

FAPC Construction Accounting Quick Reference

This document was created for a quick reference to help mitigate discrepancies in major construction accounting between SOBA and members.

SOBA Construction Accounting Contacts:

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Project Appropriations:

Construction over \$10 million is considered a major project and is managed by FAPC. Projects can be funded by debt or cash sources. Initially, 10% for preconstruction is appropriated by the BOR and later the additional 90% is appropriated for construction. There are times minor projects are managed by FAPC as well.

There are two ways that cash sources can be used:

1. A CC01 local account is established and is cost reimbursable by the member monthly through an equity transfer (ET) process

For CC01 local account:

- SOBA will set up a local plant account.
- SOBA will record the following entry (screen 14) to increase the due from member (18xx) and transfer from member(47xx):
 - debit GL: 08xxxx-18xx due from member
 - credit GL: 08xxxx-47xx transfer from member
- SOBA will record the following budget entry to increase the budget in the project account (screen 10):
 - debit SL: 8xxxxx-8000 Capital outlay budget pool
- Member will record the following entry (screen 14) to increase the due to SO (2801) and transfer to SO (5701):
 - debit GL: 08xxxx-5701 transfer to SO
 - credit GL: 08xxxx-2801 due to SO
- SOBA will utilize local accounts in a specified order determined by Treasury and member.
- SOBA will prepare a monthly ET to be reimbursed for prior month activity.
 - After execution of ET
 - SOBA will record the following entry (screen 12) to reduce the due from member (18xx):
 - Credit GL: 08xxxx-18xx due from member using B01001
 - Member will record the following entry (screen 13) to reduce the due to SO (2801):
 - Debit GL: 08xxxx-2801 due to SO using CCP bank

2. Cash is held on members' books (e.g. AUF, HEF, GR, Federal) and SOBA utilizes their account directly.

For cash held on members' books:

- Project account set up is initiated by a fully executed C-1 or certified BOR minute order (M/O).
- Project accounts must not be co-mingled with non-major project activity.
- Budget should only be established when the Chancellor or the BOR approves C-1s or M/Os.
 - Date for entry must be the approval date: the date the Chancellor signed or the date of the board meeting where the item was approved.
- The member will need to record the appropriation which is usually done via DBR or screen 10
 - Debit SL: 8xxxxx-8000 Capital outlay budget pool (as SOBA will utilize all CIP codes when recording the expense)
- System Office of the Treasury will expect this to be completed 2-3 days after notification of C-1 or M/O.
- Special funding spend should be communicated with SOBA as early as possible. Our normal process is to use state/federal sources first, however, some funding requires splits or construction only (not soft construction costs).

Account Setup:

System Office of the Treasury pulls construction reports from business objects that are queried by certain attributes. These attributes must be maintained throughout the project, consistent across all project accounts (System Office and Member), and are vital for IRS reporting.

New account attributes are as followed:

1. Year-End Process: P
2. Department Primary: FAPC

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3. S-Department Primary: PROJ (1, 2, 3, 4) – need to work with SOBA to determine number
4. Department Secondary: (member department) – not required but some like
5. Long Title: Member Name, Project Name, PRXX-XXXX (MUST BE CONSISTENT WITH OTHER ACCOUNTS ASSOCIATED WITH PROJECT NUMBER ON SCR. 8)
6. Gen Exp Budget: N
7. Restricted: Y
8. GCP/Constr. Proj: 000XXXX 01

Example of a CC01 Plant Account:

