Overview

• 2023 AFR Season begins
  o Recap 2022 Desk Reviews
  o Impact of GASB 96 in 2023

• Year-End Processes
  o Resources
  o Entries

• OneStream for Financial Reporting
## 2022 AFR Review
### Analysis by the Numbers

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average days to complete desk review</td>
<td>7</td>
</tr>
<tr>
<td>Average number of points</td>
<td>2</td>
</tr>
<tr>
<td>Members with zero points</td>
<td>5</td>
</tr>
<tr>
<td>Members with 1 point</td>
<td>5</td>
</tr>
<tr>
<td>Members with 2 points</td>
<td>6</td>
</tr>
<tr>
<td>Members with 3-10 points</td>
<td>8</td>
</tr>
</tbody>
</table>
Great Job!

### Zero Points
- TAMUG
- TAMUCC
- AgriLife Research
- TEES
- TVMDL

### 1-2 Points
- HSC
- TAMIU
- TFS
- TEEX
- TSU
- TAMRF
- TAMUC
- TAMUK
- AgriLife Extension
- TDEM
- System Office
Investment Performance

- Unfavorable market conditions led to a negative net change in fair value of investments for FY 2022
- Markets have improved during FY 2023

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>As of July 31, 2023</th>
<th>FY23 YTD Net Change</th>
<th>% Change from 2022 to 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realized Losses</td>
<td>283,798,841</td>
<td>(30,959,758)</td>
<td>(20,955,434)</td>
<td>10,004,101</td>
<td>-32%</td>
</tr>
<tr>
<td>Unrealized Gains</td>
<td>1,658,608,059</td>
<td>560,914,328</td>
<td>1,012,074,075</td>
<td>451,159,748</td>
<td>80%</td>
</tr>
<tr>
<td>Total</td>
<td>1,942,406,900</td>
<td>529,954,570</td>
<td>991,118,641</td>
<td>461,163,848</td>
<td>87%</td>
</tr>
</tbody>
</table>
GASB 96 SBITA Effective FY23

- Contracts Identified
- Financial Statement Impact
- LeaseQuery Entries
- Year-End Process
GASB 96 SBITA Effective FY 2023

GASB Statement No. 96 addresses Subscription-Based Information Technology Arrangements (SBITAs) for governmental entities.

It introduces a right-to-use model, where entities recognize intangible right-to-use assets and corresponding subscription liabilities.

The standard requires fair value measurement and subsequent amortization of these assets and liabilities.

Specific disclosures are mandated to provide users with information about the SBITA arrangements and their financial impacts.
Challenges in the implementation Process

- Ensuring the completeness of the population
- Defining control over the software
- Interpreting the contract terms
- Finding the right person to talk to
- Debating the materiality threshold
- Determining whether the payment is a subscription fee, maintenance fee, or some other type
Contracts in the scope of GASB 96

A total of 29 SBITAs were identified, listed below are the contracts with the biggest impact:

- OneStream
- Workday
- Ellucian
- Touchnet
- Netsync Duo
- VMware
- Seamless
- D2L
- Laserfiche
- Instructure
On-going GASB 96 compliance process

- Analyze recommended software related expense codes
- Collaborate with IT and Contract/Procurement Office
GASB 96 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.
Monthly Journal Entries – GASB 96

• Initial SBITA entries posted June 2023

• Continue to post at the end of each month
  o Members enter contracts in LeaseQuery
  o System Office downloads monthly entries from LQ
  o Journal entries uploaded to FAMIS

• System Office reviews the LeaseQuery changes report monthly and posts required adjusting entries for both RTU Leases and SBITAs
LeaseQuery Journal Entries for SBITAs

Red Text – operating statement impact

<table>
<thead>
<tr>
<th>Entry Description</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue Voucher for Payment – Departmental Account</td>
<td>Expense</td>
<td>Cash</td>
</tr>
<tr>
<td>Establish Asset/Liability</td>
<td>Subscription Asset</td>
<td>Subscription Liability</td>
</tr>
<tr>
<td>Reduce Liability for Payment and recognize Interest Expense</td>
<td>Subscription Liability,</td>
<td>Expense (offset voucher)</td>
</tr>
<tr>
<td></td>
<td>Interest Expense</td>
<td></td>
</tr>
<tr>
<td>Amortize Subscription Asset</td>
<td>Amortization Expense</td>
<td>Accumulated Amortization</td>
</tr>
</tbody>
</table>
Increase in Borrowing Rate

