



The Texas A&M University System Annual Financial Reporting Workshop

Wednesday, August 6th

- The presentation will begin at 8:30am
- Sound checks will take place at 5 and 10 minutes before the presentation begins..... **Audio Tip:** Difficulty with audio? Try calling instead of using computer audio
- All attendees are muted
- Use the Chat panel to submit questions during the presentation, send to everyone or all panelists to help us monitor the chat





2025 Annual Financial Reporting (AFR) Workshop

TERESA EDWARDS, CPA

CONTROLLER

TEXAS A&M UNIVERSITY SYSTEM OFFICE

Welcome

- **The goal for the Next 2 Days**
 - To discuss prior year AFR
 - New year requirements
 - OneStream Reporting reminders
 - Upcoming Reporting changes
 - **Operational** Monthly Tasks Compared with **Year-End** tasks is our theme this year
- **Ask for member's input throughout the day**



Agenda-Day 1

“
**ONE DAY OR
DAY ONE?
YOU DECIDE.**
”

successminded.co

- Welcome-AFR...**Teresa**
- System Office AFR Coordination...**Tracy**
- Analyzing AFR Data...**Tracy and Jorge**
- IDC Changes...**Verna and Teresa**
- Analyzing AFR Data...**Tracy**
- Research Reporting...**Janet and Kathy**
- Cash Flow Statement...**Tracy and Teresa**
- Tips and Tricks
 - OneStream
 - Tuition Discounting



Agenda-Day 2

- Welcome Back
- USAS Operations and Year-End...**Selena and Teresa**
- AFR Year-End Processes Overview...**Tracy**
- AFR Review Hot Topics...**Verna and Bryan**
- Flux Analysis...**Teresa**
- Closing Comments (**end at 3pm**)

TAMUS STRUCTURE-24 AFRs

TAMUS Board of Regents

Twelve Institutions

- TAMU
- TAMUG
- TSU
- TAMUT
- PVAMU
- WTAMU
- TAMUCT
- TAMUCC
- TAMIU
- TAMUC
- TAMUK
- TAMUSA

Eight Agencies

- AgriLife Extension
- AgriLife Research
- TVMDL
- TTI
- TFS
- TEEX
- TEES
- TDEM

Health Institution

HSC

System Office & SSC

Blended Component Unit- Research Foundation

The central management and coordination of TAMUS, issues *Policies and Regulations* for all A&M members

