Strategic Planning and Funding

60×30TX
Texas Higher Education Coordinating Board

Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community Colleges

Fiscal Year 2018

Texas Higher Education Coordinating Board

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Agency Mission

The mission of the Texas Higher Education Coordinating Board (THECB) is to provide leadership and coordination for Texas higher education and to promote access, affordability, quality, success, and cost efficiency through *60x30TX*, resulting in a globally competitive workforce that positions Texas as an international leader.

Agency Vision

The THECB will be recognized as an international leader in developing and implementing innovative higher education policy to accomplish our mission.

Agency Philosophy

The THECB will promote access to and success in quality higher education across the state with the conviction that access and success without quality is mediocrity and that quality without access and success is unacceptable.

The THECB's core values are:
Accountability: We hold ourselves responsible for our actions and welcome every opportunity to educate stakeholders about our policies, decisions, and aspirations.
Efficiency: We accomplish our work using resources in the most effective manner.
Collaboration: We develop partnerships that result in student success and a highly qualified, globally competitive workforce.
Excellence: We strive for excellence in all our endeavors.

The Texas Higher Education Coordinating Board does not discriminate on the basis of race, color, national origin, gender, religion, age or disability in employment or the provision of services.

Please cite this report as follows: Texas Higher Education Coordinating Board. (2018). Budget requirements and annual financial reporting requirements for Texas public community colleges. Austin, TX.

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Introduction

This manual provides a comprehensive set of definitions, rules, formats, and illustrations for Texas public community and junior colleges to use for consistent and uniform reporting. This manual also conforms to all applicable Governmental Accounting Standards Board (GASB) Statements. The intention behind this manual is to help each public community and junior college adopt the business-type activities (BTA) model for use in preparing its annual financial reports and to follow the other guidelines explained in this document.

The concepts and formats attempt to comply with Generally Accepted Accounting Principles (GAAP), which include pronouncements of the GASB and Financial Accounting Standards Board (FASB), where applicable. Any deviation from the reporting requirements specified in this manual or in GAAP that are caused by institutional policy should be minimal and should not mislead an informed reader. Section 7, Notes to the Financial Statements, includes examples that may need to be modified to fit an institution's actual circumstances. If a footnote clearly is not applicable, a negative assurance footnote is not required.

Deviations from the concepts or formats presented in this manual should be approved by Texas Higher Education Coordinating Board (THECB) staff prior to the submission of the annual financial report. Deviations should be disclosed in the Notes to the Financial Statements.

The Community College Annual Financial Reporting Requirements Committee, which is comprised of community college business officers, representatives from public accounting firms, and THECB staff, reviewed and approved these requirements. Direct any questions to Coordinating Board staff at (512) 427-6243.

The institution's bound and audited financial statements (in the quantity indicated) should be forwarded to each agency listed in Section 2.1 of this manual by **January 1** of each year and submitted electronically to the THECB.

Highlights

Budget Reporting Requirements

The reporting requirements for the Annual Budget are provided in this manual.

Report of Fundable Operating Expenses (RFOE)

The reporting requirements for the Report of Fundable Operating Expenses (RFOE) are not provided in this manual. They are published under separate cover online at http://www.thecb.state.tx.us/reports/PDF/2823.PDF.

FY2 and FY1

The acronym FY2 is used in reference to current year information; FY1 is used for prior year information. The use of acronyms to denote fiscal years will expedite revisions to future manuals. The institution's audited report will need to show the four-digit year where FY2 and FY1 are used in the manual.

Changes and Updates

GASB Statements

All GASB statements up to No. 86 were reviewed for applicability to the community colleges. Implementation status and applicability information are provided below. Consultation with your external auditor and/or the THECB is appropriate concerning treatment of any statements outside this manual. GASB Statements 72, 73, 76, and 79, which were implemented in FY2016, have been included below for your reference.

GASB Statement 72

GASB Statement 72 Link

Fair value measurement and application. The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This statement also will enhance fair value application guidance and related disclosures to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

Effective date – For fiscal years beginning after June 15, 2015. Earlier application is encouraged.
Community college implementation – Implemented in FY 2016

GASB Statement 73

GASB Statement 73 Link

Accounting and financial reporting for pensions and related assets that are not within the scope of GASB Statement 68, and amendments to certain provisions of GASB Statements 67 and 68. The requirements of this statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and non-employer contributing entities. Unless otherwise specified, pronouncements of the GASB apply to financial reports of all state and local governmental entities, including general purpose governments; public benefit corporations and authorities; public employee retirement systems; and public utilities, hospitals and other healthcare providers, and colleges and universities.

Effective date – The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.
Community college implementation – Implemented in FY 2016

GASB Statement 74

GASB Statement 74 Link

Financial reporting for post-employment benefit plans other than pension plans. The requirements of this statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by other post-employment benefits (OPEB) plans that are administered through trusts that meet the specified criteria. The new information will enhance the usefulness of the financial reports of those OPEB plans, their value for assessing accountability, and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. The net OPEB liability information, including ratios, will offer an up-to-date indication of the extent to which the total OPEB liability is covered by the fiduciary net position of the OPEB plan. The comparability of the reported information for similar types of OPEB plans will be improved by the changes related to the attribution method used to determine the total OPEB liability. The contribution schedule will provide measures to evaluate decisions related to the assessment of contribution rates in comparison with actuarially determined rates, if such rates are determined. In addition, new information about rates of return on OPEB plan investments will (1) inform financial report users about the effects of market conditions on the OPEB plan's assets over time and (2) provide information for users to assess the relative success of the OPEB plan's investment strategy and the relative contribution investment earnings provide to the OPEB plan's ability to pay benefits to plan members when due.

Effective date – The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.
Community college implementation – Implemented in FY 2017

GASB Statement 75

GASB Statement 75 Link

Accounting and financial reporting for post-employment benefits other than pensions. The requirements of this statement will improve the usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense.

Effective date – The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.
Community college implementation – Planned for FY 2018

GASB Statement 76

GASB Statement 76 Link

The hierarchy of Generally Accepted Accounting Principles for state and local governments. The requirements in this statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity

for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in non-authoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and will enhance the comparability of financial statement information among governments.

This statement supersedes Statement 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

Effective date – The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged.
Community college implementation – Implemented in FY 2016

GASB Statement 77
GASB Statement 77 Link

Tax abatement disclosures. The requirements of this statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.

Effective date – The requirements of Statement 77 are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.
Community college implementation – Implemented in FY 2017

GASB Statement 78
GASB Statement 78 Link

Pensions provided through certain multiple-employer defined benefit pension plans. This statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing, multiple-employer-defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This statement establishes requirements for recognition and measurement of

pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

Effective date – The requirements of Statement 78 are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.
Community college implementation – Implemented in FY 2017

GASB Statement 79

GASB Statement 79 Link

Certain external investment pools and pool participants. This statement will enhance comparability of financial statements among governments by establishing specific criteria to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

Effective date – The requirements of this statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23-26, and 40, which are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.
Community college implementation – Implemented in FY 2017

GASB Statement 80

GASB Statement 80 Link

Blending requirements for certain component units – an amendment of GASB Statement 14. The requirements of this statement enhance the comparability of financial statements among governments. Greater comparability improves the usefulness of information reported in financial statements and enhances its value for assessing government accountability. This statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement 39, *Determining Whether Certain Organizations Are Component Units*.

Effective date – The requirements of this statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.
Community college implementation – Implemented in FY 2017

GASB Statement 81

GASB Statement 81 Link

Irrevocable split-interest agreements. The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. This statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This statement requires that a government recognize revenue when the resources become applicable to the reporting period.

Effective date – The requirements of this statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

Community college implementation required in FY 2018. Changes adopted to conform to the provisions of this statement should be applied retroactively by restating financial statements, if practicable, for all prior periods presented in accordance with Paragraph 27 of Statement No. 85. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this statement should be reported as a restatement of beginning net position for the earliest period restated. In the first period this statement is applied, the notes to the financial statements should disclose the nature of the restatement and its effect. Also, the reason for not restating prior periods presented should be disclosed.

GASB Statement 82

GASB Statement 82 Link

Pension issues – an amendment of GASB Statements 67, 68, and 73. The objective of this statement is to address certain issues that have been raised with respect to Statements 67, *Financial Reporting for Pension Plans*; 68, *Accounting and Financial Reporting for Pensions*; 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*; *and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial

reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Effective date – The requirements of this statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.
Community college implementation – Planned for FY 2017 and FY 2018.

GASB Statement 83
GASB Statement 83 Link

Certain Asset Retirement Obligations. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). It requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred and requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement. In addition, this statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation, at least annually, and requires a government to evaluate all relevant factors, at least annually, to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. In cases where governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities, this statement requires disclosure of how those funding and assurance requirements are being met, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. This statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

Effective date – The requirements of this statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.
Community college implementation – Planned for FY 2019

GASB Statement 84
GASB Statement 84 Link

Fiduciary Activities. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. This statement also

provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

Effective date – The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.
Community college implementation – Planned for FY 2020

GASB Statement 85

GASB Statement 85 Link

Omnibus 2017. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits [OPEB]). Specifically, this statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and "negative" goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer-defined benefit OPEB plans

Effective date – The requirements of this statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.
Community college implementation – Planned for FY 2018

GASB Statement 86

GASB Statement 86 Link

Certain Debt Extinguishment Issues. The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and

financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Effective date – The requirements of this statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.
Community college implementation – Planned for FY 2018

GASB Statement 87

GASB Statement 87 Link

Leases. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Effective date – The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.
Community college implementation – Planned for FY 2021

Section 1: Budget and Investment Act Reporting Requirements

1.1 Budget Filing Requirements and Distribution List
1.2 Investment Act Requirements

Budget Filing Requirements

Budget Filing Requirements and Due Date

The annual budget requirements are contained within a rider in the General Appropriation Act. For the current reporting period, the requirement may be found in House Bill 1, 84th Texas Legislature, Regular Session, Art. III, Public Community/Junior Colleges, rider 3.d.:

> "Each community/junior college must file by **December 1** of each fiscal year directly with the Governor, Legislative Budget Board, the Legislative Reference Library, and the Texas Higher Education Coordinating Board, a copy of an annual operating budget, and subsequent amendments thereto, approved by the community/junior college governing board. The operating budget shall be in such form and manner as may be prescribed by the board and/or agency with the advice of the State Auditor providing, however, that each report include departmental operating budgets by function."

Budget Distribution List

Please send the budgets to the offices indicated, and not *en masse* to the THECB. The delivery instructions are contained in THECB rules, Ch. 13., sections 13.43 and 13.44.

Electronic Copies

Process	Electronic Address	Details
FTP Post	Coordinating Board https://www2.thecb.state.tx.us/	The username is audit-collection. Email Roland.gilmore@thecb.state.tx.us for password. Please include your FICE code in the title of the file. For example, 006321BUD2018.pdf.
FTP Post	Legislative Budget Board http://docs.lbb.state.tx.us/Login.aspx	A username and password are required.

Bound, Paper Copies

Number of Copies	Mailing Address	Street Address
One (1)	Governor's Budget & Planning Office Email to: budgetandpolicyreports@gov.texas.gov	Governor's Budget & Planning Office
One (1)	Legislative Reference Library PO Box 12488, Capitol Station Austin, TX 78711	Leg Reference Library 1100 Congress, Room 2N.3 Austin, TX 78701

Investment Act Requirements

Investment Policies

The governing body of an investing entity shall adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control. The investment policies must:

(1) be written;
(2) primarily emphasize safety of principal and liquidity;
(3) address investment diversification, yield, and maturity and the quality and capability of investment management; and
(4) include: list of the types of authorized investments in which the investing entity's funds may be invested; the maximum allowable stated maturity of any individual investment; for pooled fund groups, the maximum dollar-weighted average maturity; methods to monitor the market price of investments acquired with public funds; a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Texas Government Code, Section 2256.021.

As an integral part of an investment policy, the governing body shall adopt a separate written investment strategy for each of the funds or group of funds under its control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities in order of importance:

(1) understanding of the suitability of the investment to the
(2) financial requirements of the entity;
(3) preservation and safety of principal;
(4) liquidity;
(5) marketability of the investment if the need arises to liquidate
(6) the investment before maturity;
(7) diversification of the investment portfolio; and
(8) yield.

The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies. A written copy of the investment policy shall be presented to any person offering to engage in an investment transaction with an investing entity or to an investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio.

Investment Officer Training

An investment officer shall attend a training session not less than once each state fiscal biennium and may receive training from any independent source approved by the governing body.

Governing Board Training

Each member of the governing board and its investment officer shall attend at least one training session relating to the person's responsibilities under this chapter within six months after taking office or assuming duties. Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

Authorized Investments

Obligations, including letters of credit, of the United States or its agencies and instrumentalities; direct obligations of this state or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of this state or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; and bonds issued, assumed, or guaranteed by the State of Israel.

Annual Reporting

The State Auditor's Office (SAO) requires that higher education institutions report to the SAO certain investment information prescribed by the General Appropriations Act (84th Legislature), Article III, Section 6–Investment Reports.

(1) Posting on the institution's Web site by December 31 each year (a) its Annual Investment Report (Including Deposits), (b) its responses to three investment-related questions, and (c) the most current version of its investment policy (or policies, if more than one).
(2) Submitting to the SAO, also by December 31 each year, an Annual Tracking Report for Investment Reporting by Higher Education Institutions.

The SAO forms can be found at the below link:
http://www.sao.texas.gov/Resources/HigherEducationInvestmentReporting/

Reports

The investment officer shall quarterly prepare and submit to the governing body a written report of investment for all funds for the preceding reporting period. The report must: describe in detail the investment position of the entity on the date of the report; be signed by each investment officer; contain a summary statement of each pooled fund group that states the: beginning market value for the reporting period; ending market value for the period; and fully accrued interest for the reporting period; state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested; state the maturity date of each separately invested asset that has a maturity date; state the account or fund or pooled group fund in the state agency or local government for which each individual investment was acquired; and state the compliance of the investment; and relevant provisions of this chapter. The report shall be presented not less than quarterly to the governing body and the chief executive officer of the entity within a reasonable time after the end of the period. If an entity invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the investment officers under this section shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor.

Section 2: Annual Financial Report (AFR) Requirements

2.1 Filing Requirements
2.2 Report Content
2.3 Technical Specifications
2.4 Sample Table of Contents
2.5 Sample Organizational Data
2.6 FAQ (Frequently Asked Questions) – Report Requirements
2.7 Checklist – AFR Requirements

Filing Requirements

Report Due Date

The audited AFR as described in Section 2.2 of this manual has a state due date of **January 1** of each year. To clarify, the auditor must certify the audit, but it does not need to be approved by the governing board before submission.

Data Collection Form according to OMB Uniform Grant Guidance "Super Circular" section 200.512 (a) states that "the reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period."

Distribution List

Using the following information is vital when delivering the college's AFR by January 1 of each year. Certain agencies no longer require paper copies.

Electronic Copies

Process	Electronic Address	Details
FTP Post	Coordinating Board https://www2.thecb.state.tx.us/	The username is audit-collection. Email Roland.gilmore@thecb.state.tx.us for password. Please include your FICE code in the title of the file. For example, 006321AFR2018.pdf.
FTP Post	Legislative Budget Board http://docs.lbb.state.tx.us/Login.aspx	A username and password are required.
Email	Texas Association of Community Colleges documents@tacc.org	Subject should read: "District name, FYXX Audit"
Email	Comptroller of Pubic Accounts cpa.fiscal.management@cpa.state.tx.us	Subject should read: "District name, FYXX Audit"
Email	State Auditor submitreports@sao.state.tx.us	Subject should read: "District name, FYXX Audit"
Email	Governor's Budget & Planning Office Office of the Governor budgetandpolicyreports@gov.texas.gov	Subject should read: "District name, FYXX Audit"

Bound, Paper Copies

Number	Mailing Address	Street Address
One (1)	Legislative Budget Board PO Box 12666, Capitol Station Austin, TX 78711	Legislative Budget Board Robert E. Johnson Bldg. 1501 North Congress, Fifth Floor Austin, TX 78701
One (1)	House Appropriations Committee PO Box 2910, Capitol Station Austin, TX 78769	House Appropriations Committee 1100 Congress Ave., E1.032 Austin, TX 78701
One (1)	Senate Finance Committee PO Box 12068, Capitol Station Austin, TX 78711	Senate Finance Committee 1400 N. Congress, E1.072 Austin, TX 78701
One (1)	Legislative Reference Library PO Box 12488, Capitol Station Austin, TX 78711	Legislative Reference Library 1100 Congress, Room 2N.3 Austin, TX 78701
	Federal Audit Clearinghouse Bureau of the Census 1201 E. 10th Street Jeffersonville, IN 47132	See the following note for Federal Single Audit Report Filing Requirements

Federal Single Audit Report Filing Requirements

Federal Audit Clearinghouse. Each College is required by The Office of Management and Budget (OMB) Uniform Grant Guidance to file with the Federal Audit Clearinghouse a Federal "Data Collection Form" and one copy of the "Reporting Package," which is essentially the AFR and an additional copy of the AFR, for each Federal-awarding agency that has a related audit finding ... as reported by the auditor in the schedule of findings and questioned costs. In addition, an AFR must be provided to each pass-through agency where there is an audit finding. Please note that the college and the auditor are both required to enter data and certify the submission. You will need to coordinate this process with your audit firm. The due date is 30 days after the date of the audit report.

Pass-Through Agencies. Also, notification of no finding must be provided to each Pass-Through Agency (a copy of the AFR may be provided in lieu of this notification). Some pass-through agencies require a copy of the AFR regardless, e.g., the THECB requires a copy of the AFR.

Report Content

Report Content and Order

Each published audited financial report should include the items listed below. (Examples are included in Sections 2 thru 11.) Arrange the items in the order below, as shown in Section 2.2 through Schedule D. The arrangement of the remaining items are at the discretion of the institution.

- Table of Contents
- Name and Terms of the Board of Trustees
- Principal Administrative Officers and the Business and Financial Staff
- Independent Auditor's Opinion on the Basic Financial Statements, including report on Schedule of Expenditures of Federal Awards and report on Schedule of Expenditures of State Awards (except in specified conditions – see American Institute of Certified Public Accountants (AICPA) pro forma reports)
- Management Discussion and Analysis
- Statement of Net Position (Exhibit 1)
- Statement of Revenues, Expenses, and Changes in Net Position (Exhibit 2)
- Statement of Cash Flows (Exhibit 3)
- Notes to Financial Statements
- Required Supplementary Information (GASB 68 Pension schedules)
- Required Supplementary Information (GASB 75 Other Post-Employment Benefits (OPEB) schedules)
- Supplementary Schedules A through F as listed in Sections 9 and 10 of this manual
- Audit Reports Required by OMB Circular A-133/2 CFR part 200, subpart F and the Uniform Grant Guidance: (Web address: http://www.whitehouse.gov/omb/grants_docs)
    - Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Governmental Auditing Standards
    - Report of Independent Certified Public Accountants on Compliance for Each Major Federal and State Program and on Internal Control over Compliance Required by OMB Uniform Grant Guidance and the State of Texas Single Audit Circular
    - Report on Fraud, Abuse, or Illegal Acts (only when observed)
    - Schedule of Findings and Questioned Costs (see OMB Circular A-133/2 CFR part 200, subpart F and the Uniform Grant Guidance, Sec. 200.512 (c) (1-4) for required items.
    - Schedule of Corrective Action for Audit Finding and Questioned Costs (if needed)
    - Summary Schedule of Prior Audit Findings (if needed)
- Audit reports required by the State of Texas Single Audit Circular (similar to reports required by OMB Uniform Grant Guidance). The circular is Section IV of the UNIFORM GRANT MANAGEMENT STANDARDS. Web address: Uniform Grant Management Standards (UGMS)
- (Optional) Statistical Supplementary Schedules, Section 11

Comparable Data

Texas community colleges are required to present comparative statements. All the statements, footnotes, and Management's Discussion and Analysis (MD&A) will need to be comparative. The Schedules A through D need to contain memorandum totals only for the previous year.

Required Supplementary Information

Application of GASB Statements 68 and 75 will require community colleges to present four required supplementary information (RSI) schedules. The GFOA states that RSI schedules (other than MD&A) should be presented immediately following the notes to the financial statements. The RSI schedules required by community colleges under GASB 68 and 75 are:

- Schedule of [Employer's] Proportionate Share of Net Pension Liability
- Schedule of [Employer's] Contributions for Pensions
- Schedule of [Employer's] Proportionate Share of Net OPEB Liability
- Schedule of [Employer's] Contributions for OPEB

Supplementary Schedules

The information and financial statements required above include the schedules listed below. These audited schedules should be included in the published audited financial report after the Notes to the Financial Statement. Examples of these schedules are included in Section 9, Supplemental Schedules A-D and Section 10, Schedules of Expenditures of Federal Awards and State Awards.

- Schedule A – Schedule of Operating Revenues
- Schedule B – Schedule of Operating Expenses by Object
- Schedule C – Schedule of Non-Operating Revenues and Expenses
- Schedule D – Schedule of Net Position by Source and Availability
- Schedule E – Schedule of Expenditures of Federal Awards (See CFR part 200, subpart F and the Uniform Guidance, Sec 200.500)
- Schedule F – Schedule of Expenditures of State Awards (See State of Texas Single Audit Circular A-133, Sec.___.310 (b) (1)-(6))

Statistical Supplemental Schedules (Optional)

The implementation of GASB Statement 44 has changed the requirements for this section. Each of these supplemental schedules includes statistics for the last 10 years, except where a change in reporting requirements makes this impossible. Statistical schedules should be displayed in a table format, and graphical presentation is optional. For required topics for statistical schedules, please see Section 11, Required Statistical Schedules.

Additional schedules may be included in the published financial report, as required for internal management needs. Do not number optional supplemental schedules in a way that would confuse them with the numbering scheme for required exhibits and schedules.

Technical Specifications

Rounding

Round the dollar amounts on the primary financial statements, required supplementary schedules, and the federal assistance schedule to the nearest dollar. **The exhibits and schedules must total. Do not include a footnote saying that the statements may not total due to rounding.**

Optional supplemental schedules may be rounded to the nearest dollar at the option of the institution.

Order of Contents

Arrange the items in the order shown in Section 2.2 through Schedule D. The arrangement of the remaining items is at the discretion of the institution.

Page Numbers

In general, number all pages of the audit report. The numbers should agree with the page numbers listed in the Table of Contents.

Sample Table of Contents

Organizational Data

- Names and Terms of the Board of Trustees/Regents
- Principal Administrative Officers and the Business and Financial Staff
- Independent Auditor's Opinion on the Basic Financial Statements (and on Federal and State Schedules)
- Management's Discussion and Analysis

Exhibits

- Statement of Net Position, Affiliated Organization's Statement of Financial Position
- Statement of Revenues, Expenses, and Changes in Net Position, Affiliated Organization's Statement of Activities
- Statement of Cash Flows

Notes to the Basic Financial Statements

Required Supplementary Information Schedules

- Schedule of [Employer's] Proportionate Share of Net Pension Liability
- Schedule of [Employer's] Contributions for Pensions
- Schedule of [Employer's] Proportionate Share of Net OPEB Liability
- Schedule of [Employer's] Contributions for OPEB

Schedules

- Schedule A – Schedule of Operating Revenues
- Schedule B – Schedule of Operating Expenses by Object
- Schedule C – Schedule of Non-Operating Revenues and Expenses
- Schedule D – Schedule of Net Position by Source and Availability
- Schedule E – Schedule of Expenditures of Federal Awards
- Schedule F – Schedule of Expenditures of State Awards

Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Governmental Auditing Standards*

Report of Independent Certified Public Accountants on Compliance for Each Major Federal and State Program and on Internal Control over Compliance Required by OMB Uniform Grant Guidance and the State of Texas Single Audit Circular

Report on Fraud, Abuse, or Illegal Acts (only when observed)

Schedule of Findings and Questioned Costs

Schedule of Corrective Action for Audit Finding and Questioned Costs (if needed)

Summary Schedule of Prior Year Audit Findings (if needed)

Statistical Supplements (19 Schedules – see Section 11 for details)

Note: Zero amount line items in Exhibits and Schedules are shown for illustrative purposes only and should be omitted from the face of the statement.

Sample Community College Organizational Data

Sample Community College
Organizational Data
For the Fiscal Year YYYY

Board of Trustees/Regents

Officers

Full Name	Board Title
Full Name	Board Title

Members

		Term Expires August 31
Full Name	City, State	YYYY
Full Name	City, State	YYYY
Full Name	City, State	YYYY
Full Name	City, State	YYYY
Full Name	City, State	YYYY
Full Name	City, State	YYYY
Full Name	City, State	YYYY

Principal Administrative Officers

Full Name	President
Full Name	Vice President of Academic Affairs
Full Name	Vice President of Business Affairs
Full Name	Vice President of Development
Full Name	Vice President of Student Services
Full Name	Dean of Academic Instruction
Full Name	Dean of Vocational Education
Full Name	Controller

Frequently Asked Questions

Question 1

What exhibits and schedules must be included in the financial presentation for the AFR?

Answer 1

The required financial presentation includes:

Exhibit 1	Statement of Net Position (comparative)
Exhibit 2	Statement of Revenues, Expenses, and Changes in Net Position (comparative)
Exhibit 3	Statement of Cash Flows (comparative)
RSI #1	Schedule of [Employer's] Proportionate Share of Net Pension Liability (10 years)
RSI #2	Schedule of [Employer's] Contributions for Pensions (10 years)
RSI #3	Schedule of [Employer's] Proportionate Share of Net OPEB Liability (10 years)
RSI #4	Schedule of [Employer's] Contributions for OPEB (10 years)
Schedule A	Schedule of Operating Revenues (memo comparative)
Schedule B	Schedule of Operating Expenses by Object (memo comparative)
Schedule C	Schedule of Non-Operating Revenues and Expenses (memo comparative)
Schedule D	Schedule of Net Position by Source and Availability (memo comparative)
Schedule E	Schedule of Expenditures of Federal Awards
Schedule F	Schedule of Expenditures of State Awards

Question 2

Because community colleges will be presenting comparative financial statements, which exhibits and schedules need to be comparative?

Answer 2

Basic financial statements (Exhibit 1, 2, and 3) and notes to the financial statements should be fully comparative. Schedules A, B, C, and D must disclose memorandum totals for the prior year. All of the Required Supplementary Information (RSI#1 – RSI#4) schedules should display 10 years of information, as they become available.

Please note that item numbers tie to complete checklist in Appendix C.

Checklist

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
GENERAL		
	1.	Due date for the audited annual financial report recipients listed in Section 2.1 is January 1.
	2.	Is a table of contents included that encompasses the entire report? [NCGAS 1:139]
	3.	Does the table of contents identify each statement and schedule by its full name, in accordance with the THECB reporting manual?
	4.	The financial statements must be arranged in numeric order. All pages must be numbered consecutively and must agree with the table of contents.
	5.	The names and terms of the Board of Trustees and key administrative officers, including business and financial staff, must be included in the financial report. [See Section 2.5]
	6.	Report should be proofread for typographical and grammatical errors.
REPORT OF THE INDEPENDENT AUDITOR		
	7.	Are the basic financial statements accompanying the report from the independent auditor?
	8.	Is the report from the independent auditor presented as the first item in the financial section of the report?
	9.	Does the auditor's report on financials include reference to generally accepted auditing standards and generally accepted government auditing standards issued by the Comptroller General of the United States?
	10.	Did the independent auditor express an unmodified opinion on the fair presentation of the basic financial statements in conformity with GAAP?
	11.	Did the independent auditor sign and date the report?
	12.	Did the auditor include all paragraphs and wording, as required by the AICPA in the Statement of Position 98-3?
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON THE AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*		
	13.	Does the report contain all the required elements? [AICPA Audit & Accounting Guide]
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133		
	14.	Does the report contain all the required elements? [AICPA Audit & Accounting Guide]
SCHEDULE OF FINDINGS AND QUESTIONED COSTS		
	15.	Is the schedule prepared in accordance with OMB A-133/2 CFR part 200, subpart F Compliance Supplement and the AICPA Audit & Accounting Guide – Government Auditing Standards?
	16.	Are the proper federal programs that have been designated as a cluster in Part 5 – Clusters of Programs, A-133 Compliance Supplement, audited as a single program if one has been selected as a Type A major program?

Please note that item numbers tie to complete checklist in Appendix C.

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	17.	Are Sections II and III included, even if there are no findings?
	18.	Is all required information given for any findings? See OMB Circular A-133/2 CFR part 200, subpart F, Sec.200.511 Audit Findings.
	19.	If there are any findings reported, is there also presented a Corrective Action Plan, which must list the employee responsible for the needed corrective action and the anticipated date of completion of the corrective action for each listed finding?
	20.	Type A program not audited as a major program in one of the last two years must be audited as a major program this year. [OMB Circular A-133/2 CFR part 200, subpart F]
	21.	Title IV funding may be audited as a cluster of programs dependent on A-133/2 CFR part 200, subpart F guidance.
BASIC FINANCIAL STATEMENTS		
	22.	Is a full set of basic financial statements presented (i.e., a Statement of Net position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows)? [GASB 34 91]
	23.	Are all the basic financial statements referred to by their appropriate title? [GASB 34 91; THECB]
	24.	Do all the basic financial statements include a reference to the notes?
	25.	Do all the basic financial statements foot and tie? (Adding a footnote that indicates your statements do not tie is not acceptable.)
	26.	Is the difference between assets and liabilities reported as net position? [GASB 34: 30]
	27.	Are amounts reported in the notes correct, and do they agree with applicable amounts in the financial statements?

Section 3: Management's Discussion and Analysis (MD&A)

3.1 Introduction
3.2 Overview of MD&A Requirements
3.3 Additional MD&A Guidance
3.4 Checklist – MD&A

Introduction

Management's Discussion and Analysis (MD&A) is an analysis of the financial condition and operating results of the college written by its *financial managers.* Although it is required supplementary information, GASB requires that MD&A be presented before the basic financial statements because it introduces the statements and notes. GASB Statement 34, paragraph 8, states that MD&A should provide an "objective and easily readable analysis of the financial activities based on currently known facts, decisions, or conditions."

The information presented here should be confined to the topics discussed in items 1 through 8 below according to GASB Statement 37, paragraph 4. Institutions are encouraged to use MD&A to share their knowledgeable insights on the transactions, events, legislation, and conditions that are reflected in the college's financial report.

Order of Contents

Items should be arranged in the order listed below.

Page Numbers

In general, number all pages. The numbers should agree with the page numbers listed in the table of contents.

Overview of MD&A Requirements

Brief Discussion of Basic Financial Statements

The following is an outline of the requirements for MD&A. The information presented here should be confined to the topics presented below:

- Explain the relationships of the statements to each other and significant differences in the information they provide.
- Identify GASB references from which the statements were fashioned.
- Include descriptions of the major components of the basic financial statements (at least in the first few years that GASB Statement 39 is applied).

Condensed Comparative Financial Information

This required information must be presented in the form of **comparative** condensed financial statements. This format cannot be replaced by a graph. GASB Statement 34, 11b, prescribes this list and requires three years' worth of comparative data to be available at a glance to financial statement users. The required elements are as follows:

- Total assets, distinguishing between capital and other assets
- Total liabilities, distinguishing between long-term liabilities and other liabilities
- Total net position, distinguishing among amounts in net investment in capital assets; restricted amounts; and unrestricted amounts
- Operating revenue by major source and total operating revenues
- Operating expenses by function and total operating expenses
- Operating income (loss)
- Non-operating revenues and expenses
- Income before other revenues, expenses, gains, and losses
- Capital contributions
- Contributions to term and permanent endowments
- Other contributions
- Special and extraordinary items
- Change in net position
- Ending net position

Overall Financial Position

The third component of MD&A is the required analysis of the college's overall financial position and results of operations. This component is perhaps the most important of the eight. It should *assist* users in assessing whether the college's financial position has improved or deteriorated as a result of the year's operations. The emphasis is on *assist* for this component. GASB does not require management to determine – and report – whether the college's financial position improved or deteriorated during the period. At best, this is a subjective assessment and must include "significant" factors that caused the variations.

The underlying concept of the term "significant" is the same as "material." The definition of materiality follows:

> "The omission or misstatement of an item in a financial report is material if, in the light of surrounding circumstances, the magnitude of the item is such that it is probable that the judgment of a reasonable person relying upon the report would have been changed or influenced by the inclusion or correction of the item."

Several important things should be considered when preparing this component of MD&A:

- The analysis should use as its starting point the condensed financial information discussed previously.
- The analysis should include both the amounts and percentages of changes and the reasons for significant changes from the prior year.
- The analysis should not be limited to the figures reported in the financial statements. Important economic factors, such as changes in the tax or employment bases, which significantly affected operating results for the year should be discussed.
- As financial managers for the college, the authors of MD&A are in the best position to know why things changed financially. MD&A gives the authors an excellent opportunity to share their expertise.

Analysis of Balances and Transactions of Individual Funds

Not applicable to community colleges

Analysis of Significant Budget Variations

Not applicable to community colleges

Significant Capital Asset and Long-Term Debt Activity

Essentially, this section should be a summary of the information contained in the note disclosures for capital assets and long-term liabilities and should refer the reader to these required disclosures.

Three types of information are required for this component of MD&A. These are as follows (as applicable):

- *Significant commitments made for capital expenses.* This discussion should also indicate how the college intends to finance planned expenses.
- *Changes in credit ratings.* Discuss both positive and negative changes, including a brief description of the reason for the change.
- *Debt limitations that may affect the financing of planned facilities or services.*

Significant Changes in Infrastructure Assets

Only if applicable to your institution

Currently Known Facts, Decisions, or Conditions

The final component is the requirement to report on currently known facts, decisions, or conditions that are expected to have a significant effect on the college's financial position (net position) or results of operations (revenues, expenses, and other changes in net position). This information is intended to help users assess *future* operations of the college. However, financial managers are not asked to make projections. The term "currently known" means information that management is aware of as of the date of the auditor's report. There is no need to repeat items in this component if they are already mentioned elsewhere.

Additional MD&A Guidance

Reporting Component Unit Information in MD&A

Community colleges are considered special purpose primary governments according to the definition in GASB Statement 14. Therefore, they must distinguish between the primary government and their discretely presented component units in their reports. The requirements for MD&A are no different from those of reporting in the basic financial statements. GASB Statement 34, paragraph 10, requires that MD&A distinguish between the primary government and its discretely presented component units.

The focus of MD&A should be on the primary government. Discretely presented component unit information should be discussed in MD&A, when necessary, to present a financial analysis of the primary government, but only after considering the component unit's significance to the total of all discretely presented component units and that component unit's relationship with the primary government. In all cases, it is appropriate to refer the reader of MD&A to the MD&As presented in the component units' own separately issued financial reports.

Make MD&A Easily Readable

MD&A should be written for a reader who has some knowledge of finances and a willingness to put forth the effort to understand the financial statements. Avoid adding information not required in the MD&A.

Financial managers should use "plain English" when possible and explain advanced accounting terms.

Charts, Graphs, and Tables

Using visual displays of information increases the clarity of MD&A by cutting down on the amount of text that needs to be presented.

Avoiding Boilerplate Language

Institutions should avoid making their MD&A appear like others through the use of duplicate language.

Letter of Transmittal

If your college prepares a CAFR, a letter of transmittal is required. The following guidelines are suggested for presentation and minimum content:

- The letter should be included in the introductory section of the CAFR (that is, before the financial section).
- The institution's Chief Financial Officer must sign the letter.
- The minimum contents include the following:
  - Management's responsibility for financial information
  - An explanation of the sections of a CAFR
  - Definition of the financial reporting entity
  - Economic condition and outlook including such topics as:
    - Overview of the local economy
    - Information regarding major industries affecting the local economy
    - Future economic outlook
  - Major initiatives including such topics as:
    - Current-year projects
    - Future projects
    - Service efforts and accomplishments information for selected departments or activities
  - Financial information including such topics as:
    - Discussion of internal control framework and budgetary controls
    - General government functions
    - Proprietary operations
    - Debt administration
    - Cash management
    - Risk management
    - Fiduciary operations
  - Other information including such topics as:
    - Independent audit
    - Awards
    - Acknowledgements

Please note that item numbers tie to complete checklist in Appendix C.

Checklist

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	28.	Is MD&A presented, and does it follow the report of the independent auditor and precede the basic financial statements? [GASB 34 11b]
	29.	Does MD&A present condensed financial data for three comparative years? Does condensed financial data include: [GASB 34 11b]
	30.	Total assets (distinguishing between capital and other assets)? [GASB 34 11b]
	31.	Total liabilities (distinguishing between long-term liabilities and other liabilities)? [GASB 34 11b]
	32.	Total net position (distinguishing net investment in capital assets; restricted net position; and unrestricted net position)? [GASB 34 11b]
	33.	Operating revenues (by major sources)? [GASB 34 11b(4)]
	34.	Non-operating revenues (by major sources)? [GASB 34 11b (5)]
	35.	Program expenses by function? [GASB 34 11b (5)]
	36.	Change in net position? [GASB 34 11b(13)]
	37.	Ending net position? [GASB 34 11b 14)]
	38.	Contributions? (including capital, contributions to endowments, and other) [GASB 34 11b(10)]
	39.	Does MD&A provide an overall analysis of the entity's financial position and results of operations to assess whether financial position has improved or deteriorated during the year, including reasons for significant changes? [GASB 34 11c]
	40.	Does MD&A describe significant capital-asset and long-term debt activity during the year, including a change in credit rating and commitments made for capital expenses? [GASB 34 11f]. Refer readers to more detailed information in notes to the financial statements, if applicable.
	41.	Does the MD&A include a description of currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position (net position) or results of operation? [GASB 34 11]
	42.	Do the amounts reported in MD&A agree with related amounts in the basic financial statements?
	43.	Has the college refrained from addressing MD&A topics not specifically prescribed by GASB 34? [GASB 37]

Section 4: Statement of Net Position (SNP)

4.1	Introduction and Discussion
4.2	Report Format – Sample of Exhibit 1 – Statement of Net Position
4.3	Report Format – Sample of Affiliated Organizations – Statement of Financial Position
4.4	Current Assets
4.5	Noncurrent Assets
4.6	Capital Assets Classifications
4.7	Deferred Outflows of Resources
4.8	Current Liabilities
4.9	Noncurrent Liabilities
4.10	Deferred Inflows of Resources
4.11	Net Position
4.12	FAQ (Frequently Asked Questions) – Statement of Net Position
4.13	Checklist – Statement of Net Position

Introduction

The primary purpose of the Statement of Net Position is to provide information about an institution's assets, liabilities, and net position at a moment in time, generally at the end of a reporting period. The information provided helps users assess, among other things, the institution's liquidity, its ability to meet its obligations, and its needs for external financing.

Minimum Requirements

GASB Statement 34 sets forth certain minimum requirements for the Statement of Net Position in three areas, namely:

- Classified format
- Components of net position
- Display of restricted net position

Classified Format

Assets and liabilities must be presented in a classified format that distinguishes between current and long-term assets and liabilities.

The "current" classification applies to those assets that will be realized in cash, sold, or consumed within one year and those liabilities that will be discharged by use of current assets or the creation of other current liabilities within one year (*Accounting Research Bulletin* 43).

Reference to Notes

Each financial statement should include a reference to the notes.

Order of Liquidity

Noncurrent liabilities should be listed on the Statement of Net Position in their order of liquidity.

Components of Net Position

The net position must be displayed in three broad components:

- Net Investment in Capital Assets
- Restricted
- Unrestricted

Display of Restricted Net Position

Within this component, institutions should distinguish between major categories of restrictions, e.g., student financial aid, instructional programs, loans, and debt service.

When permanent endowments (those that must be maintained in perpetuity) are included in this component, restricted net position must be further divided and displayed in two subcomponents – expendable and nonexpendable.