- Increase in rates means higher interest expense and interest revenue
- Also seeing an impact to prompt pay interest rate

<table>
<thead>
<tr>
<th>Term</th>
<th>1Y</th>
<th>2Y</th>
<th>3Y</th>
<th>5Y</th>
<th>10Y</th>
<th>15Y</th>
<th>30Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY22 Q1</td>
<td>0.053</td>
<td>0.072</td>
<td>0.173</td>
<td>0.486</td>
<td>1.029</td>
<td>1.259</td>
<td>1.705</td>
</tr>
<tr>
<td>FY22 Q2</td>
<td>0.227</td>
<td>0.296</td>
<td>0.392</td>
<td>0.655</td>
<td>1.058</td>
<td>1.213</td>
<td>1.630</td>
</tr>
<tr>
<td>FY22 Q3</td>
<td>0.884</td>
<td>1.125</td>
<td>1.291</td>
<td>1.490</td>
<td>1.696</td>
<td>1.841</td>
<td>2.173</td>
</tr>
<tr>
<td>FY22 Q4</td>
<td>1.630</td>
<td>1.923</td>
<td>2.083</td>
<td>2.279</td>
<td>2.732</td>
<td>2.837</td>
<td>3.260</td>
</tr>
<tr>
<td>FY23 Q1</td>
<td>2.275</td>
<td>2.321</td>
<td>2.357</td>
<td>2.414</td>
<td>2.827</td>
<td>3.428</td>
<td>3.944</td>
</tr>
<tr>
<td>FY23 Q2</td>
<td>2.620</td>
<td>2.650</td>
<td>2.677</td>
<td>2.751</td>
<td>2.996</td>
<td>3.523</td>
<td>3.867</td>
</tr>
<tr>
<td>FY23 Q3</td>
<td>3.214</td>
<td>3.035</td>
<td>2.900</td>
<td>2.777</td>
<td>2.727</td>
<td>3.460</td>
<td>4.010</td>
</tr>
<tr>
<td>FY23 Q4</td>
<td>3.199</td>
<td>3.092</td>
<td>2.943</td>
<td>2.770</td>
<td>2.654</td>
<td>3.331</td>
<td>3.986</td>
</tr>
</tbody>
</table>
SBITA Impact – Balances as of July 2023

- Increase assets and liabilities around $30 million
- Still have a few more contracts to enter in LeaseQuery

<table>
<thead>
<tr>
<th>Lessee</th>
<th># of SBITA</th>
<th>SBITA Asset</th>
<th>SBITA Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALEXT</td>
<td>1</td>
<td>3,014,123</td>
<td>(602,825)</td>
</tr>
<tr>
<td>HSC</td>
<td>1</td>
<td>901,070</td>
<td>(297,478)</td>
</tr>
<tr>
<td>SO</td>
<td>6</td>
<td>23,172,122</td>
<td>(5,950,961)</td>
</tr>
<tr>
<td>SSC</td>
<td>4</td>
<td>10,024,066</td>
<td>(2,971,614)</td>
</tr>
<tr>
<td>TAMIU</td>
<td>1</td>
<td>916,819</td>
<td>(159,078)</td>
</tr>
<tr>
<td>TAMU</td>
<td>6</td>
<td>8,954,597</td>
<td>(1,781,303)</td>
</tr>
<tr>
<td>TAMUK</td>
<td>1</td>
<td>547,822</td>
<td>(105,416)</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>47,530,619</td>
<td>(11,868,674)</td>
</tr>
</tbody>
</table>


Year-end Tasks – SBITAs and RTU Leases

1. Review LeaseQuery journal entry and department SL transaction to ensure the accurate rent payment was recorded in LeaseQuery