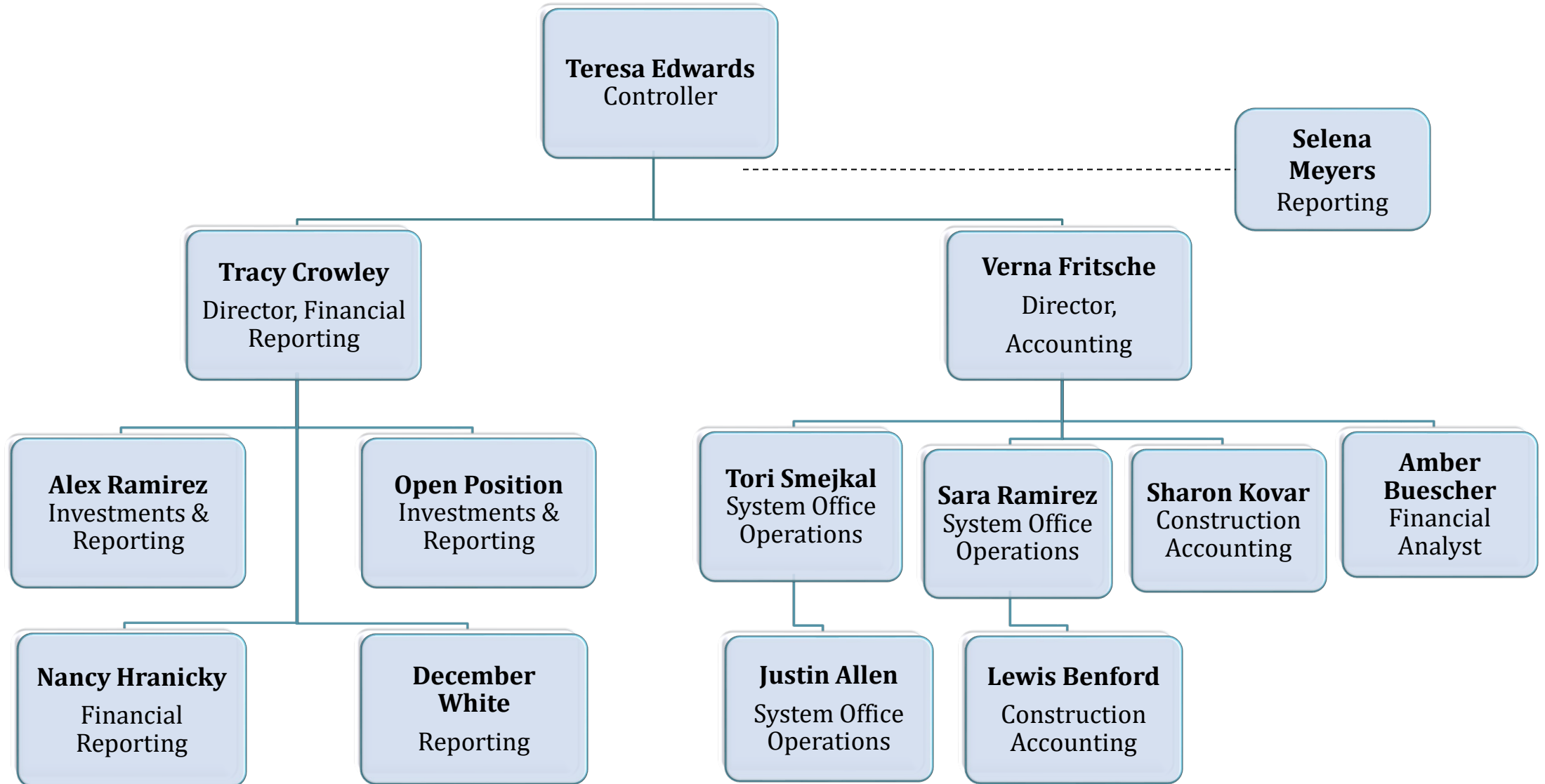
TAMUV

This Morning's Topics

- Introductions
- 2024 Financial Highlights
 - 2024 AFR
 - CFI Ratios
 - Reserves
- Preparing for 2025 AFR Theory Changes
 - Tuition Discounting (Some Implementing this year)
 - GASB 101 Compensated Absences-Sick Leave (System only)
- 2026 and Beyond
 - Equipment Threshold Change
 - GASB 103 Financial Reporting-Operating Statement
- Accounting Operations-**Interactive** Session



SOBA – 2025 Accounting Team





Solar Eclipse
April 2024



Solar
Storm
May 2024

2024 AFR-Last Year

- Excellent AFR Submissions
- Lease Accounting is Improving
- Investment Income increased by \$510 million
- Operating Revenues slight **increase** of 2.9%
- Operating Expenses **decreased** of 5.7%
- Appreciate every one's continued help and goal to issue quality financial statements

	(in Billions)	
	<u>FY2023</u>	<u>FY2024</u>
Assets		
Investments and Cash Equivalents	\$ 9.03	\$ 10.43
Notes, Leases & Accounts Receivable	2.78	2.79
Capital Assets, Net	7.59	7.93
Other Assets and Deferred Pension / OPEB Payments	1.36	1.53
<u>Total Assets</u>	<u>\$20.76</u>	<u>\$22.68</u>
Liabilities		
Bond Liabilities	\$ 4.86	\$ 5.04
Pension / OPEB Liabilities	4.08	4.35
Unearned Revenue	0.89	1.01
Other Payables and Obligations	1.99	2.13
<u>Total Liabilities</u>	<u>\$11.82</u>	<u>\$12.53</u>
<u>Net Position</u>	<u>\$ 8.94</u>	<u>\$10.15</u>

Consolidated Balance Sheet



A&M System's **net position** totaled \$10.15 billion, a \$1.21 billion increase from 2023, which was \$8.94 billion



Assets increased in \$1.92 billion, 9.2% increase



An increase in **Liabilities and Deferred Inflows** of \$710 million, a 6% change

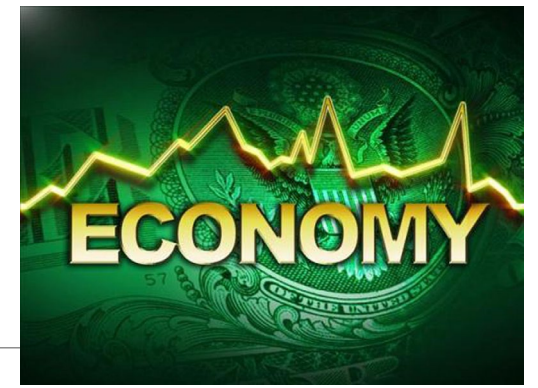
2024 Consolidated AFR- Net Position

Member	Reserves	# of Months
AL-RSCH	\$ 35,655,494	2.3
AL-EXT	32,487,799	2.9
TAMFS	-	0.0
TVMDL	6,668,855	3.0
TEES	11,672,985	1.6
TEEX	31,120,465	3.3
TII	9,052,069	3.4
TDEM	-	0.0
Agencies:	\$ 126,657,667	2.6

Member	Reserves	# of Months
ETAMU	\$ 48,404,075	3.2
PVAMU	85,044,413	4.8
TARLETON	55,327,755	2.9
TAMIU	31,092,887	3.0
TAMU	444,224,561	2.8
TAMUG	34,117,959	6.5
TAMHSC	107,321,635	3.6
TAMU-CT	6,940,866	2.1
TAMU-CC	57,065,029	3.2
TAMU-K	18,250,465	1.6
TAMU-SA	7,426,486	0.9
TAMU-T	15,999,988	3.7
WTAMU	46,313,455	3.9
Academics:	\$ 957,529,573	3.0