Note: GASB Statement 34 does ***not permit*** designations of unrestricted net position to be reported on the face of the Statement of Net Position. Such information, e.g., disclosing governing board designations of unrestricted net position for certain uses is required in Schedule D.

Report Format – Sample of Exhibit 1 – Statements of Net Position

Sample Community College
Statements of Net Position
August 31, XXXX and XXXX

		Exhibit 1
	FY 2	**FY 1**
Assets		
Current Assets		
Cash and Cash Equivalents	$X,XXX,XXX	$X,XXX,XXX
Accounts Receivable (net)	$X,XXX,XXX	$X,XXX,XXX
Total Current Assets	$X,XXX,XXX	$X,XXX,XXX
NonCurrent Assets	$X,XXX,XXX	$X,XXX,XXX
Other long-term investments	$X,XXX,XXX	$X,XXX,XXX
Capital Assets, net	$X,XXX,XXX	$X,XXX,XXX
Total NonCurrent Assets	$X,XXX,XXX	$X,XXX,XXX
Total Assets	$X,XXX,XXX	$X,XXX,XXX
Deferred Outflows of Resources	$X,XXX,XXX	$X,XXX,XXX
Deferred Loss on Refunding	$X,XXX,XXX	$X,XXX,XXX
Deferred Outflows Related to Pensions	$X,XXX,XXX	$X,XXX,XXX
Deferred Outflows Related to OPEB	$X,XXX,XXX	$X,XXX,XXX
Total Deferred Outflows of Resourses	$X,XXX,XXX	$X,XXX,XXX
Liabilities and Net Position		
Current Liabilities		
Accounts Payable	$X,XXX,XXX	$X,XXX,XXX
Unearned Revenue	$X,XXX,XXX	$X,XXX,XXX
General Obligation Bonds - Current Portion	$X,XXX,XXX	$X,XXX,XXX
Total Current Liabilities	$X,XXX,XXX	$X,XXX,XXX
NonCurrent Liabilities		
Unearned Revenue	$X,XXX,XXX	$X,XXX,XXX
Net Pension Liability	$X,XXX,XXX	$X,XXX,XXX
Net OPEB Liability	$X,XXX,XXX	$X,XXX,XXX
General Obligation Bonds	$X,XXX,XXX	$X,XXX,XXX
Total NonCurrent Liabilities	$X,XXX,XXX	$X,XXX,XXX
Total Liabilities	$X,XXX,XXX	$X,XXX,XXX
Deferred Inflows of Resources	$X,XXX,XXX	$X,XXX,XXX
Refunding of Debt	$X,XXX,XXX	$X,XXX,XXX
Deferred Inflows Related to Pensions	$X,XXX,XXX	$X,XXX,XXX
Deferred Inflows Related to OPEB	$X,XXX,XXX	$X,XXX,XXX
Total Deferred Inflows of Resources	$X,XXX,XXX	$X,XXX,XXX
Net Position	$X,XXX,XXX	$X,XXX,XXX
Net Investment in Capital Assets	$X,XXX,XXX	$X,XXX,XXX
Restricted for:	$X,XXX,XXX	$X,XXX,XXX
NonExpendable:		
Endowments	$X,XXX,XXX	$X,XXX,XXX
Expendable		
Debt Service	$X,XXX,XXX	$X,XXX,XXX
Unrestricted	$X,XXX,XXX	$X,XXX,XXX
Total Net Position (Schedule D)	$X,XXX,XXX	$X,XXX,XXX
Total Liabilities and Net Position	$X,XXX,XXX	$X,XXX,XXX

Report Format – Sample of Affiliated Organization's – Statement of Financial Position

Sample Community College
Affiliated Organization
Statement of Financial Position

		FY2	FY1
Assets			
Cash and cash equivalents	$	680,427	587,369
Investments		3,082,318	4,535,798
Accounts receivable			
Capital assets (net)			
Prepaid expenses		4,581	
Other		91,214	241,668
Total Assets		**3,858,540**	**5,364,835**
Deferred Outflows of Resources			
Accumulated decrease in fair value of hedging		xxx,xxx	xxx,xxx
Total Deferred Outflows of Resources		**xxx,xxx**	**xxx,xxx**
Liabilities			
Accounts payable			26,987
Debt obligations		3,736,368	864,772
Other			1,709,545
Total Liabilities		**3,736,368**	**3,601,304**
Deferred Inflows of Resources			
Deferred Inflow		xxx,xxx	xxx,xxx
Total Deferred Inflows of Resources		**xxx,xxx**	**xxx,xxx**
Net Position			
Unrestricted		122,172	267,898
Temporarily Restricted			
Permanently Restricted			
Total Net Position	$	**122,172**	**267,898**

The accompanying notes are an integral part of the financial statements.

Current Assets

For Current Assets, the Statement of Net Position should contain, at a minimum, the following levels of detail:

Cash and Cash Equivalents

Includes cash on hand, cash in banks (demand deposits, time deposits, and certificates of deposit), treasury bills, and treasury notes with original maturities of less than 90 days.

- Cash on Hand – any cash on hand at the end of the fiscal year.
- Cash in Bank – total amount of cash in local bank accounts. **Note:** this should reflect only cash-in-demand accounts.
- Cash Equivalents – any short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value from changes in interest rates. Investments in public funds investment pools usually would be reported as cash and cash equivalents.

Short-Term Investments

Short-term investments are those with maturities greater than three months but less than one year, based on the original date of purchase, or other investments with longer maturity dates, if the entity plans to sell the investment during the next fiscal year. Public funds investment pools may be reported here if the governing board so designates.

GASB Statement 31 requires that investments be reported at fair market value on the Balance Sheet (See Section 7.4 for more information).

Receivables

Report each of these types of receivables on their respective line items, if material:

- Accounts Receivable – includes only the amount net of allowances of accounts receivable. Allowances for Doubtful Accounts should be disclosed as described in section 7.20. The calculation of the allowance for doubtful accounts should be on a reasonable, realistic, and supported basis. The remaining balance may be reflected as a reserve for accounts receivable (or non-liquid assets if combined with other nonmonetary assets).
- Tuition and Fees Receivable – includes only the net amount of tuition and fees receivable. Allowances for Doubtful Accounts should be disclosed as described in section 7.20. The calculation of the allowance for Doubtful Accounts should be on a reasonable, realistic, and supported basis. The remaining balance may be reflected as a reserve for tuition and fees receivable (or non-liquid assets if combined with other nonmonetary assets).

- Taxes Receivable – includes the net amount of current and delinquent taxes receivable. Allowances for Doubtful Accounts should be disclosed as described in section 7.20.

Other Assets

This item includes expenses paid in advance that pertain to the subsequent fiscal year. An example is Pell scholarships disbursed to students in August for fall classes.

Notes Receivable

These are written contractual agreements containing an unconditional promise to pay a certain sum of money under terms specified in the note for a period of one year or less.

Notes receivable should be disclosed separately as a line item on the Statement of Net Position and not included with bond proceeds.

Inventories

Report on separate line items, if material:

- Goods for Resale – finished goods purchased by an entity for sale to another entity at an increased price. The total cost of goods for resale on hand as of a reporting date should be the amount reported as inventories for resale.
- Consumable Supplies – goods and/or items purchased for daily operations (e.g., office supplies) and not for resale. The method used in costing the inventory must be explained in detail in the footnotes.

Noncurrent Assets

For Noncurrent Assets, the Statement of Net Position should contain at a minimum the following levels of detail:

Restricted Cash and Cash Equivalents

This item includes unexpended cash balances restricted by donors or other outside agencies for specific purposes. They originate from income on restricted endowment funds. Gifts whose donors have placed limitations on their use, grants from private or governmental sources for research, training, bond proceeds, and other sponsored funds.

Endowment Investments

This item is defined as the resources for which donors, external agencies, or the governing board have stipulated that the principal of the fund is not expendable and must be invested for producing present and future income. That income may be expended or added to principal.

Other Long-Term Investments

These are assets held by an institution to produce revenues. Common market investments are corporate bonds and common or preferred stock.

These assets should be considered long-term investments by definition and should not be confused with the investment of a temporary cash surplus. Management intent should also be a factor in determining whether an investment should be classified as long-term.

GASB Statement 31 requires that investments be reported at fair market value on the Statement of Net Position (See Section 7.4 for more information).

Notes Receivable

These are written contractual agreements containing an unconditional promise to pay a certain sum of money under terms specified in the note for a period greater than one year.

Notes receivable should be disclosed separately as a line item on the Statement of Net Position and not included with bond proceeds.

Capital Asset Classifications

Capital Assets (Net)

Real or personal property that has a value equal to or greater than the capitalization threshold for the particular classification of the asset and has an estimated life of greater than one year. Capitalization records the value of a capital item or the costs incurred to build or acquire the item as a capital asset. Capital assets that have a cost of $5,000 or more and have an estimated life greater than one year are capitalized. Major building repairs and maintenance of at least $100,000 or that significantly extend the building's useful life also are capitalized. (See Section 7.2, Section 7.7 and Appendix B for a list of assets and estimated useful life).

Not Subject to Depreciation

Land. Is real property acquired by purchase or gift to be used in the operations of the institution, and is characterized by an unlimited useful life. The value of land purchased includes the amount paid; any costs involving the purchase, such as legal fees and recording fees; and any costs in the preparation of the land for its intended use, such as grading and clearing. The value of land acquired by gift is the fair market value at the time of the gift.

Museums and Art Collections. All museum items, art and scientific collections, slide collections, etc., wherever located, are included. Library books that are considered "collections" similar to works of art and historical treasures, consistent with the provisions of GASB Statement 34, may or may not be capitalized depending on whether the item is exhaustible or inexhaustible. Refer to GASB Statement 34, paragraphs 27-29 for further information.

Construction in Progress. This classification includes construction of buildings, other improvements, and equipment that are in progress at the end of the fiscal year. The amount completed during the fiscal year should be capitalized. Capitalization of Interest on Construction per GASB Statement 34, net interest must be capitalized on construction in a proprietary fund, as long as there is any outstanding debt, even if the outstanding debt has no relationship to the new project. (Refer to GASB 34 for further information.)

Assets Subject to Depreciation

Infrastructure. Infrastructure includes long-lived capital assets that normally are stationary in nature and typically may be preserved for a significantly greater number of years than most capital assets, such as roads, bridges, and sewer systems.

Note: THECB recommends that community colleges only report infrastructure if the existing infrastructure is deemed material to the financial statements taken as a whole or if it is likely that material infrastructure components will be added to existing immaterial infrastructure assets. Refer to GASB 34 if infrastructure is reported.

Buildings and Real Estate Improvements. These include:

- The cost of permanent structures used in the operations of the institution. This includes any permanently attached fixtures or machinery that cannot be removed without impairing the use of the building. All direct costs of construction are included in the cost of the building. Building improvements should be capitalized based on institution's accounting policy.
- All improvements to land other than buildings. This category includes parking lots, fencing and gates, athletic fields, fountains, landscaping, etc.
- Improvements that meet or exceed the capitalization threshold (on a project basis) made to a leased structure for better utilization of the property over the term of the lease. Improvements made in lieu of rent will be expensed in the period incurred.

Land Improvements. Other than buildings, all improvements to land fall into this category, which includes parking lots, fencing and gates, athletic fields, fountains, landscaping, etc. (See Section 12, Appendix B for a more comprehensive listing).

Leasehold Improvements. These are improvements that meet or exceed the capitalization threshold (on a project basis) made to a leased structure for better utilization of the property over the term of the lease. Improvements made in lieu of rent will be expensed in the period incurred.

Library Books. All professional, academic, and research library books, as well as other library items are included, regardless of the source of funds used in acquiring them. Book collections that are considered works of art are not depreciable. Library acquisitions are valued at cost or other reasonable basis and capitalized when purchases for the year reach a recommended $5,000 threshold and have a useful life of greater than one year. Depreciation should be calculated based on a useful life of 15 years. The general library should maintain records of all books and other library items. These records will suffice as detailed inventory records and should not be duplicated in the inventory records of the business office. Donated books should be recorded at fair market value, as of the date of the gift. Periodicals and subscriptions, including those in electronic form, should be expensed as incurred.

The THECB recommends using the group depreciation method to depreciate library books. The group method uses an average rate of depreciation applied to the entire group of library books. Depreciation expense is computed by multiplying an average depreciation rate by the balance in the group asset control account at year-end. Deletions are valued at annually adjusted average cost. An unweighted or weighted method may be used to estimate the rate. Refer to paragraphs 163-166 of GASB Statement 34 for further information.

When books are retired, the group asset account is credited for the average cost and the accumulated depreciation account is debited for the same amount; no losses or gains are recognized. Depreciation expense in subsequent years will change as items are added or useful life estimates revised. **Note:** Accumulated depreciation should not exceed the reported cost of the assets.

Equipment. Equipment represents personal property that is movable. Examples include furniture, office and teaching equipment, telecommunications and peripheral equipment, and livestock. Equipment includes all personal property having all of these characteristics: (1) an acquisition value in excess of a specific minimum (dollar amount) for each unit (with the recommendation that the equipment have a useful life of one or more years and an acquisition cost of $5,000 or more per unit. This definition is consistent with federal requirement outlined in Circular A-21.); (2) an expected useful life in excess of a specific minimum period; and (3) an identity that is not altered materially through use. Portable buildings are also a component of this category.

Asset Groups Summary

The THECB's GASB Task Force has recommended the following classification of capital assets for Texas community and technical colleges. It has also made recommendations concerning useful life and residual value for each classification to aid in determination of depreciation expense. Each community college district may establish its own policy for useful life and residual value.

ASSET GROUPS SUBJECT TO DEPRECIATION		USEFUL LIFE	RESIDUAL VALUE
I.	Buildings And Real Estate Improvements		
	Buildings and Building Improvements	50 Years	10%
	Land Improvements	20 Years	10%
	Leasehold Improvements	Lease Term	None
II.	Infrastructure (if reported separately)	See GASB 34	None
III.	Library Books	15 Years	None
IV.	Equipment	Lease Term	None
	Furniture, Machinery, Vehicles, and Other Equipment	10 Years	None
	Telecommunications and Peripheral Equipment	5 Years	None

Asset Group Classification Details

See Section 12, Appendix B, for a detailed list of capital assets by classification.

Deferred Outflows of Resources

Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net position by a government that is applicable to a future reporting period(s). These include long-term prepayments of expenses subject to amortization, the cost of insuring debt and certain pension costs not recognized in the current reporting period.

Under GASB Statements 68 and 75, all community colleges will report amounts in deferred outflows of resources called "Deferred outflows of resources related to pensions." and "Deferred outflows of resources related to OPEB." Changes in the net pension and net OPEB liability that are not included in pension or OPEB expense in the current year (deferred) must be reported as deferred outflows of resources or deferred inflows of resources related to pensions or OPEB. Community colleges must recognize their proportionate share of the collective (plan-level) deferred outflows of resources related to pensions and OPEB.

Deferred outflows of resources related to pensions can *potentially* result from the following:

1. Differences between expected and actual experience with regard to economic and demographic factors (differences between expected and actual experience)

2. Changes in assumptions about future economic or demographic factors or of other inputs (changes in assumptions or other inputs, a.k.a. changes in actuarial assumptions)

3. Net differences between projected and actual earnings on pension and OPEB plan investments (net difference between projected and actual investment earnings)

4. Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions to pension or OPEB plans

5. Employer's contributions to the pension or OPEB plans made subsequent to the measurement date of the net pension or net OPEB liability

Current Liabilities

For current liabilities, the Statement of Net Position should contain at a minimum the following levels of detail:

Accounts Payable

This item is defined as a liability or amount owed to a creditor for goods or services received that resulted from an oral or implied promise to pay. Most accounts payable result from the purchase of goods, supplies, equipment, and/or services received.

Accrued Liabilities

Obligations that accumulate systematically over time, the recording of these liabilities and the accompanying expenses is usually deferred to the end of the accounting period. An accrued expense is an expense that has been incurred during the accounting period but has neither been paid nor recorded. Examples of accrued liabilities are payroll, payroll taxes, and interest.

Accrued Compensable Absences – Current Portion

The portion of compensable absences due within one year. The estimate could be based on historical trends or budgeted amounts and may be affected by other factors, such as the institution's policy regarding unused leave amounts from prior years.

Funds Held for Others

These are funds in the custody of the institution but not belonging to it. Colleges and universities often serve as depositories or fiscal agents for student organizations, faculty committees, or for other groups connected with the institutions. An example would be federal funds received, but not expended, in the same fiscal year. Funds held for others also could be classified as a noncurrent liability.

Unearned Revenue

Payments received by the institution in advance, for goods or services to be rendered in a subsequent period. Unearned revenue should only be reported when cash has been received and should not be reported as revenue until earned.

Notes Payable – Current Portion

These result from issuing an interest-bearing certificate or making a loan to derive resources to finance acquisition of long-lived assets that are payable within one year or less. Any debt instrument considered Commercial Paper or Variable Rate Notes refinanced for less than one year should be classified as notes payable.

Bonds Payable – Current Portion

Amounts due within one year on interest-bearing certificates issued to derive resources to finance the acquisition of long-lived assets.

Net Pension Liability – Current Portion

Community colleges should refer to Question and Answer (Q&A) #7.22.6 below, taken from the *Comprehensive Implementation Guide* included in the *Governmental Accounting Research System* (GARS) published online by the GASB to determine whether it is necessary to report a current portion of their Net Pension liability. See excerpt below**.

Net OPEB Liability – Current Portion

Community colleges should refer to Question and Answer (Q&A) #7.22.6 below, taken from the *Comprehensive Implementation Guide* included in the *Governmental Accounting Research System* (GARS) published online by the GASB to determine whether it is necessary to report a current portion of their Net Pension liability. See excerpt below**.

***Excerpt from Comprehensive Implementation Guide included in the Governmental Accounting Research System published online by the GASB:*

7.22.6. Q—If a government reports a liability to employees for defined benefit pensions or defined benefit OPEB in its government-wide statement of net position, how is the "amount due within one year" determined?

A—If the government reports a pension or OPEB liability to employees under Statement 68, as amended, Statement 73, as amended, or Statement 75, as amended, the amount of the pension or OPEB liability that is "due" within one year is the amount of benefit payments expected to be paid within one year, net of the pension or OPEB plan's fiduciary net position, if any, available to pay that amount. Therefore, for a pension liability to employees reported under Statement 68, as amended, or for an OPEB liability to employees for benefits provided through an OPEB plan that is administered through a trust (or equivalent arrangement) that meets the criteria in paragraph 4 of Statement 75, there would be no amount that is "due" within one year unless the pension or OPEB plan's fiduciary net position is less than the amount of benefit payments expected to be paid within one year. For a pension liability to employees reported under Statement 73, as amended, or an OPEB liability to employees for benefits provided through an OPEB plan that is not administered through a trust (or equivalent arrangement) that meets the criteria in paragraph 4 of Statement 75, there is no pension or OPEB plan fiduciary net position; therefore, the amount "due" within one year would be the full amount of benefit payments expected to be paid within one year.

Noncurrent Liabilities

For noncurrent liabilities, the Statement of Net Position or the notes to the financial statements should contain at a minimum the following levels of detail:

Accrued Compensable Absences – Noncurrent Portion

This is the portion of compensable absences expected to be paid after one year or more. The estimate could be based on historical trends or budgeted amounts and may be affected by other factors such as the institution's policy regarding unused amounts from prior periods.

Notes Payable – Noncurrent Portion

These result from issuing an interest-bearing certificate or making a loan to derive resources to finance the acquisition of long-lived assets that are payable in installments greater than one year. Any debt instrument considered Commercial Paper or Variable Rate Notes refinanced for greater than one year should be classified as notes payable.

Bonds Payable – Noncurrent Portion

These are amounts due beyond one year on interest-bearing certificates issued to derive resources to finance the acquisition of long-lived assets.

Net Pension Liability – Noncurrent Portion

Under GASB Statement 68, the net pension liability is not required to be displayed separately on the face of the financial statements. However, for some institutions, it will be a significant balance and *may* be displayed separately on the face of the financial statements. Professional judgment should be used.

Net OPEB Liability – Noncurrent Portion

Under GASB Statement 75, the net OPEB liability is not required to be displayed separately on the face of the financial statements. However, for some institutions, it will be a significant balance and *may* be displayed separately on the face of the financial statements. Professional judgment should be used.

Deferred Inflows of Resources

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by a government that is applicable to a future reporting period(s). These include certain pension costs not recognized in the current reporting period.

Under GASB Statements 68 and 75, community colleges will report amounts in deferred inflows of resources called "Deferred inflows of resources related to pensions" and "Deferred inflows of resources related to OPEB." Changes in the net pension or OPEB liability that are not included in pension or OPEB expense in the current year (deferred) must be reported as deferred outflows of resources or deferred inflows of resources related to pensions or OPEB. Community colleges must recognize their proportionate share of the collective (plan-level) deferred inflows of resources related to pensions and OPEB.

Deferred inflows of resources related to pensions can *potentially* result from the following:

1. Differences between expected and actual experience with regard to economic and demographic factors (differences between expected and actual experience)

2. Changes in assumptions about future economic or demographic factors or of other inputs (changes in assumptions or other inputs, a.k.a. changes in actuarial assumptions)

3. Net differences between projected and actual earnings on pension or OPEB plan investments (net difference between projected and actual investment earnings)

4. Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions to pension or OPEB plans

5. Employer's contributions to the pension or OPEB plans made subsequent to the measurement date of the net pension or OPEB liability

Net Position

For net position, the Statement of Net Position should contain, at a minimum, the levels of detail that follow.

Net Investment in Capital Assets

This item consists of capital assets, including restricted capital assets net of accumulated depreciation that are reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Nonexpendable

These are net position that are required to be retained in perpetuity, such as permanent endowments or permanent fund principal amounts. Some examples of nonexpendable assets are scholarships, fellowships, and research.

Restricted Expendable

These are net position that are restricted due to constraints placed on the assets either by external creditors such as debt covenants, grantors, or imposed by laws or regulations of other governments. This does not include net position restricted by the college's governing board. Some examples are scholarships and fellowships, research, instructional department uses, loans, capital projects, and debt service.

Unrestricted Net Position

This item consists of net position not meeting the definition of "restricted" or "net investment in capital assets." The distribution of this net position must not be presented on the face of the financial statement, but may be presented in the notes.

GASB 75 Restatement

**In the year of implementation for GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* a restatement to beginning net position will be required for the recording of the beginning net OPEB liability and for the recording of deferred outflows of resources for OPEB contributions made after the measurement date of the beginning net OPEB liability and the beginning of the reporting entity's fiscal year.

Frequently Asked Questions

Question 1

Do we disregard Mandatory and Nonmandatory transfers between funds because they zero each other out?

Answer 1

Yes, for the core financial statements (assuming you have no separately reported component units, per GASB Statement 34).

Question 2

Do we report land and site improvements on a separate line called Investments in Real Estate, which is separate from capital assets, net, etc., on the Statement of Net Position?

Answer 2

If the land is being held for the production of income or future sale, it should be reported as a separate line in the noncurrent assets section. It should not be included in capital assets.

Please note that item numbers tie to complete checklist in Appendix C.

Checklist

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
STATEMENT OF NET POSITION (EXHIBIT 1)		
	44.	Does the statement of net position report separate sections for assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as applicable? [GASB-S63: 7]
	45.	Are assets and liabilities classified as current and noncurrent? [GASB 34 97]
	46.	Are restrictions on cash or investments properly disclosed (SFAS No. 5), and are restricted amounts appropriately segregated from other cash items? Show as noncurrent assets. [ARB 43]
	47.	Are bank overdrafts reported as liabilities?
	48.	Are investments in TexPool, Lone Star, and other investments with original maturities of three months or less considered cash equivalents?
	49.	Is there a subtotal for "total liabilities?" [NCGAS I, appendix A. example 1; G-94, p. 443]
	50.	Has the college refrained from reporting changes in the fair value of investments as a contra-equity account (instead of including the change as part of investment income)? [GASB 31 13]
	51.	Is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as net position? [GASB-S34: 98, note 40]
	52.	Is the balance of net position subdivided into the following categories, as appropriate: 1) net investment in capital assets, 2) restricted net position, and 3) unrestricted net position? [GASB 34 98]
	53.	Has the college refrained from reporting designations of unrestricted net position on the face of the Statement of Net Position? [GASB 34 37]
	54.	Net position reported on Statement of Net Position (Exhibit 1) must tie to amount reported on the Statement of Revenues, Expenses, and Changes in Net Position (Exhibit 2).
	55.	Do the amounts, per the Statement of Net Position, tie to the appropriate footnotes?

Section 5: Statement of Revenues, Expenses, and Changes in Net Position (SRECNP)

1.1	Introduction
1.2	Report Format Sample of Statement of Revenues, Expenses, and Changes in Net Position (Exhibit 2)
1.3	Sample of Affiliated Organizations – Statement of Activities
1.4	Revenues
1.5	Expenses
1.6	Other Reporting Issue – Component Units
1.7	FAQ (Frequently Asked Questions) – SRECNP
1.8	Checklist – SRECNP

Introduction

The intent of the GASB statement of activities is to report the burden of the government's functions on non-operating revenues, defined as the amount of the functions that are not supported by charges to users (GASB 34 38).

Establishing the financial burden on the reporting government's citizenry or taxpayers as a financial reporting focus has introduced a new dimension to governmental financial reporting. The GASB believes that this clearly defined presentation of governmental operations provides an opportunity for analysis and insight previously not possible (GASB 34 344(c)).

The Statement of Revenues, Expenses, and Changes in Net Position should be presented in the following sequence using the all-inclusive format (GASB 34 101):

- Operating revenues (detailed)
    - Total operating revenues
- Operating expenses (detailed)
    - Total operating expenses
        - Operating income (loss)
- Non-operating revenues and expenses (detailed)
    - Income before other revenues, expenses, gains, and losses
- Capital contributions (grant, developer, and other), additions to permanent and term endowments, and special and extraordinary items (detailed)
    - Increase (decrease) in net position
- Net position – beginning of period
    - Net position – end of period

Report Format – Sample of Exhibit 2 – SRECNP

Sample Community College		**Exhibit 2**
Statements of Revenues, Expenses, and Changes in Net Position		
Years Ended August 31, FY2 And August 31, FY1		
Operating Revenues	**FY2**	**FY1**
Tuition and Fees (Net)	$ 39,771,189	$ 43,608,060
Federal Grants and Contracts	22,818,923	29,414,331
State Grants and Contracts	4,657,441	3,494,612
Local Grants and Contracts	-	-
Non-Governmental Grants and Contracts	4,133,147	2,521,797
Sales and Services of Educational Activities	446,968	497,918
Investment Income - Program Restricted	-	-
Auxiliary Enterprises (net of discounts)	6,975,428	6,970,033
General Operating Revenues	1,177,256	1,007,198
Total Operating Revenues **(Schedule A)**	**79,980,352**	**87,513,949**
Operating Expenses		
Instruction	121,450,160	118,222,376
Public Service	9,954,204	9,684,907
Academic Support	14,823,518	14,941,981
Student Services	26,635,350	24,993,208
Institutional Support	45,741,192	44,267,563
Operation and Maintenance of Plant	21,086,945	19,735,934
Scholarships and Fellowships	32,013, 809	24,661,506
Auxiliary Enterprises	10,447,407	10,206,724
Depreciation	10,066,975	8,929,414
Total Operating Expenses **(Schedule B)**	**292,219,560**	**275,643,613**
Operating Loss	**(212,239,208)**	**(188,129,664)**
Non-Operating Revenues (Expenses)		
State Appropriations	100,623,986	105,376,873
Ad Valorem Taxes (Net)	76,921,860	74,531,105
Federal Revenue, Non-Operating	17,890,434	5,423,187
Gifts	723,092	279,721
Investment income	3,073,000	9,545,818
Gain on sale of investment	78,220	-
Contributions in aid of construction	495,952	-
Interest on Capital Related Debt	(735,065)	(1,966,747)
Loss on Disposal of Fixed Assets	(238,206)	(2,033,987)
Other Non-Operating Revenues	52,225	70,771
Other Non-Operating Expenses	(453,827)	(38,162)
Net Non-Operating Revenues **(Schedule C)**	**198,431,671**	**191,188,579**
Income Before Extraordinary Item	**(13,807,537)**	**3,058,915**
Extraordinary Item:		
Accrual for legal expense	-	(9,588,038)
Decrease in Net Position	**(13,807,537)**	**(6,529,123)**
Net Position		
Net Position - Beginning of Year	333,021,704	339,550,827
Net Position - End of Year	**$ 319,214,167**	**333,021,704**
The accompanying notes are an integral part of the financial statements.		

Report Format – Sample of Affiliated Organization's – Statement of Activities

Sample Community College
Affiliated Organization
Statement of Activities

		FY2	FY1
Revenue			
Sales and Service	$		
Grants and Contracts			45,673
Interest Income		11,977	
Unrealized Investment Income			12,654
Gifts			557,985
Other		298,030	63,498
Total Revenue		310,007	679,810
Expenses			
Salary and wages		69,787	45,987
Services and supplies		5,407	
Interest		370,404	308,851
Depreciation		10,135	
Scholarships and research support			56,987
Other			37,009
Total Expenses		455,733	448,834
Change in net position		(145,726)	230,976
Net Position at beginning of year		267,898	36,922
Net Position at end of year	$	**122,172**	**267,898**

The Accompanying notes are an integral part of the financial statements.

Revenues

Instructions

Revenues are required to be presented in the following manner (GASB 34 100-103):

- Operating Revenues
- Non-Operating Revenues
- Capital contributions, additions to endowments, and special and extraordinary items

In determining which of these categories revenues fall under, the GASB advises that each institution establish a policy defining operating revenues. Revenues not defined as operating revenues automatically fall into the other categories.

Operating Revenues

As business-type activities, operating revenues should be defined as the results of exchange transactions with those who purchase, use, or directly benefit from the goods or services of the college. Revenues are recorded on the accrual basis of accounting. Revenues are recognized when earned, e.g., when goods are received, or services are performed. Operating revenues should be reported gross of related expenses and net of any discount or sales allowance.

Operating revenues can consist of the following categories: Tuition and Fees (net of discounts); Sales and Services of Educational Activities; Federal/State/Local Grants; Non-Governmental Grants and Contracts; Auxiliary Enterprises, and Other Operating Revenues.

With GASB 34 102 as guidance, each grant should be reviewed on its own merits. The exchange component should be considered. Grants that are essentially the same as a contract for services can be reported as an operating activity, but employ professional judgment.

Funds held for third-party beneficiaries, e.g., students, that may not be used to support the college's programs should not be considered revenues or expenses. These resources should be reported as cash and/or short-term investment assets and as a liability on the Statement of Net Position (See GASB 34 69).

Non-Operating Revenues

Non-operating revenues derive from non-exchange transactions or from those that are not reported as operating activities in the Statement of Cash Flows, such as investment income. Non-exchange transactions are recognized in accordance with the standards in GASB Statement 33.

Non-operating revenues consist of the following categories: state appropriations (including restricted revenues, such as state insurance and benefit allocations); taxes levied by the college, i.e., funds provided by other entities for unrestricted purposes (other than state allocations); gifts (other than capital contributions); investment income not restricted to a specific program; and other non-operating, non-capital revenues.

Grant revenue related to Title IV programs is now considered non-operating revenue, based on guidance included in the GASB Implementation Guide. Question and answer 7.72.10 on page 7-97, states that institutions should record receipts as non-operating revenue.

Other Revenue

This item includes revenues from capital contributions, additions to endowments, and special and extraordinary items (GASB 34 100, 377-378).

Revenue Reporting Issues

State Funds as Non-Operating Revenues. State funds should be defined as non-operating revenues in the revenue policy of colleges and reported accordingly. Both restricted and unrestricted appropriations are treated in this manner.

Tuition and Fee Discounting. Tuition, fees, and other college charges should be reported net of discounts as defined by The National Association of College and University Business Officers (NACUBO) in *Advisory Report 2000-05*. This requires revenues from tuition, fees, and other student charges to be "discounted" when paid by Pell and other funds. Report tuition, fees, and other college charges paid by the student or a third-party payer as revenues.

Examples of tuition discounts are Texas Public Education Grant (TPEG), institutional scholarships, Pell grants, TEXAS grants, and privately gifted scholarship awards ***not to exceed the billable tuition & fees***. Report any awards to students that exceed the billable tuition and fees as scholarship expense.

The Texas Department of Assistive and Rehabilitative Services (DARS) Receipts. If a contract or Notice of Grant Award (NOGA) was received from DARS, the funds are reported as State Grants and Contracts. If other funds or reimbursements are received from DARS that are not per contract or NOGA, record them under Sales and Service of Educational Departments on Schedule A.

Hazelwood Receipts. Report annual distributions from the Hazelwood Fund, pursuant to **-** section 54.3411 of the Texas Education Code, as miscellaneous government revenues.

Deferred Pell Grant Awards. Record fall awards that occur in August as Deferred Inflows/Outflows.

District Taxes (Ad Valorem). Classify district taxes as non-operating revenues.

Investment Income. Classify investment income as non-operating revenue, unless the income is legally restricted to a specific program. In that case, report investment income as operating revenues of the program, as in the case of endowment income restricted to specific programs.

Restricted Revenues. The reporting for restricted revenues falls under the same revenue reporting categories listed earlier in this report. Under the single-column reporting format, these revenues would be included in the major source categories:

- Operating revenues
- Non-operating revenues
- Capital contributions, additions to endowments, and special and extraordinary items

Auxiliary Enterprises. Auxiliary Enterprise revenues are considered a "major revenue source" and should be reported as a separate line in the operating revenue section.

Provision for Bad Debt. For accounts receivables that affect revenue, record the provision for bad debt against the applicable revenue. For receivables that do not affect revenue, e.g., student loans, record as an expense.

Expenses

A Texas public community college is considered a single governmental program business-type activity. The college is subcategorized into functional areas with direct expenses attributed to each area. Functional expenses are defined as the "direct" expenses specifically associated with a function and do not include allocations of indirect expenses.

The functional categories for expenses will continue to be the current categories of:

- Instruction
- Research
- Public Service
- Academic Support
- Student Services
- Institutional Support
- Operation of Maintenance and Plant
- Scholarships and Fellowships
- Auxiliary Enterprises
- Depreciation

Although reporting by natural classifications, e.g., salaries, equipment, etc., is an option and is considered by some more meaningful from a user's standpoint, the functional presentation permits comparability with statements prepared prior to GASB Statement 34.

Definitions of these categories have not changed under GASB Statement 34/35. However, expenses are reported now, rather than expenditures. GASB believes that expenses (i.e., consumption basis) provide more complete, objective, and comparable information about an institution's costs than do expenditures (i.e., acquisition basis). Following is an explanation of each functional expense category of Educational and General, Auxiliary Enterprises, and Other Expense Reporting Issues.

Educational and General

Instruction. Includes expenses for all activities that are part of an institution's instructional program. Include expenses for credit and non-credit courses; for academic, vocational, and technical instruction; for developmental and tutorial instruction; and for regular, special, and extension sessions.

Expenses for departmental research and public service that are not separately budgeted should be included in this classification.

Expenses of department chairs, in which instruction is still the primary role of the administrator, are included in this category.

This category should exclude expenses for academic administration when the primary assignment is administration, e.g., academic deans.

Research. This category should include all expenses for activities specifically organized to produce research outcomes. Expenses included in this category may be either internally or externally sponsored but must be separately budgeted.

Public Service. This category should include funds expended for activities that are established primarily to provide non-instructional services beneficial to individuals and groups external to the institution.

Academic Support. This category should include funds expended primarily to provide support services for the institution's primary missions: instruction, research, and public service. It includes: (1) the retention, preservation, and display of educational materials, e.g., libraries, museums, and galleries; (2) academic administration, e.g., deans' salaries and office expenses; (3) technical support, e.g., computer services and audio-visual information; and (4) separately budgeted support for course and curriculum development, and related items.

Student Services. This category should include funds expended for offices of admissions; registrars' offices; and activities that primarily contribute to students' emotional and physical well-being, in addition to their intellectual, cultural, and social development outside the context of the formal instruction program.

Institutional Support. This category should include expenses for the following:

- Central executive level management and long-range planning of the entire institution
- Fiscal operations
- Administrative data processing
- Space management
- Employee personnel and records
- Logistical activities that provide procurement, storerooms, safety, security, printing, and transportation services to the institution
- Support services for faculty and staff that do not operate as auxiliary enterprises
- Activities concerned with community and alumni relations, including development and fundraising
- Bad debt related to receivables that don't affect revenue, e.g., student loans
- Campus security

Operation of Maintenance and Plant. This category should include all expenses of current funds for the operation and maintenance of physical plant, net of amounts charged to auxiliary enterprises, hospitals, and independent operations.

Scholarships and Fellowships. This category should include expenses for scholarships and fellowships, including tuition remissions and exemptions in grants to students, either from selection by the institution or from an entitlement program. If the institution does not select the recipient of the award and is only the custodian of the funds, as with The Reserve Officers'

Training Corps (ROTC) scholarships, report the funds as a fiduciary activity on the Statement of Net Position.

Recipients of grants are not required to perform service to the institution as consideration of the grant, nor are they expected to repay the amount of the grant to the funding source. When services are required in exchange for financial assistance, as in the federal College Work Study Program, classify the charges as expenses of the department or organizational unit to which the service is rendered.

Auxiliary Enterprises

This item should contain all expenses relating to the operation of auxiliary enterprises, including expenses for operation and maintenance of plant and institutional support.

Expense Reporting Issues

Allocation of General Expense Not Required. Community colleges should continue to report direct expenses as they have in the past, under currently existing functional categories, and not allocate general expenses to the functional categories.

Depreciation Expense. Report depreciation as a separate line under Operating Expenses, rather than allocating it to the functional categories.

Interest Expense. Interest expense should be shown as a separate line item, similar to the presentation for depreciation expense, under the rationale that it benefits the college's single program as a whole (See GASB 34, Paragraph 46). Interest expense is reported as a non-operating expense. It may not be allocated to other functional expense categories.

Other Reporting Issues – Component Units

Component Units

Community colleges should review the following statements from the GASB for guidance on determining whether a legally separate entity is a component unit of the primary government and to determine proper accounting and reporting of the component unit's financial information:

- GASB Statement 14, *The Financial Reporting Entity*
- GASB Statement 39, *Determining Whether Certain Organizations are Component Units*
- GASB Statement 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*
- GASB Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*
- GASB Statement No. 85, *Omnibus 2017*

The GASB statements above establish the criteria to determine whether a legally separate entity should be considered a component unit of the primary government. In addition, these statements provide guidance about whether the financial information of a component unit should be blended (combined) with the financial information of the primary government or if the financial information of a component unit should be discretely presented within the financial statements of the primary government. In accordance with paragraph 4 of GASB Statement No. 85, *Omnibus 2017*, a primary government that is a business-type activity and that uses a single-column presentation in its financial statements may blend a component unit only if the component unit meets a criterion for blending in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended.

Many Texas public community colleges have legally separate fundraising organizations that may qualify as component units. If the college determines that a legally separate component unit should be presented in its financial statements, the component's Statement of Financial Position and Statement of Activities should be presented on a separate page behind the primary institution's Statement of Net Position and SRECNP.

For purposes of reporting under GASB 39, management should exercise professional judgment to determine if it would be misleading to include a potential component unit in its financial statements. If a potential component unit has either 5 percent of the net position or 5 percent of the revenues of the primary institution, possible inclusion in the institution's financial statements should be considered by management of the primary government.

Frequently Asked Questions

Question 1

What would comprise discounts for Other Operating Revenues? It is shown as "net of discounts" on the SRECNP. Are bookstore sales a part of auxiliary enterprises/discounts? Do we have to separate out the division sales/discounts and report them as other operating revenues/discounts? That would be a very large job.

