities include

- payments to acquire, construct, or improve capital assets and
- principle and interest payments or refunding on amounts borrowed for capital assets

Cash Flows from Investing Activities

Cash flows from investing activities include making and collecting loans (except student loans) and the acquisition and disposition of debt or equity instruments.

Cash inflows from investing activities include

- receipts from collection of loans (except student loans) and sales of other entities' debt instruments (other than cash equivalents),

- receipts from sales of equity instruments and from returns of investment in those instruments,
- interest and dividends received as returns on loans (except student loans), debt instruments of other entities, equity securities and cash management or investment pools, and
- withdrawals from investment pools not used as demand accounts

Cash outflows from investing activities include

- disbursements for loans (except student loans) and acquisition of debt instruments of other entities,
- payment to acquire equity instruments, and
- deposits into investment pools not used as demand accounts

Content and Form of the Statement of Cash Flows

The statement of cash flows reports net cash provided or used in each of the four categories. It also reports the net effect of these flows on cash and cash equivalents in a manner that reconciles beginning and ending cash and cash equivalents for the year. The ending “Cash and Cash Equivalents” for the year must tie to the total of “Cash and Cash Equivalent” accounts.

In reporting cash flows from operating activities, the direct method must be used to report major classes of gross receipts and gross cash payments, and the sum – the net cash flow from operating activities.

A reconciliation of operating income to net cash flows from operating activities is required. The reconciliation should report cash flows from operating activities that correspond to the operating activities section of the statement of cash flows and should separately report all major classes of reconciling items.

Non-Cash Investing, Capital and Financing Activities

Information about investment, capital and financing activities that affect assets and liabilities, but do not result in cash receipts or cash payments, should also be reported. This information should be presented at the end of the statement in a separate non-cash section. When transactions are part cash and part non-cash, only report the cash portion within the statement. Disclose the non-cash portion in the non-cash section. The following should be included in the non-cash section:

- Net change in fair value of investments
- Donation of capital assets
- Borrowing under capital lease purchase, this amount must match the total additions to Direct Borrowings and Capital Lease Obligations reported in Note 5, Long Term Liabilities
- Other (i.e. acquisition of assets by assuming directly related liabilities or exchanging non-cash assets or liabilities for other non-cash assets or liabilities)

Chapter 3 – Service Department Analysis (Schedule IV-4)

Schedule IV-4 Service Departments

Service department accounts report “revenues” that reflect billings, or charges, to other departments. The departments that were served record identical expenses. This internal activity is eliminated for financial reporting. The **net operating income (loss)** is included in Designated Institutional Support function as follows:

- Net loss increases operating expenses
- Net income decreases operating expenses

Additional analysis is require to make sure the elimination entry is recorded to the NACUBO function the expense was originally recorded in (not necessarily Institutional Support) and net income does not result in negative expenses.

Service department accounts are grouped into columns on Schedule IV-4 based on the type of activity, which is determined by the AFR fund groups listed below. These column groupings define which operating expense category is impacted by the net service department operating income (loss).

Fund Group	Description	SL Expense Code (for Adj. Entry)
21	Professional Fees & Service	5453
22	Travel	3030
23	Materials & Supplies	4010
24	Communications & Utilities	5115
25	Repairs & Maintenance	5512
26	Rentals & Leases	5840
27	Printing & Reproduction	5615
28	Claims & Losses	6457 (<i>System Office only</i>)
29	Other Operating Expense	6335

Below are the steps to analyze service department activity.

1. Run Business Objects query
TAMUS Shared/AFR Reports/AFR Review Queries/Service Center Elimination

2. Verify that institutional support is the correct function by analyzing the Business Objects report

AFR Fund Group	AFR Fund Group Desc	Function (SA)	Function Description (SA)	Account	Account Desc	AFR Expenses	AFR Revenues	Net Operating Income (Loss)
26	Designated/Serv Dept-Rentals & Lease	25	Academic Support	270170	Afr Year End Entry (Fg26-Fn25)	2,232.81	0.00	(2,232.81)
	Designated/Serv Dept-Rentals & Lease	25	Academic Support	270660	Veterinary Medical Park-Other	905,943.32	904,666.80	(1,276.52)
	Designated/Serv Dept-Rentals & Lease	35	Institutional Support	270175	Afr Account (Fg26 Fn35)	7,124.36	0.00	(7,124.36)
	Designated/Serv Dept-Rentals & Lease	35	Institutional Support	270620	Transportation Center Vehicle Renta	7,341,501.97	8,648,064.16	1,306,562.19
26	Designated/Serv Dept-Rentals & Lease				Sum:	8,256,802.46	9,552,730.96	1,295,928.50

AFR Fund Group	AFR Fund Group Desc	Function (SA)	Function Description (SA)	Account	Account Desc	AFR Expenses	AFR Revenues	Net Operating Income (Loss)
27	Designated/Serv Dept-Printing & Repro	20	Public Service	270600	Library Photocopy & Ind Service	18,345.31	53,040.65	34,695.34
	Designated/Serv Dept-Printing & Repro	25	Academic Support	270500	Carc Support Services - Sales	310,259.14	156,151.46	(154,107.68)
	Designated/Serv Dept-Printing & Repro	25	Academic Support	270670	Meen 3d Printing Studio	977.07	2,234.48	1,257.41
27	Designated/Serv Dept-Printing & Repro				Sum:	329,581.52	211,426.59	(118,154.93)

3. Analyze each AFR fund group on the Business Objects report
 - a. Net Operating (Loss) – if the majority isn’t institutional support, move it all to the function that has the majority of the expenses

Debit **Expense** - Designated account with correct function
Credit **Expense** - Designated account with Institutional Support function
 (this will offset the AFR automated entry)

- b. Net Operating Income > \$25,000 – recognize revenue rather than decreasing expense. The reduction to expense happens automatically on the AFR, and adjustment is needed to reclassify as revenue.

Debit **Expense** subcode – Designated account, Institutional Support function
(this will offset the AFR automated entry)

Credit **Revenue** subcode – Designated account, Institutional Support function

- c. Net Operating Income < or equal to \$25,000 – it's ok where it is. No adjustment needed. .
- 4. Analyze activity reported in the Non-Operating section, service departments typically contain mostly operating revenue and expenses, non-operating activity should be evaluated for accuracy.
 - 5. Review ending balances.
 - a. For negative balances, consider whether the rates charged need to be adjusted. Analyze to determine if accruals or needed or record a transfer from another account to fund the negative balance.
 - b. Review large balances for reasonableness. The most common reason for having remaining balance is where management is planning for replacement costs for existing assets.
 - 6. Analyze how external customer transactions are treated. These expenses should not be eliminated. One option is to set up a separate designated account to track this activity during the year, or post a year-end entry to move the activity with external customers to a designated account.
 - 7. After completing the analysis, use the Notes worksheet template (provided by System Office) to document the service center analysis, the entries made, and provide an explanation for large or negative ending balances.

Chapter 4 – Cash and Investment Reporting

Current Cash & Cash Equivalents (CE)

Cash & Cash Equivalents includes cash on hand (petty cash), cash in State Treasury, reimbursements due from State Treasury, cash equivalents, cash in bank, and assets held for investment by System Office. Some of these items require year-end adjustments as summarized in the table below.

Schedule of Cash & Cash Equivalents	How tracked in FAMIS?	Year-End Adjustment
Cash on Hand (Petty Cash)	GL Account Controls 1120-1131	None
Cash in State Treasury	<ul style="list-style-type: none"> Separate FAMIS bank for each State Fund and AY Banks are grouped on Cash Schedule Three-A by State Fund number, the column is determined by AFR Fund Group assigned on the FAMIS bank on Screen 28 (E&G or Designated). 	<ul style="list-style-type: none"> Record accrual to adjust balance to match USAS by State fund For GR banks, reclassify to Legislative Appn (GL 1115) - see memo total on Sch. Three-A for GR banks, must be zero after Leg Appn entry Leg Appn must match GR Recon
Reimbursement Due from State Treasury	GL Account Control 1150	None
Cash Equivalents	Banks –Pooled investment accounts (<i>System Office only</i>)	Allocate on Combined Statement (<i>System Office only</i>)
Cash in Bank	FAMIS banks grouped by Bank Type and listed by financial institution on cash schedule (Wells Fargo, etc.) This includes: <ul style="list-style-type: none"> Operational banks or Federal bank that do not sweep to CCP Wells Fargo banks included in overnight CCP sweep to System (Bank Type BC13 or BT13) 	<ul style="list-style-type: none"> CCP banks balances must be reclassified to “Assets Held by System Office” for year-end reporting. CCP banks are reported on cash schedule Three-A “Reclassify to Assets Held by System” row, this row must be zero after year-end entries.
Assets Held by System Office (Current)	<ul style="list-style-type: none"> Represents cash and investments held by System Office. The CCP balance is tracked by each member in FAMIS using a CCP Bank or GL account-1206 (Investments Held by System Office) 	Balances held in CCP bank or CCP GL must be allocated at year-end by fund group (both Proprietary and Fiduciary), and categorized between Current/NonCurrent (based on Asset Recon) and Restricted/Unrestricted (based on the accounts/fund group)

On the Statement of Net Position, the Cash & CE rows are populated using Claim on Cash (1100) balances by **GL account**. The Statement of Net Position for both Proprietary and Fiduciary should balance by fund group column. Year-end entries are needed to allocate Cash & CE balances to the correct row based on specific GL account controls. The following table lists the specific accounts controls.

Cash & Cash Equivalent Comparison by Schedule

Description	Statement of Net Position		Schedule of Cash & Cash Equivalents
	GL Account Control		
	UnRestricted	Restricted	
Claim on Cash	1100	1101	1100 Cash by Bank
Assets Held by System-Current	1110	1111	1110, 1111
Reimb. Due from State Treasury	1150	--	1150
Cash on Hand (Petty Cash)	1120, 1125, 1130	1121, 1126, 1129, 1131	1120-1131

Entry for Restricted Cash in Bank

For members with Restricted Cash in Bank (TAMU, TAMUG, HSC, TAMUCC, TEES, System Office), a reclassification entry is needed on the Statement of Net Position to move the GL cash to Restricted. For example, Federal banks held in bank accounts that are not part of the CCP.

Since the cash schedule is populated by bank, the cash schedule is able to pull the bank cash to the Restricted section based on the Bank Type (BC30 or BC31). The Statement of Net Position is populated by GL account, the Restricted category cannot be distinguished so a reclassification entry is needed to align the balance with the cash schedule.

Bank type, BC99, Restricted Cash Reclassification, was established for this purpose. This bank type is used exclusively to reclassify GL cash to Restricted.

A bank with Bank Type BC99 must be used for this reclassification entry:

FAMIS Screen 13 Debit, GL-1101, Restricted Claim on Cash, using a bank with Bank Type BC99.

Steps for Year-End Entries – State Banks

1. Complete all State Bank Reconciliations

Evaluate outstanding items as part of year end reconciliation process.

2. Adjust State Banks to Match USAS CIST Report (provided by System Office)

Typically, an adjustment entry is needed to accrue a payable to adjust for timing differences between FAMIS and USAS. Balances must match by State fund.

3. Complete GR Reconciliation Using Reports Provided by State Comptroller

The total in GR (Fund 0001) banks represent the balance of the agency's unexpended Legislative Appropriations. After completing the reconciliation, verify the Legislative Appropriation memo total at the bottom of Schedule Three-A matches the ending balance per GR reconciliation.

4. Reclassify Amounts in GR Banks

Reclassify GR banks (Fund 0001) to Legislative Appropriation row by recording a FAMIS entry to debit account control 1115 and reduce Fund 0001 bank cash. After this entry, the Fund_0001 – General Revenue balance in the Cash in State Treasury section should be blank. (row will not appear when the total is zero). Legislative Appropriations balances reported on Exhibit III should match the GR reconciliation. (The majority will be in the E&G column. HEF and Debt Service Riders will be in the Plant column.)

Assets Held by System Office

The Assets Held by System Office rows appear on the financial statements as follows.

Assets Held by System Office Category	GL Account Control(s)	Proprietary	Fiduciary
Current Unrestricted	1110	Schedule Three-A	Schedule Three-F
Current Restricted	1111	Schedule Three-A	Schedule Three-F
NonCurrent Unrestricted	1206, 1207	Exhibit III	Exhibit VI
NonCurrent Restricted	1204, 1205, 1210	Exhibit III	Exhibit VI

Reconciliation of Assets Held for Investment by System (Asset Recon)

The Asset Recon work paper provided by System Office includes information needed for year-end entries, including August investment income/fees and fair value adjustments.

1. Cash Concentration Pool (CCP) – Allocate between Current and NonCurrent

Each member receives monthly fund ledgers showing their CCP balance and activity. For year-end, the Asset Recon provides information to record August income and adjust balances to fair value.

The balance must be allocated to the appropriate balance sheet categories:

- Allocate across fund groups (both Proprietary and Fiduciary)
- Current (short term) or Non-Current (long term), Non-Current portion must match Asset Recon
- Restricted or Unrestricted

2. System Endowment Fund (SEF) – All NonCurrent

System Office provides a supplemental work paper for SEF that lists the book value, market value, and year-end appreciation reserve allocation by endowment. This is used to record the year-end SEF entries. The resulting totals must match the Asset Recon.

3. Separately Held Investments

Specific investments held outside of the System's pooled investments, only a few members will have this. Information is provided by specific investment to adjust to fair value. (Applicable to System Office, SSC, TAMU, TAMUG, WTAMU, and TAMUK.)

CCP Balance - FAMIS Bank or GL Account

The CCP year-end entries will vary depending on whether a FAMIS bank or GL is used to track the CCP balance during the year. The following table shows which members use banks or GL accounts.

Bank (LType BC13 or BT13)	GL Account Investment (1206)
System Office	TAMU
AgriLife Research	TAMU at Galveston
AgriLife Extension	HSC
TFS	Tarleton State University
TTI	Prairie View A&M
TAMU - Corpus Christi	TAMU - Central Texas
TAMIU	Texas Division of Emergency Mgmt
TAMU - Kingsville	
TVMDL	
TAMU – Commerce	
TAMU – Texarkana	
TAMU - San Antonio	
Shared Services Center	
TEES	

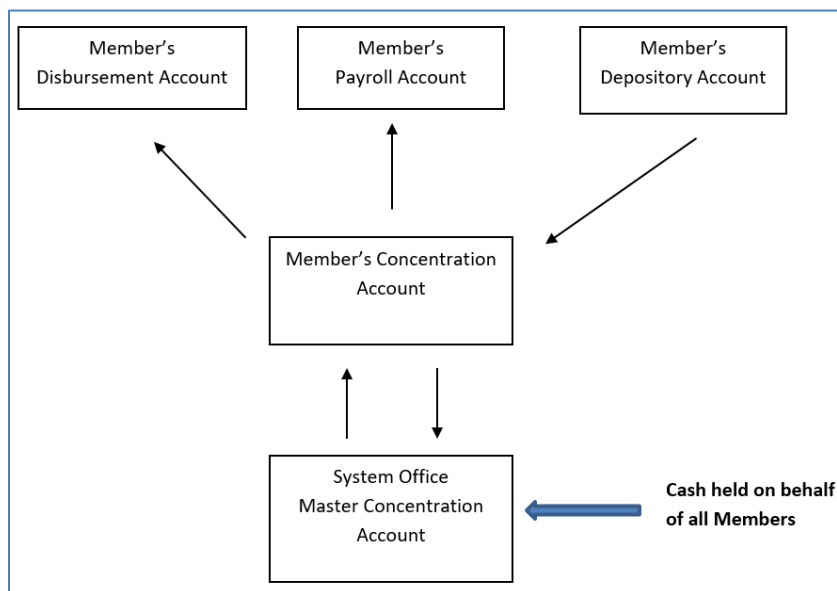
*Non-FAMIS members TEEX and WTAMU excluded from table

If the CCP balance is tracked using a FAMIS CCP **bank** (LType BC13 or BT13), the balance is reported on Schedule Three-A as “Reclassify to Assets Held by System”.

If the CCP balances is tracked using FAMIS **GL account control 1206**, Investments, it is reported in the Non-Current Assets section as “Assets Held by System Office”.

Current CCP Balance (Short Term)

CCP balance includes all banks that are swept to the Member’s Concentration account as part the A&M System’s pooled cash and investments. The following flowchart depicts how the bank balances flow to and from the Member’s Concentration account, which is then swept to the System Office Master Concentration Account.



The CCP balance per each Member’s books will include local bank reconciling items for activity, such as outstanding checks or ACH’s issued on the last day of the fiscal year, which have not yet posted to the actual bank account. Report these items on the Asset Recon as adjustments to the Current CCP balance. Provide sufficient detail to identify the nature of the reconciling items, such as outstanding check, pending equity transfer, or other correction.

System Endowment Fund (SEF) Appreciation Reserve

The SEF Appreciation Reserve was established in fiscal year 1997 to provide a consistent and predictable income stream for SEF. Realized SEF investment gains and losses are recognized on System Office’s books and accumulated in the Appreciation Reserve.

