TAMUS Banking and Investments

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DIRECTOR, FINANCIAL REPORTING
TEXAS A&M SYSTEM OFFICE
Overview

Banking

Investment programs

Terminology

Daily cash processes

Income Distribution

Year-end reporting
Audience Poll

How much do you know about the A&M System’s Investment programs?

Not much

A little

Very familiar
Centralized cash management program, per *System Investment policy 22.02*

Treasury Services team manages System-wide cash management

- Coordination and direction of banking relationships
- Daily analysis of cash balances
- Determine how and when funds should be invested
TAMUS Investment Programs

- Cash Concentration Pool (CCP) – Short Term and Long Term
- System Endowment Fund (SEF)
- Market value and returns as of quarter ended 05/31/2023

<table>
<thead>
<tr>
<th>Investment Pool</th>
<th>Market Value (System-wide)</th>
<th>1-yr Return</th>
<th>3-yr Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCP</td>
<td>$5.3 B</td>
<td>1%</td>
<td>3.8%</td>
</tr>
<tr>
<td>SEF</td>
<td>$1.4 B</td>
<td>-.4%</td>
<td>7.2%</td>
</tr>
</tbody>
</table>
What is the Cash Concentration Pool?
System Cash Concentration Pool

- System Investment Policy states the purpose
  - “to provide for the collective investment of all operating, non-operating and other funds resting with the system or its members”

- Treasury Services manages how CCP funds are invested
  - Short Term (funds needed to maintain operations)
    - Cash & Cash Equivalents
  - Long Term (generally funds not needed for 6 months or more)
    - Investment Managers invest according to our policy
Cash is automatically swept to/from member Wells Fargo accounts to the System “Master” account daily

- “ZBA” – Zero Balance Accounts
- At the end of each day, member Wells Fargo accounts are zero

System Office uses OneStream to update each Member’s cash balance daily

- Each member’s balance is held in a separate fund in OneStream
- Monthly fund ledger reports are distributed
CCP Banking Flowchart

Member’s Disbursement Account → Member’s Concentration Account → System Office Master Concentration Account → Member’s Depository Account

Member’s Payroll Account → Member’s Concentration Account

Wells Fargo Daily ZBA (Zero Balance Account) Transfers

Net activity is swept to Master Concentration account daily
Daily CCP Short Term Entries

• Bank reports are run daily
• OneStream entries posted to update fund/pool balances
  o ZBA transfers
  o Oil & gas royalty deposits
• Equity Transfers are processed to move cash between funds (members) in OneStream, for example…..
  o Reimburse System Office for expenses paid centrally
  o Adjust for Payroll allocated between members
  o Invoice payments
CCP Long Term

- Treasury team coordinates with each System Member to make decisions on what portion of the CCP balance will be invested in Long Term.

- Long Term CCP is unitized.

- Investment income/fees allocated monthly based on number of units.

- Separate fund ledger for Long Term CCP.
Unitized Investments

• What is unitization?
  o Method for tracking ownership an investment pool
  o Units x Unit Value = Market Value
  o Units based on the market value at time of purchase or “buy-in”
  o CCP Long Term and SEF are both unitized
  o Income distributions are based on units owned
CCP Investment Income

- Income is distributed monthly
  - Short Term - based on avg daily balance (using OneStream)
  - Long Term – income per manager statements (based on units owned)
- Members post entries to record investment income and fees
- Reconcile monthly fund ledger reports to their accounting records (FAMIS)
<table>
<thead>
<tr>
<th><strong>CCP Fund Ledger Reports</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund ledger reports sent to all members monthly</td>
</tr>
<tr>
<td>Similar to a bank statement</td>
</tr>
</tbody>
</table>
| Information is sent during the month when transactions are posted | Investment Income  
Equity Transfers  
Oil & Gas Royalties |
| Some FAMIS entries are automated | Quarterly Endowment Income  
Monthly Payroll and Benefit Equity Transfers |
### Fund Ledger Report