Answer 1

Bookstore sales are a part of auxiliary enterprises/discounts. Total auxiliary enterprises/discounts should be reported separately only if the amount is material. A better example of discounts reported under "Other Operating Revenues" is discounts on registration fees for seminars or conferences sponsored by instructional departments. Again, separate reporting of total "Other Operating Revenues – Discounts" is necessary if the amount is material.

Question 2

If a grant or contract provides for equipment acquisitions, how should the amounts provided for equipment and other capital items be reported?

Answer 2

The primary purpose of the grant or contract dictates whether the transaction will be reported as operating or non-operating. If the agreement represents an exchange transaction and the equipment is merely incidental to the program activity, classify it as an operating activity. If the primary purpose is equipment acquisition, consider it a capital grant, and report the transaction as capital financing in the Statement of Cash Flows and as non-operating revenue in the SRECNP, if the acquisition exceeds the fixed-asset capitalization threshold. If the acquisition does not meet the capitalization threshold, that portion of the transaction must be reported in the operating activities section of the Statement of Cash Flows.

Question 3

How is the TPEG set-aside from tuition reported? Do we show the tuition and fees net of the TPEG set-aside? The THECB's GASB Task Force recommendations direct us to record TPEG as tuition when it is awarded and applied to the student's account and when tuition discounts are offset at the same time.

Answer 3

On the Statement of Revenues, Expenses, and Changes in Net Position (Exhibit 2), tuition should be reported net of the set-aside (based on a certain percentage of gross tuition). On the Schedule A Schedule of Operating Revenues, the TPEG set-aside is broken out and reported separately under the total tuition section, and the total actual award amount is listed as a deduction under the Scholarship Allowances and Discounts section in the process of presenting Total Net Tuition and Fees. (See Section 9.2 of this manual).

Please note that item numbers tie to complete checklist in Appendix C.

Checklist

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (EXHIBIT 2)		
	56.	Does the statement distinguish between operating and non-operating revenues and expenses? [GASB 34 100]
	57.	Has the college refrained from including taxes and gifts within the operating category? [GASB 34 102]
	58.	Is operating income/loss reported as a separate line item? [GASB 34 100]
	59.	Are state funds shown as non-operating revenue?
	60.	Total operating revenues must tie to Schedule of Operating Revenues (Schedule A).
	61.	Are expenses shown by functional classification on face of statement? Reported amounts must tie to Schedule of Operating Expenses by Object (Schedule B).
	62.	Is depreciation expense reported separately from other expense? [APB 12 5]
	63.	Has bad debt expense been netted against related revenue or included as expense if it doesn't affect revenue?
	64.	Is change in net position reported as a separate line item?

Section 6: Statement of Cash Flows

6.1	Description of Statement of Cash Flows
6.2	Operating Activities
6.3	Non-Capital Financing Activities
6.4	Capital and Related Financing Activities
6.5	Investing Activities
6.6	Reconciliation of Net Operating Income (loss) to Net Cash Provided (used) by Operating Activities
6.7	Increase (Decrease) in Cash and Cash Equivalents
6.8	Report Format
6.9	Sample of Cash Flow Worksheets
6.10	Sample of Exhibit 3
6.11	FAQ (Frequently Asked Questions) – Statement of Cash Flows
6.12	Checklist – Statement of Cash Flows

Description of Statement of Cash Flows

Description of Statement of Cash Flows

For the Statement of Cash Flows, operating cash outflows are reported as a deduction from cash inflows to derive net cash provided (used) by various activities of the entity. Both cash outflows and inflows usually are reported at gross. However, net reporting is permitted in limited instances when quick turnover, short maturity, and large amounts characterize the transactions.

The Statement of Cash Flows also shows factors contributing to the change in cash from the beginning to the end of the reporting period. The direct method converts accrual basis net income (loss) to a cash basis. Essentially the inflows and outflows follow the line items from the Statement of Revenues, Expenses and Change in Net Position. However, they are adjusted for non-cash transactions, as well as for changes between the prior year and the current year in Statement of Net Position line items such as receivables, inventories, payables, etc., that reflect the amount of cash inflow and outflow for the period.

Sections of the Statement of Cash Flows

The Statement of Cash Flows is divided into five sections:

- Cash Flows from Operating Activities
- Cash Flows from Non-Capital Financing Activities
- Cash Flows from Capital and Related Financing Activities
- Cash Flows from Investing Activities
- Reconciliation of Net Operating Income (loss) to Net Cash Provided (used) by Operating Activities

Other Guidelines

GASB Statement 34, paragraph 105, prescribes the direct method of presenting cash flows from operating activities.

Cash and cash equivalents are items that are readily convertible to cash, while carrying an insignificant risk of change in value. Cash equivalents have original maturities of three months or less and include public funds investment pools, unless the governing board has issued a policy that deems them short-term investments. The definition of cash and cash equivalents should be included as part of the institution's significant accounting policy disclosure.

Generally, all activities should be reported gross.

The Statement of Cash Flows should include a reference to the notes.

Operating Activities

Cash Flows from Operating Activities

The Cash Flows from Operating Activities section should include at a minimum the following inflows and outflows:

- Inflows:
  - Receipts from students and other customers
  - Receipts from operating grants and contracts
  - Collection of loans made to students and employees
  - Other cash receipts
- Outflows:
  - Payments to suppliers for goods and services
  - Payments to or on behalf of employees
  - Payments for scholarships and fellowships
  - Loans issued to students
  - Other cash payments

Relationship of SRECNP to Cash Flows

Basic information for the inflows and outflows related to operating activities will come from the SRECNP operating revenues and expenses. Shown below are the operating revenue and expense line items from the SRECNP and the inflow or outflow to which each line typically relates.

Revenues	Cash Flow Line Item
Tuition and Fees	Receipts of tuition and fees
Federal Grants and Contracts	Receipts from federal grants and contracts
State Grants and Contracts	Receipts from state grants and contracts
Non-Governmental Grants and Contracts	Receipts from Non-Governmental grants and contracts
Sales and Services of Educational Activities	Receipts from sales and services of educational activities
Auxiliary Enterprises	Receipts from auxiliary enterprises
General Operating Revenues	Other receipts
	Receipts from collections of loans to employees
	Receipts from collections of loans to students

SRECNP Line Item	Cash Flow Line Item
Expenses	
Instruction	Payments to suppliers for goods and services Payments to or on behalf of employees Payments to students under federal grants Payments for loans issued to employees Payments for loans issued to students
Public Service	Payments to suppliers for goods and services Payments to or on behalf of employees
Academic Support	Payments to suppliers for goods and services Payments to or on behalf of employees Payments to students under federal grants Payments for loans issued to employees Payments for loans issued to students
Student Services	Payments to suppliers for goods and services Payments to or on behalf of employees Payments to students under federal grants Payments for loans issued to employees Payments for loans issued to students
Institutional Support	Payments to suppliers for goods and services Payments to or on behalf of employees Payments to students under federal grants Payments for loans issued to employees Payments for loans issued to students
Operation and Maintenance of Plant	Payments to suppliers for goods and services Payments to or on behalf of employees Payments to students under federal grants Payments for loans issued to employees Payments for loans issued to students
Scholarships and Fellowships	Payments to suppliers for goods and services Payments to or on behalf of employees Payments for scholarships and fellowships
Auxiliary Enterprises	Payments to suppliers for goods and services Payments to or on behalf of employees Payments to students under federal grants Payments for scholarships and fellowships Payments for loans issued to employees Payments for loans issued to students

Depreciation, although in the operating expense section of the SRECNP, is a non-cash transaction and will appear as an adjusting item on the reconciliation of net operating income (loss) to net cash provided (used) by operating activities.

The functional expense areas are split between the amounts for salaries and benefits paid to employees and the amounts paid to suppliers for goods and services. The breakdown of the expense information may be found on the Schedule of Operating Expenses by Object (Schedule B).

Many of the amounts for line items for both revenues and expenses on the SRECNP will be further adjusted for the Statement of Cash Flows by changes in accounts receivables, allowance for doubtful accounts, prepaid expenses, inventories, accounts payable, other liabilities, etc., during the reporting period. The changes are found by comparing the current and prior year columns of the Statement of Net Position (SONP). However, assets and liabilities are not broken down on the SONP by operating and non-operating activities. Therefore, care must be given in considering the source of change in these categories in order to assign such changes to the appropriate section of the Statement of Cash Flows.

Non-Capital Financing Activities

Cash Flows from Non-Capital Financing Activities

Non-capital financing activities include borrowing money for purposes other than acquiring or improving capital assets and repaying those amounts borrowed, including interest. Line items for inflow and outflow of cash in this section may include:

- Inflows:
  - Receipts from state appropriations[1]
  - Receipts from ad valorem taxes levied for maintenance and operation
  - Receipts from student organizations and other agency transactions
  - Proceeds from non-capital loans
  - Receipts from non-capital gifts and non-exchange grants
  - Contribution from foundation
  - Endowment interest
  - Endowment gift
  - Proceeds from insurance claims
  - Receipts from note borrowings for other than capital purposes
  - Receipts from federal grants for non-operating activities
  - Receipts from gifts or grants for other than capital purposes
  - Title IV federal financial aid programs[2]
- Outflows:
  - Payments to student organizations and other agency transactions
  - Payments for non-capital loans-principal
  - Payments for non-capital loans-interest
  - Payments for collections of taxes
  - Payments on note borrowings

Amounts for non-capital financing activities will come primarily from the non-operating revenues and expenses section of the SRECNP but with adjustments from changes between the prior year to the current year in accounts receivable, notes payable, etc., in the Statement of Net Position. However, because assets and liabilities are not reported separately on the SONP, as related to operating or non-operating activities, special care should be given to report amounts in the appropriate section of the Statement of Cash Flows.

[1] State Appropriations should be treated as non-operating revenues for Statement of Revenues, Expenses and Changes in Net Position. See Section 5.4 for more information.
[2] Changed per GASB Implementation Guide Q&A 7.72.10 on page 7-97.

Capital and Related Financing Activities

Cash Flows from Capital and Related Financing Activities

Capital financing activities include acquiring and disposing of capital assets used in providing goods and services as well as monies borrowed and repaid (including interest) in connection with the acquisition or construction of capital assets. Line items for this section may include the following cash inflows and outflows:

- Inflows:
  - Proceeds from the sale of capital assets
  - Proceeds from capital debt (net of issuance costs)
  - Receipts from capital contracts, gifts, and grants
  - Proceeds from insurance for stolen or destroyed capital assets
  - Receipts from ad valorem taxes for debt service
  - Contribution received for capital assets
  - Insurance Recoveries from capital asset loss

- Outflows:
  - Purchases of capital assets including payments for constructions costs
  - Payment on capital debt and leases – principal
  - Payment on capital debt and leases – interest
  - Payment on capital leases – principal
  - Payment on capital leases – interest and fees
  - Bond issue costs paid on new capital debt issue
  - Cash paid to advance refunding escrow agent for capital transaction
  - Defeasance of capital debt
  - Expense incurred in disposal of capital asset
  - Repay funds held for other non-capital agency funds

Investing Activities

Cash Flows from Investing Activities

Investing activities include transactions related to acquiring and disposing of debt or equity investment instruments, including associated interest, and to making and collecting loans (except for loans related to programs, which are included in operating activities). Line items for inflow and outflow of cash for investing activities include:

- Inflows:
  - Proceeds from sales and maturities of investments (other than cash equivalents)
  - Receipts of interest and dividends on debt instruments, equity securities, and cash management or investment pools

- Outflows:
  - Payments to acquire debt instruments and equity securities
  - Deposits into investment pools that the institution is not using as demand accounts per policy

The amounts for the section of the Statement of Cash Flows on investing activities come mainly from the changes in investments found on the Statement of Net Position. However, the investment income amount is obtained from the SRECNP.

Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

A reconciliation of net operating income (loss) to net cash provided (used) by operating activities must be included at the bottom of the Statement of Cash Flows. The reconciliation is similar to the indirect method of preparing a Statement of Cash Flows, as it adjusts the operating net income (loss) for items not having an effect on cash to arrive at net cash provided (used) by operating activities.

The following is a sample outline for reconciliation of net operating income to net cash provided:

- Operating income (loss)

- Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities
  - Amortization expense
  - Amortization of deferred charges
  - Depreciation expense or Bad debt expense
  - Gain on sale of assets (only if part of operating activities)
  - Health insurance and benefits paid by the State
  - Non-cash revenues (only if part of operating activities)
  - Non-cash expenses (only if part of operating activities)
  - Other revenues
  - Payments made directly by state for benefits
  - Prior period adjustment related to operating activities
  - Remissions and exemptions
  - State waivers

- Changes in assets and liabilities (only the portions relating to operating activities)
  - Accounts Receivable or accounts payable
  - Deferred Expenses or prepaid expenses
  - Inventories or notes receivable
  - Accrued Liabilities
  - Compensable Absences
  - Deferred Revenue or deferred expenses
  - Deferred Credits – Other
  - Deferred Credits – Student Related
  - Deposits or federal grants
  - Receivables due from other government entities
  - Funds held for others
  - Inventories for resale

- Loans to employees or loans to students
- Payroll and related payables
- Retirement incentive program payable
- State grants
- Utility escrow
- Other assets, other liabilities
- Deferred inflows of resources related to pensions
- Deferred outflows of resources related to pensions
- Deferred inflows of resources related to OPEB
- Deferred outflows of resources related to OPEB

- Non-cash investing, capital and financing activities
  - Proceeds from capital lease (must be compensating transactions)
  - Acquisition of equipment from capital lease (must be compensating transactions)
  - Proceeds from note payable (must be compensating transactions)
  - Acquisition of equipment from note payable (must be compensating transactions)
  - Net effect of non-cash transactions

Increase (Decrease) in Cash and Cash Equivalents

The cash provided (used) by operating activities, non-capital financing activities, capital financing activities, and investing activities should equal the increase or decrease in cash and cash equivalents from the beginning of the year to the end of the year.

Report Format

Worksheets for Preparing Statement of Cash Flows (Exhibit 3)

A series of worksheets are provided to assist in the preparation of the Statement of Cash Flows. Within these worksheets, the following conventions are used to trace entries: A – Asset Section, L – Liabilities Section, R – Revenue Section, and E – Expense Section.

1. Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

   This reconciliation is really a schedule that "indirectly" reconciles the operating income (loss) found on the SRECNP with the net cash provided (used) by operating activities as reported in the first section of the Statement of Cash Flows using the direct method. The reconciliation is accomplished by adding or deducting transactions that do not provide or use cash and by adding or deducting changes in assets and liabilities that affect cash collected or paid during the reporting period for operations. Depreciation expense and bad debt expense are examples of transactions included in the reconciliation because they do not provide or use cash. Changes in assets and liabilities that are ***not*** used are those related to investments and capital items.

2. Walk Forward of Statement of Net Position and SRECNP

   A typical walk forward from the Statement of Net Position and the SRECNP is provided. Each line item on the statements is broken down into component parts that affect the Statement of Cash Flows and is labeled so that the components may be traced through to the Statement of Cash Flows.

Sample of Cash Flows Worksheet

Sample Community College							
Cash Flow Worksheet							
For the Fiscal Year Ended August 31, FY2							
	STATEMENT OF NET POSITION	Beginning Balance	Ending Balance	Difference	**SONP Entries to Cash Flow**		
Current Assets							
	Cash and Cash Equivalents	27,885,226	41,361,447	13,476,221	A-A1	13,476,221	Increase (decrease) in Cash
	Investments	-	-	-	A-B1	-	
*	**Accounts Receivable**	20,885,439	24,919,195	4,033,756	A-D1	(229,660)	Accts Rec-General
					A-D2	3,041,618	Tuition Receivables
					A-D3	1,901,525	Contract/Grant Receivables
					A-D4	210,243	Tax Receivables
					A-D5	(899,886)	Interest Receivables
					A-D6	9,916	Bond Receivable
	Inventories	586,646	571,347	(15,299)	A-E1	(15,299)	Payments to suppliers
*	**Notes Receivable**	25,550	16,862	(8,688)	A-F1	37,485	New loans given
					A-F2	(32,071)	Loans repaid
					A-F3	(14,102)	Loans written off
	Deferred Outflows	11,353,525	11,820,137	466,612	A-Q1	466,612	Payments to suppliers
	Prepaid Expenses	1,193,178	1,159,577	(33,601)	A-H1	(175,714)	Payments to suppliers
					A-H2	142,113	Payments to employees
	Total Current Assets	61,929,564	79,848,565	17,919,001		17,919,001	
Non-Current Assets							
	Restricted Cash and Cash Equivalents	12,502,111	4,918,097	(7,584,014)	A-J1	(7,584,014)	Increase (decrease) in Cash
*	**Long-term Investments**	146,090,803	120,535,852	(25,554,951)	A-K1	80,799,000	Purchases
					A-K2	(104,000,000)	Sales
					A-K3	(58,560)	Interest on investments
					A-K4	(2,295,391)	Unrealized Loss
*	**Notes Receivable (net)**	-	-	-		-	
	Deferred Outflows	3,216,285	2,875,685	(340,600)	A-M1	(340,600)	Other expense
	Deposit with Bond Trustee	4,900,590	5,005,089	104,499	A-N1	104,499	Fee for capital debt
*	**Capital Assets (net)**	246,390,269	273,235,290	26,845,021	A-P1	35,331,960	Purchases
					A-P2	170,460	Donated Assets
					A-P3	(478,654)	Sales/Disposals
					A-P4	(10,066,975)	Accum. Depreciation
					A-P5	1,888,230	Capitalized interest
	Total Non-Current Assets	413,100,058	406,570,013	(6,530,045)		(6,530,045)	

Sample of Cash Flows Worksheet

	STATEMENT OF NET POSITION	Beginning Balance	Ending Balance	Difference	SONP Entries to Cash Flow		
	Current Liabilities						
*	**Accounts Payable**	(20,297,764)	(24,319,514)	(4,021,750)	L-A1	(2,981,384)	Suppliers of Goods/Services
					L-A2	584,197	Employees (Deferred Comp)
					L-A3	(1,624,563)	Scholarships/Fellowships
*	**Accrued Liabilities**	(17,919,361)	(19,048,802)	(1,129,441)	L-B1	134,123	Students/customers
					L-B2	(547,974)	Employees
					L-B3	(8,587)	Scholarships/Fellowships
					L-B4	(644,370)	Suppliers of Goods/Services
					L-B5	(145,129)	Bond Premium
					L-B9	(6,002)	Fee related to bonds
					L-B6	35,631	Interest Payables
					L-B7	(22,768)	Accrued interest
					L-B8	75,635	Special accruals
	Accrued Compensable Absences	(4,323,280)	(4,773,684)	(450,404)	L-C1	(450,404)	Payments to employees
*	**Funds Held for Others**	(1,503,596)	(1,521,906)	(18,310)	L-D1	(4,148,503)	Funds received
					L-D2	4,130,193	Funds paid out
*	**Deferred Inflows**	(29,395,229)	(32,678,823)	(3,283,594)	L-E1	(3,400,874)	Students/customer prepayments
					L-E2	117,280	Contract/Grant deferred rev
	Notes Payable - Current Portion	(162,485)	(169,502)	(7,017)	L-J6	(7,017)	Transferred from note payable
*	**Bond Payable - Current Portion**	(3,635,000)	(9,080,000)	(5,445,000)	L-F1	(5,445,000)	Transferred from bond payable
	Total Current Liabilities	(77,236,715)	(91,592,231)	(14,355,516)		(14,355,516)	
	Noncurrent Liabilities						
*	**Deferred Inflows**	-	-	-	L-G1	-	
	Accrued Compensable Absences	(1,447,372)	(2,326,055)	(878,683)	L-H1	(878,683)	Payments to employees
*	**Notes Payable**	(975,456)	(805,954)	169,502	L-J4	-	Amt borrowed
					L-J5	162,485	Principle paid
					L-J6	7,017	Transferred to current portion
*	**Bond Payable**	(57,755,000)	(58,525,000)	(770,000)	L-J1	3,635,000	Principle paid
					L-J2	(9,850,000)	Proceeds of maintenance tax notes
					L-F1	5,445,000	Transferred to current portion
	Total Noncurrent Liabilities	(60,177,828)	(61,657,009)	(1,479,181)		(1,479,181)	
	Net POSITION (Basically fund balances)						
*	**Invested in capital assets, net of related debt**	(188,181,469)	(215,480,290)	(27,298,821)		(27,298,821)	
	Restricted for:						
	Expendable						
	Unexpended Bond Proceeds	(310,000)	-	310,000		310,000	
*	**Debt Service**	(9,733,554)	(6,486,525)	3,247,029		3,247,029	
*	**Unrestricted**	(139,390,056)	(111,202,523)	28,187,533		28,187,533	
	Total Net Assets	(337,615,079)	(333,169,338)	4,445,741			
	Check -- Totals should be zero	0	0	0	R-T1	(4,445,741)	
	NOTE: Current Cash and Cash Equivalents Diff.	13,476,221					
	Restricted Cash and Cash Equivalents Diff.	(7,584,014)			**A-**	**Asset Section**	
	Net Change in Cash for Cash Flow State.	5,892,207			**L-**	**Liabilities Section**	
*	**Reconciliations required for these accounts**				**R-**	**Revenue Section**	
					E-	**Expense Section**	

Sample Community College
Cash Flow Worksheet
For the Fiscal Year Ended August 31, FY2

STATEMENT OF REVENUE, EXPENSE AND CHANGES IN NET POSITION

		SRECNP	Entries to Cash Flow	
Operating Revenues				
State Appropriations	(100,623,986)	R-H1	100,623,986	State Appropriations
Tuition and charges (net of discounts of $_____)	(39,771,189)	R-A1	39,771,189	Receipts from students and other custo
Federal Grants and Contracts	(40,719,357)	R-B1	40,719,357	Receipts from grants and contracts
State Grants and Contracts	(4,657,441)	R-C1	4,657,441	Receipts from grants and contracts
Non-Governmental Grants and Contracts	(4,133,147)	R-D1	4,133,147	Receipts from grants and contracts
Sales and Services of Educational Activities	(446,968)	R-E1	446,968	Receipts from students and other custo
Auxiliary Enterprises (Bookstore)	(6,975,428)	R-F1	6,975,428	Receipts from students and other custo
Other Operating Revenue	(1,177,256)	R-G1	1,162,849	Misc. Oper. Rev.
		R-G2	14,407	Revenue to loan fund
Total Operating Revenues	(198,504,772)		198,504,772	
Operating Expenses				
Instruction	121,450,160	E-A1	(15,256,194)	Suppliers
		E-A2	(106,193,966)	Employee salaries and fringe
Public Service	9,954,204	E-B1	(5,473,139)	Suppliers
		E-B2	(4,481,065)	Employee salaries and fringe
Academic Support	14,823,518	E-C1	(3,687,245)	Suppliers
		E-C2	(11,136,273)	Employee salaries and fringe
Student Services	26,635,350	E-D1	(5,448,598)	Suppliers
		E-D2	(21,186,752)	Employee salaries and fringe
Institutional Support	45,741,192	E-E1	(7,347,474)	Suppliers
		E-E7	(539,705)	Suppliers bad debt for disputed amt
		E-E3	(47,300)	Customers bad debt
		E-E4	(1,572,716)	Related to taxes collect. Fee
		E-E5	(777,048)	Bad debt for tax receivable
		E-E2	(34,904,317)	Employee salaries and fringe
		E-E6	(552,632)	Donated equipment
Operation and Maintenance of Plant	21,086,945	E-F1	(13,555,368)	Suppliers
		E-F2	(7,531,577)	Employee salaries and fringe
Scholarships and Fellowships	25,011,776	E-G1	(25,011,776)	Scholarships and fellowships
Auxiliary Enterprises	10,447,407	E-H1	(4,950,617)	Suppliers
		E-H3	(432,736)	Customers bad debt (sales to custome
		E-H4	290,340	Bad debt for 3rd party bkstore com
		E-H2	(5,354,394)	Employee salaries and fringe
Depreciation	10,066,975	E-J1	(10,066,975)	Other Receipts
Total Operating Expenses	285,217,527		(285,217,527)	
Operating Loss	86,712,755			

STATEMENT OF REVENUE, EXPENSE AND CHANGES IN NET POSITION				
Non-Operating Revenues (Expenses)		**SRECNP Entries to Cash Flow**		
Ad Valorem Taxes	(79,271,624)	R-J1	79,271,624	Receipts from ad valorem taxes
Gifts	(723,092)	R-K1	723,092	Donated assets
Investment Income	(3,073,000)	R-L1	6,588,548	Investment income
		R-L2	(3,515,548)	Unrealized market loss
Gain on Sale of Investment	(78,220)	R-Y1	78,220	Proceeds on sale of investments
Contributions in Aid of Construction	(495,952)	R-Z1	495,952	Contribution for capital assets
Interest on Capital Related Debt	735,065	R-M1	(689,269)	Interest on bonds
		R-M2	(45,796)	Interest on note payable
Loss on Disposal of Fixed Assets	238,206	R-N1	(478,653)	Disposed items
		R-P1	240,447	Proceeds from sale of disposed items
Other Non-Operating Revenues	(52,225)	R-P2	52,225	Other revenue
Other Non-Operating Expenses	453,827	R-P3	(321,457)	Non-capital construction costs
		R-P4	(95,984)	Bond expenses
		R-P5	(36,386)	Misc bond expenses
Net Non-Operating Revenues (Expenses)	(82,267,015)		82,267,015	
Income Before Extraordinary Items	4,445,740		(4,445,740)	
Extraordinary Item				
Accrued Expense for Liability	-	R-S1	-	Expense associated with accrued liab.
Total Extraordinary Item	-		-	
(Increase) Decrease in Net Assets	4,445,740	R-T1	(4,445,740)	
		A-	**Asset Section**	
		L-	**Liabilities Section**	
		R-	**Revenue Section**	
		E-	**Expense Section**	

Sample Community College
Cash Flow Worksheet
For the Fiscal Year Ended August 31, FY2

CASH FLOWS FROM OPERATING ACTIVITIES		**Entries from Statement of Position & Statement of Revenues, Expenses and Changes in Net Position**							
Receipts from students and other customers	47,168,342	A-D1	229,660	R-A1	39,771,189	R-E1	446,968	R-F1	6,975,428
		A-D2	(3,041,618)	E-E3	(47,300)	E-H3	(432,736)		
		L-B1	(134,123)	L-E1	3,400,874				
Receipts from State Allocations	100,623,986	R-H1	100,623,986						
Receipts from grants and contracts	47,491,141	A-D3	(1,901,525)	R-B1	40,719,357	R-C1	4,657,441	R-D1	4,133,147
		L-E2	(117,280)						
Payments to suppliers for goods and services	(52,226,869)	A-E1	15,299	E-A1	(15,256,194)	E-B1	(5,473,139)	E-C1	(3,687,245)
		E-H1	(4,950,617)	L-B8	(75,635)				
		A-H1	175,714	E-D1	(5,448,598)	E-E1	(7,347,475)	E-F1	(13,555,368)
		E-H4	290,340			E-E7	(539,705)		
		L-A1	2,981,384	L-B4	644,370				
Payments to or on behalf of employees	(189,637,593)	L-B2	547,974	E-A2	(106,193,966)	E-B2	(4,481,065)	E-C2	(11,136,273)
		L-H1	878,683	E-D2	(21,186,752)	E-E2	(34,904,317)	E-F2	(7,531,577)
		L-C1	450,404	A-H2	(142,113)	E-H2	(5,354,394)	L-A2	(584,197)
Payments for scholarships and fellowships	(23,845,238)	E-G1	(25,011,776)	L-B3	8,587	L-A3	1,624,563	A-Q1	(466,612)
Payments of loans issued to students	(37,485)	A-F1	(37,485)						
Receipts from collection of loans to students and employees	60,580	A-F2	32,071	R-G2	14,407	A-F3	14,102		
Other Receipts (payments)	1,162,849	R-G1	1,162,849						
Net cash provided (used) by Operating Activities	(69,240,287)								
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Receipts from *Ad Valorem* Taxes - Maintenance & Operation	78,284,332	R-J1	79,271,624	A-D4	(210,243)	E-E5	(777,048)	ADJ1	(1)
Payments for collection of taxes	(1,572,716)	E-E4	(1,572,716)						
Receipts from gifts or grants for other than capital purposes	-								
Receipts from student organizations and other agency transactions	4,148,503	L-D1	4,148,503						
Payments to student organizations and other agency transactions	(4,130,193)	L-D2	(4,130,193)						
Receipts from private gifts for endowment purposes	-								
Receipts from note borrowings	-	L-J4	-						
Payments on note - principle	(162,485)	L-J5	(162,485)						
Payments on notes - interest	(45,796)	R-M2	(45,796)						
Other receipts	52,225	R-P2	52,225						
Other payments	(1,201,013)	A-P3	478,654	R-P3	(321,457)	R-N1	(478,653)	R-L2	(3,515,548)
		A-M1	340,600	A-K4	2,295,391				
Net cash provided by Noncapital Financing Activities	75,372,857								

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES										
Receipts from the issuance of capital debt	9,911,997		L-J2	9,850,000	L-B5	145,129	A-D6	(9,916)	R-P4	(95,984)
			L-B7	22,768						
Receipts from *Ad Valorem* Taxes - Debt Services										
Contribution received in aid of construction	495,952		R-Z1	495,952						
Receipts from capital allocations	-									
Receipts from capital grants and gifts	-		R-K1	723,092	E-E6	(552,632)	A-P2	(170,460)		
Receipts from the sale of capital assets	240,447		R-P1	240,447						
Payments for purchases of capital assets	(35,331,960)		A-P1	(35,331,960)						
Payments of principal paid on capital debt and leases	(3,635,000)		L-J1	(3,635,000)						
Payments of interest and fees on capital debt and leases	(2,748,013)		R-M1	(689,269)	L-B9	6,002	L-B6	(35,631)	A-P5	(1,888,230)
			R-P5	(36,386)	E-J1	(10,066,975)	A-P4	10,066,975		
			A-N1	(104,499)						
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES										

CASH FLOWS FROM INVESTING ACTIVITIES			Entries from Statement of Net Position & Statement of Revenues, Expenses, and Changes in Net Position							
Receipts from sales and maturities of investments	104,078,220		A-K2	104,000,000	R-Y1	78,220				
Receipts from interest on investments	7,546,994		R-L1	6,588,548	A-D5	899,886	A-K3	58,560		
Payments for purchase of investments	(80,799,000)		A-K1	(80,799,000)						
Net cash provided by Investing Activities	30,826,214									
Net Decrease in Cash	36,958,784		A-A1	13,476,221	A-J1	(7,584,014)				
Cash and cash equivalents- September 1, 2001	40,387,337									
Cash and cash equivalents- August 31, 2002	77,346,121									
Change in Cash Check Figure:	**36,958,784**	#########								
Reconciliation of net operating revenues (expenses) to										
Net cash provided (used) by operating activities:										
Operating income (loss)	(86,712,755)									
Adjustments to reconcile net income (loss) to net cash										
provided (used) by operating activities:										
A Depreciation Expense	10,066,975		E-J1	10,066,975						
B Tax Collection Fee	1,572,716		E-E4	1,572,716						
C Bad Debt Expense	1,506,449		E-H4	(290,340)	E-H3	432,736	E-E3	47,300	E-E5	777,048
			E-E7	539,705						
D Amortization of Bond Premium	(109,498)		L-B5	(145,129)	L-B6	35,631				
E Amortization of Bond Discount	-									
F Accrued Interest Payable	(28,770)		L-B7	22,768	L-B9	6,002				
G Accrued AdValorem Tax	(987,292)		A-D4	210,243	E-E5	777,048	ADJ	1		
H Accrued Interest Receivable	899,886		A-D5	(899,886)						
I Capitalized interest on Note Payable	-									
Changes in Assets and Liabilities:										
Receivables (adjusted for non-cash amts)	(4,513,792)	(4,033,756)	E-H3	(432,736)	E-E3	(47,300)				
Inventories	15,299									

Sample of Exhibit 3

Sample Community College		**EXHIBIT 3**
Statements of Cash Flows		
Years Ended August 31, FY2 and August 31, FY1		
	FY2	**FY1**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other customers	$ 47,168,342	$ 49,709,391
Receipts from grants and contracts	35,501,856	41,872,728
Payments to suppliers for goods and services	(52,226,869)	(51,449,949)
Payments to or on behalf of employees	(189,637,593)	(179,202,422)
Payments for scholarships and fellowships	(23,845,238)	(21,901,063)
Loans issued to students	(37,485)	(56,461)
Collection of loans to students	60,580	63,212
Other receipts	1,162,849	1,001,724
Net cash used by operating activities	**(181,853,558)**	**(159,962,840)**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipts from state appropriations	100,623,986	105,376,873
Receipts from ad valorem taxes	78,284,332	75,811,475
Receipts from Non Operating Federal Revenue	17,890,434	5,423,187
Payments for collection of taxes	(1,572,716)	(1,530,189)
Receipts from student organizations and other agency transactions	4,148,503	4,526,248
Payments to student organizations and other agency transactions	(4,130,193)	(4,016,069)
Proceeds from note borrowings	-	341,259
Payments on notes - principle	(162,485)	-
Payments on notes - interest	(45,796)	-
Other receipts	71,369	70,771
Other payments	-	(1,086,658)
Net cash provided by noncapital financing activities	**195,107,434**	**184,916,897**
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Proceeds on issuance of capital debt	9,911,997	-
Contribution received in aid of construction	495,952	-
Proceeds from the sale of capital assets	240,447	8,683
Purchases of capital assets	(41,243,109)	(38,438,670)
Payments on capital debt - principal	(3,635,000)	(2,470,000)
Payments on capital debt - interest	(2,748,013)	(3,269,638)
Net cash used by capital and related financing activities	**(36,977,726)**	**(44,169,625)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	104,078,220	67,350,000
Interest on investments	6,326,837	10,701,679
Purchase of investments	(80,799,000)	(75,000,000)
Net cash provided by investing activities	**29,606,057**	**3,051,679**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,882,207	(16,163,889)
CASH AND CASH EQUIVALENTS—September 1	40,387,337	56,551,226
CASH AND CASH EQUIVALENTS—August 31	**$ 46,269,544**	**$ 40,387,337**
RECONCILIATION OF NET OPERATING LOSS TO NET CASH		
PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	$ (212,239,208)	$ (188,129,664)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation expense	10,066,975	8,929,414
Bad debt expense	729,401	1,457,761
Payments made directly by state for benefits	15,262,946	10,016,561
Changes in assets and liabilities:		
Receivables (net)	(4,601,198)	(577,120)
Deferred outflow	(466,612)	(2,627,553)
Inventories	15,299	(61,443)
Notes receivable	8,688	1,277
Prepaid expenses	33,601	52,467
Accounts payable	4,021,750	9,793,121
Accrued liabilities	702,119	(1,302,734)
Compensated absences	1,329,087	1,312,184
Deferred inflow	3,283,594	1,172,889
Net cash used by operating activities	**$ (181,853,558)**	**$ (159,962,840)**
The accompanying notes are an integral part of the financial statements.		

AFR disclosure of Non-Cash Investment, Capital and Financing Activities

Schedule for Non-Cash Investment, Capitol and Financing Activities		
	FY1	FY2
Payments made directly by state for benefits	X,XXX	X,XXX
Increase (decrease) in fair value of investments	X,XXX	X,XXX
Gifts of depreciable and non-depreciable assets	X,XXX	X,XXX
Amortization of premium on bonds	X,XXX	X,XXX
Amortization of deferred charges on bond refunding	X,XXX	X,XXX

Frequently Asked Questions

Question 1

How should scholarship tuition discounts be shown on the Statement of Cash Flows?

Answer 1

Show the tuition net of discount on the Statement of Cash Flows, less any outstanding receivables. Scholarship tuition discounts are non-cash adjustments so that only those scholarships that represent disbursements are reported as an expense, and the tuition amount is the revenue earned. Federal financial aid is reported as grant/contract income. When it is used to satisfy tuition accounts, federal financial aid is a discount because no disbursement was made. This procedure also ensures that the income is reported only once in the financial statement (contrary to prior periods when it was reported both as grant revenue and as tuition revenue when the student's fee bill was satisfied).

Question 2

What guidance is available with respect to the reporting of cash flows?

Answer 2

GASB Statement 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting, was issued in September 1989. The GASB staff issued an implementation guide for GASB Statement 9 dated June 1992 that addresses many specific implementation questions.

Question 3

How is interest collected on student loans reported in the Statement of Cash Flows?

Answer 3

Because student loans are program activities, interest collected on these loans is reported as operating revenues in the SRECNP and as cash flows from operating activities in the Statement of Cash Flows.

Question 4

How should the sale of fixed assets be shown in the Statement of Cash Flows?

Answer 4

Show the proceeds from the sale of fixed assets in the capital financing activities section. Removal of the fixed asset and accumulated depreciation are not cash items and, thus, would not be reflected in the recognition of the cash inflow. Additionally, show depreciation expense as a reconciling item in the reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities.

Question 5

Are there situations where information may be reported net instead of gross in the Statement of Cash Flows?

Answer 5

Generally, all activities should be reported gross in the Statement of Cash Flows. However, there are some circumstances where net reporting is appropriate because:

- their turnover is quick.
- their amounts are large.
- their maturities are short or
- the cash actually collected is a net amount. Examples include loans receivable and debt (if the original maturity of the asset or liability is three months or less) or property tax receipts collected by a third party and remitted to the district. In addition, investment income may be recognized net of the amount charged for external investment management fees (See GASB 9, Paragraph 13).

Question 6

What basic information is needed to report cash flows from investment activity in the Statement of Cash Flows?

Answer 6

Four components are needed to report cash flows from investments:

- Gross purchases of investments
- Gross sales of investments
- Proceeds from the sale of donated investments
- Investment income received on investments

Question 7

How are gains and losses from endowments or other long-term investments reported in the Statement of Cash Flows?

Answer 7

Only realized cash inflows are reported in the investing section in the Statement of Cash Flows. Unrealized gains are not reported in the reconciliation of net operating revenues to net cash flows provided by operating activities because the reconciliation begins with operating income (loss) and such transactions are deemed non-operating revenues.

Question 8

If a grant or contract provides for equipment acquisitions, how should the amounts provided for equipment and other capital items be reported?

Answer 8

The primary purpose of the grant or contract dictates whether the transaction will be reported as operating or non-operating. If the agreement represents an exchange transaction and the equipment is merely incidental to the program activity, classify it as an operating activity. If the primary purpose is equipment acquisition, consider it a capital grant, and the transaction should be reported as capital financing in the Statement of Cash Flows and as non-operating revenue in the SRECNP (if the acquisition exceeds the fixed asset capitalization threshold). If the acquisition does not meet the capitalization threshold, that portion of the transaction must be reported in the operating activities section of the Statement of Cash Flows.

Question 9

Where are gains (losses) on the disposal of capital assets reported in the Statement of Cash Flows?

Answer 9

Show the total amount of cash received as an inflow in the cash flows from the capital financing activities section of the Statement of Cash Flows. Report the gain (loss) as non-operating revenue on the SRECNP.

Question 10

How are collection costs and penalty and interest revenue associated with ad valorem taxes reported on the Statement of Cash Flows?

Answer 10
For maintenance and operating taxes, related collection costs and incidental revenue should be netted against the ad valorem tax revenue and reported in the non-capital financing activities section. For debt services taxes, related collection costs and incidental revenue should be netted against the ad valorem tax revenue and reported in the capital and related financing activities section.

Question 11

How are employee reimbursement payments for travel, continuing education, etc., reported on the Statement of Cash Flows?

Answer 11

Report these payments as payments to suppliers for goods and services in the operating activities section.

Question 12

Do we disregard Mandatory and Nonmandatory transfers between funds, because they zero each other out?

Answer 12

Yes.

Question 13

How is amortization of bond issuance costs shown on the SRECNP?

Answer 13

The amortization will show as a non-cash operating expense on the SRECNP and will not show on the Statement of Cash Flows because it is a non-cash transaction.