Per the A&M System’s investment policy, the SEF income distribution per unit for each fiscal year will be to distribute, excluding fees, 5% of the 20-quarter average market value per unit as of the end of the previous February. These quarterly distributions will consist of interest/dividends (net of investment manager fees), plus an allocation from the SEF Appreciation Reserve to meet the required payout.

Quarterly distributions from the Appreciation Reserve are treated as non-mandatory transfers to Members. The Appreciation Reserve balance as of 08/31 is also allocated to Members as a non-mandatory transfer.

Exception for Fiduciary endowments, quarterly and year-end distributions from the SEF Appreciation Reserve are reported as realized gains/losses.

Steps for Year-End Entries - Assets Held by System - Record in Month 13

Information needed to complete these entries will be provided to AFR contacts mid-September (see last page of Chapter 4 for year-end entries summary, including FAMIS codes).

1. August Cash Concentration Pool (CCP) Income & Fees

Source - Fund ledger reports distributed by SOBA in September

Year-end entries are the same as monthly entries.

- August Interest/Dividends
- August Realized Gains/Losses
- August External Manager Fees
- July Bank Charges (due to a time lag in recording bank charges, the expenses recorded each fiscal year will range from August 1st of the prior fiscal year through July 31st of the current fiscal year.)

2. 4th Quarter System Endowment Fund (SEF) Income Distribution

Source - 4th quarter SEF reports distributed by SOBA

System will request automated entries load to FAMIS (XR051) in Month 13 (mid-September)

Year-end entries are the same as quarterly entries.

**** The following entries are AFR Entries – to be reversed in September of the new fiscal year ****

3. Record SEF Appreciation Reserve Allocation as of August 31st

The appreciation on endowments is comprised of two components – (1) Allocation of SEF Appreciation Reserve Balance (based on number of units) and (2) 08/31 Market Value Adjustment. The appreciation should be reflected in Net Position as shown in the chart below.

System Office will provide SEF Appreciation Reserve Allocation work paper to assist in recording these entries. For True/Term Endowments, the book value is non-expendable, the appreciation is expendable. If the appreciation is recorded in an account with AFR fund group 60-63, a year-end Fund Balance Reclassification entry (GL 2796) is needed to correctly report the appreciation as Restricted for Endowment - Expendable.

Balance Sheet Net Position Category	AFR Fund Groups/ Acct Control	What's Included?
Restricted for Endowment and Permanent Funds, <i>Non-Expendable</i>	60 – 63	True and Term Endowment book value (endowment corpus, can never be spent)
Restricted for Endowment and Permanent Funds, <i>Expendable</i>	64, 65 GL 2796 Fund Balance Reclassification	Restricted Quasi-Endowments (funds with external restrictions internally designated as a quasi-endowment), plus the appreciation reserve and unrealized gain/loss related to these accounts True and Term Endowment Appreciation Reserve and Unrealized Gain/Loss
Unrestricted Funds Functioning as Endowments	66, 67	Quasi-endowments with no external restrictions, plus the appreciation reserve and unrealized gain/loss related to these accounts.

Post AFR reversing entries to reflect the year-end SEF Appreciation Reserve allocation and Market Value adjustment in the appropriate Net Position category, using a year-end adjustment GL with an AFR fund group that best fits each endowment type.

a. Year-End SEF Appreciation Reserve Allocation – Transfer from System Office

Source - SEF Appreciation Reserve Allocation report

Debit GL Acct Ctrl 1210 (or 1207 Unrestricted)
Credit GL Acct Ctrl 4701

- The year-end SEF reserve allocation entries should net with the reversal of the prior year allocation.
- Negative transfers are not allowed (may need to reclassify from 4701 to 5701)
- **Confirm final amounts with SOBA for inclusion on the Due To/From Transfer Schedule.**
- **Exception for Fiduciary endowments** - Record the Appreciation Reserve allocation as Realized Gains, do not record as a Transfer from System Office.

b. SEF Market Value Adjustment (Unrealized Gain/Loss)

Source - SEF Appreciation Reserve Allocation report

Unrealized Gain

Debit GL Acct Ctrl 1210 (or 1207 Unrestricted)
Credit GL Acct Ctrl 4008

Unrealized Loss

Debit GL Acct Ctrl 4009
Credit GL Acct Ctrl 1210 (or 1207 Unrestricted)

The year-end market value adjustment entries should net with the reversal of the prior year allocation. The intent is for the amount reported on Schedule IV-Fund as “Net Increase (Decrease) in Fair Value” to equal the net change in market value adjustment from the prior year to current year.

After the SEF entries are completed, review the endowment Net Position totals and verify to SEF Appreciation Reserve Allocation workpaper provided by System Office.

4. CCP Market Value Adjustment and Classification by Fund Group

CCP balances are allocated across funds groups based on the GL Cash (account control 1100) balances held in each fund group. FAMIS report FBMR204 can be used to view cash balances by fund group. On the FBMR204 report, the total cash in bank should equal the total GL cash. The year-end steps for CCP are outlined below.

1) Complete Local Bank Account Reconciliations

This includes payroll, A/P, disbursement and depository banks included in the overnight CCP sweep. Reconciling items for these CCP banks will be listed on the Asset Recon.

2) Prepare CCP Allocation Workpaper

Prepare a work paper to allocate CCP book value by fund group using the steps outlined below.

1. Enter Cash & Cash Equivalent Balances per Statement of Net Position (Schedule III-Fund for Proprietary and Schedule VI-Fund for Fiduciary)
2. Exclude Non-CCP Items, review Schedules Three-A and Three-F2 to identify balances to exclude from the CCP allocation, such as State banks.
3. **Verify the net Total CCP Book Value matches the total per Asset Recon (adjusted for reconciling items)**
4. Correct negative balances by column by recording a Due To/From or Transfer between fund groups
5. Allocate NonCurrent Cash Concentration Pool (Exclude Fiduciary, report CCP portion for Fiduciary as Current)
6. Verify to Asset Recon
7. Post entries

3) Reconciliation of Assets Held for Investment By System Office (Asset Recon)

Reconcile the adjusted total CCP book value per allocation workpaper to the Asset Recon. This must be completed before moving on to the next steps.

4) CCP Year-End AFR Entries

When posting the entries to allocate the CCP balance to the correct balance sheet rows by fund group, year-end adjustment GL's should be used for each fund group. If using a bank to track the CCP balance during the year, a year-end adjustment bank with LType= BC 13 should be used.

a. Allocate Non-Current Book Value

Determine which Proprietary fund groups should receive an allocation of the non-current CCP balance. **Exclude Fiduciary funds** from this allocation, the Fiduciary portion of CCP balance should all be reported as current Assets Held by System.

Post AFR entries to allocate by fund group. The entries will vary depending on where the CCP balance is currently held, and which fund groups are receiving an allocation of the Non-Current Book Value.

Debit	GL Acct Ctrl 1206 (or 1204 for Restricted)
Credit	Bank or GL Acct Ctrl 1206

b. Record Non-Current CCP Unrealized Gain (Loss) by Fund Group

Post AFR entries to record current year market value adjustment by fund group, using year-end adjustment GL accounts and account controls 4008/4009. The number of entries will vary depending on how many fund groups are involved.

Unrealized Gain

Debit	GL Acct Ctrl 1206 (or 1204 for Restricted)
Credit	GL Acct Ctrl 4008

Unrealized Loss

Debit	GL Acct Ctrl 4009
Credit	GL Acct Ctrl 1206 (or 1204 for Restricted)

c. Allocate Current CCP Balance to Correct GL Account Controls by Fund Group

Post AFR entries to debit Current "Assets Held for Investment by System Office", and credit the CCP balance held in a CCP Bank or GL Account Control 1206.

Debit	GL Acct Ctrl 1110 (or 1111 for Restricted)
Credit	Bank or GL Acct Ctrl 1206

5) Analysis

After all CCP entries are posted, review AFR Schedule Three-A and Exhibit III.

- Verify the "Reclassify to Assets Held by System" row on Sch Three-A is zero (not printed if zero)
- Verify the balances reported on the rows titled "Assets Held by System Office" on Schedules Three-A and Three-F and Exhibits III and VI match the Asset Recon.
- Compare the Non-Current CCP allocation to the Realized Gains allocated on the operating statement for consistency in how the amounts are reported across fund groups.

5. Separately Held Investments Market Value Adjustment by Account

Based on the actual investments, record the market value adjustment for Separately Held Investments based on information provided on the Asset Recon. (Applicable to System Office, SSC, TAMU, TAMUG, WTAMU, and TAMUK.)

Instructions for Completing the Reconciliation of Assets Held for Investment by System Office (Asset Recon)

1. Enter Cash Concentration Pool Reconciling Items

Itemize CCP reconciling items in the adjustment section below the Current total. *The Non-Current total provided by SO must not be changed.* Local bank reconciliations must be completed first. Typical reconciling items include:

- Outstanding checks
- ACH's processed on the last business day of the fiscal year
- Deposits in transit
- Outstanding equity transfers

2. Reconcile Total Assets Held by System to Financial Statements

After investment income and cash allocation entries are completed, update the bottom section of the Asset Recon to verify the total matches the financial statements. Enter total "Assets Held by System Office" totals per Statement of Net Position (NonCurrent) and Schedule of Cash & Cash Equivalents (Current).

Review check formulas to be sure they are zero. Total Current and NonCurrent must match the Asset Recon total.

3. Complete AFR Check Figure Tab

The Asset Recon workbook contains a sheet titled AFR Check Figures. The AFR Check Figures sheet should be completed after all year-end entries have been posted. There are three sections.

Section 1 Net Increase/Decrease in Fair Value

Enter the "Net Increase (Decrease) in Fair Value" per Schedule IV-Fund.

Compare to amounts provided by System Office and identify variances to reconcile the amounts. (Typically, the only variance is Agency and Fiduciary activity.)

Section 2 Realized Gain (Loss) on Sale of Investments

Enter the "Realized Gain (Loss) on Sale of Investments" per Schedule IV-Fund.

Compare to amounts provided by System Office and identify variances to reconcile the amounts.

Section 3 Statement of Cash Flows – Net Purchases/Sales of Investments

Enter the "Sales and Purchases of Investments Held by System" per Cash Flow Exhibit V.

Compare to amounts provided by System Office and identify variances to reconcile the amounts.

Cash & Investment Allocation Tips

- Wait until all other entries are completed.
- Use a spreadsheet to identify GL cash balance by fund group and plan all entries before posting.
 - Start with Total 1100 Cash by fund group per Schedules III-Fund (Proprietary) and VI-Fund (Fiduciary), then deduct State funds and any other cash not held by System
 - Net amount should equal Asset Recon CCP total
 - Balance to Asset Recon before posting allocations
- Correct negative asset or net position balances by fund group before posting allocations entries by recording a due to/from or transfer between fund groups.

The table below summarizes all the required year-end entries for Assets Held by System Office.

Summary of Year–End Investment Entries				
Description	Revenue or Expense		AFR Reversing	Source of Entry Information
	SL Code	GL Code	Entry Yes/No	
CCP Income/Fees (same as monthly entries)				
July Bank Charges	5231	5685	No	Mid-September Fund Ledger
August Interest/Dividends	0384	4030	No	Mid-September Fund Ledger
August Realized Gain (Loss)	0350	4010	No	Mid-September Fund Ledger
	0351	4011		
August External Manager Fees	6320	5686	No	Mid-September Fund Ledger
4th Quarter SEF Income Distribution (same as quarterly entries) SOBA will request automated FAMIS Entries(XR051)				
SEF Interest/Dividends	0395	4032	No	4 th Quarter SEF Distribution of Income Report
SEF Appreciation Reserve Distribution	--	4701	No	4 th Quarter SEF Distribution of Income Report
Fiduciary SEF Appreciation Reserve Distribution, reclassify automated SEF transfer entries	--	4010 4011	No	4 th Quarter SEF Distribution of Income Report
CCP Fair Value Adjustment and Balance Sheet Classification				
Record Net Increase (Decrease) in Fair Value	0355	4008 4009	Yes	Reconciliation of Assets Held by System Office
Allocate CCP balance across fund groups, categorize between Current, NonCurrent and Restricted, Unrestricted	--	--	Yes	Reconciliation of Assets Held by System Office and Member’s CCP Allocation Work paper
SEF Fair Value Adjustment and Balance Sheet Classification				
Record Net Increase (Decrease) in Fair Value by endowment type	0355	4008 4009	Yes	SEF Appreciation Reserve Allocation report
SEF Year-End Appreciation Reserve Allocation by endowment type	--	4701	Yes	SEF Appreciation Reserve Allocation report
SEF Year-End Appreciation Reserve Allocation for Fiduciary endowments	--	4010 4011	Yes	SEF Appreciation Reserve Allocation report
Adjust for negative Appreciation Reserve transfers, as needed	--	4701 5701	No	Occurs if Year-End Appreciation Allocation is lower than the previous year
Fund Balance reclassification entry, report True Endowment Appreciation as Restricted for Endowment, Expendable	N/A	2796	Yes	SEF Appreciation Reserve Allocation report

Chapter 5 - Accounts Receivable and Allowances

Receivable Categories and Account Controls

Frequently used Receivable categories and related account controls are listed below. This is intended to be used as a general guide. (Some infrequently used account controls have been excluded.)

Invoices created through the FAMIS Accounts Receivable Module, will create an Accounts Receivable in account control 1300. For sponsored project invoices, depending on the sponsor, year-end entries may be required to reclassify receivables to the correct balance sheet row, such as Federal Receivables.

Accounts Receivable

Receivable for invoices billed to customers or sponsors for goods and services provided. For year-end reporting, departments may submit invoice information to their fiscal office to record receivables for outstanding invoices issued.

Account Control	Title	Description
1300	Accounts Receivable	Invoices created in the FAMIS Accounts Receivable Module, no direct entries allowed to 1300 in FAMIS
1311	Vet Hospital Receivables	TAMU Only
1312	Dept Receivables – Manual	Departmental invoices submitted to fiscal office to establish receivable, also used at year-end to reclassify receivables from Accounts Receivable to Federal Receivable (1380) or other receivable category
1391	Unbilled Receivables – State	Used for sponsored projects, estimated amount for goods/services not yet invoiced
1392	Unbilled Receivables – Private/Local	Used for sponsored projects, estimated amount for goods/services not yet invoiced
1396	Allowance for Uncollectible A/R	Estimate uncollectible Accounts Receivable

Other Receivables

Includes nontrade receivables for situations other than good and services provided on credit, such as receivables from employees or returned checks.

Account Control	Title	Description
1320	Travel Advance Receivable	Receivable from employee for travel advance, or personal expenses charge to an agency liability card
1350	A/R for Returned Checks	Checks deposited and returned from the bank
1395	Other Receivables	Miscellaneous receivables that do not fit any other category
1399	Allowance for Uncollectible Receivables - Other	Estimate uncollectible Other Receivable

Student Receivables

Account Control	Title	Description
1310	Accounts Receivable – Students	Receivable for Tuition and Fees
1315	Student 3 rd Party Receivables	Receivable from 3 rd Party
1397	Allowance for Uncollectible Student Receivables	Estimate uncollectible Student Receivable

Federal Receivables

Receivable for funds expended or services performed for which federal contract and grant funds have not yet been received, including undrawn Unrestricted Federal appropriations.

Account Control	Title	Description
1380	Federal Receivables	Funds not yet received for contracts and grants funded from federal funds; FAMIS invoices create receivables in 1300, reclassify federal portion to 1380 for year-end reporting.
1390	Unbilled Receivables - Federal	Used for sponsored projects, estimated amount for goods/services not yet invoiced
1511-1519	Balance in Federal Appropriations	AgriLife Only
1395	Other Receivables	Miscellaneous receivables that do not fit any other category

Gifts Receivables – Current and NonCurrent

Account Control	Title	Description
1327	Gift Receivable	Gift or Pledge Receivable for donor gifts
1328	Pledges Receivable - Current	Amount per donor gift agreement due within one year
1329	Pledges Receivable - NonCurrent	Pledged amount per donor gift agreement due after one year
1398	Allowance for Uncollectible Gift Receivable	Estimate uncollectible current gift or pledge receivable

Other Intergovernmental

Account Control	Title	Description
1384	Other Intergovernmental Receivables	Amounts due from another government, except the federal government. Includes governmental entities of other states and local governmental entities such as cities and counties.

Recognition of Allowance for Doubtful Accounts and Write-Off of Uncollectible Accounts

As part of the year end process, a review and analysis of accounts receivable must be made. An evaluation of each type of accounts receivable should be prepared to estimate the potential amount of uncollectible accounts. The goal in recording this allowance is to show, as accurately as possible, the net realizable value of accounts receivable.

For the Texas A&M University System the method used for recognition of uncollectible accounts is the allowance method. The allowance may be calculated based upon a percentage of receivables approach or other method that considers the age of the receivables and the likelihood of collection.

