Capital Asset Reporting
2023 AFR Workshop
Agenda

• Overview—Requires Property Manager input plus the Fiscal Office
  • Right to Use Assets (Leases, SBITA)
• AFR Schedules
  • Acquisition/Disposal Methods
  • Year-end timing
• Transfers
• Reconciliations
Overview

• Note 2 has many reporting requirements and requires collaboration with the property managers, the departments and the fiscal office
  • Each month assets are purchased by the departments from various funding sources
  • Our fixed asset teams add these assets to the asset management module
    • Depreciation/amortization occurs
    • Annual inventory requirements
    • Assets can be disposed, gifted, transferred, etc.
  • LeaseQuery will post the Right to Use Assets, new since 2022
    • GASB 87 Leases
    • GASB 96 SBITA (subscription-based information technology arrangements)
    • Fiscal Office leads the way on these assets and the amortization
Poll the Audience

- How many work on Capital Asset Reporting?
- What role?
Capital Assets and Financial Reporting

- Capitalized Assets reported by asset category (Buildings, Equipment) on the N-2 Schedule
- Driven by the GL account linked to the FFX Class Code
- FFX Screen 581 (maintained by System Office)

<table>
<thead>
<tr>
<th>Class</th>
<th>Cls Rq</th>
<th>Description</th>
<th>Depr</th>
<th>Acct Use</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>578001</td>
<td>129</td>
<td>SOUND SYSTEMS/OTH AUDIO EqP $500-499</td>
<td>N</td>
<td>Y SL</td>
<td>089730 1730 84</td>
</tr>
<tr>
<td>578101</td>
<td>130</td>
<td>PORTABLE CAMERAS $500-4999.99</td>
<td>N</td>
<td>Y SL</td>
<td>089730 1730 84</td>
</tr>
<tr>
<td>578201</td>
<td>131</td>
<td>TV/VIDEO PLAYERS/RECORDERS $500-4999</td>
<td>N</td>
<td>Y SL</td>
<td>089730 1730 84</td>
</tr>
<tr>
<td>578401</td>
<td>735</td>
<td>AIRCRAFT-UAV/DRONE $0-$4999.99</td>
<td>N</td>
<td>Y SL</td>
<td>089735 1735 84</td>
</tr>
<tr>
<td>578701</td>
<td>204</td>
<td>COMPUTER, DESKTOP $500-4999.99</td>
<td>N</td>
<td>Y SL</td>
<td>089730 1730 48</td>
</tr>
</tbody>
</table>
Acquisition / Disposal Codes

- Selecting the correct FFX acquisition/disposal code is critical for financial reporting.
- FFX screen 583 (maintained by System Office)
- Each code is mapped to an account control which drives where the activity is reported.
# Acquisition / Disposal Codes

## Acquisition and Disposal Methods (FFX Screen 583)

<table>
<thead>
<tr>
<th>Acquisition/ Disposal Method</th>
<th>Account Control</th>
<th>FAMIS Description</th>
<th>Column Placement AFR N-2 Schedule</th>
<th>Operating Statement Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>AJ</td>
<td>Current Year Adjustments</td>
<td>Additions</td>
<td>Other NonOperating Revenue</td>
</tr>
<tr>
<td>A</td>
<td>GF</td>
<td>Gift</td>
<td>Additions</td>
<td>Capital Contributions</td>
</tr>
<tr>
<td>A</td>
<td>GP</td>
<td>Gift Prior Year</td>
<td>Adjustments</td>
<td>Restatement</td>
</tr>
<tr>
<td>A</td>
<td>HT</td>
<td>Held in Trust</td>
<td>Additions</td>
<td>Other NonOperating Revenue</td>
</tr>
<tr>
<td>A</td>
<td>PD</td>
<td>Constructed / Produced by Department</td>
<td>Additions</td>
<td>Other NonOperating Revenue</td>
</tr>
<tr>
<td>A</td>
<td>PO</td>
<td>Purchases / Credits-Current Year</td>
<td>Additions</td>
<td>Expended for Plant Facilities</td>
</tr>
<tr>
<td>A</td>
<td>PY</td>
<td>Prior Year Restatement</td>
<td>Adjustments</td>
<td>Restatement</td>
</tr>
<tr>
<td>A</td>
<td>RC</td>
<td>Reclass from CIP</td>
<td>Completed CIP</td>
<td>IntraFund Transfer In</td>
</tr>
<tr>
<td>A</td>
<td>TA</td>
<td>Trf From Non-TAMUS Agency W/ TX</td>
<td>Inc-Interagency Transactions</td>
<td>Transfer from Other State Agencies</td>
</tr>
<tr>
<td>A</td>
<td>TB</td>
<td>Tfr from Non-Texas Entity - Gift</td>
<td>Additions</td>
<td>Capital Contributions</td>
</tr>
</tbody>
</table>