Question 14

How do we handle "Other non-operating revenues" in the Statement of Cash Flows? Examples included library fine revenue, facility rental revenue, miscellaneous income, ticket sales, copier revenue, advertising sales, discount on sales tax, and collection fees received.

Answer 14

Everything except a discount on sales tax is considered operating revenue. The library (as well as copier revenue) is a part of the college's ongoing mission. Facility rental fees, ticket sales, and advertising sales are part of the auxiliary activities and are also considered an ongoing part of the institution's mission. GASB Statement 9 defines collection fees received as operating revenue. The discount on sales tax is a pass-through (neither revenue nor expense – a contra account to revenue) and will not show in the Statement of Cash Flows.

Question 15

How should Bad Debt Expense be shown on the Statement of Cash Flows?

Answer 15

For bad debt that isn't netted against revenue, treat it as a non-cash expense. It will not appear in the reconciliation section on the Statement of Cash Flows.

Question 16

How should Donated Building Rental ($204,000) be shown on the Statement of Cash Flows? On the SRECNP, building rental expense is shown as an operating expense and the revenue is shown as a gift under non-operating revenues. Is this correct?

Answer 16

Show both the rental income and expense as operating on the Statement of Cash Flows. The revenue should not be under non-operating revenue.

Question 17

How should a donated, capitalized asset be shown on the Statement of Cash Flows? It is shown as a gift under non-operating revenues on the SRECNP.

Answer 17

Do not show the donated capitalized asset on the Statement of Cash Flows because there was no cash transaction involved. Show it as a capital contribution on the SRECNP.

Question 18

We have receivables for non-operating activities including taxes receivable, interest receivable, and facility rental fees receivable. How and where should this affect the Statement of Cash Flows?

Answer 18

Show them under the reconciliation section of the Statement of Cash Flows. If the non-operating activity receivable is for interest income, this is a second adjustment in the reconciliation section of the balance sheet. The change in interest receivable would then be an adjustment to the investment activity interest income so that only the cash received for interest is included. A comparable adjustment would be required with the non-operating activity as interest payable.

Question 19

Should the reconciliation portion of the Statement of Cash Flows use the change in total receivables/payables or only the change in operating receivables/payables?

Answer 19

The reconciliation section of the Statement of Cash Flows will use all the receivables and payables in total, separated by operating and non-operating. Then items that are not part of operations (such as interest receivable, interest payable, and so on) are eliminated as a line item so that they may be reported in the appropriate cash flow activity.

Please note that item numbers tie to complete checklist in Appendix C.

Checklist

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
STATEMENT OF CASH FLOWS (EXHIBIT 3)		
	65.	Does the statement categorize cash flows as follows: cash flows from operating activities; cash flows from non-capital financing activities; cash flows from capital and related financing activities; and cash flows from investing activities? [GASB 9 31]
	66.	Are cash flows from operating activities reported by major classes of receipts and disbursements i.e., the direct method? [GASB 9 31]
	67.	Has the college refrained from combining cash flows for non-capital financing activities and cash flows from capital and related financing activities into single cash flows from financing activities category? [GASB 9 53-54]
	68.	Has the college refrained from including receipts and payments of interest as cash flows from operating activities (except in the case of program loans)? [GASB-S9: 58]
	69.	Has the college reported disbursement for the acquisition of capital assets as cash flows from capital and related financing activities? [GASB 9 57a;]
	70.	Are cash receipts and cash payments generally reported as gross rather than net? [GASBS 9: 12-14]
	71.	Does the figure reported as cash and cash equivalents at the end of the period trace to a similar account or accounts on the Statement of Net Position (Exhibit 1)? [GASB 9: 8]
	72.	Is the statement accompanied by a schedule that reconciles operating income and cash flows from operating activities? [GASB 9: 7]
	73.	Is the statement accompanied by information (in narrative or tabular form) concerning investing, capital, or financing activities of the period that affected recognized assets or liabilities but did *not* result in cash flows? [GASB-S9: 37]

Section 7: Notes to the Financial Statements

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Reporting Entity

Reporting Entity

Sample Community College (SCC) was established in YYYY, in accordance with the laws of the State of Texas, to serve the educational needs of the *Taxing Entity* and the surrounding communities. The SCC is considered a special purpose, primary government according to the definition in GASB Statement 14. While the College receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

Summary of Significant Accounting Policies

This section provides a summary of SCC's significant accounting activities and other topics related to SCC's financial reporting.

Reporting Guidelines

The significant accounting policies followed by the Sample Community College in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community Colleges.* The college applies all applicable GASB pronouncements. The college is reported as a special-purpose government engaged in business-type activities.

Tuition Discounting

Texas Public Education Grants (TPEG). Certain tuition amounts must be set aside for use as scholarships by qualifying students. This set-aside, called the TPEG, is shown with tuition and fee revenue amounts as a separate set aside amount (TEC §56.033). When the award is used by the student for tuition and fees, SCC records the amount as tuition discount. If the amount is dispersed directly to the student, SCC records the amount as a scholarship expense.

Title IV, Higher Education Act Program Funds. Certain Title IV HEA Program funds are received by the college to pass through to the student. These funds initially are received by the college and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Other tuition discounts. SCC awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the college records the amount as a tuition discount. If the amount is dispersed directly to the student, college records the amount as a scholarship expense.

Basis of Accounting

The financial statements of the college have been prepared on the accrual basis, whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

Budgetary Data

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. SCC's board of trustees adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with the THECB, LBB, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

Cash and Cash Equivalents

SCC considers cash and cash equivalents as cash on-hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Deferred Outflows

In addition to assets, SCC is aware that the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Governments are permitted only to report deferred outflows in circumstances specifically authorized by the GASB. A typical deferred outflow for community colleges is a deferred charge on refunding debt.

Investments

In accordance with GASB 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, SCC reports investments at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. (The governing board has designated public funds investment pools comprised of $X,XXX and $X,XXX at FY2 and FY1, respectively, to be short-term investments). Long-term investments have an original maturity of greater than one year at the time of purchase.

Inventories

Inventories consist of consumable office supplies, physical plant supplies, food service supplies, and bookstore stock. Inventories are valued at (insert inventory valuation method) and are charged to expense as consumed.

Capital Assets

SCC records capital assets at cost at the date of acquisition, or fair value at the date of donation. For equipment, SCC's district capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life in excess of one year. The college capitalizes renovations of $100,000 to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure. The college charges costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 20 years for land improvements, 15 years for library books, 10 years for furniture, machinery, vehicles and other equipment, and five years for telecommunications and peripheral equipment.

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Employees Retirement System of Texas (ERS) State Retiree Health Plan (SRHP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits; OPEB expense; and information about assets, liabilities and additions to/deductions from SRHP's fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

Pensions

The District (or College) participates in the Teacher Retirement System of Texas (TRS) pension plan, a multiple-employer cost-sharing-defined benefit pension plan with a special funding situation. The fiduciary net position of TRS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Unearned Revenue

Tuition and fees of $XX and $XX and federal, state, and local grants of $XX and $XX have been reported by SCC as unearned revenue at August 31, FY2 and FY1, respectively.

Deferred Inflows

In addition to liabilities, SCC is aware that the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so is not recognized as an inflow of resources (revenue) until that time.

Governments are permitted only to report deferred inflows in circumstances specifically authorized by the GASB.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, SCC is aware that actual results could differ from those estimates.

Operating and Non-Operating Revenue and Expense Policy

The college distinguishes operating revenues and expenses from non-operating items. The college reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the college's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. The operation of _____ is not performed by the college. *(Last sentence may or may not be necessary but relates to bookstores, etc.)*

Prior Year Restatement

The college makes a prior year restatement, as necessary, in accordance with APB 20. *(If restatements are made, they must be described in this section of the notes disclosure.)*

GASB 75 Restatement

**In the year of implementation for GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* a restatement to beginning net position will be required for the recording of the beginning net OPEB liability and for the recording of deferred outflows of resources for OPEB contributions made after the measurement date of the beginning net OPEB liability and the beginning of the reporting entity's fiscal year. See example below.

<u>Restatement to Beginning Net Position</u>
Effective for fiscal year 2018, the [Employer] implemented GASB Statement No. 75, *Accounting for OPEB.* Accordingly, a restatement to beginning net position was required for the recording of the beginning net OPEB liability and for the recording of deferred outflows of resources related to OPEB for contributions made to the ERS OPEB plan subsequent to the measurement date of the beginning net OPEB liability.

Because audited beginning balances could not be obtained for all of the deferred outflows of resources and deferred inflows of resources related to OPEB, the [Employer] determined it was impractical to restate its fiscal year 2017 financial statements. As such, the [Employer] recorded a restatement to beginning net position in the fiscal year 2018 financial statements as a cumulative effect of a change in accounting principle.

Beginning net position as of September 1, 2017 has been restated as follows for the

implementation of GASB Statement No. 75:

Beginning net position	$ XXX,XXX,XXX
Cumulative effect of change in accounting priniple (GASB 75):	
Beginning Net OPEB liability (measurement date as of August 31, 2017)	(XXX,XXX,XXX)
Deferred outflow for [Employer] contributions to ERS plan during FY17	X,XXX,XXX
Beginning net position, as restated	$ XXX,XXX,XXX

In addition, community colleges may consider restating beginning net position on the face of the SRECNP as follows:

Statement of Revenues, Expenses and Changes in Net Position (excerpt, example only)

	FY2	FY1
Increase (decrease) in net position	1,000,000	X,XXX,XXX
NET POSITION		
Net Position - Beginning of Year	230,000,000	XXX,XXX,XXX
Cumulative Effect of Change in Accounting Principle (Note 2)	(8,000,000)	N/A
Net Position - Beginning of Year, as restated	222,000,000	N/A
Net Position - End of Year	$ 223,000,000	$ 230,000,000

*Due to the effects of implementing GASB 75, certain FY1 balances are not comparable with FY2 balances (see Note 2).

Authorized Investments

Authorized Investments

SCC is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001, Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than "A" by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

Deposits and Investments

Deposits and Investments

Note: A reconciliation of deposits and investments between this footnote and Exhibit 1 for the reporting entity as a whole MUST be included (See below for an example of the format to follow).

Cash and Deposits included on Exhibit 1, Statement of Net Position, consist of the items reported below:

Cash Deposits

	FY2	FY1
Bank Deposits		
Demand Deposits	$xxx,xxx	$xxx,xxx
Time Deposits	xxx,xxx	xxx,xxx
	xxx,xxx	xxx,xxx
Cash and Cash Equivalents		
Petty Cash on Hand	$xxx,xxx	$xxx,xxx
Reimbursements in Transit	xxx,xxx	xxx,xxx
	xxx,xxx	xxx,xxx
Total Cash and Deposits	$xxx,xxx	$xxx,xxx

Reconciliation of Deposits and Investments to Exhibit 1

Type of Security	Market Value	Market Value
	August 31, FY2	August 31, FY1
U.S. Government Securities	$xxx,xxx	$xxx,xxx
U.S. Instrumentality Securities	xxx,xxx	xxx,xxx
Real Estate Investments	xxx,xxx	xxx,xxx
Totals	$xxx,xxx	$xxx,xxx
Total Cash and Deposits		$xxx,xxx
Total Investments		$xxx,xxx
Total Deposits and Investments		$xxx,xxx
Cash and Temporary Investments (Exh 1)		$xxx,xxx
Investments (Exhibit 1)		$xxx,xxx
TOTAL DEPOSITS AND INVESTMENTS		$xxx,xxx

(**Note:** Annual Investment Reports must agree with this footnote.)

NOTE – The following represents examples of possible disclosures required by GASB Statement No. 40. Preparers of financial statements should be familiar with GASB Statement No. 3, GASB Statement No. 31, GASB Statement No. 40, and GASB 40 Implementation Guide.

Disclosure is required only if the district is exposed to any of the following risk: credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The District is required to disclose its deposit or investment policy related to the specific risks that are applicable to the district. Only formally adopted policies that have been approved by the board or included as part of a contract are considered policies. If the district does not have a policy for any of the risk categories, the footnote should indicate that fact.

As of August 31, FY2, the SCC District had the following investments and maturities:

Investment Type	Fair Value	Weight Average Maturity (Years)		
U.S. Government Securities	$xxx,xxx	1.23		
U.S. Treasuries	$xxx,xxx	1.32		
Commercial Paper	$xxx,xxx	0.14		
Investment Pool	$xxx,xxx	0.22		
Certificate of Deposit	$xxx,xxx	0.18		
Municipal Bonds	$xxx,xxx	2.00		
Total Fair Value	$xxx,xxx			
Portfolio weighted average maturity		0.75		
	- OR -			
		Investment Maturities (in Years)		
Investment Type	Fair Value	Less than 1	1 to 2	2 to 3
U.S. Government Securities	$xxx,xxx	$xxx,xxx	$xxx,xxx	-
U.S. Treasuries	$xxx,xxx	$xxx,xxx	$xxx,xxx	-
Commercial Paper	$xxx,xxx	$xxx,xxx	-	-
Investment Pool	$xxx,xxx	$xxx,xxx	-	-
Certificate of Deposit	$xxx,xxx	$xxx,xxx	-	-
Municipal Bonds	$xxx,xxx	-	$xxx,xxx	$xxx,xxx
Total Fair Value	$xxx,xxx	$xxx,xxx	$xxx,xxx	$xxx,xxx
	- OR -			
	Specific Identification			
	- OR -			
Duration (probably not commonly used)				
	- OR -			
Sumulation Model (probably not commonly used)				

Notes:

- *Governments are encouraged to select the disclosure method that is most consistent with the method used to identify and manage interest rate risks.*
- *Any assumptions on maturity dates should be disclosed.*
- *Debt instruments that are highly sensitive to interest rate changes have additional disclosures (e.g., Variable Rate Investments, etc.).*
- *Disclosure should be made by investment type.*

Interest Rate Risk

In accordance with state law and district policy, the SCC District does not purchase any investments with maturities greater than 10 years.

Credit Risk

In accordance with state law and the SCC District's investment policy, investments in mutual funds and investment pools must be rated at least AAA; commercial paper must be rated at least A-1 or P-1; and investments in obligations from other states, municipalities, counties, etc., must be rated at least A as well. **The district is required to disclose credit ratings for its investments in either narrative or table form.**

> **Note:** U.S. government obligations are not considered to have credit risk. Therefore, no disclosure is required. U.S. agencies, e.g., Federal National Mortgage Association (FNMA), do have credit risk. If an investment is unrated, the footnote should indicate that fact.

Concentration of Credit Risk

The district does not place a limit on the amount the district may invest in any one issuer. More than 5 percent of the district's investments are in FNMA (6.7%) and FHLB (8.1%).

> **Note:** Investments issued or guaranteed by the U.S. government, and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the SCC District's $XXX,XXX investment in repurchase agreements, $XXX,XXX of underlying securities are held by the investment's counterparty, not in the name of the district. The SCC District's investment policy limits holding of securities by counterparties to no more than $XXX,XXX.

> **Note:** Custodial credit risk is disclosed only for those deposits or investments that were previously in category 3 under GASB 3. All other categorization disclosures (category 1 & 2) are no longer required.

Foreign Currency Risk

This risk most likely will not apply to most community college districts. However, if the district does have investments in foreign currency, see GASB 40 for guidance on the proper disclosures.

Fair Value of Financial Instruments

If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to their fair value measurement of the instrument.

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value hierarchy of investments at August 31, FY2, follows:

	FY2				**FY1**
	Level 1	**Level 2**	**Level 3**	**Total**	**Total**
Fixed income securities	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx
Mutual funds	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx
Marketable securities	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx
U.S. government securities	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx
Municipal bonds	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx
Commercial paper	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx
Total	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx	$x,xxx,xxx

Derivatives

Interest in derivative products has increased in recent years. Derivatives are investment products that may be a security or contract that derives its value from another security, currency, commodity, or index, regardless of the source of funds used. The following information must be provided if the SCC made investments in derivatives:

> Provide a description of the product, and report the carrying value; the market amount; source of funds; net gain or loss from the investment, if the entire investment has a potential to be lost; and a maximum amount that could be lost.
>
> Example of footnote:
>
> SCC invested in a real estate derivative that matures on 09/01/YYYY. This has a moderate amount of risk.

Book Value	Market Value	Source of Funds	Gain/Loss	May carrying amount be lost?	Maximum Loss
$XX,XXX	$XX,XXX	Unrestricted	$X,XXX	Yes	$XX,XXX

Capital Assets

Capital Assets

SCC's Capital Assets (with Implementation of Library Book Depreciation)

Capital Assets activity for the year ended August 31, FY2, was as follows:

	Balance September 1, FY2	Increases	Decreases	Balance August 31, FY2
Not Depreciated:				
Land	XXXXX	XXXXX	XXXXX	XXXXX
Collections	XXXXX	XXXXX	XXXXX	XXXXX
Construction in Process	XXXXX	XXXXX	XXXXX	XXXXX
Subtotal	XXXXX	XXXXX	XXXXX	XXXXX
Buildings and Other Capital Assets:				
Buildings and Building Improvements	XXXXX	XXXXX	XXXXX	XXXXX
Other Real Estate Improvements	XXXXX	XXXXX	XXXXX	XXXXX
Total Buildings and Other Real Estate Improvements	XXXXX	XXXXX	XXXXX	XXXXX
Library books	XXXXX	XXXXX	XXXXX	XXXXX
Furniture, machinery and Equipment	XXXXX	XXXXX	XXXXX	XXXXX
Total Buildings and Other Capitol Assets	XXXXX	XXXXX	XXXXX	XXXXX
Accumulated Depreciation:				
Buildings and Building Improvements	XXXXX	XXXXX	XXXXX	XXXXX
Other Real Estate Improvements	XXXXX	XXXXX	XXXXX	XXXXX
Total Buildings and Other Real Estate Improvements	XXXXX	XXXXX	XXXXX	XXXXX
Library books	XXXXX	XXXXX	XXXXX	XXXXX
Furniture, machinery and Equipment	XXXXX	XXXXX	XXXXX	XXXXX
Total Accumulated Depreciation	XXXXX	XXXXX	XXXXX	XXXXX
Net Capital Assets	XXXXX	XXXXX	XXXXX	XXXXX

In addition to the XXXXX collection, which is capitalized and depreciated (see Capital Asset note), the college has other collections that it does not capitalize, including the XXXX collection and its XXXX collection. These collections adhere to the college's policy to: (a) maintain them for public exhibition, education, or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. Generally accepted accounting principles permit collections maintained in this manner to be charged to operations at the time of purchase rather than capitalized.

SCC's Capital Assets Comparative

Capital Assets activity for the year ended August 31, FY1, was as follows:

	Balance September 1, FY1	Increases	Decreases	Balance August 31, FY1
Not Depreciated:				
Land	XXXXX	XXXXX	XXXXX	XXXXX
Collections	XXXXX	XXXXX	XXXXX	XXXXX
Construction in Process	XXXXX	XXXXX	XXXXX	XXXXX
Subtotal	XXXXX	XXXXX	XXXXX	XXXXX
Buildings and Other Capital Assets:				
Buildings and Building Improvements	XXXXX	XXXXX	XXXXX	XXXXX
Other Real Estate Improvements	XXXXX	XXXXX	XXXXX	XXXXX
Total Buildings and Other Real Estate Improven	XXXXX	XXXXX	XXXXX	XXXXX
Library books	XXXXX	XXXXX	XXXXX	XXXXX
Furniture, machinery and Equipment	XXXXX	XXXXX	XXXXX	XXXXX
Total Buildings and Other Capitol Assets	XXXXX	XXXXX	XXXXX	XXXXX
Accumulated Depreciation:				
Buildings and Building Improvements	XXXXX	XXXXX	XXXXX	XXXXX
Other Real Estate Improvements	XXXXX	XXXXX	XXXXX	XXXXX
Total Buildings and Other Real Estate Improven	XXXXX	XXXXX	XXXXX	XXXXX
Library books	XXXXX	XXXXX	XXXXX	XXXXX
Furniture, machinery and Equipment	XXXXX	XXXXX	XXXXX	XXXXX
Total Accumulated Depreciation	XXXXX	XXXXX	XXXXX	XXXXX
Net Capital Assets	XXXXX	XXXXX	XXXXX	XXXXX

Noncurrent Liabilities

SCC's Noncurrent Liabilities

Noncurrent liability activity for the year ended August 31, FY2, was as follows:

	Balance September 1, FY2	Additions	Reductions	Balance August 31, FY2	Current Portion
Bonds					
General obligation bonds	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
Revenue bonds	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
Subtotal	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
Notes					
General obligation bonds	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
Revenue bonds	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
Subtotal	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
Leases	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
Accrued compensable absences	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
Net pension liability	XXXXX	XXXXX	XXXXX	XXXXX	N/A
Net OPEB liability	XXXXX	XXXXX	XXXXX	XXXXX	N/A
Total Noncurrent liabilities	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX

SCC's Noncurrent Liabilities Comparative

Noncurrent liability activity for the year ended August 31, FY1, was as follows:

	Balance September 1, FY1	Additions	Reductions	Balance August 31, FY1	Current Portion
Bonds					
General obligation bonds	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
Revenue bonds	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
Subtotal	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
Notes					
General obligation bonds	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
Revenue bonds	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
Subtotal	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
Leases	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
Accrued compensable absences	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX
Net pension liability	XXXXX	XXXXX	XXXXX	XXXXX	N/A
Net OPEB liability	XXXXX	XXXXX	XXXXX	XXXXX	N/A
Total Noncurrent liabilities	XXXXX	XXXXX	XXXXX	XXXXX	XXXXX

Debt and Lease Obligations

SCC's Debt and Lease Obligations

Debt service requirements at August 31, FY2, were as follows (amounts in XXX's):

For the Year Ended	General Revenue Bonds			Revenue Bonds			Total Bonds	
August 31,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest
FY3	$XXXX	$XXXX	$XXXX	$XXXX	$XXXX	$XXXX	$XXXX	$XXXX
FY4	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
FY5	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
FY6	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
FY7	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
FY8-FY12	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
FY13-FY17	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
FY18-FY22	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
FY23-FY27	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
FY28-FY32				XXXX	XXXX	XXXX	XXXX	XXXX
Total	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX	$ XXXX

Obligations under capital leases at August 31, FY2, were as follows (amounts in 000's):

For the Year Ended August 31,	Total	
FY3	$ XXX	
FY4	XXX	
FY5	XXX	
FY6	XXX	
FY7	XXX	
FY8-FY12	XXX	
FY13-FY17	XX	
Total minimum lease payments		XXXX
Less: Amount representing interest costs	(XXXX)	
Present value of minimum lease payment	$ XXXX	

Bonds Payable

SCC's Bonds Payable

General information related to bonds payable is summarized below:

- Bond Issue Name, Series YYYY
- Purpose of the bond issue, e.g., to construct a student dormitory building
- Issue date (month-day-year)
- Original amount of issue; amount authorized _____
- Source of revenue for debt service – general fees, Department of education annual interest grant. Outstanding Balance by Bond Issue

COMMENT

This is the prescribed format that each institution should use for *each bond issue*. Avoid paragraphs that are too brief or too lengthy. Each bond issue should continue to have the same issue description annually until, and including, the year in which it is extinguished or retired.

Bonds payable are due in annual installments varying from ($XXX,XXX) to ($XXX,XXX), with interest rates from X.X percent to X.X percent, and with the final installment due in 20XX.

Example:

- Limited Tax Bonds Refunding, Series 2006
  - To refund a portion of Series 2003 and 2004 bonds
  - Issued December 12, 2006
  - Total authorized $17,573,659; $15,530,000 Current Interest Bonds and $2,043,659
  - Capital Appreciation Bonds; all authorized bonds have been issued
  - Source of revenue for debt service is ad valorem taxes
  - Outstanding principal balance as of August 31, 2011 and 2010 is $16,203,659 and $16,443,659, respectively
- Limited Tax Bonds, Series 2004
  - To construct, renovate and equip college buildings district-wide, including phase 2 of the Health Careers Building, construction of the South Austin campus, parking and other such improvements as determined by the College
  - Issued June 30, 2004
  - Total authorized $99,000,000; $23,910,000 issued
  - Source of revenue for debt service is ad valorem taxes
  - Outstanding principal balance as of August 31, 2011 and 2010 is $10,645,000 and $10,895,000, respectively

Advance Refunding Bonds

SCC's Advance Refunding Bonds

**NOTE: Beginning January 1, 2018, due to the passing of the Tax Cuts and Jobs Act (TCGA), community colleges may no longer issue tax-exempt debt to advance refund outstanding bonds. The issuance of *non-exempt* debt to advance refund outstanding bonds remains permissible.

Advance Refunding Bond Examples:

- Refunded ($X,XXX,XXX) of Student Fee Revenue Bonds, Series 1987
- Issued refunding bonds on (month-day-year)
- ($XX,XXX,XXX), all authorized bond have been issued
- General Obligation Bonds – Refunding Series YYYY
- Average interest rate of bonds refunded – (X.X %)
- Net proceeds from Refunding Series – ($XXX,XXX); after payment of ($X,XXX,XXX) in underwriting fees, insurance, and other issuance costs
- Additional ($XXX,XXX) of YYYY Series sinking fund monies was used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the YYYY Series bonds
- The YYYY Series bonds are considered fully defeased and the liability for those bonds has been removed from the Investment in Plant Fund Group
- Advance refunding of the YYYY Series bonds reduced the college's debt service payments over the next 20 years by approximately ($XXX,XXX).
- Economic Gain – ($XXX,XXX) difference between the net present value of the old and new debt service payments
- Accounting Gain – ($XXX,XXX) accounting gain was resulted from the advanced refunding

Advance Refunding of Debt (Defeasing Debt with Cash not Bonds)

GASB Statement No. 86, *Certain Debt Extinguishment Issues,* now allows a government to treat debt as defeased in-substance if the government places its own resources/assets in an irrevocable trust. Previously, debt was only considered defeased in-substance if refunding debt was issued, and these proceeds were placed in a trust.

For debt to be considered defeased in-substance:

- The government must set aside its own existing resources in an irrevocable trust;
- The assets must be considered risk free (as to the timing and amount of payments);
- The assets must be in the same currency in which the debt is payable; and
- The possibility that the government will have to make future payments is remote.

In the year of defeasance, disclosures should be similar to those for Advance Refunding Bonds, and should include:

- General description of, and reasons for, the transaction
- The amount of the debt extinguished
- The amount placed in the trust
- Type of monetary assets placed in the trust
- The cash flows required to make future payments

In subsequent years, the disclosures of the amount of defeased debt outstanding should be included in the Defeased Bonds Outstanding footnote.

*Any gain or loss on the transaction (difference between the reacquisition price and the net carrying amount, including any remaining prepaid insurance) should be reported in the period in which the defeasance occurs, and should be shown as a separate line item on the face of the financial statements.

SCC's Advance Refunding Bonds

Advance Refunding Bond Examples:

- Refunded ($X,XXX,XXX) of Student Fee Revenue Bonds, Series YYYY
- Funds totaling ($XXX,XXX) were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the YYYY Series bonds.
- The YYYY Series bonds are considered fully defeased; neither the liability for those bonds, nor the trust assets, are included in the financial statements.
- Advance refunding of the YYYY Series bonds was done to reduce the college's debt service payments over the next 20 years by approximately ($XXX,XXX).

- Accounting Gain – ($XXX,XXX) difference between the reacquisition price and the net carrying amount

SCC's Defeased Bonds Outstanding

Bond Issue	Year Refunded	Par Value Outstanding
Revenue Bonds Series YYYY	1997	$XXX,XXX
Revenue Bonds Series YYYY	1998	$XXX,XXX
Revenue Bonds Series YYYY	1999	$XXX,XXX
Total		$XXX,XXX

(Year refunded for defeased bonds should be designated by calendar year).

Short-Term Debt

Short-Term Debt

The college used short-term debt in the form of [description of debt instrument] for the fiscal year ended August 31, FY2, and [description of debt instrument] for the fiscal year ended August 31, FY1. Short-term notes were used since expenses related to the completion of a building project came due before donations were received.

Short-term debt activity for the year ended August 31, FY2 and FY1, was as follows (amounts in 000's):

	Beginning Balance FY2	Issued	Redeemed	Ending Balance FY2
Description	$ X	XX,XXX	(XX,XXX)	X

	Beginning Balance FY1	Issued	Redeemed	Ending Balance FY1
Description	$ X	XX,XXX	(XX,XXX)	X

Employees' Retirement Plan

Employees' Retirement Plan

The State of Texas has joint contributory retirement plans for almost all its employees.

TRS issues suggested footnote disclosures for pension plans resulting from the implementation of GASB Statement 68. The TRS sample footnotes are displayed below and can also be obtained from the TRS website. Certain revisions, including additions and deletions, have been made to the TRS suggested footnote disclosures below to achieve appropriate disclosure for community colleges.

Note X: Defined Benefit Pension Plans

Plan Description. The [District or College] participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). The TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/TRS%20Documents/cafr_2017.pdf by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using a 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, whose formulas use the three highest annual salaries. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLA). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

Contributions. Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code Section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 84th Texas Legislature, General Appropriations Act (GAA), established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates

	FY2	FY1
Member	**X.X%**	**X.X%**
Non-Employer Contributing Entity (State)	**X.X%**	**X.X%**
Employers	**X.X%**	**X.X%**
FY1 District or Member contributions	**$X,XXX,XXX**	
FY1 State of Texas On-behalf Contributions	**$X,XXX,XXX**	
FY1 District or College Contributions	**$X,XXX,XXX**	

The [Employer's] contributions to the TRS pension plan in FY2 were $---------- as reported in the Schedule of [Employer's] Contributions for pensions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for FY2 were $----------.

- As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers.

Public junior colleges or junior college districts are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the

state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

- In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions.

The total pension liability in the August 31, FY1 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, FY1
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	8.00%
Long-term Expected Investment Rate of Return*	8.00%
Municipal Bond Rate*	N/A*
Last year ending August 31 in the 2016 to 2115	
Projection period (100 years)	2115
Inflation	2.5%
Payroll Growth Rate	X.X%
Salary increases including inflation	3.5% to 9.5%
Benefit changes during the year	
Post-employment benefit changes	None

**If a municipal bond rate was to be used, the rate would be 2.84 percent as of August 2016 (i.e., the weekly rate closest to but not later than the Measurement Date). The source for the rate is the Federal Reserve Statistical Release H.15, citing the Bond Buyer Index of general obligation bonds with 20 years to maturity and an average AA credit rating.*

Actuarial methods and assumptions were updated based on a study of actual experience for the four-year period ending August 31, 2014, and adopted on September 24, 2015, by the TRS Board of Trustees, who have sole authority to determine the actuarial assumptions used for the plan. There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Discount Rate. The discount rate used to measure the total pension liability was 8.0 percent. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was

projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the system's target asset allocation as of August 31, XXXX, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
Global Equity			
U.S.	XX.X%	XX.X%	XX.X%
Non-U.S. Developed	XX.X%	XX.X%	XX.X%
Emerging Markets	XX.X%	XX.X%	XX.X%
Directional Hedge Funds	XX.X%	XX.X%	XX.X%
Private Equity	XX.X%	XX.X%	XX.X%
Stable Value			
U.S. Treasuries	XX.X%	XX.X%	XX.X%
Absolute Return	XX.X%	XX.X%	XX.X%
Stable Value Hedge Funds	XX.X%	XX.X%	XX.X%
Cash	XX.X%	XX.X%	XX.X%
Real Return			
Global Inflation Linked Bonds	XX.X%	XX.X%	XX.X%
Real Assets	XX.X%	XX.X%	XX.X%
Energy and Natural Resources	XX.X%	XX.X%	XX.X%
Commodities	XX.X%	XX.X%	XX.X%
Risk Parity			
Risk Parity	XX.X%	XX.X%	XX.X%
Inflation Expectation			XX.X%
Alpha			XX.X%
Total	XX.X%		XX.X%

*The expected contribution to returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns. (Example only)

Source: Teacher Retirement System of Texas FY1 Comprehensive Annual Financial Report

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (X%) in measuring the FY1 Net Pension Liability.

	1% Decrease in Discount Rate (X.X%)	Discount Rate (X.X%)	1% Increase in Discount Rate (X.X%)
[Entity's] proportionate share of the net pension liability:	$XX,XXX*	$XX,XXX*	$XX,XXX*

THECB Comment – *The amounts to be reported in the table above can be obtained from the note related to Pension Liability in TRS's CAFR for the measurement period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, FY2, the [College or District] reported a liability of $_____ for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for state pension support provided to the [College or District]. The amount recognized by the [College or District] as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the [College or District] were as follows:

[Employer's] Proportionate share of the collective net pension liability	$XXX,XXX
State's proportionate share that is associated with [employer]	$XXX,XXX
Total	$XXX,XXX

THECB Comment – The amounts in the table above can be obtained from the TRS schedules published on its website.

The net pension liability was measured as of August 31, FY1, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, FY1, thru August 31, FY1.

At the measurement date of August 31, FY1, the employer's proportion of the collective net pension liability was xx.x percent, which was an increase (decrease) of x.xxxxx percent from its proportion measured as of August 31, FY0.

For the year ended August 31, FY2, the [employer] recognized pension expense of $_____ and revenue of $_____ (same amount) for support provided by the State. Refer to the FY2 Schedule of On-Behalf Contributions for this information posted on the TRS website under GASB Statements 67 and 68.

At August 31, FY2, the [employer] reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: THECB Comment: The amounts below should be the cumulative layers from the current and prior years combined. Amounts to be reported can be obtained on the TRS' *GASB 68 Schedule of Deferrals*, published on the TRS website.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$X,XXX	$X,XXX
Changes in actuarial assumptions	$X,XXX	$X,XXX
Difference between projected and actual investment earnings	$X,XXX	$X,XXX
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	$X,XXX	$X,XXX
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	$X,XXX	
Total	$XXX,XXX	$XXX,XXX

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
FY3	$X,XXX
FY4	$X,XXX
FY5	$X,XXX
FY6	$X,XXX
FY7	$X,XXX
Thereafter	$X,XXX

THECB Comment – The amounts for the schedule above can be obtained from the *GASB 68 Schedule of Deferrals*, published on the TRS website.

Optional Retirement Plan-Defined Contribution Plan

Plan Description. Participation in the Optional Retirement Program is in lieu of participation in the TRS. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas Legislature. The percentages of participant salaries currently contributed by the state and each participant are (x.xx percent) and (x.xx percent), respectively. Sample Community College contributes x.xx percent for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. Senate Bill (SB) 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district.

The retirement expense to the state for the college was $XXX,XXX and $XXX,XXX for the fiscal years ended August 31, FY2 and FY1, respectively. This amount represents the portion of expended appropriations made by the Legislature on behalf of the college.

The total payroll for all college employees was $XXX,XXX and $XXX,XXX for fiscal years FY2 and FY1, respectively. The total payroll of employees covered by the TRS was $XXX,XXX and $XXX,XXX, and the total payroll of employees covered by the Optional Retirement Program was $XXX,XXX and $XXX,XXX for fiscal years FY2 and FY1, respectively.

Deferred Compensation Program

Deferred Compensation Program

Deferred Compensation Program (Negative assurance not required)

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Texas Government Code 609.001.

As of August 31, FY2, the SCC has XX employees participating in the program. XX employee(s) was vested as of August 31, FY2. A total of $XXX,XXX in contributions were invested in the plan during the fiscal year, bringing the total of deferred salaries and accumulated earnings of current employees to $XXX,XXX and creating a payable to the vested employee of $XXX,XXX.

As of August 31, FY1, the college had XX employees participating in the program. A total of $XXX,XXX in contributions were invested in the plan during the fiscal year. XX employee(s) were vested as of August 31, FY1, resulting in establishment of a payable of $XXX,XXX and leaving deferred salaries and accumulated earnings of $XXX,XXX at fiscal year-end.

Compensable Absences

Compensable Absences

Full-time employees earn annual leave from (X) to (X) hours per month depending on the number of years employed with SCC. The college's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to (X) for those employees with (X) or more years of service. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The college recognized the accrued liability for the unpaid annual leave in the amounts of $X,XXX and $X,XXX for FY2 and FY1. Sick leave, which is accumulated without limit, is earned at the rate of (X) hours per month. It is paid to an employee who misses work from illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid an employee's estate is one-half of the employee's accumulated entitlement or (X) hours, whichever is less. The college's policy is to recognize the cost of sick leave when paid. The liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

This note may vary by college. This note should tie to compensable absences in section 4.9.

Health Care and Life Insurance Benefits

Health Care and Life Insurance Benefits

Certain health care and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was $XXX.XX per month for the year ended August 31, FY2, ($XXX.XX per month for FY1) and totaled $XXX,XXX for FY2 ($XXX,XXX for the year ended FY1). The cost of providing those benefits for XXX retirees in the year ended FY2 was $XX,XXX (retiree benefits for XXX retirees cost $XX,XXX in FY1). For XXX active employees, the cost of providing benefits was $XXX,XXX for the year ended FY2 (active employee benefits for XXX employees cost $XXX,XXX for the year ended FY1). SB 1812, 83rd Texas Legislature, Regular Session, effective September 1, 2013, limits the amount of the state's contribution to 50 percent of eligible employees in the reporting district.

Note: If the number of retirees and active employees and the cost for each group cannot be separated, then the following sentence would replace the last two sentences in the above paragraph: "The cost of providing those benefits for retirees is not separable from the cost of providing benefits for the active employees." This note should comply with GASB Statement 12.

The total in the third to last sentence regarding the state's contribution per full-time employee should tie to the total of State Group Insurance under State Allocations on Schedule A.

GASB Statement 43 Implementation: GASB' 43 applies only to plan reporting and not to employer reporting. It is assumed TRS, Employees Retirement System of Texas (ERS), etc., will assume the burden for compliance with this statement unless a college coordinates its own, separate retirement plan.

Other Post-Employment Benefits (OPEB)

Other Post-Employment Benefits (OPEB)

(In accordance with GASB Statement 75)

Plan Description. The [employer] participates in a cost-sharing, multiple-employer, other post-employment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain postemployment health care, life and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least 10 years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

OPEB Plan Fiduciary Net Position. Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report (CAFR) that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

Benefits Provided. Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. Participants need at least ten years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

Contributions. Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving

spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the State of Texas pays part of the premiums for the junior and community colleges.

Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year FY1

Retiree only	$ XXX.X
Retiree & Spouse	XXX.XX
Retiree & Children	XXX,XX
Retiree & Family	X,XXX.XX

Contributions of premiums to the GBP plan for the current and prior fiscal year by source is summarized in the following table.

Premium Contributions by Source
Group Benefits Program Plan
For the Years Ended August 31, FY2 and FY1

	FY2	FY1
Employers	$ XXX,XXX,XXX	$ XXX,XXX,XXX
Members (Employees)	XXX,XXX,XXX	XXX,XXX,XXX
Nonemployer Contributing Entity (State of Texas)	XX,XXX,XXX	XX,XXX,XXX

Source: ERS FY1 Comprehensive Annual Financial Report

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, FY1 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions
ERS Group Benefits Program Plan

Valuation date	August 31, FY1
Actuarial cost method	(ex. Entry age)
Amortization method	(ex. Level percent of pay, open)
Remaining amortization period	(ex. 30 years)
Asset valuation method	(ex. N/A)
Discount rate	(ex. 3.51%)
Projected annual salary increase (includes inflation)	(ex. 2.50% to 9.50%)
Annual healthcare trend rate	(ex. 8.50% for FY3, decreasing 0.5% per year to 4.50% for FY11 and later years)
Inflation assumption rate	(ex. 2.50%)
Ad hoc postemployment benefit changes	(ex. None)
Mortality assumptions:	
Service retirees, survivors and other inactive members	(ex. Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014)
Disability retirees	(ex. Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members)
Active members	(ex. Sex Distinct RP-2014 Employee Mortality multiplied by 90% with full generational projection using Scale BB)

Source: FY1 ERS CAFR except for mortality assumptions obtained from ERS FY1 GASB 74 Actuarial Valuation

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period (ex. September 1, 2010 to August 31, 2014) for higher education members.