- **Percentage of receivables** is a balance sheet approach to recognition of the allowance for doubtful accounts. Using the accounts receivable aging schedule, percentages may be applied to each category of receivable. For example, 3% of receivables outstanding for 60 days or less than may be considered to be uncollectible, for 61-90 days it may be 10% uncollectible. These percentages would then be applied to total dollar amounts in each receivable category. The percentage of current outstanding account receivable that may be uncollectible may be estimated using the actual history of write-off's.

- **Member methodology** is a decision based upon professional judgment. The decision process should be documented.
- **Aging of receivables** is critical to the evaluation of collectability. The older a receivable becomes, the likelihood of collection decreases. Members should have aging schedules for their receivables.

After the allowance for bad debt is determined, the allowance account is adjusted.

Increasing the Allowance

Debit Bad Debt Expense

Credit Allowance for Doubtful Accounts

Decreasing the Allowance

Debit Allowance for Doubtful Accounts

Credit Bad Debt Expense

Bad debt expense is recorded as a contra-revenue in the Statement of Revenue, Expenses and Changes in Net Position. The exception would be for student loans receivable. Since loans do not produce a revenue stream, the uncollectible amount is actually included in operating expense.

FAMIS Codes for Allowances and Bad Debt

The table below lists Bad Debt Expense and Allowances codes by type, and shows the related revenue item that the Bad Debt Expense entry will offset.

Revenue Line Item	Contra-Revenue Bad Debt Expense Codes	Receivable Allowance Codes
Tuition Revenue	6310 Tuition	1397 Student Receivables
Fee Revenue	6316 Fees	1397 Student Receivables
Net Professional Fees	6311 Professional Fees	1396 Accounts Receivable
Other Sales Revenue	6312 Other Sales	1396 Accounts Receivable
Other Grants & Contracts	6313 Contracts & Grants, Private and Other	1396 Accounts Receivable, or 1399 Other Receivable
Gift Revenue	6314 Gifts/Pledges	1398 Gift Receivable
Hospital and Clinic Revenue	6317 Hospitals and Clinics	1396 Accounts Receivable

Allowance for Loan Funds

Loan fund allowance adjustments are reported as operating expenses and included in the natural classification category Bad Debt Expense. The codes below are used exclusively for Loan Funds.

Operating Expense	Allowance Adjustment	Loan Fund Allowance Codes
Bad Debt Expense	GL 4150 Decrease – Allowance for Uncollectible Loans	1336 Uncollectible Loans – NonCurrent 1337 Uncollectible Loans – NonCurrent, Restricted
	GL 5150 Increase – Allowance for Uncollectible Loans	1342 Uncollectible Loans

Suggested Source Documents for Receivable Review

- Aging Schedule from Student Records System
- FAMIS Report – IBMR051 – Aged Accounts Receivable Schedule
- Aged accounts receivable report from departmental sub-system

Write-Off of Accounts Receivable

When receivables are no longer deemed to be potentially collectible, the receivable should be written off. There are two steps to this process.

1. The debts that are to be written off must be approved by the Office of General Counsel (OGC) in accordance with the OGC instructions. Also see System Regulation 21.01.04, Extension of Credit for more details.
2. Post accounting entry to write-off the receivable, the entry should reduce both the receivable and the outstanding allowance.

Debit Allowance for Uncollectible Receivable

Credit Accounts Receivable

The actual write-off of receivables must be approved by the Office of General Counsel or the Office of the Attorney General in accordance with Texas Administrative Code Rule 59.2. As stated in the Government Code Section 403.031(c), the write-off of receivables does not constitute forgiveness of the debt. The vendor will continue to be included in a vendor on hold status at the state. The following entries should be made to recognize the receipt of receivables previously written off:

Debit Cash

Credit Bad Debt Expense (Contra Revenue)

The TAC Rule 59.2 has specific guidelines that are to be used in the collection process. Further guidelines are included in the System Regulation 21.01.04 Extension of Credit.

Reference Materials

- Texas Administrative Code, Title 1, Part 3, Chapter 59, Rule 59.2 and Rule 59.3
- FPP C.001 – Accounting for Uncollectible Accounts (APS027)
- System Regulation 21.01.04, Extension of Credit

Journal Entry Examples

Similar entries are required for each type of receivable.

Allowance Adjustment for Tuition Receivable	Debit	Credit
Bad Debt Expense - Tuition	1xxxxx-6310	
Allowance for Uncollectible Student Receivables		01xxxx-1397
<i>To recognize current year Bad Debt Expense</i>		
Write-Off Student Receivable		
Allowance for Uncollectible Student Receivables	01xxxx-1397	
Student Receivables		01xxxx-1309
<i>To write off uncollectible student receivables</i>		
Loan Fund Allowance Adjustment		
Loan Fund A	07xxxx-5150	
Allowance for Uncollectible Loans-Current		07xxxx-1336
Allowance for Uncollectible Loans-NonCurrent		07xxxx-1337

Chapter 6 - Tuition & Fees Receivable

Fall Tuition and Fees Recognition

For the academic members fall tuition and fees will be recognized as unearned revenues to the extent that cash is received. The payments could be from the students and their parents, financial aid applied, or third party payers – any student account that has a payment regardless of the source.

The Health Science Center operates their semesters on a quarter system and their recognition process will include recognition of revenue based upon their semesters and the number of days of the semester in each fiscal year.

Allocation of Revenue and Expense to Multiple Fiscal Years

The first day of the fall semester varies by member and by year. Based upon the effect on reporting of tuition and fee revenue, the A&M System will recognize the fall semester revenue in the fiscal year the majority of the semester occurs. For some A&M institutions, the semester pay periods have been adjusted to ensure the salary/wage expenses are occurring in the fiscal year the services are performed.

Federal Student Financial Aid

Financial aid funded from federal sources is reported in the Schedule of Expenditure of Federal Awards (SEFA) on a cash basis. The revenue is recognized when cash is received. This applies to Federal Direct Student Loans and Pell Grants. Federally funded sponsored projects/grants are still required to be reported on the SEFA on an accrual basis.

Optional FAMIS Process for Unearned Tuition and Fee Revenue

For FAMIS users, there is an option to change how the student feeds are posting in the months where tuition is collected for multiple years. Beginning June 1st, the student accounting feed entries are split for unearned revenue based on the semester codes provided by each participating member. If the semester code is for a future year, entries are posted to account control 2750, Unearned Revenue. These entries are reversed in the new fiscal year, and new entries are posted to recognize the revenue.

Chapter 7 - Inventory Recognition

Inventory consists of items that will be consumed in operations or items that are held for re-sale. The Comptroller's Reporting Requirements require the consumption method to be used.

Under the consumption method, purchases increase the inventory asset and defer recognition of expense until consumed. At fiscal year-end, an adjustment is required to recognize the asset and the expense. A physical inventory must be conducted to determine the year end value of the inventory asset.

When purchases are made, no expense is recognized.

Debit	Inventory	1400 – Items for Resale
		1405 – Consumable Supplies
Credit	Cash	

A year-end entry is needed to recognize expense for assets consumed, and adjust inventory to the ending balance.

Debit	Supplies Expense	4010 – Office Supplies (or appropriate category)
Credit	Inventory	1400 or 1405

Calculate the amount for the year-end entry using the formula shown below.

Beginning Inventory + Purchases – Ending Inventory = Year-End Entry Amount

Chapter 8 – Unrestricted Net Position (Schedule III-1)

Schedule III-1, Unrestricted Net Position Detail, is a supplementary schedule that details the Unrestricted fund balance presented on the Statement of Net Position. This schedule is used to analyze remaining balances available, and how the balances may be spent. The schedule is broken down into three sections.

1. Reserved

Reservations of Unrestricted Net Position include third-party claims against resources that have not materialized as liabilities as of the reporting date, assets are not available for current appropriation or expenditure because of their non-monetary nature or lack of liquidity, or assets with state-imposed limitations. The Reserved line items are detailed below.

- **Encumbrances**

Actual contracts and purchase orders issued and outstanding with external entities. This row is automatically populated from FAMIS summary account controls 9610, 9620, 9630, 9680.

- **Annual Debt Service Payments**

Designated, Auxiliary, and Unexpended Plant balances reserved for the pending debt service transfer. The amount reported must match the schedule prepared by Treasury Services. It is possible to have a variance if a portion of the debt payment is funded with local funds that are not held in USAS. Exclude TRB/GR balances that are not available until the next fiscal year, we do not want to reserve balances that are not part of the current fund balance.

- **Receivables**

Reservation for Receivable amount must match, by fund group, the sum of the Balance Sheet Receivable rows, with a few exceptions as documented in the list below. The sum of these rows is presented as a “memo” total at the bottom of Schedule III-1.

Receivables rows per Balance Sheet

- Federal
 - *Exclude E&G Federal Receivable reported as Restricted for Education (applicable to AgriLife Research & AgriLife Extension)*
- Other Intergovernmental
- Interest and Dividends
- Gifts
- Self-Insured Health Dental (System Office only)
- Student
- Accounts Receivable
- Other Receivable
- Due from Other Agencies
- Due from Other Members
 - Exclude AUF Due from System (applicable to TAMU, HSC, PVAMU, and System Office)
 - Exclude PUF Due from System for PUF projects managed on the member’s books, if the PUF funds are held in an Unrestricted fund group, such as Designated.
PUF debt proceeds must be reported as Restricted, a fund balance reserve entry is needed to reclassify the fund balance as Restricted using GL code 2795. Since the fund balance is reported as Restricted, the related Due From is excluded from Sch III-1 for Unrestricted – Reserve for Receivable.
- Interfund Receivables (System Office only, include both Current and NonCurrent)

- **Inventories**

Include both consumable inventory and merchandise inventory. Total should match the corresponding asset balances on the Balance Sheet.

- **Prepaid Expenses**
Non-monetary asset for goods or services paid in advance, such as TPEG scholarships. (FAMIS account control 1500)
- **Deposits**
Fund held by others, such as a utility deposit. (FAMIS account control 1505)
- **Self-Insured Plans**
Funds held for group insurance and unemployment insurance. (Primarily used by System Office)
- **Unrealized Gain (Loss) on Investments**
The reserve amount should represent the Unrealized Gain (Loss) reflected in the net position (fund balance) as of August 31st. This is different from the net change reported on the operating statement. Reservation entries are needed to record the amounts by fund group (reserve GL 2772).

The example below illustrates how the reserve amount is determined. This example assumes AFR reversing entries were used to record the unrealized gain in a separate year-end adjustment account.

<u>GL for Unrealized Gain - Designated</u>			
Beginning Fund Balance	6,736,311.46		
AFR Reversing Entry	(6,736,311.46)	{ (4,813,876.07)	Net Change per Operating Stmt.
Current Year Unrealized Gain	1,922,435.39		
Ending Fund Balance	<u>\$ 1,922,435.39</u>	<-- III-1 Reserve Amount	

If a separate account is not used for the unrealized gain (loss), review the activity in FAMIS account controls 4008/4009 (or SL code 0355) to identify current year amount

The reserve amount is basically the Cash Concentration Pool August 31st Unrealized Gain (Loss) per “Reconciliation of Assets Held by System”, excluding any portion allocated to Restricted funds.

- **Advanced Technology/Research Programs (PVAMU only)**
Unencumbered fund balances remaining in ATP and ARP contracts. These funds may only be expended for these projects and not general operations.
- **Texas Public Education Grants (TPEG) & Designated Tuition Set Asides**
Tuition set aside to be used for grants to students and not available for general operations. Exclude TPEG amount already reserved as Prepaid Expense. For TPEG loans, even though Loan funds are not part of Current funds the funding source is Designated so an allocation entry may be needed to report the net position in Loan funds as Unrestricted instead of Restricted for Education
- **Higher Education Fund (HEF)**
This line should include any remaining unencumbered HEF balances in either Educational and General Funds or Unexpended Plant funds. Do not include State funding for the upcoming fiscal year which has not yet been received.
- **Texas A&M Forest Service – Special Reserves**
TFS funds from state tax revenue, not available for general operations. This includes the funds from the sale of fireworks and similar funds.
- **Prairie View A&M University – CJCP (Criminal Justice/Crime Prevention)**
Funding for PVAMU that is limited in spending scope.
- **State Funds and Special Projects**
Funds from the state for specific expenses and are not available for general operations.

2. Allocated

Allocations of Unrestricted Net Position set aside for specific purchases or programs.

- **Capital Projects and Major Purchases**
Funds set aside for construction projects or major purchases, such as mainframe computers, software, etc. Include the member's estimated portion of the funds that are reported on the Capital Plan, if applicable and available. Do not include the portion funded from debt proceeds. This line item could include additional capital projects and purchases outside of the Capital Plan.
- **Maintenance and Repair**
Fund set aside for maintenance/renovations below the capitalization thresholds. This may also include some furnishings and equipment if part of a renovation project.
- **Future Capital Renewal Projects**
Funds set aside for deferred maintenance projects. Include only the funds currently available, exclude any portion funded from debt proceeds. For current maintenance costs below the capitalization threshold, include with Maintenance and Repair.
- **Funds Functioning as Endowments (also referred to as Quasi-Endowments)**
Funds invested in the System Endowment Fund that could be un-invested and used for operations at the discretion of management. (Does not include Restricted Quasi-endowments funded from Restricted sources.)
- **Endowment Commitment**
Funds set aside for future endowment commitments.
- **Scholarships, Graduate/Undergrad Initiatives**
Funds set aside for scholarships, undergrad initiatives (such as study abroad, student research, student success initiatives, departmental scholarships), or graduate initiatives (such as graduate fellowships or assistantships, graduate tuition and fees).
- **Research/Sponsored Project Commitments**
Includes matching funds that are internally committed as part of a sponsored project grant, departmental cost sharing, and reserves for indirect cost recovery.
- **Faculty/Researcher/Staff**
Internal commitment of funds to meet faculty re-investment goals. Includes staff initiatives (one-time merit or research staff salary), indirect cost funds set aside for use by a principal investigator on a particular research initiative, faculty start-up (capital projects, equipment, summary salary, or travel), and faculty initiatives (faculty teaching, hiring initiatives (including adjunct faculty), summer teaching, etc.).
- **Other**
Study Abroad travel, reservation for deferred outflow related to TAMU's Law School, and other allocations for departmental purposes.

3. Allocated for Operations

The sub-total for this section is expected to include 3-6 months of average operating expenses.

- **Available University Funds (AUF)**
Remaining balance in AUF (Fund 0047 in USAS), applicable to TAMU, PVAMU HSC, and System Office.
- **Allocated for Operations**
This section applies to funds for next year's operating budget. These are the funds anticipated to be used to cover budget costs that are greater than estimated revenue.
- **Unallocated**
The fund balance remaining after reduction for reserves and allocated balances.

FAMIS Entries for Schedule III-1

FAMIS GL account controls and SL subcodes are used to report balances on the correct Schedule III-1 rows.

- GL reserve account controls are used to categorize the fund balance/net position for financial reporting, such as the Reserve for Receivables. The offset to record a GL reserve is 5700 or 4700, Year-End Fund Balance Reclassification.
- Some members that operate more decentralized allow departments to record reserves or allocations as SL budget entries which reflect a reservation at the SL level and reclassify the fund balance on the GL account. No direct expenses are allowed to the SL reserve codes (budget only).

The report layout on the following page lists the GL/SL codes that correspond to each line item on Schedule III-1.