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*This table outlines the acquisition and disposal methods used in financial reporting, including specific codes and their corresponding financial impacts.*
Year-end Timing

• When capital purchases are made, the corresponding FFX entry must be completed in the same fiscal year
• FFX entries may be posted in Month 13 for August purchases
• Recommend posting entries in August as much as possible
  • Starting mid-August review daily download of the **TBAR010 in Business Objects**
  • TAMUS Publications → Financial Reports EDW00235 – FFX vs. FRS Balancing on Demand
  • **Verify to Laserfiche** report to make sure nothing is missed
  • Request FAMIS to run TBAR010 report daily
Financial Statement Review

- Property managers may be asked to provide additional input for supporting workpapers
  - Flux Analysis – explanations needed for large changes in capital asset balances or activity
  - Notes Worksheet – less information needed since lease accounting changed in 2022 (no Capital Leases)
  - Documentation for capital asset transfers with other State agencies (outside of TAMUS)
  - AFR Point Log – during desk review, System Office may have additional questions
Annual Financial Report (AFR) Schedules

Schedule N-2 Capital Assets
- Built from FFX entries – FFX uploads to FRS nightly

Schedule III-Fund (Statement of Net Position)
- Non-Current Assets, Net Investment in Capital Assets

Schedule IV-Fund (Statement of Changes)
- Operating Expenses (Amortization/Depreciation)
- Non-operating Revenue & Expenses (Gifts, Gain/Loss)
- Other Revenue & Expenses
- Transfers Intra-System and other State Agencies
- Expended for Plant & Facilities
State Requirements

• Note 2 submitted via CANSS website
  • CANSS-Capital Asset Note Submission System web application
  • Request security through USAS Security Coordinator
  • Decide who will enter in CANSS, varies by member, could be property manager or someone else involved with preparing the financial statements

• Deadline October 20th
  • Plan ahead, have to wait overnight for the USAS entries to post
  • Reconcile to AFR Schedule N-2 by row (asset type) and column (activity)
  • Asset balances must be posted in USAS in
    • Fund 7999-Local as Business Type Activities in order to certify
## Note 2 / CANSS Columns

<table>
<thead>
<tr>
<th>N-2/CANSS Column</th>
<th>Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance</td>
<td>Populated from USAS, <strong>must match PY published N-2 schedule</strong></td>
</tr>
<tr>
<td>Adjustments</td>
<td>If column does not net to zero, reported as a restatement, consider materiality and reclassify to additions/deductions if needed</td>
</tr>
<tr>
<td>Completed CIP</td>
<td>Must net to zero</td>
</tr>
<tr>
<td>Interagency Transactions</td>
<td>Includes intra-system transfers and transfers with other state agencies</td>
</tr>
<tr>
<td>Additions</td>
<td>Verify Depreciation / Amortization matches operating statement</td>
</tr>
<tr>
<td>Deletions</td>
<td>Includes gain / loss on sale or disposal of assets</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>Must match USAS balance to certify, Verify to Statement of Net Position</td>
</tr>
</tbody>
</table>
Sch IV-Fund - Expended for Plant

• Schedule IV Fund ‘Expended for Plant Facilities’ row must net to zero across columns after entries are completed (check TBAR010)

• FFX entry to add asset using acquisition method ‘PO’ will create an offsetting entry in the Investment in Plant column

**Review Example** – AFR Schedules and Capital Assets
Library Books

• Year-End Entry to adjust value for disposed Library Books
• Remove from oldest asset
• Determine value to remove based on average cost per volume in asset being reduced
• Reverse depreciation if necessary
  • FFX screen 512 default code is 5650 (Depreciation), manually change to 5410 (Other NonOperating Expense)
• Goal is for removal of Library books and related Depreciation to both be reported in Deletions column
Capital Asset Transfers

• Intra-System Transfers must match between System Members
  • Acquisition / Disposal method corresponds to Campus Code
  • Reported in Interagency Transaction columns on the Note 2
  • Monthly Transfer report sent out from A&M Property Office
    • Email Susan Petty and Dorothy Dockery to be added to the list

• Confirm transfers during mid-September (due 09/25 this year)
  • Financial reporting team completes schedule and submits to System Office

• Intra-System transfers are eliminated on TAMUS Combined AFR
Capital Asset Transfers
Business Objects Queries