Investment Policy. The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The System's Board of Trustees adopted the amendment to the investment policy in August 2017 to require that all funds in the plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments is [ex. 2.4%] (see FY1 ERS CAFR, OPEB footnote).

Discount Rate. Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the *beginning* of the measurement year was (ex. 2.84%). The discount rate used to measure the total OPEB liability as of the *end* of the measurement year was (ex. 3.51%), which amounted to an increase of (ex. 0.67%). The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis. The following schedule shows the impact on the [Employer's] proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (X.XX%) in measuring the net OPEB Liability.

	1% Decrease in Discount Rate (X.X%)	Discount Rate (X.X%)	1% Increase in Discount Rate (X.X%)
[Employer's] proportionate share of the net OPEB liability:	$XX,XXX*	$XX,XXX*	$XX,XXX*

THECB Comment – *The amounts to be reported in the table above can be obtained by calculating your entity's proportionate share of the amounts reported in the "Sensitivity of Net OPEB Liability to Changes in Discount Rate" table in the Discount Rate footnote of the ERS CAFR for the measurement period.

Healthcare Trend Rate Sensitivity Analysis. The initial healthcare trend rate is (ex. 8.5%) and the ultimate rate is (ex. 4.5%). The following schedule shows the impact on the [Employer's] proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used (X.XX%) in measuring the net OPEB liability.

	1% Decrease in Healthcare Cost Trend Rates (ex. 7.5% decreasing to 3.5%)	Current Healthcare Cost Trend Rates (ex. 8.5% decreasing to 4.5%)	1% Increase in Healthcare Cost Trend Rates (ex. 9.5% decreasing to 5.5%)
[Employer's] proportionate share of the net OPEB liability:	$XX,XXX*	$XX,XXX*	$XX,XXX*

THECB Comment – *The amounts to be reported in the table above can be obtained by calculating your entity's proportionate share of the amounts reported in the "Sensitivity of Net OPEB Liability to Changes in Healthcare Trend Rates" table in the Discount Rate footnote of the ERS CAFR for the measurement period.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, FY2, the [Employer] reported a liability of $_____ for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the [Employer] for OPEB. The amount recognized by the [Employer] as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the [Employer] were as follows:

[Employer's] Proportionate share of the collective net OPEB liability	$XXX,XXX
State's proportionate share that is associated with [employer]	$XXX,XXX
Total	$XXX,XXX

The net OPEB liability was measured as of August 31, FY1, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, FY1, thru August 31, FY1.

At the measurement date of August 31, FY1, the employer's proportion of the collective net OPEB liability was XX.X%, which was the same proportion measured as of August 31, FY0 (sample language only, modify accordingly).

For the year ended August 31, FY2, the [employer] recognized OPEB expense of $_____ and revenue of $_____ (same amount) for support provided by the State.

Changes Since the Prior Actuarial Valuation – Changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period were as follows: [Example disclosures below]

- Additional demographic assumptions (aggregate payroll increases and rate of general inflation) to reflect an experience study;
- The percentage of current and future retirees and retirees' spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan who will elect to participate at the earliest date at which coverage can commence has been updated to reflect recent plan experience and expected trends;
- Assumptions for administrative expenses, assumed per Capita Health Benefit Costs, Health Benefit Cost and Retiree Contribution trends to reflect recent health plan experience;
- Effects in short-term expectations and revised assumed rate of general inflation.

Changes of Benefit Terms Since Prior Measurement Date – The following benefit revisions have been adopted since the prior valuation: [Example disclosures below -- Obtain changes (if any) from the ERS FY1 Actuarial Reporting and Disclosure Information for OPEB document on the ERS website]

- An increase in the out-of-pocket cost applicable to services obtained at a free-standing emergency facility;
- An elimination of the copayment for virtual visits;
- A copay reduction for Airrosti and for out-of-state participants;
- Elimination of the deductible for in-network services and application of a copayment rather than coinsurance to certain services like primary care and specialist visits.

These minor benefit changes have been reflected in the fiscal year 2018 Assumed Per Capita Health Benefit Costs.

At August 31, FY2, the [employer] reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual economic experience	$XXX,XXX	$XXX,XXX
Changes in actuarial assumptions	XXX,XXX	XXX,XXX
Difference between projected and actual investment earnings	XXX,XXX	XXX,XXX

Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	XXX,XXX	XXX,XXX
Contributions paid to ERS subsequent to the measurement date [to be calculated by employer]	XXX,XXX	XXX,XXX
Total	$X,XXX,XXX	$X,XXX,XXX

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended August 31:	OPEB Expense Amount
2019	$XXX,XXX
2020	XXX,XXX
2021	XXX,XXX
2022	XXX,XXX
2023	XXX,XXX
Thereafter	XXX,XXX

Pending Lawsuits and Claims

Pending Lawsuits and Claims

On August 31, FY2, various lawsuits and claims involving SCC were pending. While the ultimate liability with respect to litigation and other claims asserted against the college cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the college.

Each case should be tested on its own merits, and in the event it is material, the above footnote would be revised. Lawsuit gains or losses, which are both unusual in nature and infrequent in occurrence, should be reflected as "Extraordinary" on the Statement of Revenues, Expenses, and Changes in Net Position.

Disaggregation of Receivables and Payables Balances

Disaggregation of Receivables and Payables Balances

Receivables
Receivables at August 31, FY2 and FY1, were as follows:

	FY2	FY1
Student Receivables	XX,XXX	XX,XXX
Taxes Receivable	XX,XXX	XX,XXX
Federal Receivables	XX,XXX	XX,XXX
Accounts Receivable	XX,XXX	XX,XXX
Interest Receivable	XX,XXX	XX,XXX
Other Receivables	XX,XXX	XX,XXX
Subtotal		
Allowance for Doubtful Accounts		
TOTAL RECEIVABLES	XX,XXX	XX,XXX

Payables
Payables at August 31, FY2 and FY1, were as follows:

	FY2	FY1
Vendors Payable	XX,XXX	XX,XXX
Salaries & Benefits Payable	XX,XXX	XX,XXX
Students Payable	XX,XXX	XX,XXX
Accrued Interest	XX,XXX	XX,XXX
Other Payables	XX,XXX	XX,XXX
Subtotal		
TOTAL PAYABLES	XX,XXX	XX,XXX

Note: In lieu of a single line for doubtful accounts, the college may wish to display allowances under each receivable type.

Funds Held in Trust by Others

Funds Held in Trust by Others (Use if Applicable)

The balances, or transactions, of funds held in trust by others on behalf of SCC are not reflected in the financial statements. At August 31, FY2 and FY1, there were six such funds for the benefit of the college. Based on the most recent available information, the assets of these funds are reported by the trustees/regents at values totaling $XXX and $XXX, respectively.

Contract and Grant Awards

Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants (AICPA audit and accounting guide, *State and Local Governments*, 8.99). For Federal Contract and Grant Awards, funds expended but not collected are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded, and for which the institution has not yet performed services, are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards or funds awarded during fiscal years FY2 and FY1 for which monies have not been received nor funds expended totaled $XX,XXX and $XX,XXX. Of these amounts, $XX,XXX and $XX,XXX were from Federal Contract and Grant Awards; $XX,XXX and $XX,XXX were from State Contract and Grant Awards; $XX,XXX and $XX,XXX from Local Contract and Grant Awards; and $XX,XXX and $XX,XXX were from Private Contract and Grant Awards for the fiscal years ended FY2 and FY1, respectively.

Self-Insured Plans

Self-Insured Plans

The college has various self-insured arrangements for coverage in the areas of employee health insurance, workers' compensation, unemployment compensation, and medical liability. Employee health and medical liability plans are funded. (Detail may be provided on how they are funded). Workers' compensation and unemployment compensation plans are on a pay-as-you-go basis, in which no assets are set aside. Accrued liabilities generally are based on actuarial valuation and represent the present value of unpaid expected claims. Estimated future payments for incurred claims are charged to current operations.

Property Tax

Ad Valorem Tax

The College's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the College.

At August 31,:

	FY2	FY1
Assessed Valuation of the College:	$XX	$XX
Less: Exemptions	(XX)	(XX)
Less: Abatements	(XX)	(XX)
Net Assessed Valuation of the College	$XX	$XX

	FY2			FY1		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Authorized Tax Rate per $100 valuation (Maximum per enabling legislation)	$.xx	$.xx	$.xx	$.xx	$.xx	$.xx
Assessed Tax Rate per $100 valuation	$.xx	$.xx	$.xx	$.xx	$.xx	$.xx

Taxes levied for the year ended August 31, FY2 and FY1, amounted to $XX,XXX and $XX,XXX, respectively, including any penalty and interest assessed. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

	FY2			FY1		
	Current Operations	Debt Service	Total	Current Operations	Debt Service	Total
Current Taxes Collected	$.xx	$.xx	$.xx	$.xx	$.xx	$.xx
Delinquent Taxes Collected	$.xx	$.xx	$.xx	$.xx	$.xx	$.xx
Penalties & Interest Collected	$.xx	$.xx	$.xx	$.xx	$.xx	$.xx
Total Gross Collections	**$.xx**	**$.xx**	**$.xx**	**$.xx**	**$.xx**	**$.xx**
Tax Appraisal & Collection Fees	$(.xx)	$(.xx)	$(.xx)	$(.xx)	$(.xx)	$(.xx)
Bad Debt Expense	$(.xx)	$(.xx)	$(.xx)	$(.xx)	$(.xx)	$(.xx)
Total Net Collections	**$.xx**	**$.xx**	**$.xx**	**$.xx**	**$.xx**	**$.xx**

Tax collections for the year ended August 31, FY2 and FY1, were XX percent and XX percent, respectively, of the current tax levy. Allowances for uncollectible taxes are based on historical

experience in collecting property taxes. The use of tax proceeds is restricted for the use of maintenance and/or general obligation debt service.

The SCC District participates in a number of tax increment financing districts (TIFs). The following table summarizes the obligations of the district's involvement in the TIFs:

TIF Title	Percentage of Incremental Tax Committed	Taxes Forgone in FY2	Taxes Forgone in FY1
City # 1	XXX%	$XXX,XXX	$XXX,XXX
City # 2	XXX%	XXX,XXX	XXX,XXX
Total taxes forgone		$XXX,XXX	$XXX,XXX

Tax Abatements

Tax Abatements

GASB Statement 77, *Tax Abatement Disclosures* (GASB 77), defines a tax abatement as "a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the government or the citizens of those governments."

General Disclosure Principles:

Information about tax abatement agreements should be disclosed in notes to the financial statements according to the following general principles:

- Disclosures should distinguish between tax abatements resulting from (1) agreements that are entered into by the reporting government and (2) agreements that are entered into by other governments and that reduce the reporting government's tax revenues.
- Disclosure information for tax abatements may be provided individually or may be aggregated. Professional judgment should be used to determine a quantitative threshold for individual disclosure.
- Disclosure information for tax abatements resulting from agreements entered into by the reporting government should be organized by each *major tax abatement program.*
- Disclosure information for tax abatements resulting from agreements entered into by other governments should be organized by *the government that entered into the tax abatement agreement and the specific tax being abated*.
- Disclosure should commence in the period in which the abatement is entered into and continue until agreement expires.

The extent of disclosure information required for tax abatement agreements is different for agreements entered into by the reporting government and those entered into by other governments and that reduce the reporting government's tax revenues. Because the GASB recognized that there may be practical difficulties and cost considerations in obtaining tax abatement disclosure information for agreements entered into by other governments, the statement requires the disclosure of substantially less information about tax abatement agreements entered into by other governments.

Disclosure requirements for tax abatement agreements entered into by the reporting government:

Community colleges should disclose the following information in the notes to the financial statements related to tax abatement agreements *that they enter into:*

A. Brief descriptive information, including:
   1. Names, if applicable, and purposes of the tax abatement programs
   2. The specific taxes being abated
   3. The authority under which tax abatements are entered into
   4. The criteria that make a recipient eligible to receive a tax abatement

5. The mechanism by which the taxes are abated, including:
   a. How the tax recipient's taxes are reduced, such as through a reduction of assessed value
   b. How the amount of the tax abatement is determined, such as a specific dollar amount or a specific percentage of taxes owed
6. Provisions for recapturing abated taxes, if any, including the conditions under which abated taxes become eligible for recapture
7. The types of commitments made by the recipients of the tax abatements

B. The gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of tax abatement agreements

C. If amounts are received or are receivable from other governments in association with the foregone tax revenue:
   1. The names of the governments
   2. The authority under which the amounts were or will be paid
   3. The dollar amount received or receivable from other governments

D. If the government made commitments other than to reduce taxes as part of a tax abatement agreement, a description of:
   1. The types of commitments made
   2. The most significant individual commitments made (should be disclosed until the commitments is fulfilled)

E. If tax abatement agreements are disclosed individually, a brief description of the quantitative threshold the government used to determine which agreements to disclose individually

F. If a government omits specific information required by this statement because the information is legally prohibited from being disclosed, a description of the general nature of the information omitted and the specific source of the legal prohibition

<u>Disclosure requirements for tax abatement agreements entered into by other governments and that reduce the reporting government's tax revenues:</u>

Community colleges should disclose the following information in the notes to the financial statements related to tax abatement agreements *entered into by other governments and that reduce the reporting government's tax revenues:*

A. Brief descriptive information, including the names of the governments entering into the tax abatement agreement and the specific taxes being abated

B. The gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of tax abatement agreements.

C. If amounts are received or are receivable from other governments in association with the foregone tax revenue:
   1. The names of the governments
   2. The authority under which the amounts were or will be paid
   3. The dollar amount received or receivable from other governments

D. If tax abatement agreements are disclosed individually, a brief description of the quantitative threshold the reporting government used to determine which agreements to disclose individually

E. If a government omits specific information required by this statement because the information is legally prohibited from being disclosed, a description of the general nature of the information omitted and the specific source of the legal prohibition

*__Note:__ The provisions of this statement need not be applied to immaterial items.

Example A[1]:

Note X. Tax Abatements

Sample Community College has entered into property tax abatement agreements with local businesses under the state Example Economic Development Opportunity Act of 20XX. Under the Act, localities may grant property tax abatements of up to 50 percent of a business' property tax bill for attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the service area of Sample Community College.

For the fiscal year ended August 31, FY2, Sample Community College abated property taxes totaling $146,480 under this program, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A 40 percent property tax abatement to a grocery store chain for purchasing and opening a store in an empty storefront in the business district. The abatement amounted to $97,500.
- A 50 percent property tax reduction for a local restaurant increasing the size of its restaurant and catering facility and increasing employment. The abatement amounted to $21,750.

[1]Sample disclosure above was taken from Appendix C of GASB 77 and modified for inclusion in this manual. Additional detailed examples are included in Appendix C of GASB.77.

Branch Campus Maintenance Tax

Branch Campus Maintenance Tax

(**Note:** This is ONLY applicable to colleges with a branch campus maintenance tax, which is levied by either the county or independent school district.)

A branch campus maintenance tax, which is established by election, is levied by the county or independent school district as applicable. The tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the college. Collections are transferred to the college to be used for operation of a Branch Campus at _____. This revenue is reported under Local Grants and Contracts.

(College may amplify on operational agreement between the college and the taxing college or colleges involved.)

	FY2	FY1
County or Independent School District:	Collections (including penalties and interest)	Collections (including penalties and interest)
	$xx	$xx
	$xx	$xx
	$xx	$xx

Income Taxes

Income Taxes

The college is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The college had no unrelated business income tax liability for the year ended August 31, FY2 and FY1.

Component Units

Component Units

Community colleges should review the following statements from the GASB for guidance on determining whether a legally separate entity is a component unit of the primary government and to determine proper accounting and reporting of the component unit's financial information:

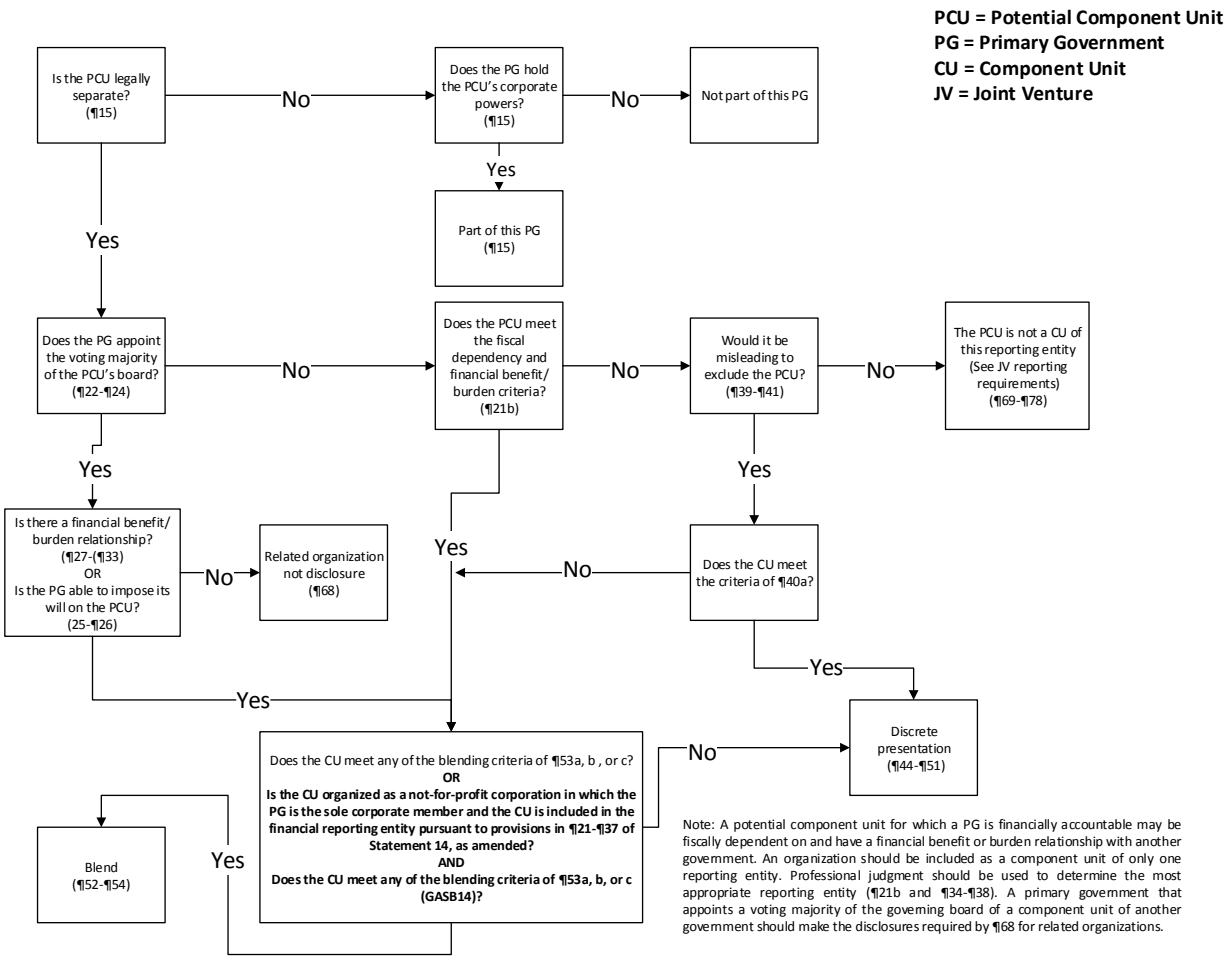
- GASB Statement 14, *The Financial Reporting Entity*
- GASB Statement 39, *Determining Whether Certain Organizations are Component Units*
- GASB Statement 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*
- GASB Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*
- GASB Statement No. 85, *Omnibus 2017*

The GASB statements above establish the criteria to determine whether a legally separate entity should be considered a component unit of the primary government. In addition, these statements provide guidance about whether the financial information of a component unit should be blended (combined) with the financial information of the primary government or if the financial information of a component unit should be discretely presented within the financial statements of the primary government. In accordance with paragraph 4 of GASB Statement No. 85, *Omnibus 2017*, a primary government that is a business-type activity and that uses a single-column presentation in its financial statements may blend a component unit only if the component unit meets a criterion for blending in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended.

The decision flowchart on the following page was included in Appendix C of GASB Statement 61 to assist primary governments in determining whether a legally separate entity should be considered a component unit, and whether the primary government should include the financial information of the component unit in its own financial statements by blending, discrete presentation, or via footnote as a related party. Additional language (see bold print) was added to incorporate the amended blending criteria introduced by GASB Statement 80.

The flowchart is non-authoritative and does not cover all aspects of the statement and should not be used in place of the statement itself. Included paragraph references are those of statement 14, as amended.

The provisions of these statements need not be applied to immaterial items.



Example 1. Sample Community College Foundation – Discrete Component Unit

Sample Community College Foundation (the Foundation) was established as a separate nonprofit organization in YYYY for providing student scholarships and assistance in the development and growth of the College. Under Governmental Standards Board Statement 39, Determining Whether Certain Organizations are Component Units, the foundation is a component unit of the college because:

- the college provides financial support to the foundation and the economic resources received or held by the foundation are entirely or almost entirely for the direct benefit of the college;

- the college is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the foundation; and
- the economic resources held by the foundation that the college is entitled or has the ability to otherwise access, are significant to the college.

Accordingly, the foundation financial statements are included in the college's annual report as a discrete component unit (see Table of Contents). Complete financial statements of the Sample Community College Foundation can be obtained from the administrative office of the Sample Community College Foundation.

Example 2. SCC Foundation – Discrete Component Unit

The SCC College Foundation was established as a separate nonprofit organization in YYYY to raise funds to provide student scholarships and assistance in the development and growth of the college. Under Governmental Standards Board Statement 39, Determining Whether Certain Organizations are Component Units, an organization should report as a discretely presented component unit those organizations that raise and hold economic resources for the direct benefit of a government unit.

Accordingly, the foundation financial statements are included in the college's annual report as a discrete component unit (see Table of Contents). Complete financial statements of the SCC Foundation can be obtained from the administrative office of the Sample Community College Foundation.

Related Parties (Not a Component Unit)

Related Parties (Not a Component Unit)

The SCC Association is a nonprofit organization with the purpose of supporting the educational and other activities of the college. The SCC does not appoint a voting majority, nor does it fund or is obligated to pay debt related to this association. However, the college does have the ability to influence significantly the policies of this association. The association solicits donations and acts as coordinator of gifts made by other parties. It remitted restricted gifts of ($XXX,XXX and $XXX,XXX) and unrestricted gifts of ($XXX,XXX and $XXX,XXX) to the college during the years ended August 31, FY2 and FY1, respectively. The college furnished certain services, such as office space, utilities and some staff assistance, to the association for which the association reimbursed the college at cost for these services, which totaled $XX,XXX and $XX,XXX for FY2 and FY1. The association was indebted to the college in the amounts of $X,XXX and $X,XXX at FY2 and FY1 for services provided.

The Ex-Students Association provided services to the college for which the college paid $XX,XXX and $XX,XXX during FY2 and FY1. These services included maintaining records on the students who had graduated from the college. Office space and utilities also were provided to the association by the college.

This note may vary by college.

If a college has a related party not listed, an appropriate footnote should be included describing the nature of the relationship involved, a description of transactions in the period (including dollar amounts), and any amounts due from or to related parties.

Subsequent Events

Subsequent Events (as needed)

Subsequent events take place after the financial statements date but before the auditor's reports have been issued. Subsequent events should be disclosed in the financial statements if they are of such a nature that their absence would cause the financial statements to be misleading. In note disclosure, provide sufficient detail if your college has any subsequent events. Examples of subsequent events include:

- Issuance of debt instruments
- Indication of an intent to issue debt
- A change in the structure of funding for the college
- Subsequent changes in material amounts of property
- Significant contractual or grant arrangements
- Other significant administrative or accounting activity
- Settlement of material litigation
- Defeasance of debt

Frequently Asked Questions

Question 1

Section 7.22 – Contract and Grant Awards. Is it necessary to include this footnote? Because we no longer follow the AICPA Industry Audit Guide, it seems contradictory to have Section 7.22 in the audit.

Answer 1

Yes, please include this note.

Please note that item numbers tie to complete checklist in Appendix C.

Checklist

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
FOOTNOTES TO THE FINANCIAL STATEMENTS		
	74.	Footnotes must be numbered.
	75.	Does the Reporting Entity footnote state the following? • The year the college was established • The college was established in accordance with the laws of the State of Texas • The college is considered a special purpose, primary government according to GASB 14, and while the college receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, the college is not a component unit of any governmental entity
	76.	Does the college present the summary of significant accounting polices (SSAP) as the second footnote? [NCGAS I 158; APB No 22]
	77.	Does the SSAP Reporting Entity footnote disclose the significant policies followed by the college in preparing their financial statements in accordance with the THECB's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges, with generally accepted accounting policies, and with all applicable GASB pronouncements?
	78.	Does the SSAP Reporting Entity footnote include the statement that the college is reported as a special-purpose government engaged in business-type activities? [GASB 35]
	79.	Does the SSAP disclose tuition that is discounted?
	80.	Does the SSAP disclose basis of accounting?
	81.	Does the footnote regarding budgetary data address that: • each community college is required by law to prepare an annual operating budget; • the annual operating budget is prepared on the accrual basis of accounting; • the annual operating budget has been adopted by the college's board of trustees; and • the copies of the annual operating budget are filed with the THECB, LBB, Legislative Reference Library, and Governor's Office of Budget and Planning?
	82.	Does the SSAP define both cash and cash equivalents? [APB 22 12]
	83.	Does the SSAP indicate how investments are valued and include definitions of short-term and long-term investments? [APB 22 12]
	84.	Does the SSAP disclose how inventories are valued? [APB 22 12]
	85.	Does the SSAP disclose the capitalization threshold(s) for capital assets, the method of depreciation, and the estimated useful lives? [GASB 34 115e; APB 12]

Please note that item numbers tie to complete checklist in Appendix C.

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	86.	Does the SSAP disclose what revenues are deferred inflows?
	87.	Has the fact been disclosed that preparation of financial statements, in conformity with generally accepted accounting principles (GAAP), requires the use of management's estimates? [SOP 94-6]
	88.	Does the SSAP disclose the college's policy for defining operating and non-operating revenues and expenses? [GASB34 115g]
	89.	If applicable, is a footnote present regarding a Restatement of Net Position? If applicable, does the footnote include a chart that details the amounts restated and an explanation why the net position was restated?
	90.	Do the notes disclose the legal and contractual provisions governing cash deposits with financial institutions? [GASB-S3: 65-66]
	91.	Is the footnote on deposits and investment in compliance with GASB 40 and does it include the following? • The type of investments the college is allowed to invest in • A list of the types of investments (securities) held by the college categorized by maturities • The college's policy on the four types of risk
	92.	If the college invests in derivatives during the fiscal year, the footnote must disclose the nature of the transactions, the reasons for entering into them and the college's exposure to credit risk, market risk, and legal risk. [GASBTB 94-1]
	93.	• Do the notes furnish information on the college's capital assets? [GASB 34 116] • Does the note present each major class of capital assets? • Does the note report nondepreciable capital assets separately from depreciable assets? • Does the note present accumulated depreciation as a separate item? • Does the note disclose changes in capital asset balances?
	94.	Do the disclosures on major classes of capital assets include the following? [GASB 34 117] • Beginning and ending balances with accumulated depreciation presented separately from historical cost • Capital additions • Sales or other dispositions • Current depreciation expense
	95.	Is a description of collections of works of art and historical treasures that are not being capitalized presented, along with the reason for not capitalizing them? [GASB 34 118]
	96.	Do the notes provide all required information separately for each major class of long-term liabilities? [GASB 34}

Please note that item numbers tie to complete checklist in Appendix C.

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	97.	Does long-term liability footnote include the following? [GASB 34 119] • Beginning and ending balance • Increase and decreases shown separately • Portion due within one year
	98.	• Do the notes disclose debt service to maturity of all outstanding debt? [GASB 38, GAAFR 196] • Does the disclosure present debt service payments separately for each of the next five years? Are the principal and interest components of debt service shown separately? • Are debt service payments shown for subsequent years reported in five-year increments?
	99.	For capital leases, has the gross amount of assets acquired under capital leases and the accumulated depreciation been presented separately by major asset class and the lease obligation classified between current and long-term? Has disclosure been made for future minimum lease payments as of the August 31 date in the aggregate and for each of the next five subsequent years, and in five-year increments thereafter? [SFAS 13 16b; GASB 38 11]
	100.	Have the following disclosures been made for operating leases having initial or remaining non-cancelable lease term in excess of one year: • Future minimum rental payments for each of the next five years and in five-year increments thereafter? [GASB 38 11] • Total amount of minimum rentals to be received in the future under non-cancelable subleases as the latest balance sheet date? [SFAS 13 16b]
	101.	If the college is the lessor in a capital lease, do the notes disclose: the total future minimum lease payments receivable (reduced by executory costs and uncollectibles)? [GASB-S62: 231a1a]; the minimum lease payments for each of the five succeeding fiscal years? [GASB-S62: 231a2]; the cost and carrying amount of leased assets and depreciation on those assets? [GASB-S62: 231b1]
	102.	If the college is the lessor in a non-cancellable operating lease, do the notes disclose future rentals in the aggregate and for each of the five succeeding fiscal years? [GASB-S62: 231b2]
	103.	Does the bonds payable footnote address the following details of individual long-term debt? • Bond issue name and series • Purpose for which the debt was issued • Type of debt (general obligation bonds, revenue bonds, etc.) • Original amount of the debt • The interest rate and range of maturities • The source of revenue to repay the debt

Please note that item numbers tie to complete checklist in Appendix C.

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	104.	If the college undertook a refunding during the year that either defeased or redeemed the refunded debt, the note should provide: [GASB 7] a brief description of the refunding transaction, the aggregate difference in debt service between the refunding and the refunded debt, and the economic gain or loss on the transaction.
	105.	The notes should disclose the amount of any outstanding in-substance defeased debt. [GASB-S7: 14]
	106.	Does the footnote on employees' retirement plan include the following? • The name of the plan and a brief description of the type of benefits provided • The percentage of participant salaries currently contributed by the state and by each participant • A paragraph describing the Optional Retirement Program (ORP) participation in lieu of TRS • A provision for purchase of annuity contracts • A note that the state has no additional unfunded liability for the program • Total payroll of the college and total payroll of employees covered by each plan • The percentage of participants' salaries currently contributed by the state and by each participant
	107.	If the employer participates in a defined benefit pension plan that is administered through a trust or equivalent arrangement do the notes provide information for the plan regardless of its type? [GASB-S68: 18, 38-45 and 76-80; eGAAFR, pages 913-4; eSUP, pages 9-10] If so, do the notes: • Provide the name of the pension plan? • Identify the public employee retirement system or other entity that administers the pension plan? • Identify the type of pension plan (e.g., a single-employer, agent multiple employer, or cost-sharing multiple-employer pension plan)? • Describe the benefit terms, 1) including the classes of employees covered, 2) the types of benefits, 3) the key elements of the pension formulas, 4) the terms or policies, if any, with respect to automatic post-employment benefit changes, including automatic cost-of-living adjustments (COLAs) and ad hoc post-employment benefit changes, including ad hoc COLAs; and 5) the authority under which benefit terms are established or may be amended? An enterprise fund should disclose if the pension plan is closed to new entrants.

Please note that item numbers tie to complete checklist in Appendix C.

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	108.	Describe contribution requirements, including (1) the basis for determining the employer's contributions (for example, statute, contract, an actuarial basis, or some other manner); (2) identification of the authority under which contribution requirements of employers, non-employer contributing entities (if any), and employees are established or may be amended; (3) the contribution rates (in dollars or as a percentage of covered payroll) of those entities for the reporting period; and 4) if not otherwise disclosed, the total amount of contributions recognized by the pension plan from the employer during the reporting period?
	109.	Indicate whether there is a separate publicly available report for the pension plan and, if so, how to obtain the report.
	110.	Do the notes provide information about the significant assumptions and other inputs used to measure the total pension liability (TPL)? [GASB-S68: 41 and 77; eGAAFR, page 913; eSUP, page 9] If so, do the disclosures include information about: • Inflation? • Salary changes? • Ad hoc post-employment benefit changes (including ad hoc COLAs)? • Source of mortality assumptions? (Explanation: Assumptions may be based, for example, on published tables or on an experience study of the covered group) • The dates of experience studies on which significant assumptions are based? • Rates assumed for different periods (if applicable)?
	111.	Do the disclosures on the discount rate include: [GASB-S 68: 42 and 78] • The rate applied in the current measurement and, if applicable, the change in the discount rate since the prior measurement date? • Assumptions about projected cash flows? • The long-term expected rate of return on pension plan investments and a description of how it was determined, (including significant methods and assumptions)? • The municipal bond rate used and the source of that rate, if applicable? • If a blended rate is used, the periods of projected benefit payments to which the long-term expected rate of return and the municipal bond rate were applied? • The assumed asset allocation of the plan's portfolio, the long-term expected real rate of return (ROR) for each major asset class, and (if not otherwise disclosed) whether the expected ROR are presented as arithmetic or geometric means? • The NPL calculated using 1) the discount rate plus 1 percent and 2) the discount rate minus 1 percent?

Please note that item numbers tie to complete checklist in Appendix C.

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	112.	Do the notes provide information about the employer balances of deferred outflows of resources and deferred inflows of resources for the plan? [GASBS68: 45 and 80; eGAAFR, page 913; eSUP, page 9] If so, are the amounts classified as follows, if applicable: • Differences between expected and actual experience in the measurement of the total pension liability? • Changes of assumptions or other inputs? • Net difference between projected and actual earnings on pension plan investments? • If the plan is a single-employer or agent plan with a special funding situation or a cost sharing plan, changes in the employer's proportion of the balances and differences between the employer's contributions (other than those to separately finance specific liabilities of the individual employer to the pension plan) and the employer's proportionate share of contributions? • The employer's contributions to the pension plan subsequent to the measurement date of the net pension liability/collective net pension liability? • A schedule that presents the net amount of deferred outflows and inflows of resources that will affect the employers pension expense individually for each of the subsequent five years, and, at a minimum, in the aggregate for subsequent years? • The amount of the employer's balance of deferred outflows, if any, that will be recognized as a reduction of the net pension liability/collective net pension liability?
	113.	The measurement date of the net pension liability (NPL)/collective NPL, the date of the actuarial valuation used as the basis for the NPL and, if applicable, the fact that update procedures were used to roll forward the total pension liability to the measurement date?
	114.	If applicable, the employer's proportion (percentage) of the collective net pension liability, the basis on which its proportion (percentage) was determined, and the change in its proportion (percentage) since the prior measurement date?
	115.	For cost-sharing plans only, the employer's proportionate amount (in dollars) of the collective net pension liability and, when there is a special funding situation, (1) the portion of the non-employer contributing entities' total proportionate amount (in dollars) of the collective net pension liability that is associated with the employer and (2) the total of the employer's proportionate amount (in dollars) of the collective net pension liability and the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the employer? [GASB-S68: 80a]
	116.	A brief description of changes of assumptions or other inputs that affected measurement of the total pension liability since the prior measurement date?
	117.	A brief description of changes of benefit terms that affected measurement of the total pension liability since the prior measurement date?

Please note that item numbers tie to complete checklist in Appendix C.

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	118.	A brief description of the nature of changes between the measurement date of the net pension liability/collective net pension liability and the employer's reporting date that are expected to have a significant effect on the net pension liability/employer's proportionate share of the collective net pension liability, and the amount of the expected resultant change in the net pension liability/employer's proportionate share of the collective net pension liability (if known)?
	119.	Employer pension expense recognized during the reporting period?
	120.	Revenue recognized for support from non-employer contributing entities (if any)?
	121.	Does the plan have a special funding situation? If so, do the notes disclose: [GASB-S68: 44d; eGAAFR, page 913; eSUP, page 9] • The non-employer contributing entities' total proportionate share of the collective net pension liability? • The employer's proportionate share of the collective net pension liability?
	122.	Does the footnote on the deferred compensation program address that the authority is granted by Government Code 609.001?
	123.	A footnote on compensable absences must disclose the college's policy on annual and sick leave for all employees upon termination or death and the amount that should be reported as a current and noncurrent liability. The footnote needs to include the number of hours that an employee may accumulate, the rate at which it is earned, and when it is paid. The short- and long-term liability portions of the compensable absences should agree with the entries for "Compensable Absences" in the "Long-term Liability" footnote.
	124.	If applicable, are there any lawsuits pending against the college, and what are the potential significance for these lawsuits?
	125.	When balances of receivables and payables reported on the Statement of Net Position are aggregations of different components, is the significant component disclosed in the footnotes? [GASB 38]
	126.	Does the footnote regarding contract and grant awards address the following? • When revenue is recognized • How funds expended but not yet collected are reported (grant receivables) • How funds received but not yet expended are reported (unearned revenue) • How awards that are not yet funded and for which the college has not yet performed services are reported • The amounts of awards already committed, but for which monies have not been received nor expended
	127.	If the college pays for other post-employment benefits for employees (for example health-care benefits), either in whole or in part, do the notes discuss these benefits? [GASB 12]

Please note that item numbers tie to complete checklist in Appendix C.

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	128.	Does the footnote regarding ad valorem tax address the following? (The ad valorem tax information must be a footnote, not supplementary schedules. Supplementary schedules are not required.) [NGCA I3] • When taxes are levied • The gross assessed valuation of the college, the exemption and abatements, and the net assessed valuation • The tax rate per $100 valuation authorized and assessed for both current operations and debt services • The amount of taxes levied for the year ended August 31, FY2, which includes penalty and interest, if applicable • The amount of taxes collected. Specifically, current taxes, delinquent taxes, penalty and interest collected for current operations and debt service, including totals • When taxes are due • Tax collection as a percentage of the current tax levy
	129.	Does the footnote on income tax disclose that the college is exempt from income tax under IRC Section 115 and whether the college has any unrelated business income tax liability?
	130.	If the college has a component unit in accordance with GASB 39, is there a footnote that includes the following? • A brief description of the component unit • The criteria for including as a component unit • How the component unit is reported (Remember to place component unit financial statements directly behind the college's financial statements, for example, college's Statement of Net Position, followed by the component unit balance sheet, etc.)
	131.	Does the disclosure of material related party transactions include the following? [SFAS 57] • The nature of the relationship • A description of the transaction • Dollar amounts of the transaction • Amounts due from the related parties
	132.	If applicable, if any subsequent events exist they must be disclosed in paragraph form. [SFAS 5]
	133.	Does the footnote regarding post-employment benefits include the required contributions for the ERS for the current year and the two years prior to the current year?
	134.	If applicable, is the method of accounting and reporting for non-exchange transactions disclosed? [GASB 33]
	135.	If the college has any significant commitments, e.g., construction, do the notes disclose them? [NCGA I6]

Please note that item numbers tie to complete checklist in Appendix C.

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	136.	Are other disclosures included, as appropriate, such as segments, pledges, etc.?

Section 8: Required Supplementary Information Schedules

8.1	Introduction
8.2	Schedule of Employer's Proportionate Share of Net Pension Liability
8.3	Sample of Schedule of Employer's Proportionate Share of Net Pension Liability
8.4	Schedule of Employer's Contributions for Pensions
8.5	Sample of Schedule of Employer's Contributions for Pensions
8.6	Notes to Required Supplementary Information (RSI) Schedules
8.7	Sample Notes to RSI Schedules for Pensions
8.8	Schedule of Employer's Proportionate Share of OPEB Liability
8.9	Sample of Schedule of Employer's Proportionate Share of Net Other Post-Employment Benefits (OPEB) Liability
8.10	Schedule of Employer's Contributions for OPEB
8.11	Sample of Schedule of Employer's Contributions for OPEB
8.12	Notes to Required Supplementary Information (RSI) Schedules for OPEB
8.13	Sample of Notes to RSI Schedules for OPEB
8.14	Checklist – Required Supplementary Information Schedules

Introduction

Introduction

According to the GFOA, when the presentation of supporting information is mandated by the GFOA, it is referred to as *required supplementary information* (RSI). Otherwise, the appropriate term is other *supplementary information* (SI). As such, the THECB recommends adding a Required Supplementary Information section *preceding* the Supplementary Information within the CAFR. The four RSI schedules required by GASB 68 and 75 that are listed below should be placed in this section.