Schedule III-1 Unrestricted Net Position Detail Report Layout and Corresponding FAMIS Codes			
Row Title	Notes	FAMIS Reserve Subcodes	
		GL Account Control	SL Subcode
Reserved For			
Encumbrances	Encumbrance balances	9610, 9620, 9630, 9680	
Annual Debt Service Payment	Amount must match Debt Service Budget per Treasury Services	2766	9466
Receivables	Equal to Asset balances for Receivables rows, plus Due From Other Agencies and Due From Other Members	2761	None
Inventories	Equal to Asset balances for Consumable Inventories plus Merchandise Inventories	2797	None
Prepaid Expenses	Goods and services paid in advance, see FAMIS account control 1500	2762	None
Deposits	Asset held by others, see FAMIS account control 1505	2763	None
Self-Insured Plans	Lump sum payout reserve for accrued leave, System Office self-insured health/dental	2764	9464
Unrealized Gain (Loss) on Investments	Unrealized gain/loss as of 08/31 (Current Unrestricted funds)	2772	9472
Advanced Technology/Research Programs	Remaining balance AT/RP programs	2767	9467
TPEG Reserves	Tuition set aside to be used for grants to students (exclude amount already reserved as Prepaid Expense)	2759	9459
Designated Tuition Set Aside Reserves	Tuition set aside to be used for grants to students	2773	None
Higher Education Fund	May be held in E&G or UPF	2769	9469
Texas A&M Forest Service - Special Reserves	TFS Reserves - unavailable for general operations	2781	9481
Prairie View A&M University - CJCP	PVAMU - CJCP funding	2784	9484
State Funds and Special Projects	Other state funds with specific purpose, not available for general operations	2782	9482

Row Title	Notes	FAMIS Reserve Subcodes	
		GL Account Control	SL Subcode
Allocated For			
Capital Projects and Major Purchases	Funds set aside for construction projects or major purchases	2788, 2765	9488, 9465, 9473
Maintenance and Repair	Maintenance and renovations below the capitalization threshold	2792	9477
Future Capital Renewal Projects	Fund set aside for deferred maintenance projects	2757	9457
Funds Functioning as Endowments	Unrestricted Quasi-Endowments (AFR fund group 66 or 67)	2771, 2772, 2796, 3740	
Endowment Commitment	Funds set aside for future endowment commitments	2768	9468
Scholarships, Graduate/Undergrad Initiatives	Funds set aside for scholarships, undergraduate or graduate initiatives	2786	9475, 9479, 9480
Research/Sponsored Project Commitments	Departmental cost sharing, reserves for indirect cost recovery	2785 and 2758	9485 and 9458
Faculty/Researcher/Staff	Faculty Start-up or Initiatives, PI Indirect Cost	2787	9478, 9486, 9487
Other	Includes Other, Travel, and TAMU Law School balance	2790, 2791, 2793	9490, 9491
Allocated for Operations			
Available University Fund	Remaining AUF balance (TAMU, PVAMU, HSC, System Offices)	2783	9483
Allocated for Operations	Balances to be used to fund next year's operating budget	2770, 2799	9470, 9499
Unallocated	Remaining Fund Balance after all reserve/allocation entries	2798, 3100, 3200, 3300, 3800	9498

Chapter 9 - Materiality Threshold

Materiality is a concept or convention within auditing and accounting relating to the importance/significance of an amount, transaction, or discrepancy. The objective of an audit of financial statements is to enable the auditor to express an opinion whether the financial statements are prepared, in all *material* respects, in conformity with an identified financial reporting framework such as Generally Accepted Accounting Principles (GAAP). The assessment of what is material is a matter of professional judgment.

GASB 11 refers to the materiality definition in FASB Concepts Statement No. 2 Glossary of Terms.

"The magnitude of an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

The materiality threshold for restatements is 3 to 5% of the related line item or applicable category total, such as total receivables, total assets, total liabilities, total expenses, or total revenues. The System Office recommends each member analyze the activity and only record restatements for material misstatements. If the reader could have reached a different conclusion regarding the financial statements due to this misstatement, then we do need to record a restatement. If a member has any questions, please contact our office and we will be glad to research the misstatement and assist with a final determination on the accounting event.

Chapter 10 – Capital Assets, Note 2

Note-2 Capital Assets

Note-2 includes the following G/L accounts in the format as prescribed by the State Comptroller's Office. These G/L accounts will be grouped into Non-Depreciable or Non-Amortizable and Depreciable and Amortizable Capital Assets. Library Books are recognized as Depreciable Assets.

- 089700 Land and Land Improvements
- 089705 Building and Building Improvements
- 089712 Facilities and Other Improvements
- 089715 Infrastructure
- 089720 Leasehold Improvements
- 089725 Lease Purchases
- 089730 Equipment
- 089731 Equipment Held in Trust – Federal
- 089732 Equipment Held in Trust – Other
- 089735 Vehicles, Boats and Aircraft (including Drones)
- 089736 Vehicles, Boats and Aircraft, Held in Trust
- 089740 Library Books and Materials-Depreciable
- 089741 Library Books and Materials-Non-Depreciable
- 089744 Works of Art/Historical Treasures-Non-Depreciable
- 089745 Works of Art/Historical Treasures-Depreciable
- 089746 Works of Art/Historical Treasures-Privately Owned
- 089750 Livestock
- 089755 Construction In Progress
- 089760 Land Use Rights-Permanent
- 089761 Land Use Rights-Term
- 089765 Computer Software-Intangible
- 089775 Other Intangible Capital Assets-Permanent
- 089777 Other Intangible Capital Assets-Term
- 089780 Lease/Right-to-Use Land and Land Improvements
- 089781 Lease/Right-to-Use Building and Building Improvements
- 089782 Lease/Right-to-Use Equipment
- 089783 Right-to-Use Software Subscription Asset

Schedule N-2 is designed to pull activity by GL account. It is important that the assets are recorded in consistent GL accounts, as listed above, so the assets are reported on the correct row. Schedule N-2 ending balance for Capital Assets must equal the corresponding rows on the Balance Sheet.

The Intra-system Transfers In and Transfers Out must tie to the Due To/From Transfer Worksheet and to Members by Asset G/L. This information is used for the elimination entry on the Combined Note 2. There is a Business Objects report available in the Public Folders/TAMUS Shared/AFR reports/AFR Review folder that assists Members to compare transfer entries with other campus codes to verify the amounts match.

Capital Asset Note 2 is submitted to the State Comptroller using their Capital Asset Note Submission System (CANSS) web application. The CANSS report and AFR Schedule N-2 must match by row (asset type), and by column (activity).

Note 2 must match CANSS exactly by row (asset category) and column (activity).

The table below shows the report definition to assist in reviewing and analyzing the capital asset activity reported on Schedule N-2.

Schedule N-2 (Note 2)
Capital Assets

Rows - Defined by GL Account (Corresponds to FFX Class Code Table)			Columns - Defined by GL Account Control (Determined by FFX Acquisition/Disposal Method)		
Schedule N-2 Row Title	FAMIS GL Account	GL Account Control	Column Description	Account Control	Account Control Description
Non-Depreciable/Non-Amortizable Assets			Beginning Balance	1650-1793	Capital Asset Balances as of 09/01/xx
Land and Land Improvements	089700	1700			
Construction in Progress	089755	1755			
Other Tangible Capital Assets	089741	1741			
Other Tangible Capital Assets	089744	1744			
Other Tangible Capital Assets	089746	1746			
Other Tangible Capital Assets	089770	1770			
Land Use Rights	089760	1760			
Depreciable Assets			Adjustments	4620	Prior Period Adjustment
Buildings	089705	1705		5620	Prior Period Adjustment
Infrastructure	089715	1715		5621	Prior Period Depreciation Adj.
Facilities and Other Improvements	089710	1710		5622	Prior Period Amortization Adj.
Facilities and Other Improvements	089712	1712			
Furniture and Equipment	089730-089732	1730-1732	Completed CIP	4410	Reclass from CIP
Vehicles, Boats, and Aircraft	089735-089736	1736		5447	Reclass to CIP
Other Capital Assets	089720	1720			
Other Capital Assets	089740	1740	Incr. Interagency	4615	Transfer In Non-TAMUS State Agency
Other Capital Assets	089745	1745		4415	Tsfr In Non-TAMUS State Agency-Capital Assets
Other Capital Assets	089750	1750		4701-4730	Intra-System Transfer In
Less Accumulated Depreciation for					
Buildings	089805	1780	Decr. Interagency	5615	Transfer Out Non-TAMUS State Agency
Infrastructure	089815	1780		5415	Tsfer Out Non-TAMUS State Agency-Capital Assets
Facilities and Other Improvements	089810	1780		5701-5730	Intra-System Transfer Out
Facilities and Other Improvements	089812	1780			
Furniture and Equipment	089830-089832	1780	Additions	4400	Purchase of Plant Assets
Vehicles, Boats, and Aircraft	089835-089836	1780		4405	Gift of Plant Assets
Other Capital Assets	089820	1780		4407	Constructed or Produced
Other Capital Assets	089840	1780		4452	Trade-In Allowance
Other Capital Assets	089845-089846	1780		4495	Other Plant Additions/Adjustments
Other Capital Assets	089850	1780		4799	Gift from Research Foundation
Amortizable Assets - Intangible				5650	Depreciation Expense
Land Use Rights	089761	1761		5652	Amortization Expense
Computer Software	089765	1765		4401	Offset to RTU Lease/SBITA Entries
Other Intangible Capital Assets	089777	1777		5653	Amort. Expense-Right to Use/Leased Asset
Less Accumulated Amortization for					
Land Use Rights	089861	1790	Deletions	5400	Sale of Plant Assets
Computer Software	089865	1790		5405	Trade In of Plant Assets
Other Intangible Capital Assets	089877	1790		5407	Disposal of Real Property
Lease/Right-to-Use Assets				5408	Disposal of Leasehold Improvement
Lease/RTU-Land and Land Imp.	089780	1650		5409	Transfer to Non-Texas State Agency
Lease/RTU-Building and Building Impr.	089781	1651		5410	Worn Out, Discarded, Missing
Lease/RTU-Equipment	089782	1652		5411-5413	Impairment Loss
RTU-Software Subscription Asset	089783	1653		5416	Donations to Political Subdivision
Less Accum Amort for Lease/Right-to-Use Assets				5417	Donations to Assistance Organization
Lease/RTU-Land and Land Improvements	089880	1792		5418	Donations to Other
Lease/RTU-Building and Building Impr.	089851	1792		5419	Surplus Computer Transfer to TDJC
Lease/RTU-Equipment	089852	1792		5450	Loss on Trade-In
RTU-Software Subscription Asset	089853	1793		5495	Other Plant Deductions/Adjustments
				5799	Transfer to Research Foundation
				5403	Remove/Adjust RTU Assets or Liabilities
			Ending Balance	1650-1793	Capital Asset Balances as of 08/31/xx

The following table summarizes the GL accounts controls for each column and lists important items to review on the N-2 Schedule.

N-2 Column	GL Account Controls	What to review
Beginning balance	1650-1793 as of September 1 st	Verify to PY published N-2 schedule. In CANSS, beginning balance is populated from USAS.
Adjustments	4620, 5620-5622	If column does not net to zero, reported as a restatement, consider materiality
Completed CIP	4410, 5447	Must net to zero
Interagency Transactions	Transfers In 4415, 4615, 4701-4730 Transfers Out 5415, 5615, 5701-5730	These columns includes both intra-system transfers and transfers with other state agencies. Use business objects queries to analyze transfers, TAMUS Shared/AFR Reports/AFR Review Queries. (See OneStream N-2, Footnote 2 Schedule) <ul style="list-style-type: none"> ○ Intra-system transfers must match Due To/From Transfer Schedule. ○ Transfers with other state agencies may require a SPA entry (internal users) or external to external spreadsheet (external). See Chapter 7 of the SPA Process User's guide for detailed instructions on transfers with other state agencies.
Additions	4400, 4401, 4405-4407, 4452, 4495, 4799, 5650, 5652, 5653	Verify Depreciation/Amortization matches operating statement (See OneStream N-2, Footnote 1 Schedule)
Deletions	5400-5413, 5416-5419, 5450, 5495, 5799, 5403	Includes gain/loss on sale or disposal of assets
Ending Balance	1650-1793 as of August 31 st	Verify to balance sheet, Exhibit III. In CANSS, the ending balances must match USAS to certify.

FFX Acquisition and Disposal Methods

The FFX acquisition or disposal codes used on a capital asset transactions impacts how the activity is reported on the operating statement and on the N-2 schedule. The following tables are intended as a reference to show how the FFX codes crosswalk to specific account controls and how the activity is reported.

Special Note about Year-End Adjustment for Library Acquisitions

For library acquisitions, an adjustment is made prior to fiscal year-end to reduce the book value for disposal of assets.

When this disposal is entered in FFX, disposal method DD (Non-Functioning/Obsolete) is typically used which places the asset removal in the Deletions column as Other NonOperating expense. The default for the related depreciation entry is to use account control 5650 for depreciation expense, which places the depreciation adjustment in wrong column on the capital asset schedule, additions instead of deletions.

To avoid this issue, **when the FFX entry is posted change the account control on screen 512 from 5650 to 5410.** If the FFX entry posts to 5650, this can easily be corrected by posting a screen 14 journal entry - Debit 089840-5650, Credit 089840-5410.

<i>FFX Acquisition Methods (FFX Screen 583)</i>				
<i>Acq. Methods</i>	<i>Account Control</i>	<i>FAMIS Description</i>	<i>Column Placement AFR N-2 Schedule</i>	<i>Operating Statement Impact</i>
AJ	4495	Current Year Adjustments	Additions	Other NonOperating Revenue
GF	4405	Gifts - Prior Year	Additions	Capital Contributions
GP	4620	Gifts - Prior Year	Adjustments	Restatement
HT	4495	Held in Trust	Additions	Other NonOperating Revenue
PD	4407	Constructed/Produced by Dept	Additions	Other NonOperating Revenue
PO	4400	Purchases / Credits-Current Year	Additions	Expended for Plant Facilities
PY	4620	Prior Year Restatement	Adjustments	Restatement
RC	4410	Reclass from CIP	Completed CIP	IntraFund Transfer In
TA	4415	Tfr from Non-TAMUS Agency within TX	Inc-Interagency Transactions	Transfer from Other State Agencies
TB	4405	Tfr from Non-Texas Entity - Gift	Additions	Capital Contributions
TC	4620	Threshold Change	Adjustments	Restatement
TD	4415	Transferred from TXDOT	Inc-Interagency Transactions	Transfer from Other State Agencies
TR	4452	Trade-In Allowance (New Asset)	Additions	Should net with Disp. TR, Trade-In (5405)
01	4701-4730	Transfer from Part (Campus Code)	Inc-Interagency Transactions	NonMand. Tsfer from Members-Capital Assets
99	4799	Transfer from Research Fndn	Additions	Capital Contributions

<i>FFX Disposal Methods (FFX Screen 583)</i>				
<i>Disposal Methods</i>	<i>Account Control</i>	<i>FAMIS Description</i>	<i>Column Placement AFR N-2 Schedule</i>	<i>Operating Statement Impact</i>
AJ	5495	Current Year Adjustments	Deletions	Other NonOperating Expense
AM	5622	PY Restatement-Amortization	Adjustments	Restatement
CJ	5419	TDCJ Computer Recovery Program	Deletions	Gain (Loss) on Disposal of Capital Asset
CN	5410	Cannibalized	Deletions	Other NonOperating Expense
DA	5410	Damaged	Deletions	Other NonOperating Expense
DD	5410	Non-Functioning / Obsolete	Deletions	Other NonOperating Expense
DL	5408	Disp of Leasehold Improvements	Deletions	Gain (Loss) on Disposal of Capital Asset
DM	5621	PY Restatement - Depreciation	Adjustments	Restatement
DN	5418	Donation	Deletions	Other NonOperating Expense
DR	5407	Disposal of Real Property	Deletions	Gain (Loss) on Disposal of Capital Asset
DS	5620	PY Restatement - Sale	Adjustments	Restatement
DT	5620	PY Restatement - Trade-In	Adjustments	Restatement
FD	5495	Return to Sponsor	Deletions	Other NonOperating Expense
HT	5495	Held in Trust	Adjustments	Other NonOperating Expense
IA	5411	Impairment - Expense	Deletions	Other NonOperating Expense
IB	5412	Impairment - Special	Deletions	Special Items
IC	5413	Impairment - Extraordinary	Deletions	Extraordinary Items
LS	5450	Loss on Trade-In	Deletions	Gain (Loss) on Disposal of Capital Asset
MS	5410	Missing - Request Now	Deletions	Other NonOperating Expense
RC	5447	Reclass to CIP	Completed CIP	IntraFund Transfer Out
RD	5410	CIP Reclass to Expenses	Deletions	Other NonOperating Expense
RT	5495	Returned	Deletions	Other NonOperating Expense
RY	5620	Restatement-Reclass to Expense	Adjustments	Restatement
SA	5400	Sold - Auction	Deletions	Gain (Loss) on Disposal of Capital Asset

SB	5400	Sold - Sealed Bid	Deletions	Gain (Loss) on Disposal of Capital Asset
SL	5400	Sold - Local Sale	Deletions	Gain (Loss) on Disposal of Capital Asset
SN	5410	Stolen - Negligence	Deletions	Other NonOperating Expense
ST	5410	Stolen	Deletions	Other NonOperating Expense
TA	5415	Trf to Non-TAMUS Agency within TX	Dec-Interagency Transactions	Transfer to Other State Agencies
TB	5409	Tfr to Non-Texas Entity	Deletions	Other NonOperating Expense
TC	5620	PY Restatement-Threshold Change	Adjustments	Restatement
TD	5415	Tfr to TXDOT	Dec-Interagency Transactions	Transfer to Other State Agencies
TO	5417	Tfr to Assistance Subdivision	Deletions	Other NonOperating Expense
TP	5416	Tfr to Political Subdivision	Deletions	Other NonOperating Expense
TR	5405	Trade-Ins	Deletions	Should net with Acq. TR, Trade-in Allowance (4452)
01	5701-5730	Transfer to Part (Campus Code)	Dec-Interagency Transactions	NonMandatory Transfer to Members-Capital Assets
99	5799	Transfer to Research Fndn	Deletions	Other NonOperating Expense