Net Operating Reserves 2024

2024 Consolidated AFR- Material **Increase** Investments Economic Outlook

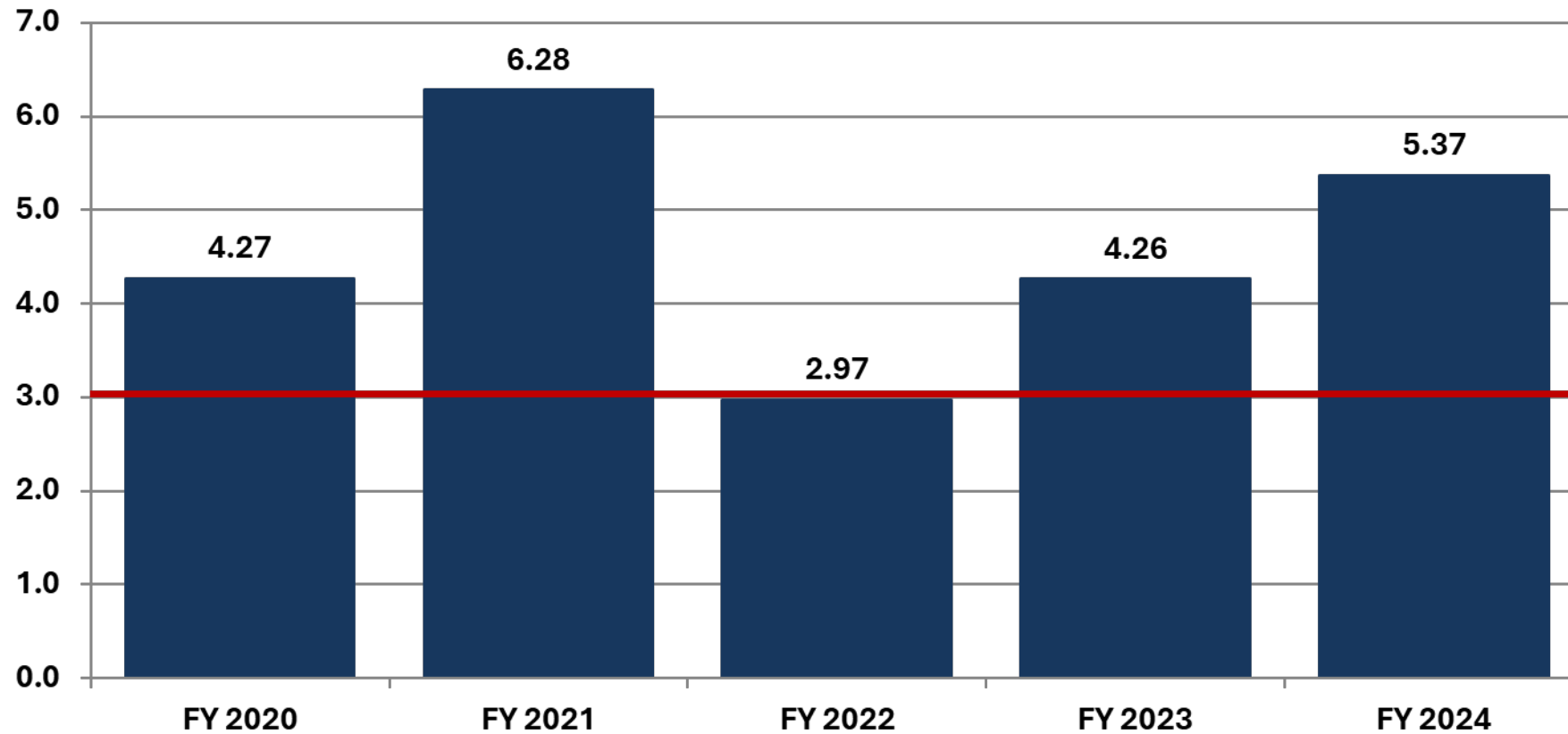


- Equity markets generated strong positive gains over the past twelve months as global economies proved to be resilient despite a prolonged period of tight monetary policy
- Fixed income markets also rallied as markets began pricing in future interest rate cuts
- The Federal Reserve maintained the Federal Funds rate in a range of **5.25%** to **5.50%**
- Inflation trends have continued to moderate
- The US economy is expected to **grow modestly** despite a slight increase in the unemployment rate
- Consumer confidence levels have been **strong** and spending trends have been positive
- The geopolitical environment continues to be **uncertain**, driven by significant conflicts in Ukraine and the Middle East

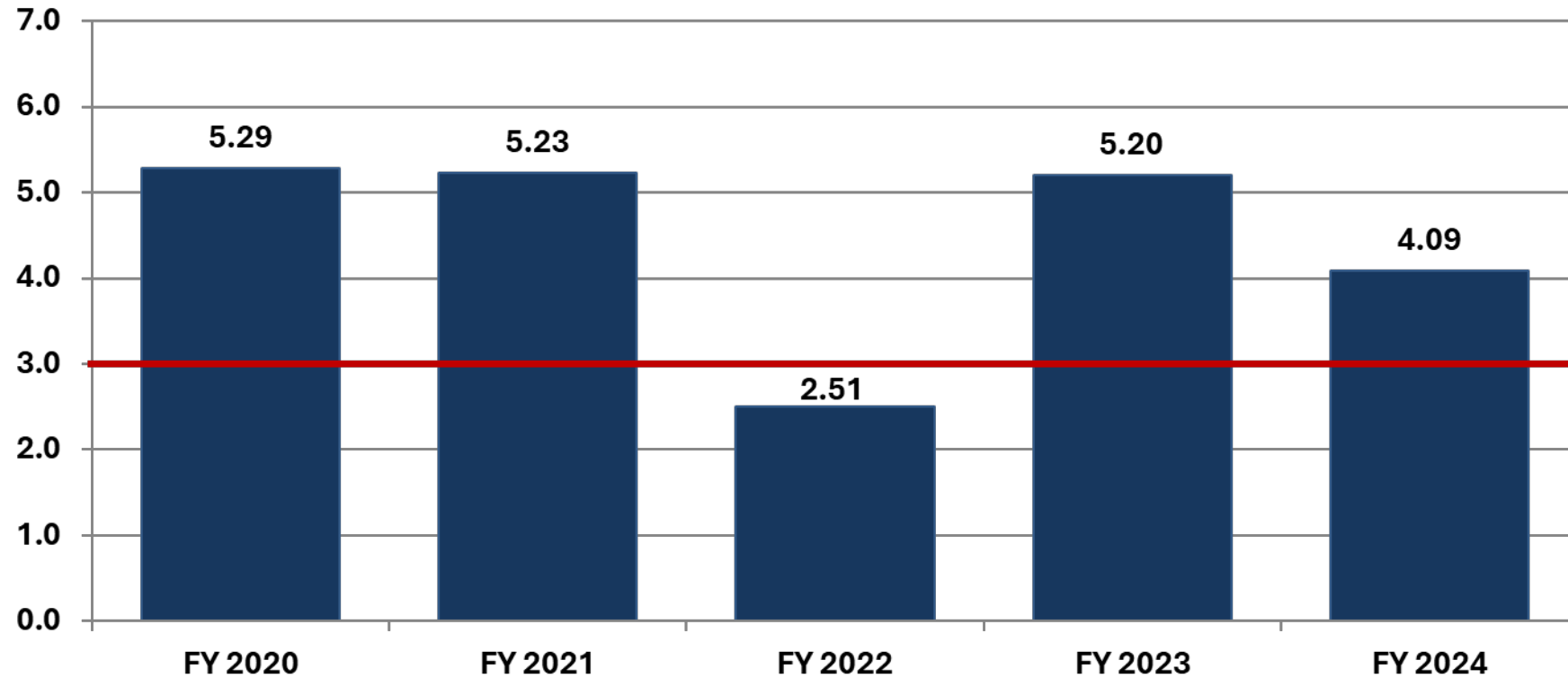
2024 Composite Financial Index (CFI)