- RSI #1 – Schedule of [Employer's] Proportionate Share of Net Pension Liability (10 years)
- RSI #2 – Schedule of [Employer's] Contributions for Pensions (10 years)
- RSI #3 – Schedule of [Employer's] Proportionate Share of Net OPEB Liability (10 years)
- RSI #4 – Schedule of [Employer's] Contributions for OPEB (10 years)

The RSI schedules above are intended to present information for 10 years, but can be completed prospectively, as information becomes available.

Schedule of District's Proportionate Share of Net Pension Liability

Schedule of District's Proportionate Share of Net Pension Liability

Employers participating in a cost-sharing plan with a special funding situation must present a 10-year schedule, including the following information, determined as of the measurement date of the collective net pension liability:

a) The employer's proportion (percentage) of the collective net pension liability

b) The employer's proportionate share (amount) of the collective net pension liability (from TRS's *Audited FY2 GASB 68 Allocation Schedules* on the "Schedule of Pension Amounts by Employer" tab)

c) The portion of the non-employer contributing entities' total proportionate share (amount) of the collective net pension liability that is associated with the employer (from TRS's *Schedule of On-Behalf Contributions*)

d) The total of (b) and (c)

e) The employer's covered payroll (Payroll on which contributions to a pension plan are based, as defined in paragraph 5 of GASB Statement No. 82).

f) The employer's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll [(b) divided by (e)]

g) The pension plan's fiduciary net position as a percentage of the total net pension liability (from notes to FY2 TRS CAFR)

Sample of Schedule of District's Proportionate Share of Net Pension Liability

Sample of Schedule of District's Proportionate Share of Net Pension Liability

Below is a sample template for the [District or College's] Proportionate Share of Net Pension Liability RSI schedule related to pensions. Comments in red should not be included in the CAFR and are for informational purposes only.

SAMPLE COMMUNITY COLLEGE

Schedule of [Employer's] Proportionate Share of Net Pension Liability
Last Ten Fiscal Years**

Fiscal years ended August 31*,	**FY2**	**FY1**	
[Employer's] proportion of collective net pension liability (%)	X.XXXXXXXXXX%	X.XXXXXXXXXX%	**A**
[Employer's] proportionate share of collective net pension liability ($)	$ XX,XXX,XXX	$ XX,XXX,XXX	**B**
State's proportionate share of net pension liability associated with [Employer]	XX,XXX,XXX	XX,XXX,XXX	**C**
Total	XX,XXX,XXX	XX,XXX,XXX	
[Employer's] covered payroll	$ XXX,XXX,XXX	$ XXX,XXX,XXX	**D**
[Employer's] proportionate share of collective net pension liability as a percentage of covered payroll	XX.XX%	XX.XX%	**E**
Plan fiduciary net position as percentage of the total pension liability	XX.XX%	XX.XX%	**F**

*The amounts presented above are as of the measurement date of the collective net pension liability.
**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Sources (Do not include in CAFR, for reference only):
A - from TRS Schedule of Employer Allocations
B - from TRS Schedule of Pension Amounts by Employer
C - from TRS' Schedule of On-behalf Contributions
D - obtain from employer records input into TEAMs Reporting Entity Portal
E - Calculated (B/D)
F - from Notes to FY1 TRS Comprehensive Annual Financial Report (CAFR)

THECB Comment – The RSI schedule above requires the presentation of *covered payroll*, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

Schedule of Employer's Contributions for Pensions

Schedule of Employer's Contributions for Pensions

Community colleges or District's (Employer's) contributions to TRS are statutorily or contractually established. Employers participating in a cost-sharing plan with a special funding situation with statutorily or contractually established contribution requirements must present a 10-year schedule including the following information, determined as of the employer's most recent fiscal year-end:

a) The statutorily or contractually required employer contribution. For purposes of this schedule, statutorily or contractually required contributions should exclude amounts, if any, that separately finance specific liabilities of the individual employer to the pension plan.

b) The amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution. For purposes of this schedule, contributions should include only amounts recognized as additions to the pension plan's fiduciary net position during the employer's fiscal year resulting from actual contributions and from contributions recognized by the pension plan as current receivables. (Actual contributions should be equal to statutorily required contributions for community colleges)

c) The difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution. [(a) – (b), should be $0]

d) The employer's covered payroll. (Payroll on which contributions to a pension plan are based, as defined in paragraph 5 of GASB Statement No. 82.)

e) The amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the employer's covered payroll. [(b) divided by (d)]

Sample of Schedule of Employer's Contributions for Pensions

Sample of Schedule of [Employer's] Contributions for Pensions

Below is a sample template for the Schedule of [Employer's] Contributions for Pensions RSI schedule. Comments in red should not be included in the CAFR and are for informational purposes only.

SAMPLE COMMUNITY COLLEGE

Schedule of [Employer's] Contributions for Pensions
Last Ten Fiscal Years**

Fiscal years ended August 31*,		**FY2**		**FY1**	
Legally required contributions	$	X,XXX,XXX	$	X,XXX,XXX	**A**
Actual contributions		X,XXX,XXX		X,XXX,XXX	**A**
Contributions deficiency (excess)		X,XXX,XXX		X,XXX,XXX	**B**
[Employer's] covered payroll amount	$	X,XXX,XXX	$	X,XXX,XXX	**C**
Contributions as a percentage of covered payroll		X.XX%		X.XX%	**D**

* The amounts presented above are as the Employer's most recent fiscal year-end.
**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Sources (Do not include in CAFR, for reference only):

A - from TRS' Schedule of Pension Amounts by Employer
B - Calculated
C - from Employer's internal records
D - Calculated

Notes to Required Supplementary Information (RSI) Schedules for Pensions

Notes to Required Supplementary Information (RSI) Schedules for Pensions

Information about factors that significantly affect trends in the amounts reported in the pension-related RSI schedules (for example, changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions) should be presented as notes to the schedules. The amounts presented for prior years should not be restated for the effect of changes – for example, changes of benefit terms or changes of assumptions—that occurred subsequent to the measurement date of that information.

Sample of Notes to RSI Schedules for Pensions

Sample of Notes to RSI Schedules for Pensions

Below is a sample template for the Notes to the RSI Schedules related to pensions. Information included in the sample footnotes are for example purposes only. Community colleges should use professional judgment to determine the necessary footnote disclosures.

SAMPLE COMMUNITY COLLEGE

Notes to Required Supplementary Information
For the Year Ended August 31, FY2

Changes of Benefit Terms include:

• Information about factors that significantly affect trends in the amounts reported in the RSI schedules should be presented (for example, COLA increases)

Changes of Assumptions

There were no changes of assumptions for the year ended August 31, FY2

Schedule of Employer's Proportionate Share of Net OPEB Liability

Schedule of Employer's Proportionate Share of Net OPEB Liability

Employers participating in a cost-sharing OPEB plan with a special funding situation must present a 10-year schedule, including the following information, determined as of the measurement date of the collective net OPEB liability:

a) The employer's proportion (percentage) of the collective net OPEB liability

b) The employer's proportionate share (amount) of the collective net OPEB liability (calculated using the proportion from a) above multiplied times collective net OPEB liability as obtained from ERS's *Schedule of Collective OPEB Amounts for Other Postemployment Benefits (OPEB) Fund as of August 31, FY1)*

c) The portion of the non-employer contributing entities' total proportionate share (amount) of the collective net OPEB liability that is associated with the employer (calculate by applying your proportion (%) of NECE on-behalf contributions (as provided in ERS's *"Percentages of NECE by College"* schedule as of and for the year ended August 31, FY2) to the NECE's (State of Texas) proportionate share of the collective net OPEB liability)

d) The total of (b) and (c)

e) The employer's covered employee payroll (Obtain from employer's internal records. Represents payroll of employees that are provided with OPEB through the OPEB plan, as defined in paragraph 246 of GASB Statement No. 75 and as required by paragraph 14.b of GASB Statement No. 85).

f) The employer's proportionate share (amount) of the collective net OPEB liability as a percentage of the employer's covered employee payroll [(b) divided by (e)]

g) The OPEB plan's fiduciary net position as a percentage of the total net OPEB liability (from notes to FY1 ERS CAFR)

Sample of Schedule of Employer's Proportionate Share of Net OPEB Liability

Sample of Schedule of Employer's Proportionate Share of Net OPEB Liability

Below is a sample template for the Schedule of [Employer's] Proportionate Share of Net OPEB Liability RSI schedule. Comments in red should not be included in the CAFR and are for informational purposes only.

SAMPLE COMMUNITY COLLEGE

Schedule of [Employer's] Proportionate Share of Net OPEB Liability
Employee Retirement System of Texas
State Retiree Health Plan
Last Ten Fiscal Years**

Fiscal years ended August 31*,		**FY2**		**FY1**	
[Employer's] proportion of collective net OPEB liability (%)		X.XXXXXXXXXX%		X.XXXXXXXXXX%	**A**
[Employer's] proportionate share of collective net OPEB liability ($)	$	XX,XXX,XXX	$	XX,XXX,XXX	**B**
State's proportionate share of net OPEB liability associated with [Employer]		XX,XXX,XXX		XX,XXX,XXX	**C**
Total		XX,XXX,XXX		XX,XXX,XXX	
[Employer's] covered-employee payroll	$	XXX,XXX,XXX	$	XXX,XXX,XXX	**D**
[Employer's] proportionate share of collective net OPEB liability as a percentage of covered-employee payroll		XX.XX%		XX.XX%	**E**
Plan fiduciary net position as percentage of the total OPEB liability		XX.XX%		XX.XX%	**F**

*The amounts presented above are as of the measurement date of the collective net OPEB liability.

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Sources (Do not include in CAFR, for reference only):

A - from ERS Schedule of Employer Allocations for OPEB

B - from ERS Schedule of Collective OPEB Amounts for Other Postemployment Benefits

C - calculate using ERS Percentages of NECE Contributiions by College schedule

D - obtain from employer's internal records input into TEAMs Reporting Entity Portal

E - Calculated (B/D)

F - from Notes to FY1 ERS Comprehensive Annual Financial Report (CAFR)

Schedule of Employer's Contributions for OPEB

Schedule of Employer's Contributions for OPEB

Community colleges or District's (Employer's) contributions to ERS are statutorily or contractually established. Per GASB Statement 75, paragraph 97b, employers participating in a cost-sharing OPEB plan with a special funding situation with statutorily or contractually established contribution requirements must present a 10-year schedule including the following information, determined as of the employer's most recent fiscal year-end:

a) The statutorily or contractually required employer contribution. For purposes of this schedule, statutorily or contractually required contributions should exclude amounts, if any, associated with payables to the OPEB plan that arose in a prior fiscal year and those associated with separately financed specific liabilities of the individual employer to the OPEB plan.

b) The amount of contributions recognized by the OPEB plan in relation to the statutorily or contractually required employer contribution. For purposes of this schedule, contributions should exclude amounts resulting from contributions recognized by the OPEB plan as noncurrent receivables. (Actual contributions should be equal to statutorily required contributions for community colleges)

c) The difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the OPEB plan in relation to the statutorily or contractually required employer contribution. [(a) – (b), should be $0]

d) The employer's covered employee payroll. (Payroll of employees that are provided with OPEB through the OPEB plan, as defined in paragraph 246 of GASB Statement No. 75 and as required by paragraph 14.b of GASB Statement No. 85)

e) The amount of contributions recognized by the OPEB plan in relation to the statutorily or contractually required employer contribution as a percentage of the employer's covered employee payroll. [(b) divided by (d)]

Sample of Schedule of Employer's Contributions for OPEB

Sample of Schedule of District's Contributions

Below is a sample template for the Schedule of [Employer's] Contributions for OPEB RSI schedule. Comments in red should not be included in the CAFR and are for informational purposes only.

Schedule of [Employer's] Contributions for OPEB
Employee Retirement System of Texas
State Retiree Health Plan
Last Ten Fiscal Years**

Fiscal years ended August 31*,		**FY2**		**FY1**
Legally required contributions	$	X,XXX,XXX	$	X,XXX,XXX
Actual contributions		X,XXX,XXX		X,XXX,XXX
Contributions deficiency (excess)		X,XXX,XXX		X,XXX,XXX
[Employer's] covered-employee payroll amount	$	X,XXX,XXX	$	X,XXX,XXX
Contributions as a percentage of covered-employee payroll		X.XX%		X.XX%

* The amounts presented above are as of the [Employer's] most recent fiscal year-end.

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Sources (Do not include in CAFR, for reference only):

A - from ERS Schedule of Collective OPEB Amounts for Other Postemployment Benefits

B - Calculated

C - from Employer's internal records

D - Calculated

Notes to Required Supplementary Information (RSI) Schedules for OPEB

Notes to Required Supplementary Information Schedules for OPEB (RSI)

Information about factors that significantly affect trends in the amounts reported in the schedules required by paragraph 97 of GASB Statement 75 (for example, changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions) should be presented as notes to the schedules. Information about investment-related factors that significantly affect trends in the amounts reported should be limited to those factors over which the OPEB plan or the participating governments have influence (for example, changes in investment policies). Information about external, economic factors (for example, changes in market prices) should not be presented.

The amounts presented for prior years should not be restated for the effect of changes – for example, changes of benefit terms or changes of assumptions—that occurred subsequent to the measurement date of that information.

Sample of Notes to RSI Schedules for OPEB

Sample of Notes to RSI Schedules for OPEB

Below is a sample template for the Notes to the RSI Schedules related to OPEB. Information included in the sample footnotes are for example purposes only. Community colleges should use professional judgment to determine the necessary footnote disclosures.

SAMPLE COMMUNITY COLLEGE

Notes to Required Supplementary Information
For the Year Ended August 31, FY2

Changes in Benefit Terms

Under Q/A #4.107 of GASB's *Implementation Guide No. 2017-2, Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, any plan changes that have been adopted and communicated to plan members by the time the valuation is prepared must be included in the valuation. Accordingly, the latest valuation reflects the benefit changes that became effective September 1, 2017, since these changes were communicated to plan members in advance of the preparation of the latest valuation report. The benefit changes for HealthSelect retirees and dependents for whom Medicare is not primary include:

- an increase in the out-of-pocket cost applicable to services obtained at a free-standing emergency facility;
- elimination of the copayment for virtual visits;
- a reduction in the copayment for Airrosti; and
- for out-of-state participants, (i) elimination of the deductible for in-network services and (ii) application of a copayment rather than coinsurance to certain services like primary care and specialist office visits.

These minor benefit changes are provided for in the FY 2018 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

Changes in Assumptions

Demographic Assumptions

Since the last valuation was prepared for this plan, demographic assumptions (including rates of retirement, disability, termination, and mortality, assumed salary increases and assumed age difference for future retirees and their spouses for selected classes of State Agency employees), assumed aggregate payroll increases and the assumed rate of general inflation have been updated to reflect assumptions recently adopted by the ERS Trustees. These new assumptions were adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.

In addition, the following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees covering dependent children.
- Percentage of future retirees assumed to be married and electing coverage for their spouse.

Economic Assumptions

The assumed rate of general inflation has been updated since the previous valuation to remain consistent with the ERS retirement plan assumption previously adopted by the ERS Trustees.

Assumptions for Expenses, Assumed Per Capita Health Benefit Costs and Health Benefit Cost, Retiree Contribution and Expense trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations and the revised assumed rate of general inflation.

The discount rate was lowered as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher.

Minor benefit changes have been reflected in the FY 2018 Assumed Per Capita Health Benefit Costs.

Checklist

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES		
	137.	Is all RSI, other than MD&A, located immediately following the notes to the financial statements? [GASB-S34: 6c; GAAFR, page 577]
	138.	If the college participates as an employer in one or more defined benefit pension plans that are administered through a trust or equivalent arrangement, are schedules of required supplementary information presented for each such plan? [GASB-S68: 46 and 81; eGAAFR, page 945; eSUP, page 41] (Until a full 10-year trend is compiled, the required schedules for each plan should present information for as many years as are available)
	139.	For cost sharing multiple-employer plans, does the 10-year schedule about funding progress with information measured as of the measurement date of the net pension liability? If so, does the schedule present the following data elements for each year: [GASB-S68: 81a; eGAAFR, page 945; eSUP, page 41] • The employer's proportion (percentage) of the collective net pension liability? • The employer's proportionate amount (in dollars) of the collective net pension liability? • When there is a special funding situation, the non-employer contributing entities' total proportionate share (amount) of the collective net pension liability that is associated with the employer? • When there is a special funding situation, the total of the employer's and non-employer contributing entities' proportionate shares (amount) of the collective net pension liability that is associated with the employer? • The employer's covered payroll? • The employer's proportionate share (amount) of the collective NPL as a percentage of the employer's covered payroll? • The pension plan's fiduciary net position as a percentage of the total pension liability?

	140.	For any plan (regardless of its type), are the contribution requirements of the employer enterprise fund established statutorily or contractually? If so, is a 10-year schedule included that provides information about the employer contribution requirements determined as of the employer's most recent fiscal year end? [GASB-S68: 46d and 81b] If yes, does the schedule include: • The statutorily or contractually required employer contribution? • The amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution? • The difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution? • The employer's covered payroll? • The amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the employer's covered payroll?
	141.	Are schedules of required supplementary information presented for a pension plan that is administered through a trust or equivalent arrangement? If so, is the following disclosure to the RSI included when applicable: [GASB-S68: 47 and 82] • Do all plans regardless of their type, include factors that significantly affect trends in the reported amounts?

Section 9: Supplemental Schedules A Through D

9.1	Instructions
9.2	Sample of Schedule A – Schedule of Operating Revenues
9.3	Sample of Schedule B – Schedule of Operating Expenses by Object
9.4	Sample of Schedule C – Schedule of Non-Operating Revenues and Expenses
9.5	Sample of Schedule D – Schedule of Net Position by Source and Availability
9.6	FAQ (Frequently Asked Questions) – Schedules A through D
9.7	Checklist – Schedules A through D

Instructions

Schedule A - Schedule of Operating Revenues

Operating revenues must be reported in detail on this schedule with a breakdown for (1) Unrestricted, (2) Restricted – with these two amounts summed in a column titled Total Educational Activities – and (3) Auxiliary Enterprises funds. The Unrestricted column should include all funds that are not considered Restricted or Auxiliary. Memorandum totals for the prior year should also be included on this schedule.

Tuition for credit classes should be broken down by residency for all state-funded classes. Tuition amounts for state-funded continuing education classes and all non-state-funded classes, whether through continuing education or for credit, should also be given. Set asides from tuition for the TPEG for credit and continuing education should be shown as separate components of tuition. The amount of TPEG ***awarded*** for both credit and continuing education is included under the Scholarship Allowances and Discounts section as part of Total Net Tuition and Fees. Remissions and exemptions must be broken down by those mandated by the state and those that are optional and have been adopted by the local governing board.

To provide consistent reporting of tuition and fee revenue, as well as related exemptions and waivers, the following is required for financial reporting purposes: Tuition exemptions, as defined by the THECB, must be reported as part of the gross tuition and fee revenues for each institution. Since there is no cash collection from these exemptions, the revenue must be offset by discounts and allowances and/or scholarship expense. Tuition waivers as defined by the THECB are to be excluded from the gross tuition and fee revenues of each institution and require no offset. Refer to the Types of Financial Aid - Exemptions and Types of Financial Aid - Waivers on the College for All Texans website for complete information. The NACUBO issued Advisory Report 97-1, Accounting and Reporting Scholarship Allowances to Tuition and Other Fee Revenues by Higher Education, to reduce the "grossing up" of tuition revenues and scholarship expenditures. Scholarship allowances are reported with the implementation of GASB Statement 34/35. GASB informed the Accounting Principles Council of NACUBO that the guidance provided by NACUBO in this advisory report is appropriate for public institutions.

Examples of tuition exemptions include Education Aide Exemption, Concurrent Enrollment Waiver, Exemption for Peace Officer Disabled in Line of Duty, and Firefighter Taking Fire Science Courses.

Examples of Waivers include Border County/State Waiver, Competitive Scholarship Waiver, and many Military waivers.

Auxiliary revenues should be shown at gross with related discounts as a reduction to revenue on a separate line just beneath the auxiliary revenue to which it relates. Any outsourced auxiliary operations should be explained in a footnote.

Total Operating Revenues must agree with Exhibit 2.

Schedule B - Schedule of Operating Expenses by Object

Report the natural expense classifications for salaries and wages, state and local benefits, and other expenses within functional classifications. Unrestricted and Restricted funds should be reported separately. Depreciation is broken down between depreciation for buildings and other real estate improvements, and depreciation for equipment and furniture. Memorandum totals for the prior year should be included. Total operating expenses must agree with Exhibit 2.

Revenue Discounting – Tuition, fees and other college charges – should be reported net of discounts. See Revenue Reporting Issues in Section 5.4. Specifically, scholarship amounts should be netted in Restricted and not reported as negative amounts in Unrestricted as offsets.

Benefits – State benefits – should not be shown in functions that are not supported by state revenue.

Schedule C - Schedule of Non-Operating Revenues and Expenses

Non-operating revenues and expenses must be reported in detail on this schedule with a breakdown between Unrestricted, Restricted, and Auxiliary Enterprises funds. Memorandum totals for the prior year should be included. The net non-operating revenues (expenses) total must agree with Exhibit 2. Texas public community colleges should report Federal Title IV Funds as non-operating revenues to comply with the current interpretations advocated by GASB Implementation Guide, Q&A 7.72.10, pages 7-97.

Schedule D - Schedule of Net Position by Source and Availability

Schedule D serves a dual purpose of reconciling fund balances to net position, as well as showing which funds are actually available for current operations. The Total Net Position for the current year should agree with Exhibit 1. Memorandum totals are included in a row labeled as Total Net Position for the prior year. The difference of the two should be the net increase (decrease) in net position for each source with the total agreeing with Exhibit 2.

The Available for Current Operations section shows which amounts may be spent for current operations without restriction. Amounts in the "Yes" column indicate that there are no restrictions or designations from the local governing board that would prevent the amount from being spent for current operations. An entry in the "No" column would indicate the amount is not available for current operations. It is possible that an amount in the total column for Detail by Source could be split between the "Yes" and "No" columns under the Available for Current Operations section.

Sample of Schedule A – Schedule of Operating Revenues

Sample Community College **Schedule A**

Schedule of Operating Revenues
Year Ended August 31, FY2 (With Memorandum Totals for the Year Ended August 31, FY1)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	FY2 Total	FY1 Total
Tuition:						
State funded credit courses:						
In-district resident tuition	23,292,893	-	23,292,893	-	23,292,893	21,275,181
Out-of-district resident tuition	6,311,138	-	6,311,138	-	6,311,138	5,427,758
Non-resident tuition	6,359,451	-	6,359,451	-	6,359,451	7,346,044
TPEG - credit (set aside) *	1,911,061	-	1,911,061	-	1,911,061	1,757,331
State-funded continuing education	10,327,099	-	10,327,099	-	10,327,099	11,343,033
TPEG - non-credit (set aside) *	656,693	-	656,693	-	656,693	438,187
Non-state funded educational programs	2,148,483	-	2,148,483	-	2,148,483	1,943,992
Total Tuition	51,006,818	-	51,006,818	-	51,006,818	49,531,526
Fees:						
Distance learning fee	185,554	-	185,554	-	185,554	90,935
Installment plan fees	364,355	-	364,355	-	364,355	320,090
Non-instructional contract training fees	-	-	-	-	-	3,090
Prior year tuition and fees	3,200	-	3,200	-	3,200	51,379
Total fees	553,109	-	553,109	-	553,109	465,494
Allowances and Discounts:						
Bad debt allowance	(38,798)	-	(38,798)	-	(38,798)	(27,846)
Remissions and exemptions - state	(344,416)	-	(344,416)	-	(344,416)	(478,402)
Remissions and exemptions - local	(1,445,763)	-	(1,445,763)	-	(1,445,763)	(1,443,050)
Reduced tuition pilot	(1,847,951)	-	(1,847,951)	-	(1,847,951)	(722,542)
Title IV federal grants	(5,911,149)	-	(5,911,149)	-	(5,911,149)	(2,449,732)
Other federal grants	(789,889)	-	(789,889)	-	(789,889)	(1,150,025)
TPEG awards	(865,997)	-	(865,997)	-	(865,997)	(134,403)
Other state grants	(374,510)	-	(374,510)	-	(374,510)	209,814
Rising Star program	(157,181)	-	(157,181)	-	(157,181)	(182,174)
Other local grants	(13,084)	-	(13,084)	-	(13,084)	(10,600)
Total allowances and discounts	(11,749,940)	-	(11,749,940)	-	(11,788,738)	(6,388,960)
Total net tuition and fees	39,809,987	-	39,809,987	-	39,771,189	43,608,060
Additional operating revenues:						
Federal grants and contracts	1,099,347	21,719,576	22,818,923	-	22,818,923	29,414,331
State grants and contracts	11,406	4,646,035	4,657,441	-	4,657,441	3,494,612
Non-governmental grants and contracts	3,108	4,130,039	4,133,147	-	4,133,147	2,521,797
Sales and services of educational activities	446,968	-	446,968	-	446,968	497,918
General operating revenues	1,177,256	-	1,177,256	-	1,177,256	1,007,198
Total additional operating revenues	2,738,085	30,495,650	33,233,735	-	33,233,735	36,935,856
Auxiliary Enterprises:						
Bookstore	-	-	-	1,499,025	1,499,025	1,338,483
Less Discounts				(3,255)	(3,255)	
Food Service	-	-	-	620,341	620,341	547,340
Center for Educational Telecommunications	-	-	-	3,476,227	3,476,227	3,523,803
Business Incubation Center	-	-	-	211,551	211,551	242,804
Universities Center	-	-	-	450,617	450,617	459,733
Student Programs	-	-	-	720,922	720,922	857,870
Total net auxiliary enterprises	-	-	-	6,975,428	6,975,428	6,970,033
Total Operating Revenues	$ 42,548,072	$ 30,495,650	$ 73,043,722	$ 6,975,428	$ 79,980,352	$ 87,513,949
					(Exhibit 2)	**(Exhibit 2)**

* In accordance with Education Code 56.033, $2,567,754 and $2,195,518 for years August 31, FY02 and FY01, respectively, of tuition was set aside for Texas Public Education Grants (TPEG)

Sample of Schedule B – Schedule of Operating Expenses by Object

Sample Community College **Schedule B**

Schedule of Operating Expenses by Object
Year Ended August 31, FY2 (with Memorandum Totals for the Year Ended August 31, FY1)

	Operating Expenses					
	Salaries and Wages	Benefits State	Benefits Local	Other Expenses	FY2 Total	FY1 Total
Unrestricted - Educational Activities						
Instruction	$ 88,446,397	$ -	$ 5,142,783	$ 11,132,291	$ 104,721,471	$ 102,167,049
Public Service	2,511,686	-	146,044	1,403,945	4,061,675	3,683,493
Academic Support	9,072,439	-	527,524	3,687,245	13,287,208	13,393,175
Student Services	15,741,028	-	915,274	3,033,212	19,689,514	18,401,080
Institutional Support	28,316,767	-	1,646,500	9,251,633	39,214,900	37,643,028
Operation and Maintenance of Plant	6,355,652	-	369,554	13,555,368	20,280,574	18,985,224
Scholarships and Fellowships	-	-	-	-	-	-
Total Unrestricted Educational Activities	150,443,969	-	8,747,679	42,063,694	201,255,342	194,273,049
Restricted - Educational Activities						
Instruction	$ 1,383,181	$ 11,094,349	$ 127,256	$ 4,123,903	$ 16,728,689	$ 16,055,327
Public Service	1,504,665	-	318,670	4,069,194	5,892,529	6,001,414
Academic Support	385,248	1,094,213	56,849	-	1,536,310	1,548,806
Student Services	2,533,313	1,924,678	72,459	2,415,386	6,945,836	6,592,128
Institutional Support	1,348,370	3,465,693	126,987	1,585,242	6,526,292	6,624,535
Operation and Maintenance of Plant	-	-	806,371	-	806,371	750,710
Scholarships and Fellowships	-	-	-	32,013,809	32,013,809	24,661,506
Total Restricted Educational Activities	7,154,777	17,578,933	1,508,592	44,207,534	70,449,836	62,234,426
Total Educational Activities	157,598,746	17,578,933	10,256,271	86,271,228	271,705,178	256,507,475
Auxiliary Enterprises	4,571,666	-	782,728	5,093,013	10,447,407	10,206,724
Depreciation Expense - Buildings and other real es	-	-	-	6,564,537	6,564,537	6,520,591
Depreciation Expense - Equipment and furniture	-	-	-	3,502,438	3,502,438	2,408,823
Total Operating Expenses	**$ 162,170,412**	**$ 17,578,933**	**$ 11,038,999**	**$ 101,431,216**	**$ 292,219,560**	**$ 275,643,613**
					(Exhibit 2)	**(Exhibit 2)**

Sample of Schedule C – Schedule of Non-Operating Revenues and Expenses

Sample Community College				**Schedule C**	
Schedule of Non -Operating Revenues and Expenses					
Year Ended August 31, FY2 (with Memoran dum Totals for the Year Ended August 31, FY1)					
	Unrestricted	**Restricted**	**Auxiliary Enterprises**	**FY2 Total**	**FY1 Total**
NON-OPERATING REVENUES:					
State appropriations:					
Education and General state support	$ 79,974,186			$ 79,974,186	$ 85,993,747
State group insurance		$ 12,206,226		$ 12,206,226	$ 11,377,997
State retirement matching		$ 6,881,299		$ 6,881,299	$ 6,524,393
Remedial Education		$ 380,677		$ 380,677	$ 362,354
Professional nursing shortage reduction		$ 414,852		$ 414,852	$ 290,192
SBDC match		$ 766,746		$ 766,746	$ 828,190
Total state appropriations	$ 79,974,186	$ 20,649,800		$ 100,623,986	$ 105,376,873
Ad valorem taxes (Net))	76,921,860	-	-	76,921,860	74,531,105
Federal Revenue, Non-Operating	-	17,890,434	-	17,890,434	5,423,187
Gifts	723,092	-	-	723,092	279,721
Investment income	2,650,337	-	422,663	3,073,000	9,545,818
Gain on sale of investment	68,250	-	9,970	78,220	-
Contributions in aid of construction	495,952	-	-	495,952	-
Other non -operating revenue	52,225	-	-	52,225	70,771
Total non-operating revenues	160,885,902	38,540,234	432,633	199,858,769	195,227,475
NON-OPERATING EXPENSES:					
Interest on capital related debt	735,065	-	-	735,065	(1,966,747)
Loss on disposal of capital assets	264,687	-	(26,481)	238,206	(2,033,987)
Other non -operating expense	453,827	-	-	453,827	(38,162)
Total non-operating expenses	1,453,579	-	(26,481)	1,427,098	(4,038,896)
Net non -operating revenues	159,432,323	38,540,234	459,114	198,431,671	191,188,579
				(Exhibit 2)	**(Exhibit 2)**

Sample of Schedule D – Schedule of Net Position by Source and Availability

Sample Community College **Schedule D**

Schedule of Net Position by Source and Availability
Year Ended August 31, FY2 (with Memorandum Totals for the Year Ended August 31, FY1)

	Detail by Source					Available for Current Operations	
		Restricted		Capital Assets Net of Depreciation			
	Unrestricted	Expendable	Non-Expendable	& Related Debt	Total	Yes	No
Current:							
Unrestricted	$ 56,574,651	$ -	$ -	$ -	$ 56,574,651	$ 56,584,651	
Board Designated	-	-	-	-	-		
Restricted	-	-	-	-	-		
Auxiliary enterprises	24,201,992	-	-	-	24,201,992	24,201,992	
Loan		-	-	-	-		
Endowment:					-		
Quasi:					-		
Unrestricted	5,343,722	-	-	-	5,343,722		5,343,722
Restricted	-	-	-	-	-		
Endowment					-		
True	-	-	-	-	-		
Term (per instructions at maturity)	-	-	-	-	-		
Life Income Contracts	-	-	-	-	-		
Annuities	-	-	-	-	-		
Plant:					-		
Unexpended	11,126,987	-	-	-	11,126,987		11,126,987
Renewals	-	-	-	-	-		
Debt Service	-	6,486,525	-	-	6,486,525		6,486,525
Investment in Plant	-	-	-	215,480,290	215,480,290		215,480,290
Total Net Position, August 31, FY2	**$ 97,247,352**	**$ 6,486,525**	**$ -**	**$ 215,480,290**	**$ 319,214,167**	**$ 80,786,643**	**$ 238,437,524**
					(Exhibit 1)		
Total Net Position, August 31, FY1	**134,796,682**	**10,043,554**	**-**	**188,181,468**	**333,021,704**	**88,676,997**	**244,344,707**
					(Exhibit 1)		
Net Increase (Decrease) in Net Positio	**$ (37,549,330)**	**$ (3,557,029)**	**$ -**	**$ 27,298,822**	**$ (13,807,537)**	**$ (7,890,354)**	**$ (5,907,183)**
					(Exhibit 2)		

Frequently Asked Questions

Question 1

The state appropriates money for group health insurance and retirement matching for college employees. Do community colleges have to report this on their financial reports, given that the funds do not come to the community colleges?

Answer 1

Yes, the community colleges do need to report the appropriations paid on their behalf for group health insurance and retirement matching for college employees. (See Schedule C in the manual for correct disclosure example.)

Question 2

Where do we show "Depreciation" on Schedule B?

Answer 2

Show "Depreciation" as an additional item of expense after Total Educational Activities and Auxiliary Enterprises on Schedule B. You'll notice that Equipment and Building Depreciation are separately disclosed now. Equipment Depreciation is an element of fundable operating expenses and should be reported on the RFOE in the amount shown in total on Schedule B

Question 3

Schedule A – Schedule of Detailed Operating Revenues – shows the TPEG set aside as part of the tuition section, then shows TPEG allowances in the scholarships/discounts section. These amounts won't be the same if the first one is for the amount set aside, and the TPEG "allowances" are for amounts awarded or discounted. How do we show the difference?

Answer 3

The difference (excess, or deficit, of the TPEG set aside over allowances) flows through and is included in "Total Net Tuition and Fees" on Schedule A – Schedule of Detailed Operating Revenues. This same amount, when combined with any ending balance from the previous year, is included on the Statement of Net Position under:

NET POSITION
Restricted for:
Expendable
Student Aid

Question 4

Is it correct to title Schedules A through D as unaudited?

Answer 4

SAS No. 118 addresses the auditor's responsibility to report on whether supplementary information is fairly stated. Because the schedules that you list are supplemental to the financial reports submitted to the THECB, we believe that, much like the footnote section, the schedules are a part of the audited presentation and to label them as unaudited would not be appropriate. This level of review is required because the data on the schedules is pulled from data reported in the financial statements.

Question 5

Would I include TEXAS Grant I & II in "Other" under Scholarship allowances and discounts and also include it under "State Grants and Contracts" under Other Operating Revenue?

Answer 5

Yes. On Schedule A, TEXAS Grants would be included as State Grants and Contracts under Other Operating Revenue. When those resources then are granted to students to pay for tuition and fees, they would be included as Scholarship Allowances and Discounts – Other State Grants.

Please note that item numbers tie to complete checklist in Appendix C.

Checklist

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
SCHEDULE OF DETAILED OPERATING REVENUES (SCHEDULE A)		
	142.	Are the totals for each line item combined for Unrestricted and Restricted and shown in a separate column titled Educational Activities?
	143.	Is a total column presented for the current year?
	144.	Is a memorandum total column presented for the prior year?
	145.	Is tuition broken down between state-funded courses and non-state-funded courses?
	146.	Is there a subtotal for tuition and fees?
	147.	Are the various fees shown separately with a subtotal?
	148.	Are scholarships allowance and discounts detailed enough to avoid a separate schedule? For example remission and exemptions, allowance for federal financial aid, allowance for state financial aid, etc. If not, a separate schedule needs to be prepared.
	149.	Is the TPEG set-aside amount recorded at the bottom of the schedule?
	150.	Are auxiliary revenues and discounts shown in a separate column?
	151.	Are auxiliary revenues detailed enough to avoid a separate schedule?
	152.	Do the totals tie with the Schedule of Revenues, Expenses, and Changes in Net Position (Exhibit 2)?
	153.	Is there a footnote explaining any outsourced auxiliary operations?
	154.	Is this schedule audited?
SCHEDULE OF OPERATING EXPENSES BY OBJECT (SCHEDULE B)		
	155.	Are educational activity expenses broken down between Unrestricted and Restricted line items?
	156.	Are expenses classified according to NACUBO's elements of cost and further classified by natural classifications? Are scholarship amounts netted?
	157.	Are auxiliary expenses shown as a separate line item below Total Educational Activities?

Please note that item numbers tie to complete checklist in Appendix C.

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	158.	Is depreciation shown as a separate line item [APB 12 15] and broken down between Buildings and Other Real Estate Improvements and equipment?
	159.	Do the totals tie with the SRECNP (Exhibit 2)?
	160.	Is a total column presented for the current year?
	161.	Is a Memorandum total column presented for the prior year?
	162.	Is this schedule audited?
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES (SCHEDULE C)		
	163.	Are revenues and expenses for non-operating activities listed in separate columns for Unrestricted, Restricted, and Auxiliary operations?
	164.	Is a total column presented for the current year?
	165.	Is a Memorandum total column presented for the prior year?
	166.	Are non-operating revenue and expenses broken down between revenue and expense categories?
	167.	Do the totals tie with the SRECNP (Exhibit 2)?
	168.	Is this schedule audited?
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY (SCHEDULE D)		
	169.	Are net position broken out into Current, Loan, Endowment, and Plant line item categories?
	170.	Are net position also listed in columns as Unrestricted, Restricted (Expendable or Non-Expendable), and Net Investment in Capital Assets?
	171.	Is a total column presented for the current year?
	172.	Are amounts available for current operations indicated under "yes" or "no" columns?
	173.	Are Board designated reserves reflected in Board minutes?
	174.	Does the total column tie to Statement of Net Position, Exhibit 1?
	175.	Is a Memorandum total row for the prior year presented below the current year totals?
	176.	Is this schedule audited?

Section 10: Required Schedules of Expenditures of Federal Awards and State Awards

Federal Awards

10.1	Introduction
10.2	Federal grantor/Pass-Through Grantor Program
10.3	Federal CFDA Number
10.4	Pass-Throughs
10.5	Notes
10.6	Special Problem Areas
10.7	Partial List of Federal Grantor Numbers (Sorted by Federal Grantors)
10.8	Partial List of Federal Grantor Numbers (Sorted by Federal Grantor Numbers)
10.9	Report Format Sample of Schedule E – Schedule of Expenditures of Federal Awards

State Awards

10.10	State Awards Instructions
10.11	Report Format Sample of Schedule F – Schedule of Expenditures of State Awards
10.12	Checklist – Schedules E & F

Introduction

Federal Awards Introduction

The Single Audit Act of 1984 and the Single Audit Act Amendments of 1996 establishes the financial and compliance audit requirements for all state and local government entities that receive federal financial assistance. Any such entity that expends $750,000 or more during the entity's fiscal year in federal financial awards must have a single or program-specific audit conducted for that year in accordance with the provision of Sec. 200.501 of the Uniform Guidance Circular 2 CFR Part 200, Subpart F, established by the Office of Management and Budget. Those entities that receive funds under only one federal program may elect to have a program specific audit, in accordance with the act and regulations.