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006 SL 6 Digit Account (FSA)                                08/31/18 15:58 008 SL Attributes 2                                08/31/18 16:07
Screen: [ ] Account: 807143 TAMU VET EDUCATION CENTER, PR2-3266  Screen: [ ] Account: 807143 TAMU VET EDUCATION CENTER, PR2-3266 SRS: N
Account Title: TAMU VET EDUCATION CENTER, PR2-3266 SA create enable: N SRS: N      Element of Cost: Sub-El: Foreign Tvl: 2 Gen Exp Bud: N
Resp Person: 301006135 RAY, PHILLIP A Old Acct: Effort Category: DOIA Foreign Per: Admin/Clerical:
ABR Rule: 002 Map Code: 80710 Reporting Group: Salary Sav. Dist: Rev Pledged: Restricted: Y
Bottom Line Cntl: Y Deflt Cat Cntl: N Deflt Cat Tol Pct: Fac Salary Sav. Dist: Pysl Acct Anal: 9999 Delg Type: C
AFR Fund Group: 80 Fund Group: PL Sub Fund Group: UR Sub-Sub: Fac Savings Form 500: Int Exempt: Int Exe Reason:
Year-End Process: P Year-End Acct: Function: 40 Sub-Fun: 31 Grad Savings Form 500: Interest Acct:
Default Bank: 05102 Override: Y Proj FYTD End Mo: 08 Aux Code: USAS Cd: Obj Trans Subcode Edits
Alternate Banks: 0**** Security: Bond Issue: PUF CT Budget Sort: Cost Ref 1: Cat Type Low High Match
P-Card Bank: State Funds: N Appropriated: SA Transactions-- Gift Fee Exempt: Cost Ref 2:
CC Dept S-Dept Exec Div Coll Mail Cd Stmt Budget Actual GCP/Constr.Proj: 0003266 01 TAMU VET EDUCATION CENTER, PR
Primary: FAPC PROJ CH FO C1586 N Expense: N N A/R Clerk Cd: Cap. Campaign:
Secondary: SOBA CH FO C1170 Y Revenue: N N Accountant Resp: 103000194 JOSHI, REKHA M
Admin For: TRS/ORP Exempt: Account Letter: Title to Equip:
Center: Fund Source: 11 PUF CT DEBT PROCEEDS Account Letter: Comments: TO RECORD EXPENSES FOR TAMU VETERINARY EDUCATION, RESEARCH
Long Title: TAMU VETERINARY EDUCATION, RESEARCH & OUTREACH (VERO) CENTER, PR02-3266 Iteration Dt: 03/13/2018
Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10---PF11---PF12--- Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10---PF11---PF12---
Hmenu Help EHelp Next CAcct CProj AResp Cmnt Left Right Hmenu Help EHelp Next CAcct Cmnt
  
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Project Reversions:

In some instances, at construction approval, the appropriated 10% for preconstruction is reverted back to the member once approval has been granted to fund project with debt. SOBA records the reversion from the CC01 local S/L account based on either a fully executed C-1 or a certified copy of a BOR minute order.

There are other times that a member would like to swap funding, the project is coming in under budget, or the scope was reduced, and reversions are processed prior to closeout.

Reversions are also completed for any funds FYTD that remain in the project at the time of closeout.

1. For CC01 local account:
 - SOBA will process a budget entry (screen 10) to reduce budget in the project account
 - credit SL: 8xxxx-8000 Capital outlay budget pool
 - SOBA will process an entry to record a reduction in the due from member (18xx)/transfer from member (47xx) (screen 14)
 - debit GL: 08xxxx-47xx transfer from member
 - credit GL: 08xxxx -18xx due from member
 - Member will process an entry to reduce the due to SO (2801)/transfer to SO (5701) and may move fund balance back to reserves or other sources for use
 - debit GL: 08xxxx -2801 due to SO
 - credit GL: 08xxxx-5701 transfer to SO
2. For cash held on members' books
 - Member will process an entry (screen 10) to reduce the budget in the project account:
 - credit SL: 8xxxx-8000 Capital outlay budget pool
 - Member may move fund balance back to reserves or other sources for use

C-30s:

At substantial completion and the end of the project SOBA will process a C-30 to reclass all CIP. This includes any CIP that may be held on the member's books for a particular major project.

- All project costs will be analyzed and provided in appropriate categories for classification.
- FMO handles the CIP transfer for SOBA.

Please do not reclass without the initiation from SOBA.