2. Reconcile asset and liability ending balance to LeaseQuery ending balance (provided by the System Office)

3. Collect information on variable payments for notes disclosure
2023 Financial Reporting

• Implementing OneStream

• Many of the processes/workpapers remain the same

• System Office will send out workpapers, instructions and other information through the AFR listserv
Financial Reporting Resources

• System Office [Financial Reporting Resources](#)
  o Deadlines and Reporting Instructions
  o Financial Reporting Contacts
  o Annual Financial Reports
Member Year-End Processes

- Each member may have different processes, examples include:
  - Coordinate with Departments
    - Review outstanding encumbrances
    - Enter receiving
    - Allocate credit card charges (P-Card, Travel)
    - Enter PCTs
    - Year-end inventory adjustment
  - Monitor USAS batches last week of August
  - Review PY AFR accrual entries
  - Review PY Point Log

Audience Poll
What’s on your list?
Year-End Entries – Amounts Provided by System Office

**Detailed instructions included when these items are sent out in September**

<table>
<thead>
<tr>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Insurance Premium accrual</td>
</tr>
<tr>
<td>USAS Cash in State Treasury</td>
</tr>
<tr>
<td>Reserve for Debt Service</td>
</tr>
<tr>
<td>ACAP Accrual for Vacation Hours</td>
</tr>
<tr>
<td>TRS GR Contribution (used for APS011)</td>
</tr>
<tr>
<td>Year-End Investment details, including Fair Value Adjustment</td>
</tr>
</tbody>
</table>
Payroll Accrual Entries

• Manually post accruals for the last week of August after actuals post in FY23

• **System Office will send reminder when information is available**

• Business objects query - TAMUS Shared/AFR Reports/Payroll Accrual

• Recommend using year-end AFR accrual accounts

• Accrual entries required in both FAMIS and USAS
Cash & Investments - Assets Held by System Office

• Mid-September (after receiving external investment manager reports)
• System Office sends out Reconciliation of Assets Held by System (Asset Recon)
  o Adjusted year-end cash & investment balances
  o Each member must reconcile to their accounting records,
• Post entries in Month13 to record August income and year-end fair value adjustments
• Alex Ramirez and Kaleb Ball will distribute investment information
• AFR Instructions Chapter 4
Service Center Analysis – No Changes for 2023

• Analyze net income (loss) per Schedule IV-4 by column
  1. Loss - review function, reclassify if other than Inst. Support
  2. Income - reclassify to Revenue if over $25,000

• Adjusting Journal Entries
  ▪ Use a Designated account coded as Institutional Support
  ▪ Regular journal entries, not AFR reversing
  ▪ Document entries on Notes template

• Explain negative ending balances

• AFR Instructions Chapter 3
Schedule III-1 Unrestricted Net Position

• Allocate Unrestricted Net Position into categories
  1. Reserves (encumbrances, debt service)
  2. Allocations (specific programs)
  3. **Allocated for Operations** – **Audience Discussion**

• Explain negative amounts
• Budget team reviews these balances
• **AFR Instructions Chapter 8**
Final Entries

• These entries should be some of the last entries posted
  o Tuition Discounting
  o Service Center Elimination – *AFR Inst. Chapter 3*
  o Cash & Investment Allocations – *Chapter 4*
  o Fund Balance Reserve Entries – *Chapter 8*

• If fund balance changes or cash is moved between fund groups these entries may need to be adjusted

• Review Fluctuation Analysis – *missing entries?*
Statement of Cash Flows

- Cash Flow Excel template provided by System
- **Import** balance sheet and operating statement data
  - Run reports in AFR module
  - Download AFR files – AFR Sch IV-3, IV-3-A, IV-Fund, plus FBMR 204T
    - FAMIS File Transfer Portal - ‘Download AFR’ Folder (need security access)
- **Enter** reclassification entries
- **Review** check figures
- Enter manual entries in AFR module – not required for 2023
AFR Review Checklist