- The CFI has been calculated and monitored by System Offices since FY 2008..there are 4 different calculations
- Used by SACS, as part of their accreditation process, as a financial evaluation measure
- Review trends and responses to strategic decisions
- Widely accepted as ONE tool for assessing an institution's financial condition

2024 Composite Financial Index (CFI)- TAMUS Institutions

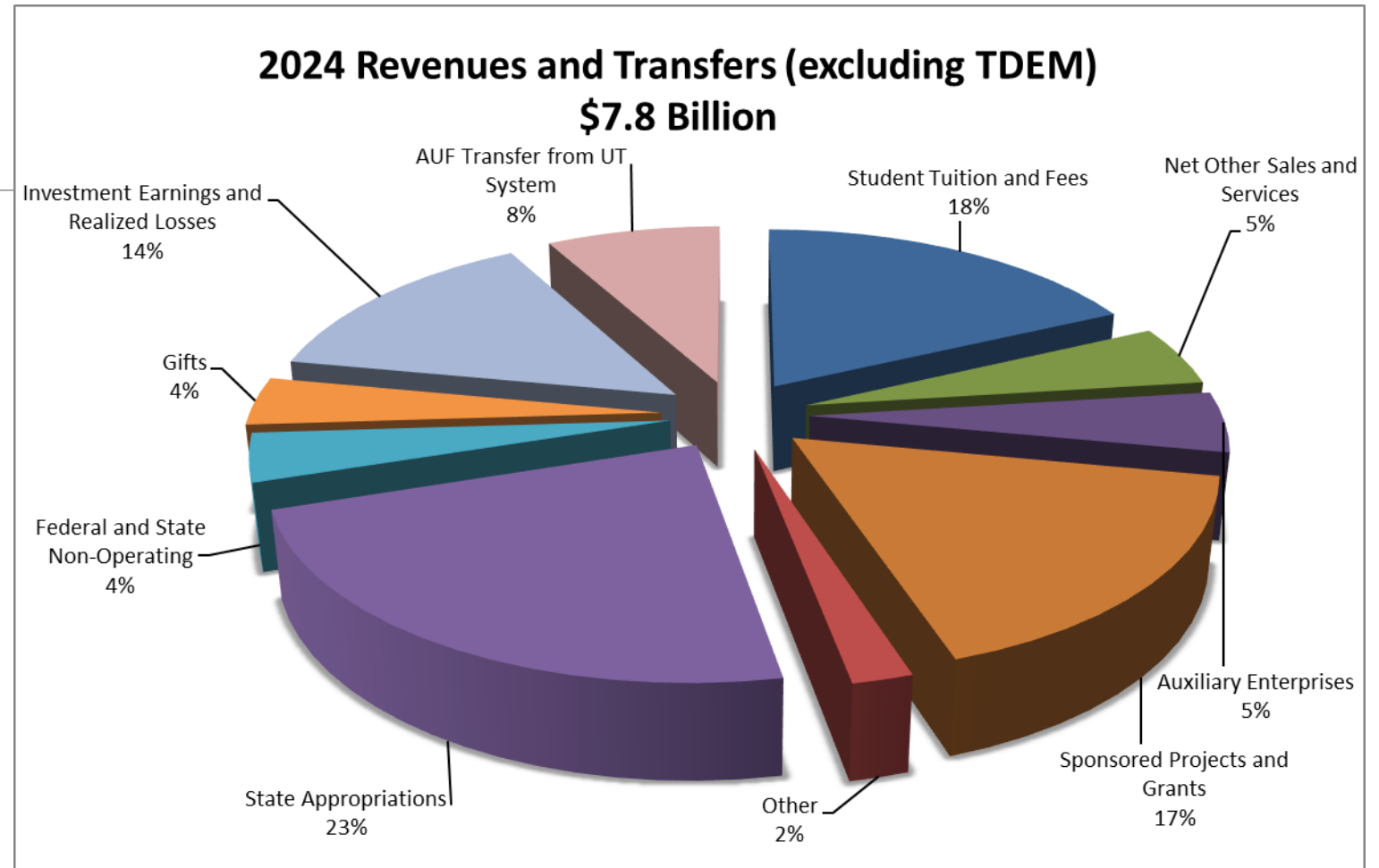


2024 Composite Financial Index (CFI)- TAMUS Agencies

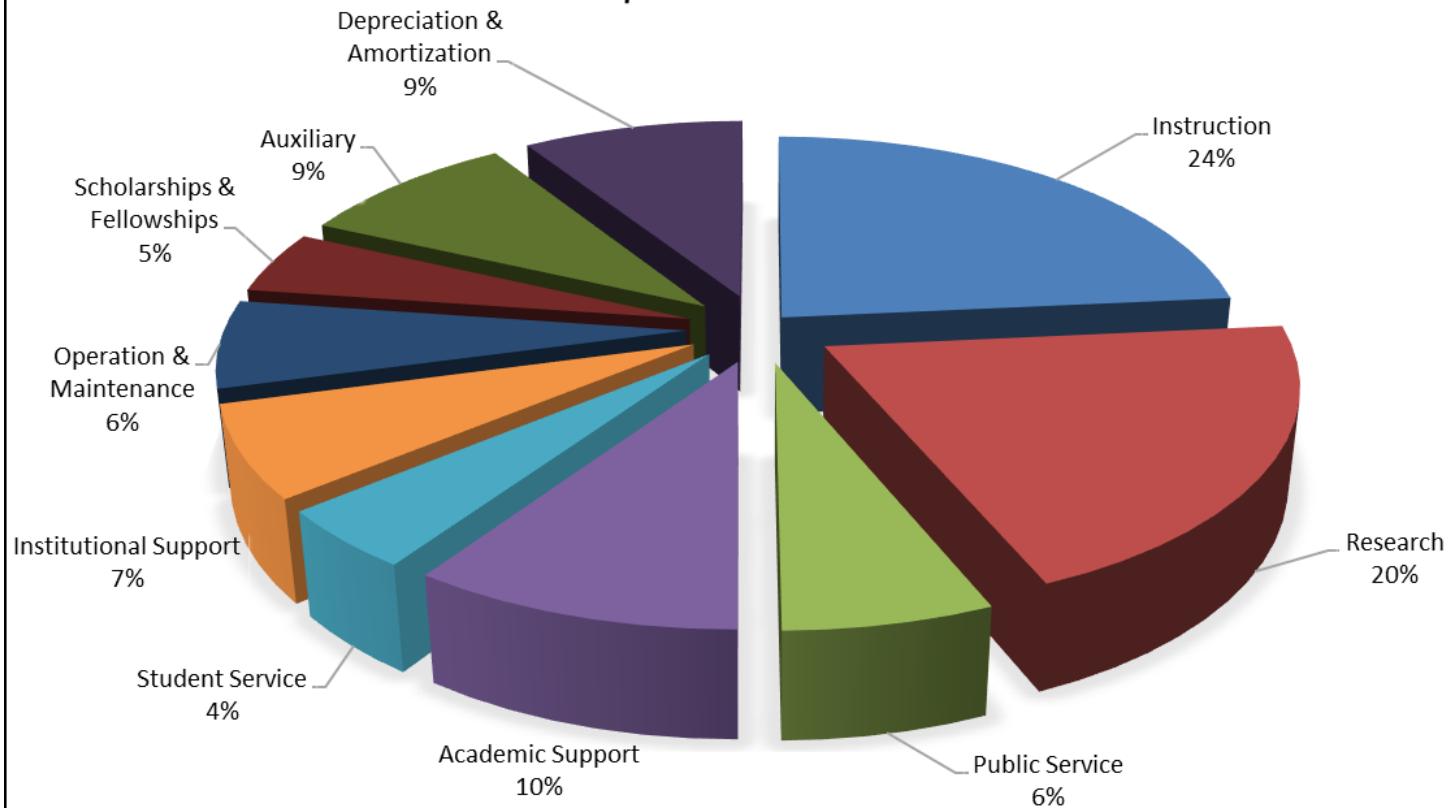


Revenues

- State Appns 23%
- Tuition 18%
- Grants 17%
- Investment 14%
- AUF 8%



**NACUBO Function
2024 Operating Expenses (excluding TDEM)
\$6.38 Billion**



Expenses

- Instruction 24%
- Research 20%
- Academic Support 10%

2025 AFR Changes

- Sick Leave Calculation-GASB 101 Compensated Absences
- Tuition Discounting
- Smooth out Comptroller's Office Changes
 - GR Recon Spreadsheet Usage
 - Shared Cash



GASB 101-Compensated Absences Implementation-FY 2025



- Vacation payout liability is around \$119 million..same accounting standard for 2024
- Sick leave must be calculated even though we do not pay it out...it is a benefit
- Three-year average sick leave **earned** is around \$400 million but the usage is around 40% equals **\$160 million**
- Now Adding the concept of **more likely than not** to use the leave
 - 5-year average
 - The liability could be zero using the LIFO vs. FIFO method
- Tracy will talk with us about the Note disclosure changes



Tuition Discounting Calculation

- New methodology we will see an **increase** in Tuition Discounting and a **decrease** in Scholarship expense
 - In theory there will be 5-6% change, \$43 million
 - Loans and loan refunds are being included in the Alternative Method, we must remove the impact
- The A&M institutions have met
- TAMU/TAMUG/TAMUHSC will issue with the new methodology..
 - TAMU's change is around **\$50 million**
- Several Regional Campuses are still researching



2026 and Beyond

Tuition Discounting for Regional Campuses



- Asking the regional campuses to convert to the new method in 2026
- Any concerns about this deadline?