Chapter 11 – FAMIS AFR Module and OneStream

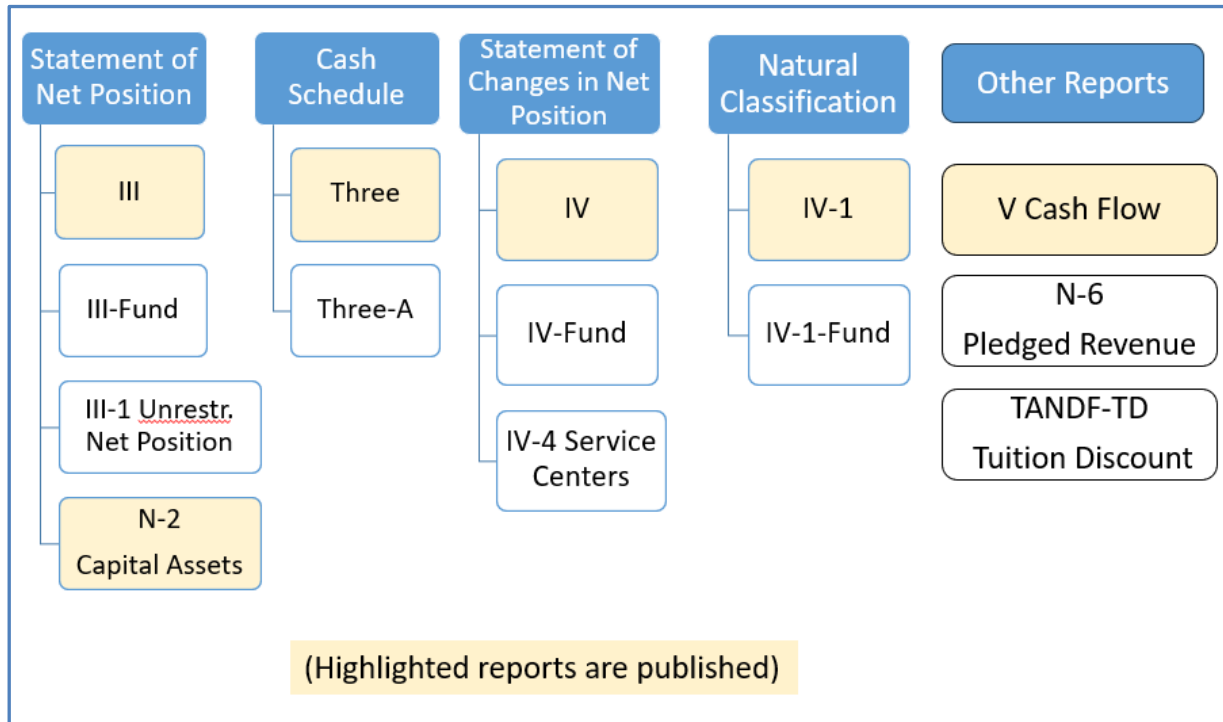
OneStream is the primary source for generating the annual financial reports, FAMIS AFR module reports are still available. Below is a comparison of the reports.

Report Crosswalk

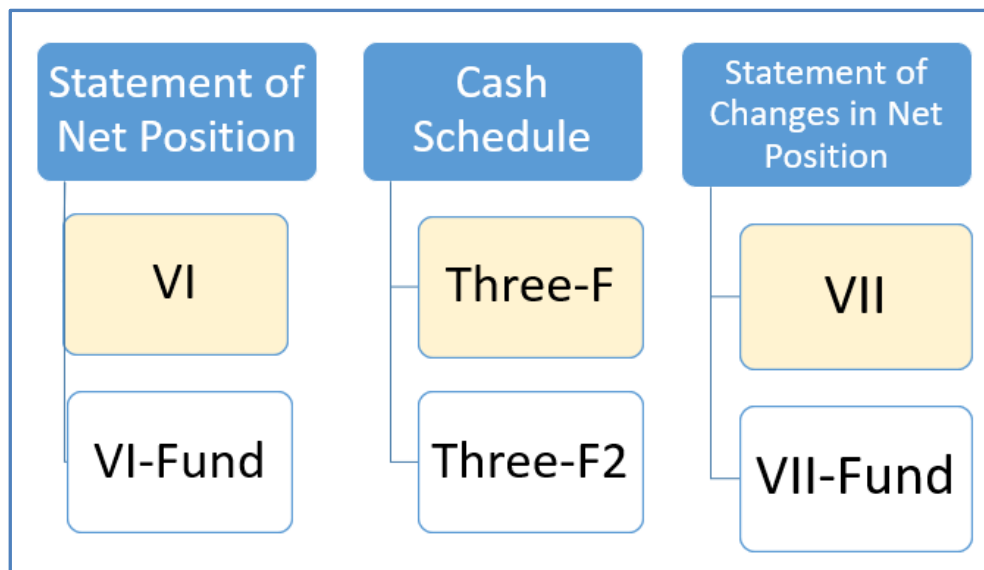
Proprietary Statements		
OneStream	Report Title	AFR Module
Exhibit III	Statement of Net Position	III
Exhibit IV	Statement of Changes in Net Position	IV
Schedule IV-1	NACUBO Function to Natural Classification Matrix	IV-1
Exhibit V (Excel template)	Statement of Cash Flows	V
Schedule Three	Cash & Cash Equivalents	Three
Schedule N-2	Capital Assets Schedule	N-2
Schedule N-2 Footnote 1	Capital Assets - Depreciation and Amortization	N-2-FN
Schedule N-2 Footnote 2	Capital Assets - Transfers	N-2-FN
Schedule III-Fund	Statement of Net Position by Fund Group	III-Fund
Schedule III-Fund Footnote	Receivable Allowance Details	N/A (included on III-Fund)
Schedule III-1	Unrestricted Net Position Detail	III-1
Schedule III-1 Footnote	Unrestricted Current Fund Receivables	N/A (included on III-1)
Schedule Three-A	Cash & Cash Equivalents by Fund Group	Three-A
Schedule IV-Fund	Changes in Net Position by Fund Group	IV-Fund
Schedule IV-Fund Footnote 1	Analysis of Legislative Revenue	N/A (included on IV-Fund)
Schedule IV-Fund Footnote 2	Bad Debt Expense	N/A (included on IV-Fund)
Schedule IV-1-Fund	Operating Expenses by NACUBO Function	IV-3, IV-3-A
Schedule IV-4	Service Department Activity	IV-4
Schedule N-6	Pledged/Non-Pledged Revenues	N-6
Schedule TANDF-TD	Tuition, Fees, Exemptions, and Discounts	TANDF-TD
N/A	Natural Classification to NACUBO Function	IV-2
N/A	Beginning balance and Restatements	IV-5-A
Fiduciary Statements		
OneStream	Report Title	AFR Module
Exhibit VI	Fiduciary Statement of Net Position	VI
Schedule VI-Fund	Fiduciary Statement of Net Position by Fund Group	VI-Fund
Schedule Three-F	Fiduciary Cash & CE	Three-F
Schedule Three-F2	Fiduciary Cash & CE by Fund Group	Three-F2
Exhibit VII	Fiduciary Statement of Changes	VII
Schedule VII-Fund	Fiduciary Statement of Changes by Fund Group	VII-Fund
N/A	Fiduciary Transfers, Beg Balance and Restatement	VII-5-A
N/A	Proprietary and Fiduciary Cash Total	Three-C

OneStream Reports

Proprietary



Fiduciary



OneStream vs. FAMIS Annual Financial Reports

	OneStream	AFR Module
Run Reports	OneStream Cube View Reports	AFR Screen 172, GASB reports
Report in Excel format	Export Directly to Excel	Download from File Transfer Portal
Report in PDF format	Export Directly to PDF	Access in Laserfiche
Cash Flow Statement	Cash Flow Excel Template	Cash Flow Excel Template
Flux Analysis	Prepare within OneStream	Import files to Flux template
Report Footnotes	Separate report	Included at bottom of report
Report Prerequisites	None	Required
Fiscal Month	Based on fiscal year November = 3	Based on calendar year November = 11

AFR Module Reports Still Available

Access

Log into FAMIS as usual, and then type 'AFR' in the Screen field to access the AFR module. For problems with access, contact your entity's [FAMIS Security Administrator](#).

Navigation

Main Menu Screen 001 displays the screen number menus. The most commonly used AFR module screens are listed below.

Screen	Title	Purpose
172	Print Group Reports	Select and print reports
175	Report Column Maintenance	Shows how the column is defined
179	Line Item Definition Maintenance	Shows how the row is defined
180	Extended Line Item Maintenance	Enter manual entries (cash flow statement)
193	Manual Entry Summary	View manual entries for a specified report
194	Work Order Summary	View status of requested report(s)

To change the campus code or fiscal year while in AFR module, use Screen 882.

View the function keys listed at the bottom of each screen for cues on additional actions available.

Print Options

The default print option is 'R'. Reports marked with an 'R' will automatically go to Laserfiche.

- **Screen 172 –Report Options**
R – Laserfiche Only (*Default*)
X – Laserfiche and Print

- **Requesting Reports**

When requesting reports from screen 172, the default setting will mark selected reports with an 'R' (Laserfiche Only) instead of an 'X'. Reports can still be printed by changing the 'R' to an 'X' which will print the reports, in addition to sending to Laserfiche.

- **Laserfiche Format**

If the entire set of GASB reports is requested, the reports will go into Laserfiche as a single pdf file in page number order. If only some GASB reports are requested, a separate pdf file will be created for each report, with the report name in the title.

- **Accessing Laserfiche Reports**

Reports can be found in Laserfiche in the Year-End folder:

\\Reports\\cc\\Yearend\\AFR\\Runyyy\\filename.pdf

Where file name follows this pattern:

AFR-III.Mbr01.FY2021.D200807.T191053.pdf

If you have access to the Year-End folder in Laserfiche for your campus code, you will have access to the AFR subfolder. If you do not have access to the Year-End folder, a request form that must be completed and forwarded to an appropriate FAMIS Security Administrator (when you select an administrator from the dropdown list on the form, their email will be displayed) for review and approval.

<https://assets.system.tamus.edu/files/famis/pdf/pub/FAMISReportsLaserficheSecurityAccessFormCurrent.pdf>

Print Group Reports (Screen 172)

Generate a complete set of AFR reports

- Press F8 for GASB reports, and enter an 'R' in the Run All field for Laserfiche reports, or an 'X' for both Print and Laserfiche
- The fiscal year defaults to current fiscal year.
- Use Month = 13 for year-end (Calendar months, such as April = 4, etc.)
- Destination and Form should default with your campus code's printer information
- All Other fields – leave default values (always leave report specifications blank)
- Select F9 to print to default printer

H0055 Please press <PF9> to submit
172 Print Group Reports

Screen: █ Fiscal Year: 2021

Month: 13 13th Month Destination: SAG01PR1
Copies: 0 Form: SLW1 Hold: N
Draft/Final: D Specifications: Priority: 4
Font: TIMES NEW ROMAN

Campus Code: 01 Row Highlight: Y Suppress Off: █
Table of Contents: Round Numbers: █

Start Work Order: End Work Order:
Submitted Reports:

Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---
Hmenu Help EHelp CCSel GASB Print

OR Select Specific Reports to Run/Print

- To print specific reports, press F8 key to bring the list of GASB reports, select requested reports and press enter.
- A pop up box will appear, prompting to run pre-requisites
- Press enter and all the selected reports (including pre-requisites) will be marked


```

H0055 Please press <PF9> to submit
172 Print Group Reports
08/09/21
FY 2021

Screen:  Fiscal Year: 2021
-----Report Selection Screen-----
H8834 Please mark selection with an 'R' or 'X'
Run All Reports:  R - Laserfiche only (Default)
                  X - Laserfiche + Print

- III      - IV      - V      - VI
- VII      - III-FUND - III-1   - IV-FUND
- IV-1     - IV-2     - IV-3    - IV-3-A
- IV-4     - IV-5-A   - N-2     - N-2-FN
- N-6      - TANDF-TD - THREE   - THREE-A
- THREE-C  - THREE-F   - THREE-F2 - VI-FUND
- VII-FUND - VII-5-A

Press <PF4> to Quit  <PF5> to reset selections  <PF9> to Print

```

Print Specific Reports (Screen 171)

- Request a single report (Caution: Does NOT prompt for pre-requisites)

View Report Print Status (Screen 194)

- O-Open request
- R-Running Report
- C-Complete and in print queue

If reports are sent to Laserfiche, the reports will not appear in Laserfiche until all reports included in the request are completed.

Timing Considerations

- Recommend running AFR module reports as of a closed processing month.
- For AFR reports run during the year, the beginning balance is as of the same month in the prior year. To verify prior year beginning balances, the current year report must be run as of Month 13.
- The data used for Business Objects is updated nightly. Entries posted in FAMIS will not be reflected on Business Objects queries until the day after they are posted.

Manual Entry Summary (Screen 193) - View manual entries by report

- Leave '00' in the 'CC' field, and enter your CC in the 'Data CC' field.
- Enter the AFR report name and select 'M' for Manual entries
- Can also be downloaded from Canopy

```

193 Manual/Update Entry Summary
08/09/21 12:16
FY 2021 CC 00

Screen:  CC: 00 Fiscal Year: 2020 Report: V
M/U: M Sect: 1 Hd: Sub Hd:
Col: Data CC: 01 Month: 13 13th Month

Sel LTyp Sect Hd Sub Col Seq Description Amount
-----
- M 1 1 15 1 50000 PROCEEDS RECEIVED FROM CUST 3,990,262.98
- M 1 1 20 1 50001 PROCEEDS FROM GRANTS AND CO 135,147,906.40
- M 1 1 23 1 50022 PROCEEDS FROM AUXILIARY ENT 4,910.80
- M 1 1 30 1 50002 PROCEEDS FROM OTHER OPERATI 352,924.65
- M 1 1 40 1 50003 PAYMENTS TO SUPPLIERS FOR G -24,056,915.23

```

Posting Manual Entries

- Identify line item on Screen 179, and enter an 'x' next to the line to select and proceed to Screen 180, or go directly to Screen 180 and enter the Header and SubHeader.

179 Line Item Definition Maintenance 08/09/21 12:19
FY 2021 CC 00

Screen: CC: 00 Fiscal Year: 2020 Report: V Section: 1

HD: 1 Sub: 15

Line Val

Fn	HD	Sb	Typ	Col	Ind	From	To	Description	>	S	U
X	1	15	D					PROCEEDS RECEIVED FROM CUSTOMERS			01
	1	15	M								

H0001 Please enter a screen number to continue 08/09/21 12:21
FY 2021 CC 00

180 Extended Line Item Maintenance

Screen: CC: 00 Fiscal Year: 2020 Report: V Section: 1

Hd: 1 Sub Hd: 15 Manual CC: 01 Manual Month: 13 13th Month

Description: PROCEEDS RECEIVED FROM CUSTOMERS

M	Col	Amount	Q	Col	FY	Report	Sec	UPN	U	Col	R	UPN
1		3990262.98	2		2019	V	1	50001	1			50001
2												

- Enter the amount in the 'M' section and specify the report column, then enter justification in the pop-up window. For Statement of Cash Flows, the column is always 1 and the justification can simply say Cash Flow Statement.

View Report Information in Canopy

View AFR manual entries and report line item definitions in Canopy.

Canopy
The Texas A&M University System Campus: SYSTEM ADMIN & GENERAL OFFICES (01) v

Payroll FFX FRS Routing System

Main Menu ▾ FRS ▾ AFR ▾ AFR Manual Entries

AFR Manual Entries AFR Line Item Entries

Campus Code: 01 - SYSTEM ADMIN & GENERAL OFFICES v Report Code: V - STATEMENT OF CASH FLOWS

- AFR Manual Entries**
 - Set Campus Code and Fiscal Year.
 - Default is set to Exhibit V – Statement of Cash Flows.
 - Submit request, entries will appear on the screen.
 - Download the file into Excel to show ALL manual entries, across ALL schedules.
- AFR Line Item Entries**
 - Select Report Code to view line items definitions.
 - Displays the same information found on Screen 179 in AFR module.
 - If no details are shown, review the prerequisite chart and select the lower level report, for example view Schedule III-Fund to see row definitions for Exhibit III.

AFR Report Analysis

1. OneStream Reports – see OneStream User Guide for details

2. Business Objects

Use Business Objects to analyze balance sheet or operating statement activity by running reports and utilizing the drill-down feature to view the details for financial statement line items. See Appendix C for list of reports.

2. Online Object Code Database

Use the System Office [online object code list](#) to determine the AFR report roll-up for a specific code, or generate a list of codes included in a specific category using the 'Advanced' option.

- Expense Codes and Revenue Codes, the 'AFR Rev/Exp Tran Group' field has a dropdown list of financial statement line items.
- Account Control tab has options to view balance sheet line items.

This can be useful in identifying the appropriate code to use when you know where the activity should be reported on the financial statement. The same codes are used for both Proprietary and Fiduciary, there are separate options to view the Proprietary or Fiduciary financial statement presentation for each code.