**Fund Name:** SYSTEM OFFICE

**Fund:** 2801

**Period:** 06/01/2023 to 06/30/2023

<table>
<thead>
<tr>
<th>Trx Date</th>
<th>T-Code</th>
<th>Description</th>
<th>Additions</th>
<th>Deductions</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/08/2023</td>
<td>11</td>
<td>ZBA CREDIT TRANSFER</td>
<td>43,047.89</td>
<td>0.00</td>
<td>58,856,736.65</td>
</tr>
<tr>
<td>06/09/2023</td>
<td>11</td>
<td>SREO FEES</td>
<td>93.66</td>
<td>0.00</td>
<td>58,856,830.31</td>
</tr>
<tr>
<td>06/09/2023</td>
<td>16</td>
<td>FM CT</td>
<td>4,057,440.69</td>
<td>0.00</td>
<td>62,914,271.00</td>
</tr>
<tr>
<td>06/09/2023</td>
<td>16</td>
<td>FM RCP</td>
<td>2,875,224.38</td>
<td>0.00</td>
<td>65,789,495.38</td>
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<tr>
<td>06/09/2023</td>
<td>16</td>
<td>FM R22</td>
<td>40,228.93</td>
<td>0.00</td>
<td>65,829,724.31</td>
</tr>
<tr>
<td>06/09/2023</td>
<td>16</td>
<td>FM P23</td>
<td>3,198,343.33</td>
<td>0.00</td>
<td>69,028,067.64</td>
</tr>
<tr>
<td>06/09/2023</td>
<td>16</td>
<td>FM TAMUSA</td>
<td>13,509.43</td>
<td>0.00</td>
<td>69,041,577.07</td>
</tr>
<tr>
<td>06/09/2023</td>
<td>16</td>
<td>FM R19</td>
<td>332.55</td>
<td>0.00</td>
<td>69,041,909.62</td>
</tr>
</tbody>
</table>
# Fund Ledger Report

**Fund Name:** SYSTEM OFFICE - LT  
**Fund:** 2801LT  
**Period:** 06/01/2023 to 06/30/2023

<table>
<thead>
<tr>
<th>Trx Date</th>
<th>T-Code</th>
<th>Description</th>
<th>Additions</th>
<th>Deductions</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/01/2023</td>
<td>0</td>
<td>Beginning Balance</td>
<td>0.00</td>
<td>0.00</td>
<td>140,790,044.29</td>
</tr>
<tr>
<td>06/01/2023</td>
<td>1</td>
<td>MAY INT</td>
<td>278,192.77</td>
<td>0.00</td>
<td>141,068,237.06</td>
</tr>
<tr>
<td>06/01/2023</td>
<td>15</td>
<td>MAY GAIN</td>
<td>105,194.21</td>
<td>0.00</td>
<td>141,173,431.27</td>
</tr>
<tr>
<td>06/01/2023</td>
<td>27</td>
<td>MAY FEE</td>
<td>0.00</td>
<td>39,069.37</td>
<td>141,134,361.90</td>
</tr>
</tbody>
</table>

**Total:** 383,386.98  
**Final Balance:** 39,069.37
## CCP Transactions - Automated FAMIS Entries

<table>
<thead>
<tr>
<th>Monthly Transfers Between Members</th>
<th>Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FICA/TRS</td>
</tr>
<tr>
<td></td>
<td>Concur Activity – Pcard, Travel</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Monthly Transfers to System Office (paid centrally)</th>
<th>Insurance Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Withholding Orders</td>
</tr>
<tr>
<td></td>
<td>Retirement Payments</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quarterly</th>
<th>Endowment Income (Dec/March/June/M13)</th>
</tr>
</thead>
</table>
System Endowment Fund (SEF)

What is an endowment?

- Donation of money or property to a nonprofit organization who uses the resulting investment income for a specific purpose
- Corpus remains intact, earnings available to spend as specified by donors

Endowment Types

- True – donor-restricted
- Quasi – internal restriction
- Term – endowed for a specified period of time

All TAMUS endowments invested in SEF

- Coordinate with Treasury Services to invest new gifts
SEF Reports and Income Distribution

• Quarterly reports from our investment custodian

• **Income Distribution policy** (Inv Policy 22.02)
  - 5% of 20-quarter average market value per unit
  - Unitized investment pool

• **SEF Appreciation Reserve**
  - Realized gains and losses are deposited into the reserve
  - Supplement from reserve if current income is not sufficient to meet required distribution

• **Income Distributed Quarterly**
  - FAMIS entries are automated (Dec/March/June/M13)
Year-End Investment Entries

- System Office provide details for year-end entries in September
- All entries posted in Month 13
- August Investment income/fees
- Year-End Fair Value Adjustment
- Allocate CCP Balance by Fund Group and row.....
  - Current, NonCurrent
  - Restricted, UnRestricted (based on fund group)
Year-End SEF Entries

• 4th Quarter SEF Reports sent out mid-September
• Income Distribution (Month 13)
• SEF Fair Value Adjustment
• SEF Appreciation Reserve Allocation
Treasury Services

• Maria Robinson and the Treasury team do an amazing job managing the A&M System’s cash and investments

• Appreciate all that they do!
Questions/Comments