-ETAMU

-TAMUK

-TAMUCC

-TAMIU

-WTAMU

-TSU

-PVAMU

-TAMUT

-TAMUCT

-TAMUV

Threshold Changes Require an Impact Statement to the F&A Calculation

- We are required to calculate the impact of the threshold for equipment from \$5k to \$10k and subawards from \$25k to \$50k
- For the Equipment
 - Extract all equipment between \$5,000-\$9,999, calculate the depreciation expense
 - Take the total asset value then subtract the \$5k portion of the assets
 - Equal the impact to the base
 - HHS will determine if they need to reduce the F&A rate...we expect minimal impact



Equipment Threshold Change From \$5,000 to \$10,000

- Did NOT implement in 2025
- Will have a staggered implementation based upon the members F&A rate base years
- TAMUCT and TAMUV will go live in **2026**...September
- College Station based members, TAMUSA will go live in **2027**
- TAMUCC will go live in **2028**
- PVAMU, TAMIU, TAMUC, TAMUK, TSU, and WTAMU will go live in **2029**

How will we keep this straight?



AggieBuy/FAMIS Process



- User selects the commodity code
- The table in the background will define the equipment threshold as \$5k or \$10k for equipment
- Then the object code will be selected
- Need the fiscal offices help to ensure we are transitioning into the threshold properly
- Will need to be aware of these variances for the shared services team

751	BOOKS – LIBRARY, COLLECTIONS & REFERENCE MATERIALS [+]	180	8	5,000	N	5,000	N	Y	0	BKS
752	BOOKS – HISTORICAL, MANUSCRIPTS & RARE PUBLICATIONS	0	8	0	N	0	N	N	0	BKS
801	ART – CONTEMPORARY PAINTINGS, SCULPTURE, FORM	120	8	5,000	N	5,000	N	Y	0	ART
802	ART – HISTORICAL TREASURES, RARE ARTIFACTS & ANTIQUES	0	8	0	N	0	N	N	0	ART
851	HORSES	84	8	5,000	N	5,000	N	Y	0	LVS
852	COWS	84	8	5,000	N	5,000	N	Y	0	LVS
853	SHEEP	84	8	5,000	N	5,000	N	Y	0	LVS
854	SWINE	84	8	5,000	N	5,000	N	Y	0	LVS
855	LIVESTOCK/ANIMALS, OTHER	84	8	5,000	N	5,000	N	Y	0	LVS

‘Other’ Assets have Various Thresholds



GASB 103-Operating Statement Change-2026

- Proprietary Operating Statement changes
 - New section, 'Noncapital Subsidies'
 - Include State Appropriations, Other, NonCapital Gifts, Federal Revenue, Federal/State Pass-through Revenue and Transfers
 - Pell Revenue moving to Operating Revenue
 - Review Transfers and Other Non-Operating line items to determine if they will be moved into the new section
- MD&A Changes..definitions added

Exhibit IV
The Texas A&M University System
Combined Proprietary Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2024
Proforma for GASB 103-Implement For the Year Ended August 31, 2026

	2024	2023
Operating Revenues		
Tuition and Fees	\$1,924,048,753.49	\$1,856,353,253.61
Discounts and Allowances	(542,179,993.84)	(502,074,031.06)
Professional Fees	1,030,588.04	1,031,220.57
Auxiliary Enterprises	486,071,690.31	445,349,357.75
Discounts and Allowances	(66,229,537.38)	(54,790,343.84)
Other Sales of Goods and Services	414,356,604.87	381,448,584.53
Discounts and Allowances	(11,152,826.36)	(8,929,859.55)
Interest Revenue - Loans	752,130.96	676,852.44
Federal Revenue	766,104,484.89	702,554,356.18
Federal Revenue-Pell Student	320,214,774.96	240,001,489.32
Federal Pass Through Revenue	48,854,824.49	130,667,097.07
State Grant Revenue	6,685,716.76	6,868,508.53
State Pass Through Revenue	149,624,960.10	148,228,507.94
Other Grants and Contracts	321,874,184.18	335,876,410.58
Other Operating Revenue	144,395,816.18	97,011,997.57
Total Operating Revenues	\$3,964,452,171.65	\$3,780,273,401.64

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Combined Proprietary Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2024
Proforma for GASB 103-Implement For the Year Ended August 31, 2026

	2024	2023
NonCapital Subsidies		
Intergovernmental Revenue	\$ -	\$ -
Legislative Revenue (State Appns)	\$1,843,224,694.22	\$1,820,839,369.72
Federal Revenue	536,987,467.46	1,290,783,759.51
Federal Pass Through Revenue	25,829,734.81	656,163,329.47
State Pass Through Revenue	372,527,728.29	226,841,522.55
Gifts	283,196,995.99	389,708,349.01
Transfers In From State Agencies	714,179,447.80	579,996,181.48
Transfers Out To State Agencies	(8,939,143.55)	(1,838,305.70)
Legislative Transfers - In	38,263,643.00	8,330,711.71
Legislative Appropriations Lapsed	1,083,229.72	(1,866,738.77)
Other NonCapital Subsidies	-	-
Total NonCapital Subsidies	\$3,806,353,797.74	\$4,968,958,178.98
Total Operating Income (Loss) and NonCapital Subsidies	\$288,342,373.00	\$812,748,458.75