Each college that receives federal funds must prepare a Schedule of Expenditures of Federal Awards (Schedule E). The schedule reports total expenditures, including accruals (accounts payable), for all federal financial assistance by federal program. It must also include any indirect and/or administrative costs received from a federal agency. These costs should be included with the program expenditures for each applicable program.

Federal financial assistance is any assistance provided by a federal agency in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, or direct appropriations. The term does not include direct federal cash assistance to individuals.

The direct student lending program is reported under the student financial aid (SFA) cluster as amounts expended. The 2 CFR Part 200, Appendix XI Compliance Supplement, part 5, requires the amounts be included as expended.

A sample Schedule E is located in Section 10.9, Report Format. Additional examples can be found in the *AICPA Audit & Accounting Guide – Government Auditing Standards*.

Federal Grantor/Pass-Through Grantor Program

Federal Awards Introduction

List all federal programs within separate headings for each federal grantor agency.

The federal programs should be grouped by cluster and identified by program name, as listed in the Catalog of Federal Domestic Assistance (CFDA). ***They should be in numerical sequence using the CFDA number and subtotaled by CFDA and cluster***. Federal agencies, except for the U.S. Department of Education, should also be in the numerical sequence of the first two digits of the CFDA number. A recent DOE/Inspector General (IG) finding specifies individual programs need to be listed within clusters. Guidance is provided in the Uniform Guidance, section 200.518, and the AICPA Audit Guide section 7.10 (2008 revision).

If the CFDA number is unknown, identify the federal agency only and add a period and three zeros. For example, a grant from U.S. Department of Education with an unknown CFDA number would be 84.000.

Programs from different federal agencies should not be co-mingled.

Identify all Federal Program Funds

For each federal agency, identify all federal program funds received under the heading "Direct Programs" or "Pass-Through From" as follows:

- Identify all federal program funds received directly from federal grantor agencies under the heading "Direct Programs."

- Identify program funds passed through to your college from another government agency as pass-through funds under the heading "Pass-Through From: Agency's Name."

Identify the Application of Funds

Under the heading "Direct Programs" or "Pass-Through From," identify the application of the funds as follows:

- Identify program funds that are expended by the college under the column heading "Expenditures."

- Identify program funds passed through to a sub-recipient under the heading "Pass-Through To," plus the entity's name. A single line ***may*** be used for each federal program that is passed through by the college. If this is done, a separate footnote ***must*** be prepared detailing which program is shown, the CFDA number, the sub-recipients involved, and the amount for each sub-recipient. Each entity that passes-through amounts to a sub-recipient must receive an audit package or a letter from the sub-recipient (See Appendix A).

- If for some reason a single CFDA number is listed on more than one line, a subtotal for that CFDA number ***must*** be given.

Catalog of Federal Domestic Assistance (CFDA) Numbers

CFDA Numbers

All CFDA numbers consist of five digits separated by a period between the second and the third digit. The first two digits represent the federal grantor agency, and the last three digits represent the specific grant.

For example, the CFDA number of the Carl Perkins Vocational Education program is 84.048. The 84 stands for the U.S. Department of Education, and 048 stands for the Vocational Education program. Ensure that the ***most current*** CFDA program title and number are used to identify all federal financial assistance.

All grants that come under one CFDA program name can be reported as one line item. (The detailed information must be maintained by the agency.) Pass-through awards of the same program from more than one agency must be reported on separate lines for each pass-through entity.

Program Name and Number not Listed

If the program name and number are not listed in the CFDA, and the grantor agency cannot provide the information, list the program within its grantor agency section of the schedule, explained in previous Section 10.2, Federal Award Introduction.

Responsibility of the Sub-Recipient

It is the responsibility of the sub-recipient to request all information from the funding source, if it has not been provided and the sub-recipient is aware that the funds received are federal funds.

Unassigned Department of Defense Funds

The Department of Defense (DoD) funds that are not assigned with a CFDA number must be identified with the contract number assigned by the DoD (See Section 10.4, Expenditures for the reporting of DoD funds).

Pass-Through

Definition of Pass-Throughs

Pass-throughs are the federal funds "passed through" from one entity (recipient) to other entities (sub-recipients) that administer the federal program on behalf of the state. If a transaction is not a pass-through, it is an expenditure. There are no exceptions. Pass-through should also include accruals.

Instructions

Be sure to include Pass-through entity ID numbers. These are required by other pass-through entities. Audit reports may be rejected by these other pass-through entities for failure to include these numbers.

An entity that is the recipient or sub-recipient of federal funds cannot pass-through funds to itself.

If the entity is a fiscal agent for other entities and expends funds itself, these are not pass-throughs to itself, but are reported as regular expenditures.

Instructions for Recipients

The recipient, which is the entity that passes the funds through to the sub-recipient, will report these transactions on the federal schedule as "Pass-Through To."

If, at year-end, recipient colleges are holding material amounts of funds to be passed-through to others, these should be reported as Funds Held for Others since they are not assets of the recipient. Immaterial amounts may be reported as assets and current liabilities in restricted Funds. **Funds passed through to others will not be reported as revenues or** expenditures on Schedule C. They also should not be reported on Exhibit 2.

Funds passed through to others will be a reconciling item on Schedule E, Schedule of Expenditures of Federal Awards, reconciliation in Note 1.

The recipient must inform the sub-recipient that the funds they are receiving are federal funds and provide the correct CFDA name and number.

Instructions for Sub-Recipients

A sub-recipient is defined by the Uniform Guidance, section 200.330, as any person or government department, agency, or establishment that receives federal financial assistance from a state entity or any other entity to administer a program.

The sub-recipient actually administers or controls the program as opposed to the subcontractor who contracts for a specific service on a per-unit basis. A key factor in determining the sub-recipient is determining if the entity assumed the responsibility to administer the program.

Procurement contracts with the federal government or with a state entity or any other entity, in which goods or services are provided by a public community and junior college, are not considered federal financial assistance because the college is performing a service and not administering the program.

Therefore, procurement contracts should not be included on the Schedule of Expenditures of Federal Awards by the performing college. Although procurement contracts will be included under Federal Contract and Grant revenue on the exhibits and schedules, they generally will be a reconciling item in Note 1 of the footnotes to the schedule.

The sub-recipient should include its expenditures of the pass-through funds received from recipients as expenditures on the Schedule of Expenditures of Federal Awards and should include the same amount in federal revenue shown in the various exhibits and schedules of the annual financial report.

A reconciliation that ties the total federal revenues in Schedule C to total federal expenditures and pass-through funds on the Schedule of Expenditures of Federal Awards should be included in the "notes" to the Schedule of Expenditures of Federal Awards. Pass-through funds should not be reported as state revenues and expenditures but as federal revenues by a sub-recipient.

Recipient vs. Sub-Recipient

The following example illustrates the role of the recipient versus the sub-recipient:

- Entity X retains the ultimate authority and responsibility for operational results of federal program ABC. The objective of the program is to provide job training to people currently on welfare. Entity X establishes the man-hours' budget and assigns the staff responsible for the work.

- Entity Y is responsible for the first-line management of program ABC. Entity Y is in charge of coordinating, planning, assigning specific tasks to the staff, and monitoring the daily activities of the program based on established administrative controls.

- In this example, Entity X is the recipient and Entity Y is the sub-recipient. Although Entity X has the ultimate responsibility of ensuring the pass-through funds are spent according to the program guidelines, Entity Y administers and controls the day-to-day operations, in accordance with the guidelines.

Expenditures

Expenditures are federal funds expended in administering federal programs. Payments to subcontractors are expenditures and should be distinguished from pass-through funds to sub-recipients.

Special Conditions

The following items require special attention when determining expenditures for the federal schedule. The following items should be included in the reconciliation of the federal revenue (federal grant and contract revenue and federal appropriations revenues) in Schedule A to federal expenditures and pass-through funds in the Schedule of Expenditures of Federal Awards:

- Expenditures from federal assistance that are not subject to an OMB Circular 2 CFR Part 200, Subpart F, audit are not reported as expenditures on the federal schedule. Because these expenditures are included in the financial statements, include a note in the schedule explaining why the expenditures for each of these programs are not in the federal schedule.

- Funds from the U.S. Department of Defense (DoD) are subject to OMB Circular 2 CFR Part 200, Subpart F, and should be reported on the federal schedule, just like other federal funds. Those DoD funds will not be a reconciling item for the reconciliation in Note 1. The DoD funds that are not assigned with a CFDA number must be identified with the contract number assigned by the DoD. You may disclose the DoD contract names, numbers, and amounts in a supplement to the annual financial report, if such disclosure requires extra pages in the Schedule of Expenditures of Federal Awards.

- Student Financial Assistance Programs provide low-interest loans or guaranteed loans to eligible needy students for educational purposes at Texas colleges and universities. The programs reported in the federal schedule include the Federal Family Education Loan Program; Federal Perkins Loan Program; Health Professions Student Loans; Health Professions Educational Initiatives; and Nursing Student Loans.

- The amounts reported in the federal schedule should include, as separate line items, the dollar value of new loans processed during the fiscal year, as well as any administrative costs recovered from the federal government.

- The amount of the new loans processed from the federal government during the fiscal year is not reported on Schedule A. If the loans are included within the schedule, and not included as a footnote, they will be a reconciling item in the reconciliation. New loans processed are reported as an increase (loans receivable) and decrease (disbursement of cash) of the asset accounts on the Statement of Net Position. Consistent with this treatment, and to provide disclosure on this schedule, new loans processed and any administrative costs recovered should be reported in Note 4. If the loans are not included in the schedule, they will not be a reconciling item for the reconciliation in Note 1.

- Report the net difference between unrestricted current funds from federal appropriations revenue and the expenditure of current funds from federal appropriations.

- Certain institutions receive unrestricted federal appropriations for current operations by federal legislative acts. These unrestricted federal appropriations are recognized as revenue on Exhibit 2 and Schedule A when received or made available to the institution. The federal schedule should only include the actual expenditure of these appropriations.

Therefore, there should be a reconciling item on the reconciliation in Note 1 for the net difference between unrestricted current funds from federal appropriation revenue and the expenditure of current funds from federal appropriations.

Indirect Costs

Indirect costs are administrative costs, and all other such costs, related to the administration of a federal program that are not direct costs of the program.

Indirect cost recoveries on federal grants, contracts, and agreements are reported on Schedule A, rather than as expenditures, but must be included in amounts shown on the Schedule of Expenditures of Federal Awards.

Indirect costs that are reimbursed with federal funds are federal expenditures and should be included in total expenditures on the federal schedule for each federal program. Those indirect costs that are related to a federal program, but not reimbursed with federal funds, are not federal expenditures and should not be reported on the federal schedule.

Example. Entity X administers federal program ABC. Total direct costs for the program are $100,000, and the indirect costs are $10,000. The contract states that the federal government will pay Entity X 80 percent of the indirect costs related to the program. The remaining 20 percent will be paid by the state.

Entity X will report $108,000 total federal expenditures for program ABC. The $2,000 of indirect costs to be paid by the state are not federal expenditures and are not reflected on the federal schedule.

Notes

The following notes are required to follow the institution's federal schedule. These notes pertain only to the federal schedule and should not be included with the notes to the financial statements.

Note 1 Reconciliation

A formal reconciliation tying the total Federal Grants and Contracts revenue and Federal Appropriations revenue on Schedule A/C to total expenditures and pass-through funds on the federal schedule is required. Even if the amounts between the two schedules agree, a reconciliation with no reconciling entries must be shown.

Total Federal Grants and Contracts revenue and Federal Appropriations revenue on Schedule A, plus or minus the reconciling items, should tie to total expenditures and pass-through funds on the federal schedule.

The following reconciling item classifications may be necessary:

- Funds passed through to others
- Nonmonetary – food stamps and/or commodities
- Capital asset items received from the federal surplus property program
- Expenditures not included on the federal schedule because they are not subject to a federal single audit
- Net difference between funds from federal appropriations revenue and the expenditure of federal appropriations (applicable only to institutions with federal appropriations revenue)
- Interest subsidy or construction grants

If these classifications do not match all the reconciling items, make sure all revenues and expenditures are reported correctly, as follows:

- Funds collected but not expended should be reported as deferred revenues.
- Sub-recipients should include expenditures of pass-through funds as expenditures on the federal schedule.
- Classifications of federal funds as prior year adjustments, and/or changes in fund balance, indicate errors were made in recording federal funds. Correct these items prior to preparing the federal schedule to ensure that federal revenues and expenditures are reported in the appropriate fiscal year.
- Earned federal funds should not be a reconciling item.

Note 2 – Significant Accounting Policies and Procedures

This note is required by OMB Circular 2 CFR Part 200, Subpart F, section 200.510 (b)(6), and should list the accounting policies and procedures the college uses in preparing the schedule and note whether or not the entity elected to use the 10 percent *de minimis* cost rate as covered in section 200.414. A cross-reference to the Notes to the Financial Statements is not sufficient for this note. (See Note 2 of the example in Section 10.9 Report Format)

Note 3 – Expenditures not Subject to a Federal Single Audit

This note describes federal funds not subject to a federal single audit. These funds are reported on the financial statements but should not be reported on the federal schedule. Thus, they will be a reconciling item in Note 1.

Include the following information in the note:

- Name of federal grantor agency
- CFDA name and number
- (Dollar amount) of expenditures for the fiscal year
- Reason each program is not subject to a federal single audit

Note 4 – Student Loans

The total amount of loans disbursed to students under the various student loan programs should be reported in this note.

- Federal Family Education Loan Program
- Federal Perkins Loan Program
- Health Professions Student Loans
- Health Professions Educational Initiatives
- Nursing Student Loans

The following information must be included in the note:

- Name of granting federal agency
- CFDA program name
- CFDA number
- Total new loans processed for each program
- Total administrative costs recovered from program

Note 5 – Amounts Passed Through to Others

Amounts received by the college which are, in turn, passed-through to other governmental units or nonprofit organizations, should be included in a separate column on the SEFA with supporting detail in this note.

The colleges who are fiscal agents for the Tech-Prep Consortia **MUST** have this note contained in their financial statements. It should list the entities and amounts which had funds passed through to them.

*Audits that do not contain this note **WILL BE** formally rejected.*

See Note 6 of the illustrative example in Section 10.9, Report Format for what is required in this note.

Note: An entity which is the recipient or sub-recipient of federal funds cannot pass-through funds to itself. If the entity is a fiscal agent for other entities and expends funds itself, these **are not** pass-through to itself, but are reported as regular expenditures.

Note 6 – Nonmonetary Assistance

Nonmonetary federal assistance received during the current fiscal year should be included on the SEFA with supporting detail reported in this note.

Include the following:

- CFDA name and number
- (Dollar amount) of all nonmonetary federal assistance (federally assigned value)
- Federal agency from which the assistance was received
- If pass-through funds, include the name of the other entity from which the assistance was received

Special Problem Areas

Unexpended vs. Expended Federal Funds

Any federal funds received in a fiscal year in which they are not expended should not be reported as revenue until the funds are expended. The excess should be recorded in Funds Held for Others on the Statement of Net Position.

Contracts and grants for which money has not been received, but from which expenditures have been made, should be reported as a receivable on Exhibit 1. These expenditures should be reported on the federal schedule.

Refunds to Grantors

Refunds to grantors are not federal revenues or federal expenditures and should not appear on the federal schedule or in the reconciliation.

Disallowed Prior Year Costs

Sometimes, prior year costs are determined as disallowances by the federal government and need to be refunded by cash or by means of a reduction in current year draws. In either case, the disallowed prior year costs should be netted against current year revenue on Schedule A and current year expenditures on the federal schedule. These costs will not be a reconciling item for reconciliation Note 1.

Contingent Liabilities

Recipients of Federal Financial Assistance who pass-through funds to sub-recipients are required by OMB Circular 2 CFR Part 200, Subpart F, to determine if the results of sub-recipient audits necessitate adjustment of the recipient's own records. To comply with this requirement, recipients should prepare a listing of its sub-recipient's questioned costs to determine if they may have a material impact on the recipient's financial statements on the fund level or federal program level. If the magnitude and nature of the sub-recipient's questioned costs indicate a possible material impact on the recipient's financial statements on the fund level or federal program level, this should be disclosed in the recipient's notes to the financial statements (not in the notes to the Schedule of Expenditures of Federal Awards).

If ultimate resolution of questioned costs indicated that material refunds are owed to the federal government, appropriate adjustment of the financial statements should be made and fully disclosed in the notes to the financial statements.

Partial List of Federal Grantor Numbers
(Sorted by Federal Grantors)

PARTIAL LIST OF FEDERAL GRANTOR NUMBERS
(Sorted By Federal Grantors)

FEDERAL GRANTOR	FEDERAL GRANTOR NUMBER
Agriculture, Department of	10
Commerce, Department of	11
Commission on Civil Rights	29
Corporation for National and Community Service	94
Defense, Department of (DoD)	12
Education, Department of	84
Energy, Department of (DOE)	81
Environmental Protection Agency (EPA)	66
Equal Employment Opportunity Commission (EEOC)	30
Federal Communication Commission (FCC)	32
Federal Emergency Management Agency	83
Federal Maritime Commission (FMC)	33
Federal Mediation and Conciliation Service (FMCS)	34
Federal Trade Commission (FTC)	36
General Services Administration (GSC)	39
Government Printing Office (GPO)	40
Harry S. Truman Scholarship Foundation	85
Health and Human Services, Department of (13 should be dormant)	93
Homeland Security, Department of	97
Housing and Urban Development, Department of	14
Interior, Department of the	15
International Trade Commission (ITC)	61
Interstate Commerce Commission (ICC)	41
Justice, Department of	16
Labor, Department of	17
Library of Congress	42
National Aeronautics and Space Administration (NASA)	43
National Archives and Records Administration (NARA)	89
National Credit Union Administration (NCUA)	44
National Foundation on the Arts and the Humanities	45
National Gallery of Art (NGA)	68
National Labor Relations Board (NLRB)	46
National Science Foundation (NSF)	47
Nuclear Regulatory Commission (NRC)	77
Office of Personnel Management	27
President's Committee on Employment of People with Disabilities	53
Small Business Administration (SBA)	59
State, Department of	19
Tennessee Valley Authority (TVA)	62
Transportation, Department of	20
Treasury, Department of the	21
United States Agency for International Development	98
United States Information Agency (USIA)	82
Veterans Affairs, Department of	64

Partial List of Federal Grantor Numbers (Sorted by Federal Grantor Number)

PARTIAL LIST OF FEDERAL GRANTOR NUMBERS (Sorted By Federal Grantor Numbers)

FEDERAL GRANTOR NUMBER	FEDERAL GRANTOR
10	Agriculture, Department of
11	Commerce, Department of
12	Defense, Department of (DoD)
14	Housing and Urban Development, Department of
15	Interior, Department of the
16	Justice, Department of
17	Labor, Department of
19	State, Department of
20	Transportation, Department of
21	Treasury, Department of the
27	Office of Personnel Management
29	Commission on Civil Rights
30	Equal Employment Opportunity Commission (EEOC)
32	Federal Communication Commission (FCC)
33	Federal Maritime Commission (FMC)
36	Federal Trade Commission (FTC)
39	General Services Administration (GSA)
40	Government Printing Office (GPO)
41	Interstate Commerce Commission (ICC)
42	Library of Congress
43	National Aeronautics and Space Administration (NASA)
45	National Foundation on the Arts and the Humanities
46	National Labor Relations Board (NLRB)
47	National Science Foundation (NSF)
53	President's Committee on Employment of People with Disabilities
59	Small Business Administration (SBA)
61	International Trade Commission (ITC)
62	Tennessee Valley Authority (TVA)
64	Veterans Affairs, Department of
66	Environmental Protection Agency (EPA)
68	National Gallery of Art (NGA)
77	Nuclear Regulatory Commission (NRC)
78	Commodity Futures Trading Commission (CFTC)
81	Energy, Department of (DOE)
82	United State Information Agency (USIA)
83	Federal Emergency Management Agency
84	Education, Department of
85	Harry S. Truman Scholarship Foundation
89	National Archives and Records Administration (NARA)
90	Commission on the Bicentennial of the U.S. Constitution
93	Health and Human Services, Department of
94	Corporation of National and Community Service
97	Homeland Security, Department of
98	United States Agency for International Development

Report Format – Sample of Schedule E – Schedule of Expenditures of Federal Awards

SAMPLE COMMUNITY COLLEGE					
					Schedule E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS					
For the Year Ended August 31, FY2					
			Expenditures		
Federal Grantor/Cluster/Program Title/Pass-Through Grantor	CFDA		Pass-Through		Subrecipients
Pass-Through Grantor's Award Number	Number	Direct Awards	Awards	Total	Expenditures
U.S. DEPARTMENT OF EDUCATION					
Student Financial Assistance Cluster					
Federal Supplemental Educational Opportunity Grants	84.007	$ 4,397,703	$	$ 4,397,703	$
Federal Work-Study Program	84.033	1,146,852		1,146,852	
Federal Pell Grant Program	84.063	12,345,879		12,345,879	
Federal Direct Student Loans	84.268	5,678,913		5,678,913	
Total Student Financial Assistance Cluster		23,569,347		23,569,347	
TRIO Cluster					
TRIO_Student Support Services	84.042	141,331		141,331	
TRIO_Upward Bound	84.047	20,337		20,337	
Total TRIO Cluster		161,668		161,668	
Gear UP Program	84.334	15,811		15,811	
Chiled Care Access	84.335	3,750		3,750	
Total		19,561		19,561	
Pass-Through From:					
Texas Education Agency					
Adult Education - Basic Grants to States	84.002		308,936	308,936	
01-S140282					
Texas Higher Education Coordinating Board					
Career and Technical Education -- Basic Grants to States					
Cheatum College	84.048		247,687	247,687	85,775
13418					
Career and Technical Education -- Basic Grants to States					
Podunk Independent School District	84.048		651,898	651,898	89,752
13528					
Career and Technical Education -- Basic Grants to States					
Ypsilanti Independent School District	84.048		61,897	61,897	4,568
13536					
Career and Technical Education -- Basic Grants to States	84.048		5,652,234	5,652,234	
114201					
Total	84.048		6,613,716	6,613,716	180,095
Eisenhower Mathematics & Science Grants	84.281		5,689	5,689	
State University					
Minority Science and Engineering Improvement	84.120		59,878	59,878	
15008-82244-1					
TOTAL U.S. DEPARTMENT OF EDUCATION			**6,988,219**	**30,738,795**	
U.S. DEPARTMENT OF AGRICULTURE					
Pass-Through From:					
State University					
Hispanic Serving Institutions Education Grants	10.223		145,987	145,987	
8000001640.3A - TSU					
Texas Department of Agriculture					
Child and Adult Care Food Program	10.558		789,523	789,523	
75N8022					
TOTAL U.S. DEPARTMENT OF AGRICULTURE			**935,510**	**935,510**	

Continued on Following Page

SAMPLE COMMUNITY COLLEGE					
					Schedule E
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS					
For the Year Ended August 31, FY2					
			Expenditures		
Federal Grantor/Cluster/Program Title/Pass-Through Grantor	CFDA		Pass-Through		Subrecipients
Pass-Through Grantor's Award Number	Number	Direct Awards	Awards	Total	Expenditures
U.S. DEPARTMENT OF LABOR					
Pass-Through From:					
Texas Workforce Commission					
JTPA	17.25		1,639,875	1,639,875	
123589					
WIA/WIOA Dislocated Worker Formula Grants	17.255		1,558,698	1,558,698	
2015ATP000					
WIA/WIOA Dislocated Worker Formula Grants	17.258		255,874	255,874	
2915WSW003					
TOTAL U.S. DEPARTMENT OF LABOR			**3,454,447**	**3,454,447**	
NATIONAL SCIENCE FOUNDATION					
Direct Program:					
Education and Human Resources	47.076	801,575		801,575	
Pass-Through From:					
State University					
Education and Human Resources	47.076		5,698,744	5,698,744	
M1401786					
State University					
Education and Human Resources	47.076		1,659,784	1,659,784	
DUE-0817332					
Research and Development Cluster					
Direct Program:					
Education and Human Resources	47.076	1,589,774		1,589,774	
Pass-Through From:					
State University					
Education and Human Resources	47.076		1,689,736	1,689,736	
26-1002-9061					
Total Research and Development Cluster				3,279,510	
TOTAL NATIONAL SCIENCE FOUNDATION		**2,391,349**	**9,048,264**	**11,439,613**	
TOTAL EXPENDITURES OF FEDERAL AWARDS		**$ 26,141,925**	**$ 20,426,440**	**$ 46,568,365**	**$ -**
Notes to Schedule on Following Page					

Note 1: Federal Assistance Reconciliation

Other Operating Revenues - Federal Grants and Contracts - per Schedule A	$ 21,719,576
Add: Indirect/Administrative Cost Recoveries - per Schedule A	1,099,347
Add: Non - Operating Revenues - Federal Revenue, non-operating - per Schedule C	17,890,434
Total Federal Revenues per Schedule A and C	40,709,357
Reconciling Items:	
Add: Funds passed Through to others	180,095
Add: Direct Student Loans	5,678,913
Total Federal Expenditures per Schedule of Expenditures of Federal Awards	$46,568,365

Note 2: Significant accounting policies used in preparing the schedule

The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended by the College for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. ***The College has followed all applicable guidelines issued by various entities in the preparation of the schedule. Since the College has agency approved Indirect Recovery Rate it has elected not to use the 10 percent de minimis cost rate as permitted in the UG, section 200.414***. (Adapt statement to meet institution's scenario.)

Note 3: Expenditures not subject to federal single audit

The following federal funds were not subject to federal single audit -

CFDA XXX Federal Program Title	$
CFDA XXX Federal Program Title	$

These were not subject to a federal single audit because ***(each program).***

Note 4: Student Loans Processed and Administrative Costs Recovered – if not included in schedule

Federal Grantor CFDA Number/Program Name	New Loans Processed	Administrative Cost Recovered	Total Loans Processed & Admin Cost Recovered
U.S. Department of Education			
84.XXX Health Professions Student Loans	$15,802,633	$85,468	$15,888,101

Note 5: Nonmonetary Federal Assistance

Insert note if the information on nonmonetary federal assistance was not included in the schedule – which is the preferred presentation.

Note 6: Amounts Passed Through by the College

The following amounts were passed through to the listed sub-recipients by the College.

U.S. Department of Education

Career and Technical Education – Basic Grants to States (CFDA 84.408)

Cheatum College	$ 4,568
Podunk Independent School District	89,752
Ypsilanti Independent School District	85,775
Total amount passed through by the College	$180,095

State Awards Instructions

State Awards Instructions

Funding sources to be included under the State of Texas Single Audit Circular. In general, unless the state agency specifically excludes the program, all funds received from a Texas state agency should be considered subject to the State of Texas Single Audit Circular contained in the Governor's Office of Budget and Planning Uniform Grant Management Standards (UGMS). As of March 7, 2016, the Comptroller revised the Single Audit Threshold for State Grants to $750,000 (for fiscal years beginning on or after December 26, 2014) per Uniform Guidance 2 CFR 200.

Excluded Programs

The following programs for the THECB would be excluded:

- State funds for contact hours where the community college is directly identified in the General Appropriations Act (GAA)
- Other funding items directly appropriated to the institution in the General Appropriations Act or other legislation
- All Federal Grants, such as Perkins and Eisenhower

Included Programs

The following programs (by THECB Division) are examples of programs that should be included:

- Student Services
  - Certified Education Aid Program
  - Childcare Worker Student Loan Assistance
  - College Work Study Program
  - Early High School Graduation (HB 1479)
  - Financial Aid – LVN Nursing
  - Financial Aid – Professional Nursing
  - Girl Scout License Plate Scholarships
  - License Plate Scholarships
  - National Guard ROTC Program
  - New Horizons
  - TANF/AFDC Program (HB1479)
  - Tax Reimbursement Grants
  - TEG
  - TEXAS Grants
  - Tuition Assistance Grants
  - Tuition Assistance – Military Forces

- Planning and Accountability

  - New Campus Funding
  - Developmental Education Performance Funding
  - Professional Nursing Shortage Reduction
  - Starlink

Report Format – Sample of Schedule F – Schedule of Expenditures of State Awards

SAMPLE COMMUNITY COLLEGE

SCHEDULE F

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, FY2

Grantor Agency/Program Title	Grant Contract Number		Expenditures
Texas Workforce Commission			
Skills Development	POT - 70053	$	56,542
Skills Development	POT - 70335		89,876
Total Skills Development		$	146,418
Smart Jobs	88172	$	59,874
State Adult Education	88010044-1	$	1,658,978
Texas Department of Human Services			
State Adult Education Jobs Program	88010044-1	$	659,987
Texas Higher Education Coordinating Board			
Texas College Work Study	9920050M	$	1,125,698
Big State Regional University			
Small Business Development Center		$	1,006,486
Total State Financial Assistance		**$**	**4,657,441**

Note 1: State Assistance Reconciliation

State Revenues - per Schedule A		
State Financial Assistance		
Per Schedule of expenditures of state awards	$	4,657,441
Total State Revenues per Schedule A	**$**	**4,657,441**

Note 2: Significant Accounting Policies Used in Preparing the Schedule

The accompanying schedule is presented using the accrual basis. See Notes to the financial statements for the Sample Community College's significant accounting policies. These expenditures are reported on Sample Community College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

Checklist

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND FOOTNOTES (SCHEDULE E)		
	177.	Are all federal funds received by the college included in the schedule? This includes non-cash assistance from the federal government.
	178.	Is each federal program listed by official name (not by the name of a sub-part of the agency) and CFDA number, including all clusters listed in groups? If in doubt, did you check the official website for CFDA names and numbers?
	179.	Are the listed federal funds ordered numerically by the first two digits of the CFDA numbers, exception for the U.S. Department of Education, which should be listed first?
	180.	Are the programs from each federal agency ordered numerically by the last three digits of the CFDA numbers, divided by direct programs and pass-through programs?
	181.	If the CFDA number is not known and cannot be determined by calling the source agency – pass-through or direct – is the CFDA number listed with the first two digits representing the federal agency followed by 000?
	182.	Are all programs listed under subheadings of direct programs listing or the pass-through programs listing?
	183.	Are pass-through programs properly identified with the pass-through entity and pass-through grantor's number?
	184.	Are the listed pass-through entities the *immediate* pass-through entity and not other entities that might have pass-through funds to the immediate pass-through entity?
	185.	Is the pass-through grantor's number correct? (Most pass-through grantors change the number every year.)
	186.	Is each pass-through entity listed only once within each federal agency?
	187.	If a federal program, i.e., same CFDA number, is listed on more than one line, is there a subtotal for that program?
	188.	Do amounts listed include any administrative costs or indirect costs received?
	189.	Are Leadership Education Advocacy Partnership (LEAP) and Special Leveraging Educational Assistance Partnership (SLEAP) funds received by students of the college included in the schedule?
	190.	Are all federal loan programs shown according to applicable guidance?
	191.	Are all amounts shown in the schedule shown in whole dollars – no cents shown?
	192.	Has the schedule been footed?
	193.	Is there a statement at the end of the schedule referring the reader to related footnotes?
	194.	Do the footnotes include a reconciliation of the total amount shown by the schedule to what is shown in the financial statements – even if the figures agree?

	195.	Is there a footnote to explain why each applicable federal fund is not required to be audited under OMB Circular 2 CFR Part 200, Subpart F?
	196.	Is there a footnote showing nonmonetary assistance received if such assistance is not included in the schedule?
	197.	Is there a footnote explaining the basis of accounting for the programs presented in the schedule?
	198.	Is there a footnote showing other entities to which the college has passed-through funds, including program name, CFDA number, sub-recipient names, and sub-recipient amounts?
SCHEDULE OF EXPENDITURES OF STATE AWARDS AND FOOTNOTES (SCHEDULE F)		
	199.	Is this schedule and its footnotes included?

Section 11: Statistical Supplements

11.1 Financial Trend Information
11.2 Revenue Capacity Information
11.3 Debt Capacity Information
11.4 Demographic and Economic Information
11.5 Operating Information
11.6 Examples
11.7 FAQ (Frequently Asked Questions) – Statistical Supplement
11.8 Checklist – Statistical Supplement

Financial Trend Information

Overview

According to the summary in GASB Statement 44, "The statistical section is a required part of a comprehensive annual financial report (CAFR), although governments are not required to prepare a statistical section if they do not present their basic financial statements within a CAFR."

With that in mind, districts are highly encouraged, but not required, to include the statistical section if they do not present their basic financial statements within a CAFR. Districts that present a CAFR or that participate in Government Finance Officers Association (GFOA) will still want to include all the same statistical supplement schedules.

SS1 – Net Position by Component

The three components of net position – net investment in capital assets, restricted, and unrestricted – should be shown separately for governmental activities, business-type activities, and the total primary government. (GASB Statement 44, Paragraph 9, pg. 4). This supplemental schedule should tie to Exhibit 1 and Schedule D of the financial statements.

SS2 – Revenues by Source

Governments should present the following information separately for governmental activities and business-type activities: program revenues by category (charges for services, operating grants and contributions, and capital grants and contributions); total net revenue; and general revenues. Governments should also present individually their most significant charges for services revenue – categorized by function, program, or identifiable activity. Governments engaged only in business-type activities should present revenues by major source and distinguish between operating and non-operating revenues in the statistical section of their separately issued financial reports. (GASB Statement 44, paragraph 10 and 10a., pg. 4). This schedule should tie to Exhibit 2 and Schedules A and C. Please modify the categories on the template to match the financial statements for your college.

SS3 – Program Expenses by Function

Governments should present the following information separately for governmental activities and business-type activities: expenses by function, program, or identifiable activity. Governments engaged only in business-type activities should distinguish between operating and non-operating revenues and expenses in the statistical section of their separately issued financial reports. (GASB Statement 44, paragraph 10 and 10a., pg. 4). This schedule should tie to Exhibit 2 and Schedule B. Please modify the categories on the template to match the financial statements for your college.

Note: Each of these schedules should show data for 10 years.

Revenue Capacity Information

SS4 – Tuition and Fees

This schedule should include basic enrollment tuition and fees. Do not include course-based fees, such as laboratory fees, testing fees, and certification fees.

SS5 – Assessed Value and Taxable Assessed Value of Property

This information can be obtained from your local taxing authority. Property tax rates should be shown per $100 Taxable Assessed Value.

SS6 – State Appropriation per FTSE and Contact Hour

FTSE is defined as the number of full-time students, plus total hours taken by part-time students divided by 12. These should be only certified hours. Total students, including those that are not fundable may be shown in a separate schedule or footnoted at the bottom of this schedule. In addition to revenue capacity information, this schedule also provides information about demand and level of service, as required by GASB Statement 44, paragraph 37.

SS7 – Principal Taxpayers

Information regarding principal revenue payers is required by paragraphs 13 and 19 of GASB Statement 44. This schedule should show 10 periods. If the information is not available for 10 periods, the college may choose to implement prospectively but should note that decision.

Note: SS4, SS5, and SS6 are required by the following GASB passage:

> "GASB 44, 13. To meet the objectives of providing revenue capacity information, governments should present, at minimum, information about three aspects of their most significant own-source revenue in statistical section schedules - base, revenue rates and principal revenue payers. 14. Revenue base information should be shown by major component - for example, different classes of real and personal property, or different types of rate payers. In addition, governments should show the total direct rate applied to this revenue base."

SS8 – Property Tax Levies and Collections

Governments should present the following information separately for governmental activities and business-type activities: expenses by function, program, or identifiable activity. Governments engaged only in business-type activities should distinguish between operating and non-operating revenues and expenses in the statistical section of their separately issued financial reports. (GASB Statement 44, paragraph 10 and 10a., pg. 4). This schedule should tie to Exhibit 2 and Schedule B. Please modify the categories on the template to match the financial statements for your college.

This schedule is required by paragraph 21 of GASB Statement 44: "If a government presents revenue capacity information about a property tax, it should also present information about property tax levies and collections. For each of the last 10 periods for which a property tax is levied, a government should present: (a) The amount levied for that period; (b) The amount collected prior to the end of that period and the percentage of the total levy that amount represents; and (c) The amount of the levy collected in subsequent years, the total amount collected to date, and the percentage of the total levy that has been collected to date."

Colleges should report the levy amount listed in the financial statements of the year of the levy. Adjustments to the levy should be shown in order to bring the levy amount to the adjusted tax levy as of August 31 of the current reporting year. Collections should be reported in three segments: the collections in the year of the levy; the collections of the prior levy in the current year; and cumulative collections of prior levies not collected in the current year or the year of the tax levy.

Debt Capacity Information

SS9 – Ratios of Outstanding Debt

Governments should present the following information separately for governmental activities and business-type activities: expenses by function, program, or identifiable activity. Governments engaged only in business-type activities should distinguish between operating and non-operating revenues and expenses in the statistical section of their separately issued financial reports. (GASB Statement 44, paragraph 10 and 10a., pg. 4). This schedule should tie to Exhibit 2 and Schedule B. Please modify the categories on the template to match the financial statements for your college.

Please note that the per capita number should only include the taxing district. The per-student information is provided to demonstrate ability to provide service to students.
From GASB Statement 44:

> 23. Governments should present each type of outstanding debt individually - for example, general obligation bonds, revenue-backed bonds, loans, certificates of participation, capital leases - and divided between debt related to governmental activities and business-type activities. A total for the primary government should also be shown.
>
> 24. Governments should present an outstanding debt ratio calculated by dividing total outstanding debt by total personal income. Total personal income amounts should be presented with this information or with the demographic and economic information. If total personal income amounts are not available for a government's jurisdiction, estimated actual value of taxable property or another relevant economic base should be used as the denominator in this ratio. A per capita ratio of outstanding debt should also be presented; if population is not an appropriate basis, a more relevant alternative may be used to calculate the ratio. For example, a public utility might prefer to divide outstanding debt by the number of customers or rate payers.
>
> 25. Governments that issue general obligation debt or other bonded debt financed with any general governmental resources should provide additional information about ratios of general bonded debt. Each type of general bonded debt – for example, general obligation bonds, tax backed bonds – should be shown individually and totaled. If a government has accumulated resources that are restricted to repaying the principal of outstanding general bonded debt, these resources should be subtracted and the resulting amount referred to as net general bonded debt.
>
> 26. Governments should present a general bonded debt ratio calculated by dividing total general bonded debt (or net general bonded debt, if applicable) by the total estimated actual value of taxable property. If a government's general bonded debt is not repaid with property taxes, an alternative revenue base may be used to calculate the ratio. A per capita ratio of total general bonded debt should also be presented; if population is not a meaningful basis for the ratio, a more relevant alternative may be used to calculate the ratio."

SS10 – Legal Debt Margin Information

From GASB Statement 44:

> "29. Governments with legal debt limitations should provide the information upon which their legal debt margin is required to be calculated for the current year. A typical legal debt margin presentation would include the following information: (a) Relevant revenue base (for example, property value); (b) Debt limit amount; governments should also explain the nature of the limitation; (c) Debt applicable to the limit, reserves to be deducted, if any, and total net debt applicable to the limit; (d) legal debt margin amount. For the last 10 years, governments should present the debt limit amount, total net debt applicable to the limit, the legal debt margin amount, and a ratio calculated by dividing either the legal debt margin amount or total net debt applicable to the debt limit by the debt limit."

SS11 – Pledged Revenue Coverage

For non-general obligation debt that is secured by a pledge of a specific revenue stream, such as tuition, colleges should present the nature of the revenues, gross revenues, principal and interest requirements, and a coverage ratio. This is required by GASB Statement 44, paragraph 30.

Demographic and Economic Information

SS12 – Demographic and Economic Statistics - Taxing District

The district population information should match the information used in SS9 – Ratios of Outstanding Debt. Information provided may be district estimates, but should be labeled as such, and the methodology used to determine the estimate should be disclosed.