The screenshot shows the 'Object Code Search' interface. At the top, there are tabs for 'Expense Codes', 'Revenue Codes', and 'Account Control'. Below these are buttons for 'Full PDF Report' and 'PDF Obj Code List'. On the left, there are two tabs: 'Simple' and 'Advanced', with 'Advanced' being the active tab. The main search area contains several fields: 'Obj Code:' with a text input, 'Text Search:' with a text input and a dropdown set to 'Usage only', and 'Earning Code:' with a text input. Below these are four dropdown menus: 'Proprietary AFR Rev/Exp/Tran Group' (circled in blue), 'Fiduciary Funds - AFR Rev/Exp/Tran Group', 'System Pattern', and 'Operating/NonOperating'. All dropdown menus currently show '-- ALL --'.

Chapter 12 – Leases and SBITAs

GASB Statement 87, *Leases*, and GASB Statement 96, *Subscription-Based IT Arrangements* (SBITAs) were implemented in FY 2022 and FY 2023, respectively. For both standards, the liability is calculated based on the present value of the remaining required payments and a corresponding asset is derived from the liability. The asset and liability balances are presented in separate line items on the balance sheet and individual footnotes are required for leases and SBITAs.

The A&M System tracks both the leases and SBITAs in the same accounting software, FinQuery (LeaseQuery). The software generates lease entries which are posted to our accounting system on a monthly basis.

GASB 87 - Leases

This standard established a single model for the accounting of leases based on the principle that leases are financing arrangements of the right to use the underlying asset. Some of the critical actors to consider when determining if a contract qualifies as a GASB 87 lease include:

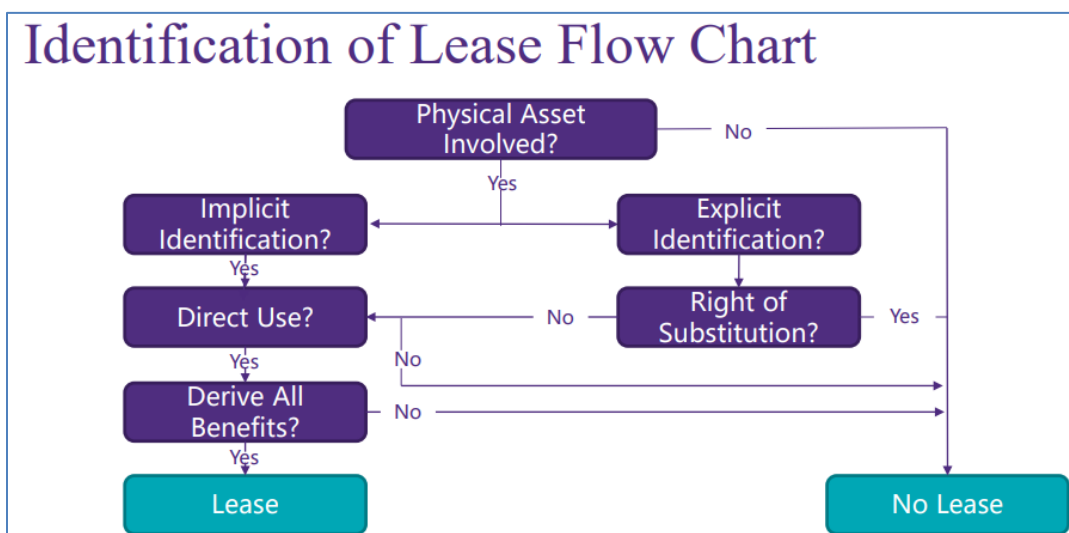
- the right of control;
- the right to determine the nature and manner of using the asset;
- the lease term and cancelable and non-cancelable lease periods

Some leases not qualifying as a GASB 87 lease could have an embedded lease that does qualify. The leases that are out of scope for GASB 87 because of the unique features and complexities associated with those types of transactions:

- Intangible assets: software
- Biological assets: timber, living plants, living animals
- Inventory
- Investment assets carried at fair value
- Supply contracts: power purchase agreements
- Regulated leases: airport-airline agreements
- Contracts that ultimately transfer ownership of an asset to the lessee
- Short-term leases: lease with a maximum possible term at the commencement of 12 months or less, including any options to extend, regardless of the probability of being exercised

The following lease flow chart is designed to help identify lease contracts that fall within the scope of GASB 87.

- There must be a physical asset involved to be defined as a lease.
- Implicit is implied without plainly being expressed.
- Explicit is defined as a contract, which clearly states there is a lease.
- There must be direct use and the A&M member must derive all of the benefits.
- The right of substitution must be considered for explicit leases, if yes, then there is no lease.



Materiality

The Comptroller's office has established **\$100,000** as the minimum threshold amount for leases capitalization. Lease agreements must be capitalized if the net present value of future lease payment **per unit** exceeds this threshold.

For example: a 36-month lease with a monthly payment of \$5,000, assuming a 4% interest rate would have a net present value of \$169,350. If the lease is for a single piece of equipment, then it exceeds the threshold and must be capitalized.

Another example: a different lease with the same net present value of future payments \$169,350 for 50 laptop computers does not meet the capitalization threshold since the **per unit** value does not exceed \$100,000 (\$169,350/50 laptop units = \$3,387).

Lessee Accounting

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

A lessee should reduce the lease liability as payments are made and recognize interest and amortization. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lessee	Assets	Liability
Initiation of lease	Intangible asset (right to use underlying asset) equals the value of lease liability plus prepayments and initial direct costs that are ancillary to place the asset in use	Present value of future lease payments (includes fixed payments, variable payments bases on index or rate, reasonably certain residual guarantee, etc.)
Subsequent recognition and measurement	Amortize the intangible asset over shorter of useful life or lease term	Reduce by lease payments (less amount of interest expense)

The lessee should re-measure the lease liability in subsequent years if one or more of the following occurs and is expected to significantly affect the lease liability account from the previous measurement:

- Change in the lease term
- The likelihood of purchase option being exercised has changed
- Change in the estimated payments already included in the measurement of the lease liability
- Change in the interest rate the lessor charges the lessee (the basis for discount rate)
- Change in the likelihood a residual value guarantee being paid will occur
- Change in contingency which is the base used for variable payments

The financial statement impact to the lessee also includes notes to the financial statement. Notes should include the description of leasing arrangements, the number of lease assets recognized, and the schedule of future payments (principal and interest disclosed separately).

Lessor Accounting

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease.

Lessor	Assets	Liability
Initiation of lease	Lease Receivable (generally including same items as lessee liability) Continue to report leased asset	Equal to lease receivable plus any cash received upfront that relates to a future period
Subsequent recognition and measurement	Depreciate leased asset(unless indefinite life or required to be returned in its original or enhanced condition) Reduce receivable by lease payments (less interest component)	Recognize revenue over the lease term in a systematic and relational manner

The lessor should re-measure the lease receivable in subsequent years if one or more of the following changes occurs and is expected to significantly affect the amount of the lease receivable since the previous measurement:

- Change in the lease term
- Change in the interest rate charged to the lessee
- Change in contingency which is the base used for variable payments

The financial statement impact to the lessor also includes notes to the financial statement. Notes should include the description of leasing arrangements, total amount of lease revenue for the current year, and termination of abatement provisions available as lessee options

FAMIS Codes/Accounts for Lessee

GL Account	Account Control	Subcode	Description
089650	1650		Lease/Right-to-Use-Land and Land Improvements
089651	1651		Lease/Right-to-Use-Building and Building Improvements
089652	1652		Lease/Right-to-Use-Equipment
089880	1792		Accum Amortization Lease/Right to Use-Land
089851	1792		Accum Amortization Lease/Right to Use-Building and Building Impr.
089852	1792		Accum Amortization Lease/Right to Use-Equipment
	5653		Amortization Expense-RTU/Leased Asset
	2128		Lease Liability-Current
	2129		Lease Liability-NonCurrent
		5890	RTU-Lease-Rent-Furnishings & Equipment
		5891	RTU-Lease-Rent-Space-Offsite
		5892	RTU-Lease-Rent-Space-Onsite
		6124	Interest Expense-RTU Lease
		0461	Gain/Loss on RTU Leased Asset

FAMIS Codes for Lessor

Account Control	Subcode	Description
1325		Accrued Interest Receivable
1378		Lease Receivable-Current
1379		Lease Receivable - NonCurrent
2405		Accrued Interest Payable
2632		Deferred Inflow of Resources -Leases
	0365	Interest-Lease Contract

GASB 96 – SBITAs

GASB 96 for SBITAs, follow the same idea as GASB 87 Leases. The approach aligns with the principles of GASB 87. For specific IT agreements that meet the GASB 96 criteria, a right-to-use asset and obligation are recognized. Certain costs may be capitalized into the subscription asset and amortized over the contract term. While this concept does not exist for leases, it is accounted for in the same way initial direct costs are accounted for under GASB 87.

Materiality

The Comptroller's office has established **\$500,000** as the minimum threshold amount for subscription-based information technology arrangement (SBITA) contract capitalization. SBITA agreements must be capitalized if the net present value of future subscription payments **per contract** exceeds this threshold.

For example: a 60-month subscription with a monthly payment of \$10,000, assuming a 3.8% interest rate, has a net present value of \$547,322. If the contract is for a single subscription, then it exceeds the threshold and must be capitalized.

FAMIS Accounts and Subcodes for SBITAs

To properly report the finance leases and ensure compliance with the accounting standard, the A&M System has established new accounts and subcodes to track the related transactions.

GL Account	Account Control	Description
089783	1653	Right to Use-Software Subscription Asset
089853	1793	Accum Amortization-Right to Use Software Subscription Assets
	5653	Amortization Expense-RTU/Leased Asset
	2138	Right to Use Software Subscription Liability-Current
	2139	Right to Use Software Subscription Liability-NonCurrent

SBITA Checklist



Does the contract contain a significant payment amount?

- Do the payments in total, over the life of the contract exceed \$500,000?



Is the software a large portion of the contract if it is associated with a fixed asset?

- A contract can include both a leased asset and software that can be categorized as a SBITA,
- If the software is of greater value than the asset, then the contract should be noted as a SBITA



Does the contract involve IT software?

- Internally generated software is not considered
- Contracts that simply allow access to a database are also not considered



Is the contract 12 months or longer?

- If both sides can cancel at any time or a notice of less than 12 months, then the contract is cancelable and does not need to be captured
- Includes the noncancelable period, and
- Includes optional extension periods or early termination options that are **reasonably certain** to be exercised

Year-End Fund Balance Reclassification – Net Investment in Capital Assets

On the Statement of Net Position, Net Investment in Capital Assets line item should be reported net of all related debt. This includes liabilities related to direct borrowing for leases, right-to-use leases and right-to-use software subscriptions.

A year-end entry is required to reclassify the net position related to these liabilities to Net Investment in Capital Assets, GL account control **2756, Reserve-Net Investment in Capital Assets** was established for this purpose

By fund group, post a journal entry to **reclassify the liability total (current plus non-current)**. The entry should increase fund balance in the fund group where the liability is reported and decrease Net Investment in Capital Assets.

The reclassification entry should equal the sum of the current and non-current liabilities for each fund group.

- Notes from Direct Borrowing - Leases
- Right-to-Use Lease Liability
- Right-to-Use Software Subscription Liability

By fund group, post a journal entry to reclassify the liability total.

Debit GL 2756 – Reserve-Net Investment in Capital Assets
Credit GL 4700-Fund Balance Reclassification

See example below, this shows the Designated column.

After reclassification entry, the total liabilities (current and non-current) for direct borrowing, lease liability and right to use software subscription liability is reflected on the Net Investment in Capital Asset row and the Unrestricted net position has increased..

Example - Fund Balance Reclassification Entry \$48,954,491.31

Debit 021000-2756 – Reserve-Net Inv in Capital Assets
Credit 021000-4700 – Fund Balance Reclass (increase Unrestricted Net Position)

	Designated	
Current Liabilities		
Notes From Direct Borrowings (Note 5)	146,028.59	} Sum of liability balances \$48,954,491.31
Lease Liability (Note 8)	4,502,828.01	
Right to Use Software Subscription Liability (Note 8)	4,002,701.78	
Non-Current Liabilities		
Notes From Direct Borrowings (Note 5)	147,996.65	
Lease Liability (Note 8)	33,274,499.00	
Right to Use Software Subscription Liability (Note 8)	6,880,437.28	
Net Position		
Net Investment in Capital Assets	(48,954,491.31)	
Restricted for		
Capital Projects		
Education		
Endowment and Permanent Funds		
Nonexpendable		
Expendable		
Unrestricted	1,449,898,032.45	

Appendix A - AFR Chart of Accounts

AFR Fund Group	Fund	Sub Fund	Fund Description	SubFund Description	G/L Acct Range	S/L Acct Range	Fund Balance Code
01	FG	N/A	Clearing Accounts	Temporary Assets/Liab. (no income statement)	000001-009999	N/A	3000
10	FG	N/A	Educational & General	Operations (primarily State funds)	010000-019999	100000-199999	3100
20	DS	DF	Designated	Designated	020000-029999	200000-299999	3200
21	DS	DS	Designated	Service Dept. - Professional Fees & Svcs.	020000-029999	200000-299999	3200
22	DS	ST	Designated	Service Dept. - Travel	020000-029999	200000-299999	3200
23	DS	SM	Designated	Service Dept. - Material & Supplies	020000-029999	200000-299999	3200
24	DS	SU	Designated	Service Dept. - Communication & Utilities	020000-029999	200000-299999	3200
25	DS	SR	Designated	Service Dept. - Repairs & Maintenance	020000-029999	200000-299999	3200
26	DS	SL	Designated	Service Dept. - Rentals & Leases	020000-029999	200000-299999	3200
27	DS	SP	Designated	Service Dept. - Printing & Reproduction	020000-029999	200000-299999	3200
28	DS	SC	Designated	Service Dept. - Claims & Losses	020000-029999	200000-299999	3200
29	DS	SO	Designated	Service Dept. - Other Operating Exp	020000-029999	200000-299999	3200
30	AX	AX	Auxiliary	Non Pledged	030000-039999	300000-399999	3300
31	AX	AP	Auxiliary	Pledged	030000-039999	300000-399999	3300
40	RS	N/A	Restricted	Contracts & Grants	040000-049999	400000-499999	3400
		N/A	Restricted	Gifts	050000-059999	500000-599999	3500
		N/A	Restricted	Scholarships	060000-069999	600000-699999	3600
50	LN	LF	Loans	University Funds	070000-073999	N/A	3700
51	LN	LR	Loans	US Government Grants Refundable	070000-073999	N/A	3700
60	EN	TG	Endowments	True General Purpose	074000-078999	N/A	3740
61	EN	TS	Endowments	True Student Aid	074000-078999	N/A	3740
62	EN	MG	Endowments	Term General Purpose	074000-078999	N/A	3740
63	EN	MS	Endowments	Term Student Aid	074000-078999	N/A	3740
64	EN	QR	Endowments	Quasi General Purpose Restricted	074000-078999	N/A	3740
65	EN	QA	Endowments	Quasi Student Aid Restricted	074000-078999	N/A	3740
66	EN	QG	Endowments	Quasi General Purpose	074000-078999	N/A	3740
67	EN	QS	Endowments	Quasi Student Aid	074000-078999	N/A	3740
70	AN	PA	Annuity - Principal	Not Used	079000-079999	N/A	3790
71	AN	IA	Annuity - Income	Not Used	079000-079999	N/A	3790
72	LI	PA	Life Income - Principal	Not Used	079000-079999	N/A	3790
73	LI	IA	Life Income - Income	Not Used	079000-079999	N/A	3790
80	PL	UR	Unexpended Plant	Appropriated Restricted	080000-088999	800000-889999	3800
81	PL	UA	Unexpended Plant	Appropriated Unrestricted	080000-089999	800000-889999	3800
82	PL	US	Unexpended Plant	Unappropriated Restricted	080000-089999	800000-889999	3800
83	PL	UU	Unexpended Plant	Unappropriated Unrestricted	080000-089999	800000-889999	3800
84	PL	RS	Renewals & Replacements	Restricted	080000-089999	800000-889999	3800
85	PL	RR	Renewals & Replacements	Unrestricted	080000-089999	800000-889999	3800
86	PL	RI	Retirement of Indebtedness	Retirement of Indebtedness	088000-088999	880000-889999	3800
87	PL	IP	Investment in Plant	Investment in Plant	089000-089999	N/A	3800
90	AG	N/A	Agency & Fiduciary		090000-099999	900000-999999	3940
94	FD	SO	Agency				
95	FD	FO	Student Organizations				
96	FD	P3	Foundation/Alumni Assoc.				
97	FD	OT	Public Private Partnerships				
98	FD	IN	Other Fiduciary Funds				
			Investments-Non-A&M Entities	(System Office only)			

Appendix B - FAMIS Reports

There are a variety of reports available from FAMIS. Below is a list of a few standard FAMIS reports that may be helpful during the AFR preparation process. The FAMIS Service website has more information on FAMIS reports, included a searchable report inventory, [Production Contacts, Reports & Schedule \(tamus.edu\)](http://tamus.edu).