	2024	2023
Other Nonoperating Revenues (Expenses)		
Legislative Revenue		
Federal Revenue		
Federal Pass Through Revenue		
State Pass Through Revenue		
Gifts		
Investment Income	1,068,460,789.30	558,834,005.04
Investing Activities Expense	(26,453,977.40)	(22,358,104.22)
Interest Expense	(\$197,250,330.38)	(\$188,745,671.84)
Borrower Rebates and Agent Fees	(2,262,903.51)	(2,454,338.04)
Gain (Loss) on Sale or Disposal of Capital Assets	(11,262,747.91)	2,714,888.47
Settlement of Claims	(4,238,071.32)	(811,823.70)
Capital Contributions	\$29,314,020.48	\$11,546,181.21
Capital Appropriation - Higher Education Fund	49,880,728.00	48,419,905.00
Additions to Permanent and Term Endowments	6,189,746.07	12,110,247.28
Transfers From State Agencies - Capital Assets	769,553.74	6,906.18
Transfers To State Agencies - Capital Assets	(150,477.58)	-
Other Nonoperating Revenues	62,407,448.41	115,586,311.78
Other Nonoperating Expenses	(57,464,044.96)	(124,758,290.80)
Total Other Nonoperating Revenues (Expenses)	\$917,939,732.94	\$410,090,216.36
Increase in Net Position	\$1,206,282,105.94	\$1,222,838,675.11

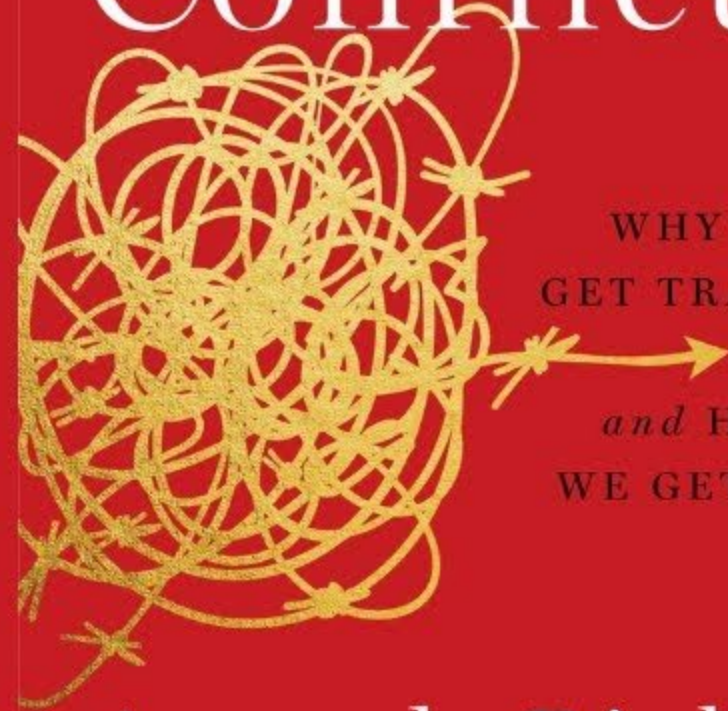


NACUBO National Conference

- Cost of Education
- Use of Artificial Intelligence by students and staff
- As institutions built, did not cut programs
- Medical schools subsidizing education
- Federal Funding Cuts
- Navigating Conflicts..Amanda Ripley



High Conflict



WHY WE
GET TRAPPED
and HOW
WE GET OUT

Amanda Ripley

Author of the *New York Times* Bestselling

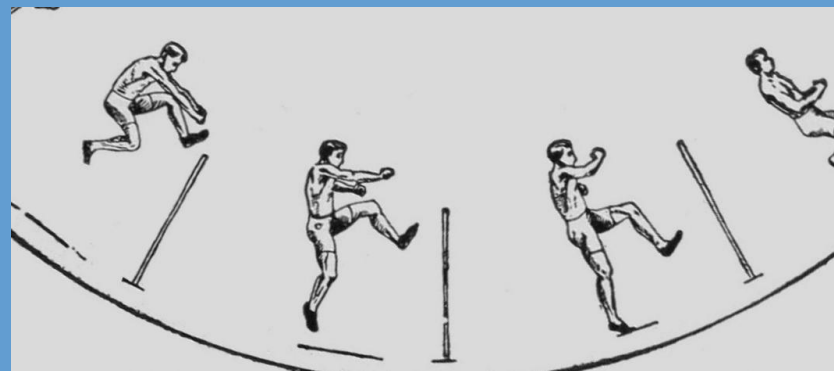
THE SMARTEST KIDS IN THE WORLD



Student Athletes

- \$2.8 billion settlement
- NCAA will payout over time by reducing revenues to institutions
- How will athletics deal with reductions?
- Schools will opt in or out

Institutions Opting In or Out?



Opting In: Institutions who choose to opt in can share up to 22% of the average revenue from Power 5 conference schools with their student-athletes, starting from the 2025-26 academic year. They must comply with roster limits and other stipulations of the settlement.