- See folder TAMUS Shared / AFR Reports / AFR Review Queries

<table>
<thead>
<tr>
<th>Query Name</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Asset Transfers (IntraSystem) - Summary</td>
<td>Intra-system confirmation</td>
</tr>
<tr>
<td></td>
<td>Verify transfers by Asset Type (Equipment, Vehicles, etc.)</td>
</tr>
<tr>
<td>Capital Asset Transfers - Summary (Incl. Other Agencies)</td>
<td>Used during Desk Review</td>
</tr>
<tr>
<td></td>
<td>Includes Intra-System and transfers other State Agencies</td>
</tr>
<tr>
<td></td>
<td>Total must match Schedule N-2 transfers</td>
</tr>
<tr>
<td>Capital Asset Transfers (IntraSystem) - By Asset Type</td>
<td>System Office uses to Balance System-Wide</td>
</tr>
</tbody>
</table>
Capital Asset Transfers – Other Agencies

• Transfers with Non-TAMUS State Agencies
  • **Internal** Agency uses SPA (TXDot), requires SPA entry
  • **External** Agency does not use SPA (UT)
  • Both agencies must agree and book the same value and depreciation and **asset type** (vehicle, equipment, etc.)
    • Verify SPA transfers to CAAB 106/107 reports
    • Verify to N-2 Schedule
  • Eliminated on State ACFR
## Transfers with Other Agencies as of July

### Capital Asset Transfers 2023 July - Agencies outside of TAMUS

<table>
<thead>
<tr>
<th></th>
<th>Nonmandatory Transfer In from State Agency</th>
<th>Nonmandatory Transfer Out to State Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4415</td>
<td>5415</td>
</tr>
<tr>
<td>089730 Equipment</td>
<td>TAMU -194,139.16</td>
<td></td>
</tr>
<tr>
<td>089830 Acc Depr-Equipment</td>
<td>TAMU 187,232.98</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sum: -6,906.18</td>
<td></td>
</tr>
<tr>
<td>089730 Equipment</td>
<td>TTI 46,084.07</td>
<td></td>
</tr>
<tr>
<td>089830 Acc Depr-Equipment</td>
<td>TTI -46,084.07</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sum: 0.00</td>
<td></td>
</tr>
<tr>
<td>089730 Equipment</td>
<td>TEES 12,470.17</td>
<td></td>
</tr>
<tr>
<td>089830 Acc Depr-Equipment</td>
<td>TEES -12,470.17</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sum: 0.00</td>
<td></td>
</tr>
</tbody>
</table>
Documentation – Transfers with Other Agencies

• Complete the State Comptroller’s External Agencies Transfers In and Out Excel template
  • See Higher Education Resources
• Include any cash paid/received related to the asset transfers
• Submit to System Office along with AFR package (do not send to SPA)
• Include relevant document such as worksheet signed by the other agency (external) or SPA printout (internal)
Monthly Reconciliations

- FBMAR095 – Expenses to Assets
- TBAR010 – FRS to FFX
  (available in Business Objects)
- FBMR003 – Assets to General Ledger
- Land (reconcile annually) – System Real Estate Office to FAMIS Fixed Assets
- Review fully depreciated assets, remove if the asset is no longer in use
Importance to Facilities and Administrative Cost Rate

- US Department of Health and Human Services (DHHS) is our cognizant agency and approves the F&A rate calculation and sets the rate to be applied to future sponsored agreements
- Assets are a major factor in the rate calculation
- Assets are pulled from FFX and balanced to FRS
- Asset location is very important
  - Add rooms– FFX screen 543 room table
  - Contact Ginger Urso, gingerurso@tamus.edu
- Funding is also important, assets purchased with Federal funds are excluded
Bulk Purchases-GASB Guidance

• Implement in FY 2024

• Bulk Purchases Implementation Guide No. 2021-1, Implementation Guidance Update-2021 (gasb.org),

5.1. Q—Should a government’s capitalization policy be applied only to individual assets or can it be applied to a group of assets acquired together? Consider a government that has established a capitalization threshold of $5,000 for equipment. If the government purchases 100 computers costing $1,500 each, should the computers be capitalized?

A—Capitalization policies adopted by governments include many considerations such as finding an appropriate balance between ensuring that all significant capital assets, collectively, are capitalized and minimizing the cost of recordkeeping for capital assets. A government should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers, classroom furniture, and library books are examples of asset types that may not meet a capitalization policy on an individual basis, yet could be significant collectively. In this example, if the $150,000 aggregate amount (100 computers costing $1,500 each) is significant, the government should capitalize the computers.
Questions

• Appreciate all of the property managers
  • Their daily efforts help ensure accurate Capital Asset Reporting

• Fiscal Offices work in various capacities with their property managers

• Let us know if there are any questions

• Refer to AFR Contact list for Property Manager names by System Member