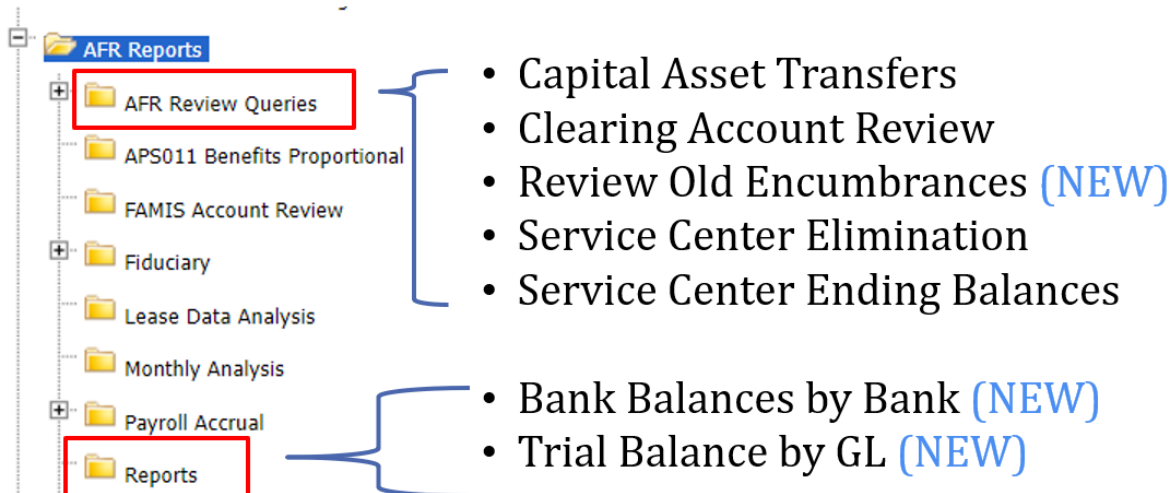
Laserfiche Folder	Report Number	Report Description	Related Report/Schedule
DAILY	FBDR043	Summary of Account Controls	Statement of Net Position
FINANCIAL	FBMR204	General Ledger Trial Balance	Statement of Net Position
FINANCIAL	FBMR219	Detail Cash Activity by Bank	Cash Schedule
FINANCIAL	FBMR094	General Ledger by Account Control	Statement of Net Position
FINANCIAL	FBMR095	Subsidiary Ledger by Object Code	Statement of Changes
FINANCIAL	FBAR258	Schedule of Current Fund Revenues	Statement of Changes
FINANCIAL	FBAR231	Federal Grant Expense Summary	SEFA
ACCOUNTS RECEIVABLE	IBMR052	Aged Accounts Receivable Summary	Receivable Allowance

Appendix C - Business Objects Reports

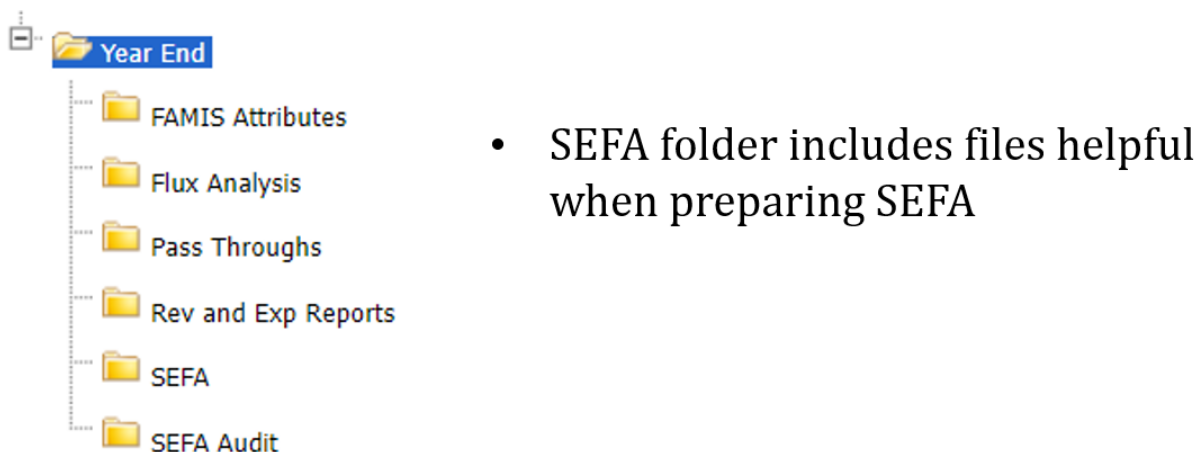
There are a number of queries available in the Business Objects Public Folders that can be useful in preparing and analyzing Annual Financial Reports. When using queries in the public folder, make a copy of the folder to your own folder in My Documents, then make edits and revisions to the query as needed.

The AFR Reports folder contains several sub-folders for various reports.

Public Folders/TAMUS Shared/AFR Reports



Public Folders/TAMUS Shared/Year End



AFR Review Queries - Reports run by System Office during AFR review.

- **Capital Asset Transfers (Intra-System) – Summary** - Used to verify asset transfers to/from other Members match the amount reported on the other Member's books
- **Clearing Account Review** - Generates a list of clearing account balances for the last three years, use to analyze balances. Includes a prompt for AFR fund group, typically only 01 and 10, fund group 20 for some members. (Technical note- excludes E&G or Designated accounts with a fund balance to narrow the population to just clearing accounts. Also excludes subcodes 4886/5886, 53xx, and 43xx to exclude debt service transfers.)
- **Frozen Code Activity and Budget Pool Actuals** - Verify there are no actuals posted to a frozen code or budget pool. This is a confirmation rule in OneStream, the query can be helpful to identify specific errors.

- **IDC Revenue/Expense Comparison** - Verify indirect cost revenue and expense by type (Federal, State, etc.). This is a confirmation rule in OneStream, the query can be helpful to identify specific errors.
- **Service Center Elimination** - Used to compare to AFR Schedule IV-4 and analyze additional entries required to properly report service department net operating income (loss).
- **Service Center Fund Balance** - Used to compare actual balances to AFR Schedule IV-4 and verify balances per IV-4 match FAMIS.

APS011 Benefits Proportional

Summarizes benefit expense by bank to verify expenses reported on APS011 calculation form.

FAMIS Account Review

- **NEW for 2024 - Open Commitment – Inactive** - Review stale encumbrances, refresh report and specify campus code and number of days inactive (default is set to 2 years, 730 days).
- **GL Accounts Missing Function** - Identifies GL accounts where the function code is not populated
- **GL SL Mismatch** - Identifies accounts where the GL fund group does not match mapped SL

Fiduciary

- **Statement of Net Position and Statement of Changes** – Provide details to assist in analyzing Fiduciary financial statements
- **Current Balance by Account Control – Agency and Fiduciary** - Summarizes Agency and Fiduciary balances by GL account control. Use this data to exclude Fiduciary balances by account control on the CY 204 tab of cash flow template. The liabilities section includes both Liabilities and Net Position (fund balance). Total Assets and Liabilities should match by column.
- **Fiduciary and Agency – Cash Flow** - Used for the cash flow statement template. (Instructions included in the cash flow template provided by System Office.)

Monthly Analysis

Reports for analyzing activity by month, including reports to analyze prompt pay interest and to review aged encumbrances.

Payroll Accrual

Queries used to estimate the payroll expense accrual for the last week of August. The last bi-weekly payroll of the fiscal year includes both August and September dates. System Office updates the query annually for members to post the payroll accrual entries both FAMIS and USAS.

Report Details

- **AFR Line Item Detail by Account** - Prompts user for specific revenue/expense category (such as Other Operating Expense) and displays results by account and subcode
- **Endowment Fund Balance by Fund Group** - Verify net position categories for endowments (compare to System Office year-end SEF summary)
- **III-Fund and III-Flux** - Provides drill down capability to help members with flux analysis.
- **IV-FUND** - Provides drill down capability to help members with AFR review and contra account explanations.
- **IV-FUND and IV-1 Flux** - Provides drill down capability to help members with flux analysis.
- **IV-3 and IV-3-A** - Provides drill down capability to help members with AFR review and contra account explanations for operating expenses by function.
- **IV-1** - Provides drill down capability to help members with AFR review and contra account explanations for operating expenses by NACUBO natural classification.
- **Restricted Net Position** - Details Restricted Net Position by account to review which accounts are coded as Restricted.
- **Trial Balance by GL** - Lists all GL account control balances by fund group, detail tab breaks down further into the actual GL accounts.

Appendix D - Tuition Exemptions

The State Comptroller's Reporting Requirements state that tuition exemptions as defined by the Texas Higher Education Coordinating Board (THECB) are to be reported as part of the gross tuition and fee revenues for each institution. This listing is maintained at the following website,
<http://www.collegeforalltexans.com/apps/financialaid/tofa.cfm?Kind=E>.

Since there is no cash collected from these exemptions, the revenue is to be offset by discounts and allowances and/or scholarship expense. See table below for a list of applicable exemptions and their corresponding FAMIS subcodes.

Coordinating Board Defined Exemption	FAMIS Subcode(s)
Adopted Students Formerly under the Conservatorship of the Texas Department of Family and Protective Services (TDFPS)	0215 Exemption-Foster or Resident Care
Blind/Deaf Student Exemption Program	0202 Exemption-Blind/Deaf
Children of Disabled or Deceased Firefighters and Law Enforcement Officers	0212 Exemption-Public Service Orphan 0228 Exemption-Disabled Peace Officer 0230 Exemption-Survivor of Public Servant
Children of Professional Nursing Program Faculty & Staff	0240 Exemption-Child of Professional Nursing Faculty & Staff
Clinical Preceptors and their Children	0235 Waiver-Preceptors for Prof Nursing Educ Program
Combat Exemption for Children of Military Service Members	None
Concurrent Enrollment Waiver (Enrollment in Two Texas Community Colleges)	0225 Exemption-HSC Co-Enrollment
Education Benefits for Certain Survivors of Individuals in Specific Public Servant Positions	0212 Exemption -Public Service Orphan
Educational Aide Exemption	0244 Exemption-Educational Aide
Fee Proration for Students Enrolled in Shorter than Average Terms	None
Firefighters Enrolled in Fire Science Courses	0237 Exemption-Fireman Fire Sciences Courses
Hazlewood Exemption (for Texas Veterans)	0208 Exemption-Hazlewood Act
Highest Ranking High School Graduate	0214 Exemption-Valedictorian
Irrelevant Fees	0206 Exemption-Full Time Employee 0209 Exemption-Absentia 0211 Exemption-Off Campus 0227 Exemption-Distance Learning 0232 Exemption-Mays Program Fees 0233 Exemption-Exceptional Circumstances 0236 Exemption-Bush Program Fees
Military - Children of U.S. Military who are Missing in Action or Prisoners of War (MIA/POWs)	None
Military - Orphans of Texas Members of the U.S. Armed Forces or National Guard	None
Military - Texas National Guard Tuition Assistance Program	None
Out of District Fees for Certain Students Living Outside a Public Community/Junior College's Taxing District	None
Peace Officers and Firefighters Disabled in the Line of Duty	0228 Exemption-Disabled Peace Officer
Peace Officers Enrolled in Law Enforcement or Criminal Justice Courses	None
Senior Citizen, 55 or Older, Tuition Reduction Program	0222 Exemption-Senior Citizen
Senior Citizen, 65 or Older, Free Tuition for 6 Credit Hours	0222 Exemption-Senior Citizen
Senior Citizen, 65 or Older, Free Tuition for Auditing Classes	0222 Exemption-Senior Citizen

Students Enrolled in Courses for Dual High School and College Level Credit	0243 Exemption-Dual HS and College
TAPS for Tuition Program	0241 Exemption-Military Funerals
Tuition Exemption for Current or Former Foster Care Students under the Conservatorship of the Texas Department of Family and Protective Services (TDFPS)	0242 Exemption-Adopted
Tuition Reduction for Students Taking More than 15 Hours	None
Other Exemptions treated similarly	0218 Exemption-Fully Funded Course 0224 Exemption-Application Fee 0231 Exemption-Texas Tomorrow Fund Unfunded 0239 Exemption-Peace Officer

Appendix E - Tuition Waivers

The State Comptroller's Reporting Requirements state that tuition waivers, as defined by the Texas Higher Education Coordinating Board (THECB), are to be excluded from gross tuition and fee revenues for each institution. This listing is maintained at the following website, <http://www.collegeforalltexans.com/apps/financialaid/tofa.cfm?Kind=W>. See table below for a list of applicable waivers and their corresponding FAMIS subcodes.

Coordinating Board Defined Waiver	FAMIS Subcode(s)
Academic Common Market Waiver	0200 Waiver–Academic Common Market
Border County Waiver	0221 Waiver-Resident of Border States
Bordering States Waiver	0221 Waiver-Resident of Border States
Competitive Scholarship Waiver	0203 Waiver-Competitive Scholarship
Dual Medical/Philosophy Degree Waiver (Biomedical Research Scholarship Student Waiver)	None
Economic Development and Diversification Waiver	0220 Waiver-Economic Devel & Diver
Good Neighbor Scholarship Program	0207 Waiver - Good Neighbor Scholarship
Mexican Citizens with Financial Need – Border County Waiver	None
Mexican Citizens with Financial Need – Border Nations Waiver	0217 Waiver- Texas Mexico Border Program
Military - After Assignment in Texas	None
Military - Assigned to Duty in Texas	0210 Waiver -Military Personnel/Military Science
Military- Honorably Discharged, Separated or Retired Veterans who Move to Texas	None
Military- Member, Spouse or Child who Remains Continuously Enrolled in Higher Education in Texas	0204 Waiver-Continuous Enrollment
Military- NATO Forces	None
Military - Persons Eligible for Veterans Educational Benefits, Their Spouses and Children who Move to Texas	None
Military- Radiological Science Students of Midwestern State University	None
Military- Spouse and Dependents who Previously Lived in TX	None
Military- Survivors	None
Out of State Military- If Family Intent is to Make Texas Home	None
Research Assistants and Teaching Assistants Waiver	0201 Waiver-Assistantship
Tuition Waiver for Students from Neighboring States Continuing Upper Level Undergraduate Studies	0221 Waiver-Resident of Border State
Waiver for College Faculty and their Dependents	0205 Waiver- Faculty/Faculty Family
Waiver for Nonresidents Enrolled in Texas Public Universities Located within 100 miles of the Texas Border	None
Waiver for Students from Mexico Enrolled in Graduate Degree Programs in Public Health	None
Waiver of Nonresident Tuition for Foreign Service Officers Stationed in Mexico Attending Public Institutions of Higher Education in Texas	None
Waiver Program for Registered Nurses Enrolled in Postgraduate Nursing Degree Programs	0216
Other Waivers treated similarly	0216 Waiver-ROTC Room Rent 0213 Waiver- Resident Alien 0219 Waiver-Family Unity Program 0223 Waiver-Texas Tomorrow Fund 0234 Waiver-Natl Student Exchange Pgm 0238 Waiver-SEC Study Abroad Consort.