• Checklist used by System Office for AFR desk reviews
• Recommend going through the checklist before submitting
• Verify reports balance **by Fund Group**
  o Assets + Deferred Outflows = Liabilities, Deferred Inflows and Net Position
  o Net Position per Sch III-Fund = Net Position per Sch IV-Fund
• Verify supporting workpapers tie to AFR
  o Notes worksheet
  o Tuition Discounting Schedule
  o FMQuery reports (USAS)
Items to Submit with the AFR Package
(List posted on Financial Resources web page)

- SEFA/SPTR report downloads (Excel format), plus SEFA Notes
- Fluctuation Analysis, Explanations for review team
- Notes Worksheet, including template for Leases, SBITA, and P3 details
- Tuition Discounting Workpaper and TPEG Worksheet (Academics, HSC)
- GR Recon, FMQuery Interagency Report
- Note 2 from CANSS, plus documentation for transfers to/from non-TAMUS Agencies
- Cash Flow Workpaper
- Completed Reconciliation of Assets Held by System
- Title Page and signed member review checklist
- APS011 Benefits Proportional and supporting workpapers
Submit AFR Package

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

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

**Campus cannot be locked until FAMIS is notified YR412 is final**
Financial Reports
2023
Implementation/Parallel

• OneStream is our new tool for generating financial statements
• Continue to run AFR module reports to compare with OneStream
• Let us know if you experience delays when running AFR module reports
Request Reports

• Screen 172
  - Select Month (defaults to M13)
  - Run for any month, use calendar month (such as 7 for July)
  - F8 – GASB Reports
Screen 172 Report Options

- F8 GASB Reports
- Enter R to run all
- After all reports finish running, view in Laserfiche
- Screen 194 - view status
- Time delay, will not appear immediately
AFR Report Downloads

• Files are created automatically when AFR report request is processed
• Member will need the download files for the Cash Flow Statement

• FAMIS File Transfer Portal
  o SSO menu
  o Download AFR folder
  o Select file(s), right click to download
    ▪ AFR schedules
    ▪ 204T report (used for cash flow)
OneStream Data Load

• Loading data into OneStream
  o Data loaded from FAMIS monthly (WTAMU, TEEX have separate processes)
  o Members import data to their campus through OneStream Workflow
  o Review confirmation rules

• Load data more frequently during Month 13
  o Evaluating what possible - every 2 hours is the goal
  o Automatically import for all members
# Reporting Comparison

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

File Explorer
- Icon on top left corner or screen
- Report “book”
- All reports in PDF or Excel

Cube Views
- AFR Reports for Publication
- Run one report at a time

Demonstration in OneStream
OneStream Reports

- Reports are working, still possible to see some variances

<table>
<thead>
<tr>
<th>How it Works in OneStream</th>
<th>Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totals and Sub-totals are recalculated based on the cube view data</td>
<td><strong>Sum of rows/columns</strong> may not match the total</td>
</tr>
<tr>
<td>AFR Fund Group is based on the GL account instead of the SL</td>
<td>Potential issue if the <strong>GL and SL fund groups</strong> do not match; saw impact to service center accounts which impacted operating expenses</td>
</tr>
<tr>
<td><strong>Net Position is a calculated total</strong> (instead of pulling in balances)</td>
<td>Re-calculating based on revenues and expenses; potential for variances in total and by category</td>
</tr>
<tr>
<td>Cash schedule is built based on transactions instead of balances</td>
<td>If the <strong>fund group on a FAMIS bank</strong> is changed, potential variance, not automatically updated in OneStream for banks</td>
</tr>
</tbody>
</table>
## Financial Statement Analysis

<table>
<thead>
<tr>
<th>OneStream Drilldown</th>
<th>OneStream Quickview</th>
<th>Business Objects reports are still available</th>
</tr>
</thead>
</table>
| • Will not work some of the supporting schedules that have special business rules  
  • N-2 Capital Assets  
  • N-6 Pledged Revenue | • Nice tool, takes some time to learn  
• Planning to add some Quickview reports in shared folder | • TAMUS Shared Folder/AFR Reports  
• AFR Review Queries – used during desk review  
• Reports – designed to mirror some of the AFR schedules |
Are we ready?

- Confidence is high
- 1st year of implementation, expect some issues to come up
- Planning for success!