Opting Out: Institutions who do not opt in will adhere to the existing scholarship limits and must comply with the roster limits as set forth in the settlement. They will also be subject to the same reporting requirements for NIL deals as all Division I athletes, regardless of their opt-in status.



Questions



Accounting Operations

Accountants

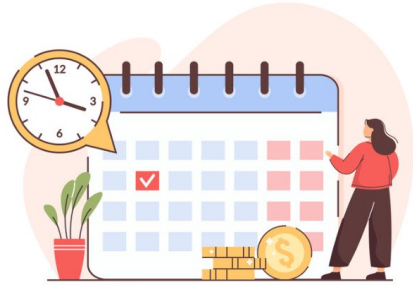
How do 37 accountants board a bus with only 36 seats?

They carry the 1

A man in a dark blue suit, white shirt, and black tie, wearing glasses, is smiling and looking down at a stack of papers he is holding. In the background, a computer monitor displays a bar chart with blue bars and a red line graph. The office setting is bright and modern.

What Accountants Do?

Payroll Processing



What do we work on all year long?

- Accounts Receivable
 - Receipt Cash
 - Collections
- Accounts Payable
- Payroll
- Budgets
 - Budget vs. Actual Reporting
- Corrections
- Management Reporting
- Reconciliations
- Financial Reporting



Monthly Process

Collection of 15+ PowerPoint Templates



Now what are we going to work on?

- Reconciliations
- AFR reporting
- Lease Accounting
- Vacation Payouts
- USAS



Common Ground



Rules



Processes...need to dust off AFR
processes



Entries are posted

Daily Accounting Systems

- FAMIS is the core accounting system for the Texas A&M System
 - TEEX uses Masterpiece until 2027
 - WTAMU use Ellucian
- Over time, interfaces have been built to use external software for certain processes
 - Purchasing (AggieBuy)
 - Travel (Emburse)
 - Payroll (HCM Workday)
 - Contract & Grant Management (MAESTRO)
 - Budget

AggieBuy – Online Purchasing

- AggieBuy is a web-based online purchasing system developed in partnership with SciQuest, which is now Jaggaer
- Budget-checking verifies funds are available in the departmental account
- Encumbrances created in FAMIS
- Expense code is determined based on the commodity code
- After receiving is complete, data is fed into FAMIS to create a voucher for vendor payment
- FMO provides AggieBuy training



AGGIEBUY



Who works in AggieBuy today?

- If you raised your hand? What work is performed in AggieBuy?
- List the tasks:



Emburse – A&M System Travel

Provides travel and expense management services

All employees have access to through Single Sign-On

A&M System Process for Travel

- Book trips, can encumber for trips
- Expenses charged to Citibank card are loaded into Emburse daily
- Traveler (or their delegate) creates and submitted a travel expense report
- When submitted, expense report routes through the defined routing path
- After departmental approvals, expense report routes to accounting staff and then FMO A/P staff for review
- After all approvals, the expense report posts to FAMIS and will paid out of local funds then we will seek reimbursement with a State voucher to send to USAS for travel expenses charged to State accounts

Emburse - Purchasing Card Allocations

- Purchasing card charges are allocated through Emburse
 - Cardholder logs in to allocate charges
 - Expense allocations are routed for approval based on established routing path
 - If funded from State funds, fiscal office will also review prior to processing
 - After all approvals, expenses will post to FAMIS and a State voucher is generated to send to USAS for expenses charged to State accounts

Citibank Credit Cards – Payment Process

- There is one credit card Travel and Purchasing now, the Citibank credit card bill is paid on a single voucher
- Paid from FAMIS clearing account
- As expense reports are created, the clearing account is reimbursed
 - Local expense – journal entry is created to debit expenses in departmental account and credit the clearing account
 - State expense – voucher is submitted to USAS to seek reimbursement, when funds arrive via ACH the deposit is credited to Travel or Purchasing card clearing account



Who works in Emburse today?

- If you raised your hand? What work is performed in Emburse?
- List the tasks:

HCM Workday - Payroll

- Payroll/benefit expenses are posted to FAMIS with each pay cycle
 - Monthly
 - Bi-Weekly
- Automated process generates a USAS batch to seek reimbursement for payroll charges to State accounts
 - Payroll (including Longevity)
 - FICA
- TRS is remitted via ACH through TexNet with each pay cycle
 - Remittance file transmitted through TRS TEAM



HCM Workday - Benefits

- Insurance benefits are paid centrally by System Office, funds are collected from each Member via equity transfer at the beginning of each month
 - Equity transfer processed based on monthly insurance reports
 - Automated FAMIS entries record this transaction
 - Same process for retirement plans other than TRS – ORP, DCP, TDA
- For State paid benefits, a separate process runs at the end of each month to generate vouchers to send to USAS and seek reimbursement,
 - Includes TRS, ORP charged to State accounts



Who works in Workday HCM today?

- If you raised your hand? What work is performed?
- List the tasks:

Budgeting Processes

- Establish Budgets in FAMIS
- Receive requests from departments for additional funding or new accounts/programs
- Establish Budgets in USAS



Who works in Budget today?

- If you raised your hand? What work is performed?
- List the tasks:



Financial Reporting



- Compiles all the work completed in various accounting operations into reports
- Review the end result
- Discuss the variances
- Corrections
- Issuing financial statements for each member is an important task
 - Your expertise
 - Your uniqueness
 - All still match GAAP, Texas Comptroller's Office and TAMUS GAAP



Applies to Accountants

What do you get when you cross a dog with a 10-key calculator?



A friend you can count on





Additional Input