Appendix F – Sponsored Project Revenue and Related F&A Codes

Revenue Code	F&A Exp	F&A Rev	Revenue Title	Eliminated during Consolidation	Eliminated By	Description
0250	9610	0320	Federal Contracts & Grants			To record revenue received for federal grants and contracts
0252	9615	0321	Federal Pass Through Contracts & Grants	Yes	CPA	To record revenue received for federal pass through grants and contracts for Texas State agencies and universities, not in the Texas A&M System. These will be matched and eliminated at the state-wide level. For Federal pass-through activity received from non-Texas or non-state entities, use code 0260.
0253	9620	0322	State Contract and Grants - Non TX			To record revenue received for state grants and contracts. This code should be used for direct grants from states other than Texas. (per state comptroller reporting staff - there should be no direct state of Texas grants)
0254	9625	0323	Local Contracts and Grants			To record receipt of monies provided by a local government for use in projects and programs
0298	9639	0339	State Contract and Grants - Texas or Other Contracts and Grants (Not considered Pass-Through funds)			To record revenue received for state grants and contracts that are not considered pass-through activity (added FY16)
0255	9630	0324	Private Contracts and Grants			To record revenue received for private grants and contracts
0256	9635	0325	Foreign Contracts and Grants			To record revenue received for foreign grants and contracts
0257	9622	0326	State Pass Through Contracts and	Yes	CPA	To record revenue received for state pass through grants and contracts
0258	9650	0750	Fixed Contract Residual Funds			To record residual revenue after completion of a fixed price contract or grant
0260	9617	0327	Federal Pass Through - Non-Texas State Entity			To separately record federal pass through revenue received from non-Texas state agencies and institutions
0262	9619	0329	Federal PassThrough - TAMUS	Yes	System	Federal pass through revenue received from other A&M System Members. These will be matched and eliminated at the system-wide level.
0264	9624	0331	State Pass through - TAMUS	Yes	System	To separately record state pass through revenue received from other A&M System Members. These will be matched and eliminated at the system-wide level.
0265	9627	0332	Other Pass Through - TAMUS	Yes	System	To separately record other pass through revenue received from other A&M System Members. These will be matched and eliminated at the system-wide level.
0267	9621	0334	State Pass Through - TAMRF	Yes	System	To separately record state pass through revenue received from the Texas A&M Research Foundation. These will be matched and eliminated at the system-wide level.
0270	9616	0333	Federal Pass Through - TAMRF	Yes	System	
0271	9628	0335	Other Pass Through - TAMRF	Yes	System	
0278	9638	0338	IDC-TxDOT (TTI only)			
0286	9636	0336	Federal Revenue - NonOperating			Primarily Pell Grants are reported on this code
0301	9636	0336	Federal Stimulus - Member Discretion			Institutional Aid portion of CARES Act Federal Revenue (IDC is not allowed on the Student Aid portion)
			CPA=State Comptroller's Office			

Appendix G - Schedule of Expenditures of Federal Awards (SEFA) Preparation

Schedule of Expenditures of Federal Awards (SEFA) – Important Dates

July 1 – SEFA Initial Certification

The SEFA web application is **available to begin** the interagency reconciliation process on **July**. If full detail on accrual amounts is not available, records are still entered based on the agency's documented revenues or expenditures. Disbursing and receiving agencies are strongly encouraged to communicate with each other prior to the pass-through certification deadline to confirm the federal pass-through amounts and avoid discrepancies between the reported interagency balances.

The initial certification **confirms** the SEFA web application can accept the agency's interagency federal pass-through records for the current fiscal year. It is very important to meet this submission deadline in order to populate the SEFA Agency Pass-through Reconciliation and USAS Agency Pass-through Reconciliation reports.

September 19-27 - SEFA and State Grant Pass-Through Reconciliation Period

A reconciliation period to allow agencies time to communicate and resolve any discrepancies between federal and state grant pass-through amounts.

September 26 – Deadline for all Interfund Entries entered in USAS

USAS entries for confirmed pass-through amounts must be entered in USAS. Pass-throughs between System Members are entered in the SEFA and SPTR web applications, but are not entered in USAS. Exception for pass-through activity with TDEM, the payments are posted in USAS, System Office will eliminate this intra-system activity on the TAMUS Combined financial statements. The USAS data will feed into the web applications where the data is reconciled with what has been entered into SEFA and SPTR. (Pass-through activities with other System Members are valid reconciling items.)

September 28 – Pass-Through Certification Deadline (SEFA and SPTR)

This certifies that the selected agency/university has fully reconciled all federal pass-throughs. In order to successfully certify, the pass-through reconciliation report must show zero differences. After this certification, the interagency federal pass-through records in the SEFA Web application are locked down and closed for modifications.

The Comptroller's Financial Reporting section will review the SEFA data and certifications following the pass-through certification deadline. All uncertified agencies/universities will be advised that the general rule will be used to adjust the unbalanced pass-through(s). The Financial Reporting section will adjust the pass-through(s) and then certify the agency/university. The Financial Reporting section will also advise each impacted agency/university that their annual financial report must change to balance with the SEFA.

November 1 – SEFA Final Certification Deadline

This certifies that all remaining SEFA data (direct transactions, non-state entity pass-throughs to or from, SEFA notes, EINs, UEIs, etc.) has been entered into the SEFA web application and that the SEFA reconciles to USAS annual financial report balances. This certification completes the agency/university SEFA submission process.

Refer to State Comptroller's instructions for more details, [Reporting Requirements for Annual Financial Reports of State Agencies and Universities](#).

Instructions for Transmitting SEFA on the Web

For security access to the federal schedule, you must have the Comptroller's mainframe system security access, i.e. to USAS. Agencies and universities are required to submit the federal schedule and notes to the federal schedule using the SEFA web application.

<https://fm.xcpa.texas.gov/fmx/pubs/afrrptreq/tools/index.php?section=webapps&page=webapps>

The federal schedule must be completed before filling out the SEFA notes, since some of the notes are populated with data from the federal schedule.

The SEFA web application encompasses edits, which ensures that all the required data is included in the schedule. Contact your financial reporting analyst if you determine that data entry errors were made.

The SEFA web application automatically groups CFDA numbers into the appropriate cluster, with the exception of Research and Development (R&D), which the agency has to identify and enter separately from other CFDA amounts.

Batch Entry Instructions

Instead of entering records one at a time, you may use the batch entry process. Instructions for batch entry are available on the batch entry screen of the SEFA web application. These instructions assume you're using a Windows-based computer with Microsoft Excel.

Special Funds field requires a value of "C", "A" or "N"

- C = COVID-19
- A = ARRA
- N = Not applicable/ no special funding source (not COVID-19 or ARRA)

Special Funds?

☐ ARRA Stimulus
 ☐ COVID-19
 ☐ No

SEFA Batch Entry

- Paste all records into the box provided, using CSV format.
- Click Submit
- If any errors are found, then none of the records will be written to the database. Instead, you will be given a description of the errors, and you'll need to edit and re-submit.
- If all data is correct, the submitted list will ***append*** to previously entered records for the agency.
- If the batch entry method is used to correct errors, the user will need to first delete the incorrect records using the "Record List" screen and then upload the corrected records.
- A batch entry upload will **NOT replace** any previously entered records

To prepare, use the following steps:

1. Log into the SEFA web application and download the Batch Entry Worksheet
The worksheet contains column headings for the 17 required columns, which are arranged in the correct order as shown below.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
1	Row Number	Agy No.	CFDA	Special Funds Indicator (An explicit value of C, A, or N is required in this field)	R&D (An explicit value of Y or N is required in this field)	Non-Monetary	Agy No. From	Agy Amt From	NSE Name	NSE Amt From	ID No.	Direct Amt From	Total From	Agy No To	Agy Amt To	NSE Amt To	Expend Amt To	Total To
2	1																	
3	2																	
4																		

2. Enter your data

- Open the worksheet and begin entering on Row 2
 - Number each row sequentially in Column A, starting with 1.
- A. **Row Number** – Each line item will have a row number.
- B. **Agy** – This is your State agency number.
- C. **CFDA No.** is now referred to as “ALN” –Format this column as “Custom” with number as 00.000. (the first two digits represent the federal agency and the second three digits represent the program) For Department of Education, also include a single alpha character at the end to represent the Subprogram.
- The SEFA database verifies that the CFDA number is consistent with the current Catalog of Federal Domestic Assistance.
 - Contact your Financial Reporting Analyst if you need a CFDA number added for a new grant. Documentation of the grant award is required before the CFDA number can be added to the USAS Grant Category (D40) Profile and the SEFA web application
 - If you use a generic CFDA, XX.000 (where xx=federal agency prefix code), remember to include a “Pass-Thru From ID No.” for the project.
 - Comptroller’s web site includes a list of [federal agency two-digit prefix numbers](#).
- D. **Special Funds Indicator (A value of C, A, or N is required in this field).**
- E. **R&D Cluster (An explicit value of Y or N is required in this field)** – Type Y if a “research” grant or contract. Otherwise, type N.
- F. **Non-Monetary** (Use X if applicable) – Type X if item is non-monetary, such as federal surplus property.
- G. **Agy Number From.** – Use 3-digit State of Texas agency number.
NOTE: Do not include any agency 014 – Texas A&M Research Foundation. TAMRF is not included in the federal schedule information submitted to State Comptroller’s Office, and will be a reconciling item in the SEFA Note 2: Reconciliation.
- H. **Agy Amount From** – Use amount confirmed for fiscal year.
- I. **NSE Name** (PT From Non-State Entity Name) – Enter the name of the non-state entity as shown on *Financial Reporting’s NSE list*. This list is available (for viewing or downloading) in the [SEFA Web application](#). If a specific NSE name is not available, send a request with NSE supporting documentation to your [financial reporting analyst](#). The name should contain *no abbreviations and not all caps*, this includes activity with other states, outside of Texas.
- J. **NSE Amount From** (PT From Non-State Entity Amt) – Enter amount shown on your accounting records for the fiscal year.
- K. **ID No. for Pass Thru From**– Use grant or contract identifying number, such as award or contract number. If sponsor does not have an identifier number, use your identifying number, such as project/account number. Do not use dates, PO numbers, a CFDA number, Employer ID numbers, or repeat of Non-State Entity name.
- L. **Direct Amt From** – This amount is direct federal revenue only recorded for the fiscal year.
- M. **Total From** – Total of Columns H, J, L
- N. **Agy No To** – Use 3-digit State of Texas agency number.
- O. **Agy Amt To** – Use amount paid to State of Texas agency. Must confirm amount with agency/university. Do not include amounts paid as a “vendor” relationship.
- P. **NSE (Non State Entities) Amt To** – Amount shown as paid to a sub-contractor from a federal grant/contract for the fiscal year. Do not include amounts paid as a “vendor” relationship.
- Q. **Expend Amt To (Expenditures)** – Amount expended for fiscal year on federal grant/contract less any subcontractor payments.
- R. **Total to** – Total of Columns O, P, Q

NOTE: PREPARE THE SPREADSHEET IN THE EXACT FORMAT PRESCRIBED. DO NOT CHANGE ORDER OR TITLES OF COLUMNS. DO NOT SKIP ANY LINES OR INSERT BLANK COLUMNS BETWEEN COLUMNS.

3. Convert the worksheet to CSV format (Commas-Separated Values).
- In Excel, select "File - Save As"
 - Under "Save as type", select "CSV - Comma-delimited".
 - Click "Save". A new file will be created with a ".CSV" extension.
 - Close the file in Excel

When you reopen the CSV file, all formatting will be lost. This is the file required format for the State Comptroller's federal schedule website. (NOTE: Save original file in the standard Excel format, then resave it as a CSV file which will be copied to the Federal Schedule page on the State Comptroller's federal schedule website.)

4. Copy the raw data

- Open Notepad (or a similar plain-text editor)
- Select "File - Open".
- Navigate to the CSV file you just created. If the file doesn't appear, change the filename extension to ".csv"
- Highlight your file and click "Open". The contents should look something like this:

```
Row Num,Agy,CFDA No.,R&D,Non-monetary,Agy/Univ Number FROM, [etc.]
1,501,"10.028",Y,Y,733,"167.95","Entity
X","7.85","ABC123","24.76","200.56",201,"85.00","49.84","65.72","200.56"
2,501,"10.028",Y,,,"Acme, Inc.",,"1,514,742.94","XYZ",,"1,514,742.94",101,"1,514,742.94",,"","1,
514,742.94"
3,501,"10.960",Y,Y,,,,,"987.43","987.43",,,,,"987.43","987.43"
4,501,"43.000",,,,,,"ZZYY123",,"5,464.60",,"ab-
c",,"5,464.60",,"517",,"4,232.30",,"1,232.30",,"5,464.60"
5,501,"43.002",Y,Y,,,"556",,"20,575.45",,"xyz",,"20,575.45",,,,,"20,575.45",,"20,575.45"
6,501,"59.037",,,,,,,,"2,499.46",,"2,499.46",,,,,"2,499.46",,"2,499.46"
```

- Each line must contain 18 fields--separated by 17 commas.
- When a comma is part of the field's actual value--e.g., "Acme, Inc." or "61,234.17"--enclose the entire value in double-quotes as shown.
(The spreadsheet's conversion program should take care of this automatically.)

- Select "Edit - Select All".
- Select "Edit - Copy"

5. Paste the raw data

- On the Batch Entry Screen, click inside the large text box.
- Select Edit - Paste
- Click Submit
- If the data was accepted, you can now go to the Main Menu and certify your data.

Comments

- For additional instructions on adding a new record, refer to the State Comptroller's web site, <https://fm.x.cpa.texas.gov/fmx/pubs/afrrptreq/pass-through/?section=transmitting&page=step4>
- In comparing both methods for preparing the SEFA (inputting the data directly on the federal schedule web site vs. submitting an Excel .csv file), each has their advantage. Using the .csv file doesn't require data entry on the web site, and if your SEFA has a significant number of line items, using the .csv file is a quicker method. If you have a short SEFA, then using the batch entry method may not save you any time.
- **Be very careful when marking any line item as R&D.** The State Auditor will require documentation to substantiate classifying projects as R&D. Written procedures should be documented for the SEFA preparation and review process.
- The online system will identify items to be reviewed, and the user will be required to provide explanations and/or certify the information is correct for the types of items listed below.
 - R&D Records Listed in Another Cluster
 - NSE Information and ID Number Verification
 - Large Negative items

Instructions for SEFA Notes

Note 1 – Non-Monetary Assistance (Federal Surplus Property)- CFDA 39.003

Applicable if you received Federal Surplus Property from Texas Facilities Commission (TFC). Verify the non-monetary assistance matches TFC Donation of Federal Surplus Personal Property report. The amount should be reported in the "Pass-Thru From Agencies or Universities" column on SEFA.

This will be a reconciling item in Note 2. (It is included in the SEFA Pass-Through From column, but is **not** reported federal revenue on the operating statement.)

Note 2 - Reconciliation

Verify revenues reported in “Note 2 Amount” column match the corresponding financial statement line items for Federal Revenue. For activity with Research Foundation, the reconciling item should match the intra-system pass-through verification worksheet. (Funds received from or passed to RF are listed as negative amounts SEFA Note 2 reconciliation. RF activity is reported as Federal Revenue, but excluded from SEFA.)

Note 3 – Student Loans (Academics & HSC only)**Notes 4-6 - Not applicable to TAMUS**

Note 7- Federal Deferred Revenue-Texas Division of Emergency Management (TDEM), is the only TAMUS entity required to update this note.

Note 8 - Disaster Grants – Public Assistance (Presidentially Declared Disasters) CFDA 97.036**Note 9 - Economic Adjustment Assistance CFDA 11.307**

Note 10 - 10% de Minimis Indirect Cost Rate – Must respond to question as to whether your agency elected to use the 10 percent de minimis indirect cost rate

Appendix H – Downloading SPTR and SEFA Schedules

The State Comptroller's online web applications for State Pass-Through Reporting (SPTR) and Schedule of Expenditure of Federal Awards (SEFA) offer report options to download the data into Excel. Each Member submits the downloaded files by their assigned AFR due date. The instructions below include steps for formatting the files for printing.

State Pass-Through Reporting (SPTR Schedule 1B)

1. Sign on at <https://fm.xcpa.texas.gov/fmx/pubs/afrrptreq/tools/index.php?section=webapps&page=webapps>
2. From the Main Menu, under "Reports", select "Schedule 1B".
3. When the report appears, go to the File menu and select "Save As", then save the document in HTML format.
4. Open Excel, then open the saved HTML file.
5. Go to the File menu and select "Save As." Save the file in .xls format. Be sure to select "Microsoft Excel Workbook (*.xls or *.xlsx) as the file type.
6. After creating the Excel file, adjust the format for printing – see steps below.
 - 1) Delete web link header rows so first row of data is the agency name/number
 - 2) Page Setup, fit to 1 page wide (leave 'tall' field blank)
 - 3) Select rows titles (1-8) as "rows to repeat at top" so column titles are on all pages
 - 4) Set margins to .5
 - 5) Reduce column widths (Grant ID=10, Agency Number=10, Amount=20)
 - 6) For multiple page report, add page numbers to footer
 - 7) Review print preview and adjust as needed

Schedule of Expenditure of Federal Awards (SEFA Schedule 1A)

1. Sign on at <https://fm.xcpa.texas.gov/fmx/pubs/afrrptreq/tools/index.php?section=webapps&page=webapps>
2. From the Main Menu, scroll down to "Reports" and select "Schedule 1A".
3. When the report appears, go to the File menu and select "Save As." Save the document in HTML format.
4. Open Excel, then open the saved HTML file.
5. Go to the File menu and select "Save As." Save the file in .xls format. Be sure to select "Microsoft Excel Workbook (*.xls or *.xlsx) as the file type.
6. After creating the Excel file, adjust the format for printing – see steps below.
 - 1) Highlight worksheet and increase font size to 12.
 - 2) Page Setup, select Landscape, fit to 1 page wide (change 'tall' field to blank)
 - 3) Change format to print with gridlines
 - 4) Select rows titles (1 – 10) as "rows to repeat at top" so column titles are on all pages
 - 5) Set margins to .5
 - 6) Adjust column widths to fit text. Column A for the grant description is wide, narrow the column and the text should wrap to the next line so all the description is still visible (may need to increase some the height of some of the rows)
 - 7) Remove extra links from the bottom of the schedule
 - 8) For multi-page schedules, add page number to footer
 - 9) Review print preview and adjust columns as needed to fit totals
7. The SEFA web application also includes the Notes to the SEFA Schedule. For each applicable note, submit a copy to System Office.