SS13 – Principal Employers

This schedule should show the current year and the period nine years prior. However, if information for prior years is unavailable, this schedule may be implemented prospectively. Please make a note if you choose this method.

The local workforce development board might have this information. Also, the Texas Workforce Commission might have information that can help, available at the following website: http://socrates.cdr.state.tx.us/

Operating Information

SS13 – Faculty, Staff, and Administrator Statistics

This schedule is required by GASB Statement 44, paragraph 36. Provide this information according to the Integrated Postsecondary Education Data System (IPEDS) definitions for faculty and staff.

SS14 – Enrollment Details

This schedule is required by GASB Statement 44, paragraphs 33 & 37. Data should match the CBM01 and CBM0A reports. Fall enrollment should be matched to Quarter 1 enrollment.

SS15 – Student Profile

This schedule is required by GASB Statement 44, paragraphs 33 & 37. Data should match the CBM01 and CBM0A reports. Fall enrollment should be matched to Quarter 1 enrollment.

SS16 – Transfer Students to Senior Institutions

This should come from the Automated Student & Adult Learner Follow-up Report from the Coordinating Board. The most recent information should be used, with the date noted. This report is available at http://www.txhighereddata.org/reports/performance/ctcasalf/ctcaddl/.

SS17 – Capital Assets Information

GASB Statement 44, paragraph 38, requires governments to provide information about the volume, usage, or nature of capital assets.

Examples

Sample Community College
Statistical Supplement 1
Net Position by Component
Fiscal Years 2009 to 2013
(unaudited)
(amounts expressed in thousands)

	For the Fiscal Year Ended August 31,				
	2013	**2012**	**2011**	**2010**	**2009**
Net investment in capital assets	$286,915	$268,145	$249,604	$257,258	$253,576
Restricted - expendable	170,695	144,657	122,791	109,161	101,223
Restricted - nonexpendable	28,146	21,651	16,347	9,228	9,223
Unrestricted	83,835	75,527	68,091	52,570	43,670
Total primary government net position	$ 569,592	$ 509,980	$ 456,833	$ 428,217	$ 407,692

Sample Community College
Statistical Supplement 2
Revenues by Source
Fiscal Years 2009 to 2013
(unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)				
	2013	**2012**	**2011**	**2010**	**2009**
Tuition and Fees (Net of Discounts)	$156,875	$149,405	$131,049	$111,346	$97,269
Governmental Grants and Contracts					
Federal Grants and Contracts	3,071	2,924	3,172	3,134	2,561
State Grants and Contracts	36,805	35,052	31,451	29,158	19,885
Local Grants and Contracts	1,762	1,678	1,136	1,319	1,103
Non-Governmental Grants and Contracts	10290	9800	9,742	10,140	8,656
Sales and services of educational activities	14,328	13,646	11,596	9,675	9,481
Auxiliary enterprises	68,715	65,443	63,585	60,049	58,158
Other Operating Revenues	15,221	14,496	14,263	13,204	12,156
Total Operating Revenues	307,067	292,444	265,994	238,025	209,269
State Appropriations	136,418	126,589	126,020	139,615	155,453
Ad Valorem Taxes	59,656	57,776	61,089	61,642	50,750
Federal Grant Revenue	9,212	8,774	9,516	9,403	7,683
Gifts	29,239	28,686	24,295	23,232	26,892
Investment income	5,985	5,102	4,916	7,587	7,405
Other non-operating revenues	1,196	5,686	991	1,490	15,439
Total Non-Operating Revenues	241,706	232,613	226,827	242,969	263,622
Total Revenues	$ 548,773	$ 525,057	$ 492,821	$ 480,994	$ 472,891

Sample Community College
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2009 to 2013
(unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)				
	2013	**2012**	**2011**	**2010**	**2009**
Instruction	$141,947	$131,830	$121,968	$119,546	$114,357
Research	104,759	104,580	104,510	101,788	93,953
Public service	53,408	52,772	51,496	57,502	56,508
Academic support	32,389	34,469	28,484	31,367	28,811
Student services	20,844	19,208	18,868	17,842	17,614
Institutional support	20,477	20,721	18,843	18,074	17,287
Operation and maintenance of plant	35,129	33,709	36,211	35,880	28,167
Scholarships and fellowships	8,264	7,727	9,626	9,871	8,682
Auxiliary enterprises	66,366	63,046	61,362	58,269	56,286
Depreciation	25,354	24,474	23,323	22,359	19,158
Total Operating Expenses	508,937	492,536	474,691	472,498	440,823
Interest on capital related debt	6,720	6,743	6,794	5,321	4,300
Loss on disposal of fixed assets	702	553	1,205	1,094	1,396
Total Non-Operating Expenses	7,422	7,296	7,999	6,415	5,696
Total Expenses	$ 516,359	$ 499,832	$ 482,690	$ 478,913	$ 446,519

Sample Community College
Statistical Supplement 4
Tuition and Fees
Last Ten Academic Years
(unaudited)

		Resident Fees per Semester Credit Hour (SCH)							
Academic Year (Fall)	**Registration Fee (per student)**	**In-District Tuition**	**Out-of-District Tuition**	**Technology Fees**	**Student Activity Fees**	**Cost for 12 SCH In-District**	**Cost for 12 SCH Out-of-District**	**Increase from Prior Year In-District**	**Increase from Prior Year Out-of-District**
2013	$ 20	$ 36	36	$ 6	$ 5	$ 584	584	9.98%	9.98%
2012	15	32	32	6	5	531	531	7.93%	7.93%
2011	12	30	30	5	5	492	492	24.24%	24.24%
2010	12	27	27	3	2	396	396	7.03%	7.03%
2009	10	25	25	3	2	370	370	-	-
2008	10	25	25	3	2	370	370	14.91%	14.91%
2007	10	23	23	2	1	322	322	8.05%	8.05%
2006	10	21	21	2	1	298	298	4.56%	4.56%
2005	9	20	20	2	1	285	285	-	-
2004	9	20	20	2	1	285	285		

Sample Community College
Statistical Supplement 5
Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
(unaudited)

	(amounts expressed in thousands)					Direct Rate		
Fiscal Year	Assessed Valuation of Property	Less: Exempt Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2012-13	56,558,508	xxx,xxx	4,730,952	51,827,556	91.64%	$ 0.070000	$ 0.030000	$ 0.100000
2011-12	53,865,246	xxx,xxx	4,593,157	49,272,088	91.47%	0.070000	0.030000	0.100000
2010-11	52,270,533	xxx,xxx	3,865,041	48,405,492	92.61%	0.070000	0.030000	0.100000
2009-10	55,100,463	xxx,xxx	5,472,323	49,628,141	90.07%	0.070000	0.030000	0.100000
2008-09	52,283,007	xxx,xxx	5,685,074	46,597,933	89.13%	0.070000	0.030000	0.100000
2007-08	45,105,978	xxx,xxx	4,233,520	40,872,458	90.61%	0.070000	0.030000	0.100000
2006-07	38,032,497	xxx,xxx	2,954,045	35,078,452	92.23%	0.070000	0.030000	0.100000
2005-06	33,343,008	xxx,xxx	2,636,782	30,706,226	92.09%	0.070000	0.029949	0.099949
2004-05	30,372,111	xxx,xxx	2,314,607	28,057,504	92.38%	0.070000	0.029210	0.099210
2003-04	28,846,711	xxx,xxx	2,795,815	26,050,897	90.31%	0.070000	0.030000	0.100000

Sample Community College
Statistical Supplement 6a
General Appropriations Act Before Contact Hour Adjustments[1]
(Unaudited)

Appropriation Funding Elements	**FY 1***	**FY 2**	**FY 3**	**FY 4**	**FY 5**	**FY 6**	**FY 7**	**FY 8**	**FY 9**	**FY 10**
State Appropriation Contact Hour Funding (CH)	$A,AAA,AAA	$A,AAA,AAA	$A,AAA,AAA	$A,AAA,AAA	$A,AAA,AAA	$A,AAA,AAA	$A,AAA,AAA	$A,AAA,AAA	$A,AAA,AAA	$A,AAA,AAA
State Appropriation Student Success Points (SSP)	$S,SSS,SSS	$S,SSS,SSS	$S,SSS,SSS	$S,SSS,SSS	$S,SSS,SSS	$S,SSS,SSS	$S,SSS,SSS	$S,SSS,SSS	$S,SSS,SSS	$S,SSS,SSS
State Appropriation Core Operations (CO)	$C,CCC,CCC	$C,CCC,CCC	$C,CCC,CCC	$C,CCC,CCC	$C,CCC,CCC	$C,CCC,CCC	$C,CCC,CCC	$C,CCC,CCC	$C,CCC,CCC	$C,CCC,CCC
State Appropriation Bachelor of Applied Technology (BAT)	$B,BBB,BBB	$B,BBB,BBB	$B,BBB,BBB	$B,BBB,BBB	$B,BBB,BBB	$B,BBB,BBB	$B,BBB,BBB	$B,BBB,BBB	$B,BBB,BBB	$B,BBB,BBB
State Appropriation Non-Formula Items	$N,NNN,NNN	$N,NNN,NNN	$N,NNN,NNN	$N,NNN,NNN	$N,NNN,NNN	$N,NNN,NNN	$N,NNN,NNN	$N,NNN,NNN	$N,NNN,NNN	$N,NNN,NNN
Total	**$T,TTT,TTT**	**$T,TTT,TTT**	**$T,TTT,TTT**	**$T,TTT,TTT**	**$T,TTT,TTT**	**$T,TTT,TTT**	**$T,TTT,TTT**	**$T,TTT,TTT**	**$T,TTT,TTT**	**$T,TTT,TTT**

[1]General Appropriations Act, SB 1, 85th Texas Legislature, Section 1 (page III-209) - Informational Listing of Appropriated Funds.
*FY Year Formula Funding Changed Methodology
Source: THECB - Ten Pay Schedule

Sample Community College
Statistical Supplement 6b
State Appropriation per FTSE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	**State Appropriation (Unrestricted) From Sch C**	**FTSE**[1]	**State Appropriation per FTSE**
FY 1*	$ X,XXX,XXX	FF,FFF	$ P,PPP
FY 2	$ X,XXX,XXX	FF,FFF	$ P,PPP
FY 3	$ X,XXX,XXX	FF,FFF	$ P,PPP
FY 4	$ X,XXX,XXX	FF,FFF	$ P,PPP
FY 5	$ X,XXX,XXX	FF,FFF	$ P,PPP
FY 6	$ X,XXX,XXX	FF,FFF	$ P,PPP
FY 7	$ X,XXX,XXX	FF,FFF	$ P,PPP
FY 8	$ X,XXX,XXX	FF,FFF	$ P,PPP
FY 9	$ X,XXX,XXX	FF,FFF	$ P,PPP
FY 10	$ X,XXX,XXX	FF,FFF	$ P,PPP

[1]Fiscal Year (FY) FTSE is equal to The sum of State Funded (Fall SCH + Spring SCH + Summer SCH for the Current FY/30SCH) plus State Funded Continuing Education (Fall CH + Spring CH + Summer CH for the Current FY/900 CH).
*FY Year Formula Funding Changed Methodology
Source: CBM004 and CBM00C.

Sample Community College
Statistical Supplement 6c
State Appropriation per Funded Contact Hour
Contact Hour (CH) portion only of State Appropriation
(Unaudited)

Fiscal Year	CH - State Appropriation (Unrestricted)[1]	Academic Contact Hours	Technical Contact Hours	Continuing Education Contact Hours	Total Funded Contact Hours	CH - State Appropriation per Funded Contact Hour
FY 1*	$ A,AAA,AAA	B,BBB,BBB	C,CCC,CCC	D,DDD,DDD	E,EEE,EEE	$ F.FF
FY 2	$ A,AAA,AAA	B,BBB,BBB	C,CCC,CCC	D,DDD,DDD	E,EEE,EEE	$ F.FF
FY 3	$ A,AAA,AAA	B,BBB,BBB	C,CCC,CCC	D,DDD,DDD	E,EEE,EEE	$ F.FF
FY 4	$ A,AAA,AAA	B,BBB,BBB	C,CCC,CCC	D,DDD,DDD	E,EEE,EEE	$ F.FF
FY 5	$ A,AAA,AAA	B,BBB,BBB	C,CCC,CCC	D,DDD,DDD	E,EEE,EEE	$ F.FF
FY 6	$ A,AAA,AAA	B,BBB,BBB	C,CCC,CCC	D,DDD,DDD	E,EEE,EEE	$ F.FF
FY 7	$ A,AAA,AAA	B,BBB,BBB	C,CCC,CCC	D,DDD,DDD	E,EEE,EEE	$ F.FF
FY 8	$ A,AAA,AAA	B,BBB,BBB	C,CCC,CCC	D,DDD,DDD	E,EEE,EEE	$ F.FF
FY 9	$ A,AAA,AAA	B,BBB,BBB	C,CCC,CCC	D,DDD,DDD	E,EEE,EEE	$ F.FF
FY 10	$ A,AAA,AAA	B,BBB,BBB	C,CCC,CCC	D,DDD,DDD	E,EEE,EEE	$ F.FF

CH = State funded Academic, Technical and Continuing Education Contact hours for Fall, Spring and Summer of the Current FY - Source: CBM004 and CBM00C.

[1]State Funded Contact Hour Appropriations as it appears in schedule 6a.

*FY Year Formula Funding Changed Methodology

Sample Community College
Statistical Supplement 6d
State Appropriation per Student Success Point - Annualized
(Unaudited)

Fiscal Year*	SSP - State Appropriation (Unrestricted)[1]	year Average Student Success Points[2]	Appropriation per Success Point
FY 1*	$ S,SSS,SSS	$ WW,WWW	$ FFF.FF
FY 2	$ S,SSS,SSS	$ WW,WWW	$ FFF.FF
FY 3	$ S,SSS,SSS	$ WW,WWW	$ FFF.FF
FY 4	$ S,SSS,SSS	$ WW,WWW	$ FFF.FF
FY 5	$ S,SSS,SSS	$ WW,WWW	$ FFF.FF
FY 6	$ S,SSS,SSS	$ WW,WWW	$ FFF.FF
FY 7	$ S,SSS,SSS	$ WW,WWW	$ FFF.FF
FY 8	$ S,SSS,SSS	$ WW,WWW	$ FFF.FF
FY 9	$ S,SSS,SSS	$ WW,WWW	$ FFF.FF
FY 10	$ S,SSS,SSS	$ WW,WWW	$ FFF.FF

[1] State Funded Success Point Appropriations as it appears in schedule 6a.

[2]As Source from the Coordinating Board Biennium 10-Pay Schedule.

*FY Year Formula Funding Changed Methodology

Sample Community College
Statistical Supplement 6e
Student Success Points (SSP)
Last Four Fiscal Years
(Unaudited)

Success Point Elements[1]	**FY 1***	**FY 2**	**FY 3**	**FY 4**	**FY 5**	**FY 6**	**FY 7**	**FY 8**	**FY 9**	**FY 10**
Math Readiness	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Read Readiness	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Write Readiness	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Students Who Pass FCL Math Course	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Students Who Pass FCL Read Course	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Students Who Pass FCL Write Course	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Students Who Complete 15 SCH	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Students Who Complete 30 SCH	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Student Transfers to a 4-Yr Inst	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Degrees, CCCs, or Certs (Undup)	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Degrees or Certs in Critical Fields	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX	X,XXX
Annual Success Points - Total	T,TTT	T,TTT	T,TTT	T,TTT	T,TTT	T,TTT	T,TTT	T,TTT	T,TTT	T,TTT

[1]These are annual SSP, not 3 year rolling average.
*FY Year Formula Funding Changed Methodology

Source: THECB - Accountability System.

Sample Community College
Statistical Supplement 7
Principal Taxpayers
Last Ten Tax Years
(unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year ($000 omitted)									
		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Talk Tools	Manufacturing	$ 361,467	$ 356,125	$ 350,862	$ 345,677	$ 340,569	$ 335,536	$ 330,577	$ 325,692	$ 320,878	$ 314,587
Fast Computing	Computers	335,042	330,091	325,212	320,406	315,671	311,006	306,410	301,882	297,420	291,589
Memory on Board	Computers	324,500	319,704	314,980	310,325	305,739	301,220	296,769	292,383	288,062	283,805
Gizmos	Manufacturing	260,863	256,376	251,967	247,633	243,374	239,198	235,075	231,032	227,058	223,152
Shocking Electric	Utility	242,771	238,011	233,344	228,769	224,283	219,885	215,574	211,347	207,203	203,140
Boards and Baud	Computers	196,585	192,542	188,582	184,703	180,904	177,183	173,539	169,969	166,473	163,209
Dot Com Again	Internet	163,657	159,666	155,771	-	-	-	-	-	-	-
Buy Our Lots	Real Estate	143,382	139,592	136,187	132,866	-	-	-	-	-	-
We Fly Cheap	Airline	140,553	-	-	-	-	-	-	-	-	-
Burgers Galore	Restaurant	136,688	133,335	-	-	-	-	-	-	-	-
Needles and Bandages	Medical	-	135,686	132,766	129,908	127,111	124,375	121,698	119,078	116,515	114,230
What You Need	Manufacturing	-	-	-	-	-	-	-	105,842	103,767	101,732
No Outage Cable	Utility	-	-	-	-	-	-	-	-	95,364	93,494
You Name It	Manufacturing	-	-	-	-	-	-	-	-	-	94,225
Big Machines	Manufacturing	-	-	-	-	-	-	101,435	99,009	36,642	-
Books	Conglomerate	-	-	-	-	-	104,552	102,002	100,494	-	-
Green Cars	Manufacturer	-	-	-	-	111,975	109,244	107,102	-	-	-
Home Sites	Real Estate	-	-	-	120,513	117,574	114,706	-	-	-	-
Office Builder	Construction	-	-	129,702	126,539	123,452	-	-	-	-	-
	Totals	$ 2,305,508	$ 2,261,128	$ 2,219,373	$ 2,147,339	$ 2,090,652	$ 2,036,905	$ 1,990,181	$ 1,956,728	$ 1,859,382	$ 1,883,163
Total Taxable Assessed Value		$ 51,827,556	$ 49,272,088	$ 48,405,492	$ 49,628,141	$ 46,597,933	$ 40,872,458	$ 35,078,452	$ 30,706,226	$ 28,057,504	$ 26,050,897

Sample Community College
Statistical Supplement 8
Property Tax Levies and Collections
Last Ten Tax Years
(unaudited)
(amounts expressed in thousands)

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Current Collections of Prior Levies (d)	Penalty and Interest Collections (e)	Total Collections (C+D+E)	Cumulative Collections of Adjusted Levy
2013	$ 56,346	$ -	$ 56,346	$ 55,664	98.79%	$ -	$ xx,xxx	55,664	98.79%
2012	51,009	819	51,828	50,916	98.24%	532	$ xx,xxx	51,448	99.27%
2011	46,928	1,477	48,405	47,781	98.71%	299	$ xx,xxx	48,080	99.33%
2010	45,051	4,577	49,628	48,690	98.11%	356	$ xx,xxx	49,046	98.83%
2009	43,700	4,111	47,811	46,903	98.10%	247	$ xx,xxx	47,150	98.62%
2008	42,826	3,772	46,598	45,428	97.49%	246	$ xx,xxx	45,674	98.02%
2007	40,256	616	40,872	39,585	96.85%	257	$ xx,xxx	39,842	97.48%
2006	37,036	(1,958)	35,078	34,408	98.09%	203	$ xx,xxx	34,611	98.67%
2005	33,332	(2,782)	30,550	30,086	98.48%	160	$ xx,xxx	30,246	99.00%
2004	29,332	(1,496)	27,836	27,402	98.44%	163	$ xx,xxx	27,565	99.03%
2003	25,226	825	26,051	25,676	98.56%	191	$ xx,xxx	25,867	99.29%

Sample Community College
Statistical Supplement 9
Ratios of Outstanding Debt
Last Ten Fiscal Years
(unaudited)

	For the Year Ended August 31 (amounts expressed in thousands)									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Bonded Debt										
General obligation bonds	$ 67,605	$ 61,390	$ 60,000	$ 59,000	$ 58,000	$ 57,000	$ 56,000	$ 55,000	$ 54,000	$ 53,000
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt serv	(6,487)	(9,734)	(9,000)	(8,500)	(8,000)	(7,500)	(7,000)	(6,500)	(6,000)	(5,500)
Net general bonded debt	$ 61,118	$ 51,656	$ 51,000	$ 50,500	$ 50,000	$ 49,500	$ 49,000	$ 48,500	$ 48,000	$ 47,500
Other Debt	(The amounts for Other Debt are not from Exhibit 1 of Sample CC. They are for illustration only)									
Revenue bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Notes	975	1,138	1,000	900	800	700	600	500	400	300
Capital lease obligations	-	-	-	-	-	-	-	-	-	-
Total Outstanding Debt	$ 62,093	$ 52,794	$ 52,000	$ 51,400	$ 50,800	$ 50,200	$ 49,600	$ 49,000	$ 48,400	$ 47,800
General Bonded Debt Ratios										
Per Capita	$ 43.46	$ 36.73	$ 36.27	$ 35.91	$ 35.56	$ 35.20	$ 34.84	$ 34.49	$ 34.13	$ 33.78
Per **FTSE**	2,618	2,212	2,184	2,163	2,142	2,120	2,099	2,077	2,056	2,034
As a percentage of Taxable Assess	0.08%	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%	0.06%	0.06%	0.06%
Total Outstanding Debt Ratios										
Per Capita	$ 44.16	$ 37.54	$ 36.98	$ 36.55	$ 36.12	$ 35.70	$ 35.27	$ 34.84	$ 34.42	$ 33.99
Per **FTSE**	2,659	2,261	2,227	2,201	2,176	2,150	2,124	2,099	2,073	2,047
As a percentage of Taxable Assess	0.08%	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%	0.06%	0.06%

Sample Community College
Statistical Supplement 10
Legal Debt Margin Information
Last Ten Fiscal Years
(unaudited)
(amount expressed in thousands)

General Obligation Bonds

For the Year Ended August 31	Taxable Assessed Value	Statutory Tax Levy Limit for Debt Service	Less: Funds Restricted for Repayment	Total Net Debt	Current Year Debt Service Requirements	Excess of Statutory Limit for Debt Service over Current Requirements	Net Current Requirements as a % of Statutory Limit
2013	$ 51,827,556	$ 259,138	$ (6,487)	$ 252,651	$ 10,000	$ 242,651	1.36%
2012	49,272,088	246,360	(9,734)	236,626	10,000	$ 226,626	0.11%
2011	48,405,492	242,027	(9,000)	233,027	10,000	$ 223,027	0.41%
2010	49,628,141	248,141	(8,500)	239,641	10,000	$ 229,641	0.60%
2009	46,597,933	232,990	(8,000)	224,990	10,000	$ 214,990	0.86%
2008	40,872,458	204,362	(7,500)	196,862	10,000	$ 186,862	1.22%
2007	35,078,452	175,392	(7,000)	168,392	10,000	$ 158,392	1.71%
2006	30,706,226	153,531	(6,500)	147,031	10,000	$ 137,031	2.28%
2005	28,057,504	140,288	(6,000)	134,288	10,000	$ 124,288	2.85%
2004	26,050,897	130,254	(5,500)	124,754	10,000	$ 114,754	3.45%

Sample Community College
Statistical Supplement 11
Pledged Revenue Coverage
Last Ten Fiscal Years
(unaudited)

Revenue Bonds

	Pledged Revenues ($000 omitted)						Debt Service Requirements ($000 omitted)			
Fiscal Year Ended August	Tuition	All Fees	Auxiliary Revenue	Other Pledged Revenue	Interest Income	Total	Principal	Interest	Total	Coverage Ratio
2013	$6,697	$2,424	$ 547	$ 350	$ 689	$10,707	$1,450	$ 709	2,159	4.96
2012	6,184	$2,311	$ 506	$ 350	645	9,996	1,345	776	2,121	4.71
2011	3,796	$2,166	$ 563	$ 350	570	7,445	1,400	8,944	10,344	0.72
2010	1,021	$1,935	$ 575	$ 350	564	4,445	1,440	911	2,351	1.89
2009	929	$1,689	$ 544	$ 350	507	4,019	1,435	974	2,409	1.67
2008	742	$1,502	$ 602	$ 350	580	3,776	1,480	1,031	2,511	1.50
2007	743	$1,568	$ 634	$ 350	591	3,886	1,545	1,085	2,630	1.48
2006	690	$1,492	$ 620	$ 350	638	3,790	1,610	1,135	2,745	1.38
2005	680	$1,339	$ 547	$ 350	665	3,581	1,485	1,179	2,664	1.34
2004	644	$1,229	$ 614	$ 350	590	3,427	1,555	1,222	2,777	1.23

Sample Community College
Statistical Supplement 12
Demographic and Economic Statistics - Taxing District
Last Ten Fiscal Years
(unaudited)

Calendar Year	District Population	District Personal Income (a) (thousands of dollars)	District Personal Income Per Capita	District Unemployment Rate
2013	4,177,230	$ 113,988,229	$ 27,288	b
2012	4,147,152	107,660,339	25,960	6.1%
2011	4,103,770	104,045,129	25,354	6.2%
2010	4,059,818	101,468,025	24,993	5.9%
2009	4,023,725	98,270,171	24,423	4.1%
2008	3,974,682	91,715,570	23,075	4.4%
2007	3,919,235	86,854,395	22,161	4.2%
2006	2,859,696	81,004,483	28,326	3.6%
2005	3,796,200	76,143,713	20,058	5.8%
2004	3,748,582	71,687,649	19,124	5.5%

Sources:
Population from U.S. Bureau of the Census
Personal income from U.S. Bureau of Economic Analysis
Unemployment rate from Texas Workforce Commission

Sample Community College
Statistical Supplement 13
Principal Employers
(unaudited)

Current Fiscal Year

Employer	Number of Employees	Percentage of Total Employment
State Government	25,126	1.21%
Military	20,000-24,999	1.09%
Boeing Corp.	15,000-19,999	0.84%
Federal Government	15,000-19,999	0.84%
Guzzler Motor Corp	12,500-14,999	0.66%
St. Elsewhere Regional Hos	7,500-9,999	0.42%
Borgnine County Governme	7,915	0.38%
University of Bartok	5,000-7,499	0.30%
DeForest-Kelley Inc.	5,000-7,499	0.30%
Midsouthwest Telephone	5,000-7,499	0.30%
Total	118,041-145,533	6.34%

Nine Years Prior

Employer	Number of Employees	Percentage of Total Employment
State Government	15,348	8.70%
Military	15,000-19,999	3.00%
Boeing Corp.	15,000-19,999	0.84%
GM	15,000-19,999	0.79%
Guzzler Motor Corp.	5,000-7,499	0.58%
St. Elsewhere Regional Hos	7,500-9,999	0.38%
Borgnine County Governme	4,487	0.45%
University of Bartok	5,000-7,499	0.30%
Midsouthwest Telephone	5,000-7,499	0.30%
Alliance Corp.	2,156	0.30%
Total	89,491-114,484	15.64%

Source:
Texas Workforce Commission
Texas Metropolitan Statistical Area Data

Sample Community College
Statistical Supplement 14
Faculty, Staff, and Administrators Statistics
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Faculty										
Full-Time	1,099	1,095	1,088	1,087	1,057	1,055	1,026	1,038	1,061	1,073
Part-Time	159	156	178	161	184	147	230	181	174	148
Total	1,258	1,251	1,266	1,248	1,241	1,202	1,256	1,219	1,235	1,221
Percent										
Full-Time	87.4%	87.5%	85.9%	87.1%	85.2%	87.8%	81.7%	85.2%	85.9%	87.9%
Part-Time	12.6%	12.5%	14.1%	12.9%	14.8%	12.2%	18.3%	14.8%	14.1%	12.1%
Staff and Administrators										
Full-Time	2,843	2,817	1,916	1,954	1,944	2,832	2,889	2,837	2,800	2,792
Part-Time	227	201	210	206	224	242	260	232	242	263
Total	3,070	3,018	2,126	2,160	2,168	3,074	3,149	3,069	3,042	3,055
Percent										
Full-Time	92.6%	93.3%	90.1%	90.5%	89.7%	92.1%	91.7%	92.4%	92.0%	91.4%
Part-Time	7.4%	6.7%	9.9%	9.5%	10.3%	7.9%	8.3%	7.6%	8.0%	8.6%
Total										
Full-Time	3,942	3,912	3,004	3,041	3,001	3,887	3,915	3,875	3,861	3,865
Part-Time	386	357	388	367	408	389	490	413	416	411
Total	4,328	4,269	3,392	3,408	3,409	4,276	4,405	4,288	4,277	4,276
Percent										
Full-Time	91.1%	91.6%	88.6%	89.2%	88.0%	90.9%	88.9%	90.4%	90.3%	90.4%
Part-Time	8.9%	8.4%	11.4%	10.8%	12.0%	9.1%	11.1%	9.6%	9.7%	9.6%
FTSE per Full-time Faculty	15.6	15.5	15.5	15.7	16.5	16.1	16.3	15.8	15.6	15.2
FTSE per Full-Time Staff Member	6.0	6.0	5.8	5.8	5.9	6.0	5.8	5.8	5.9	5.8
Average Annual Faculty Salary	$71,652	$67,446	$66,262	$64,118	$60,048	$60,282	$56,188	$54,595	$53,075	$51,272

Sample Community College
Statistical Supplement 15
Enrollment Details
Last Five Fiscal Years
(unaudited)

	Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008	
Student Classification	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	8,857	61.68%	11,326	80.74%	10,469	74.48%	11,227	81.32%	9,639	76.57%
31-60 hours	5,502	38.31%	2,495	17.79%	2,936	20.89%	2,577	18.67%	2,549	20.25%
> 60 hours	1	0.01%	206	1.47%	652	4.64%	2	0.01%	400	3.18%
Total	14,360	100.00%	14,027	100.00%	14,057	100.00%	13,806	100.00%	12,588	100.00%

	Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008	
Semester Hour Load	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	51	0.36%	54	0.38%	26	0.18%	33	0.24%	25	0.20%
3-5 semester hours	2,719	18.93%	2,900	20.67%	2,739	19.48%	2,556	18.51%	2,219	17.63%
6-8 semester hours	2,010	14.00%	1,930	13.76%	1,950	13.87%	1,901	13.77%	1,641	13.04%
9-11 semester hours	2,119	14.76%	2,032	14.49%	1,913	13.61%	1,921	13.91%	1,668	13.25%
12-14 semester hours	5,971	41.58%	5,750	40.99%	5,927	42.16%	5,924	42.91%	5,709	45.35%
15-17 semester hours	1,344	9.36%	1,203	8.58%	1,282	9.12%	1,322	9.58%	1,170	9.29%
18 & over	146	1.02%	158	1.13%	220	1.57%	149	1.08%	156	1.24%
Total	14,360	100.00%	14,027	100.00%	14,057	100.00%	13,806	100.00%	12,588	100.00%
Average course load	9.7		9.7		9.9		9.9		10.2	

	Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008	
Tuition Status	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
(In-District)	835	5.81%	766	5.46%	789	5.61%	755	5.47%	708	5.62%
(Out-of-District)	13,191	91.86%	12,926	92.15%	12,931	91.99%	12,676	91.82%	11,560	91.83%
Non-Resident Tuition	334	2.33%	335	2.39%	337	2.40%	375	2.72%	320	2.54%
Total	14,360	100.00%	14,027	100.00%	14,057	100.00%	13,806	100.00%	12,588	100.00%

Sample Community College
Statistical Supplement 16
Student Profile
Last Five Fiscal Years
(unaudited)

	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
Gender	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	7,483	52.11%	7,384	52.64%	7,311	52.01%	7,009	50.77%	6,438	51.14%
Male	6,877	47.89%	6,643	47.36%	6,746	47.99%	6,797	49.23%	6,150	48.86%
Total	14,360	100.00%	14,027	100.00%	14,057	100.00%	13,806	100.00%	12,588	100.00%

	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
Ethnic Origin	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	11,137	77.49%	10,941	77.94%	10,962	77.90%	10,785	78.04%	10,962	77.93%
Hispanic	1,624	11.30%	1,563	11.13%	1,517	10.78%	1,419	10.27%	1,517	10.78%
African American	1,203	8.37%	1,105	7.87%	1,162	8.26%	1,141	8.26%	1,162	8.26%
Asian	195	1.36%	194	1.38%	183	1.30%	215	1.56%	183	1.30%
Foreign	133	0.93%	151	1.08%	167	1.19%	190	1.37%	167	1.19%
Native American	68	0.47%	73	0.51%	66	0.46%	56	0.39%	66	0.46%
Other	12	0.08%	11	0.08%	15	0.10%	14	0.10%	10	0.07%
Total	14,372	100.00%	14,038	99.99%	14,072	99.99%	13,820	99.98%	14,067	99.99%

	Fall 2005		Fall 2004		Fall 2003		Fall 2002		Fall 2001	
Age	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18	802	5.58%	683	4.87%	605	4.22%	488	3.53%	474	3.91%
18 -21	9,486	66.06%	9,240	65.87%	9,526	66.49%	9,187	66.54%	8,452	69.76%
22 - 24	2,006	13.97%	2,060	14.69%	2,182	15.23%	2,109	15.28%	1,829	15.10%
25 - 35	1,439	10.02%	1,385	9.87%	1,335	9.32%	1,329	9.63%	1,209	9.98%
36 - 50	538	3.75%	565	4.03%	585	4.08%	591	4.28%	76	0.63%
51 & over	89	0.62%	94	0.67%	94	0.66%	102	0.74%	76	0.63%
Total	14,360	100.00%	14,027	100.00%	14,327	100.00%	13,806	100.00%	12,116	100.00%
Average Age	22		22		22		22		22	

Sample Community College
Statistical Supplement 17
Transfers to Senior Institutions
Academic Year 2011-12 Students as of fall 2012
(Includes only public senior colleges in Texas)

		Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Students
1	Texas A&M University - College Station	4,753	213	27	4,993	74.40%
2	Sam Houston State University	419	19	34	472	7.03%
3	Southwest Texas State University	256	23	4	283	4.22%
4	University of Houston - University Park	123	10	2	135	2.01%
5	University of Texas - Austin	121	3	0	124	1.85%
6	Texas Tech University	104	7	0	111	1.65%
7	University of North Texas	86	3	1	90	1.34%
8	Stephen F. Austin State University	49	1	1	51	0.76%
9	University of Texas - San Antonio	47	2	0	49	0.73%
10	University of Texas - Arlington	43	0	1	44	0.66%
11	Prairie View A&M University	34	4	2	40	0.60%
12	Texas A&M University - Corpus Christi	29	7	0	36	0.54%
13	Tarleton State University	28	2	0	30	0.45%
14	University of Houston - Downtown	25	2	0	27	0.40%
15	Lamar University Institute of Technology	21	2	0	23	0.34%
16	Texas A&M University - Galveston	22	0	0	22	0.33%
17	University of Texas - Dallas	17	0	0	17	0.25%
18	Angelo State University	13	1	1	15	0.22%
19	Texas A&M University - Kingsville	14	1	0	15	0.22%
20	University of Houston - Victoria	15	0	0	15	0.22%
21	Texas Women's University	11	1	0	12	0.18%
22	University of Texas Health Science Center - Houston	11	1	0	12	0.18%
23	Texas A&M University - Commerce	11	0	0	11	0.16%
24	West Texas A&M University	10	1	0	11	0.16%
25	Texas Southern University	8	1	1	10	0.15%
26	University of Texas - Tyler	8	1	0	9	0.13%
27	University of Houston - Clear Lake	7	1	0	8	0.12%
28	University of Texas Health Science Center - San Antonio	6	2	0	8	0.12%
29	Midwestern State University	7	0	0	7	0.10%
30	University of Texas Medial Branch Galveston	4	2	0	6	0.09%
31	University of Texas - Pan American	4	0	0	4	0.06%
32	Sul Ross State University	2	1	0	3	0.04%
33	Texas Tech University Health Science Center	3	0	0	3	0.04%
34	University of Texas - El Paso	2	1	0	3	0.04%
35	Baylor College of Medicine - Academics	2	0	0	2	0.03%
36	Texas A&M University System Health Science Center	2	0	0	2	0.03%
37	University of Texas - Permian Basin	2	0	0	2	0.03%
38	University of North Texas Health Science Center - Forth Worth	2	0	0	2	0.03%
39	Sul Ross State University - Rio Grande College	1	0	0	1	0.01%
40	Texas A&M International University	1	0	0	1	0.01%
41	University of Texas - Brownsville	1	0	0	1	0.01%
42	University of Texas Southwestern Medical Center - Dallas	1	0	0	1	0.01%
	Totals	**6,325**	**312**	**74**	**6,711**	**100.00%**

Sample Community College
Statistical Supplement 18
Capital Asset Information
Fiscal Years 2013 to 2009

	Fiscal Year				
	2013	2012	2011	2010	2009
Academic buildings	17	17	15	15	14
Square footage (in thousands)	2,285	2,285	1,875	1,875	1,500
Libraries	2	2	2	2	1
Square footage (in thousands)	7,140	7,140	7,140	7,140	5,500
Number of Volumes (in thousands)	17,300	17,300	17,100	17,000	15,000
Administrative and support buildings	5	5	5	4	4
Square footage (in thousands)	8,990	8,990	8,990	7,500	7,500
Dormitories	14	14	14	14	13
Square footage (in thousands)	10,500	10,500	10,500	10,500	9,000
Number of Beds	765	765	765	765	660
Apartments	8	8	8	8	4
Square footage (in thousands)	10,900	10,900	9,000	9,000	4,000
Number of beds	338	338	300	300	200
Dining Facilities	1	1	1	1	1
Square footage (in thousands)	5,900	5,900	5,900	5,900	5,900
Average daily customers	3,000	3,000	3,000	3,000	3,000
Athletic Facilities	6	6	6	6	6
Square footage (in thousands)	109,909	109,909	109,909	109,909	109,909
Stadiums	2	2	2	2	2
Gymnasiums	2	2	2	2	2
Fitness Centers	1	1	1	1	1
Tennis Court	1	1	1	1	1
Plant facilities	2	2	2	2	2
Square footage (in thousands)	32,259	32,259	32,259	32,259	32,259
Transportation					
Cars	14	14	14	11	11
Light Trucks/Vans	20	20	18	15	15
Buses	2	2	2	2	2

Frequently Asked Questions

Question 1

I understand that GASB does not require a statistical section if an institution does not prepare a CAFR. Does that mean we don't have to do these schedules?

Answer 1

Yes. The THECB is not requiring the GASB Statement 44 compliant schedules from each of the districts unless you prepare a CAFR.

Question 2

What if I can't get the information for prior periods?

Answer 2

If you can't find information for all 10 required periods, you may choose to implement prospectively. Note that on the schedule.

Question 3

What if the required information specific to my district isn't available, but county or other information is available?

Answer 3

If your district information is not available, you may use county information, or other relevant information. Another option is to create an estimate for your district. In either case, note the methodology on the schedule.

Question 4

What if the categories that are relevant to my school aren't on the templates for financial information?

Answer 4

You may modify the categories on the financial schedules to match your financial statements.

Please note that item numbers tie to complete checklist in Appendix C.

Checklist

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
STATISTICAL SUPPLEMENT		
	200.	Does the report include a statistical section, if applicable? (NCGAS1)
	201.	Is the word "Unaudited" included in the title of each schedule?
	202.	Does the statistical section include all 18 required schedules?
	203.	Do the amounts reported in the statistical table agree with related amounts reported in the financial section?
	204.	Is any deviation from the template or any estimate disclosed in the notes?

Section 12: Appendices

12.1 Appendix A – Glossary
12.2 Appendix B – Asset Groups and Classifications
12.3 Appendix C – Annual Financial Reporting Requirements Checklist
12.4 Appendix D – GFOA CAFR Program

Appendix A – Glossary

Glossary

TERM	DESCRIPTION
A1/P1 Commercial Paper	Commercial paper rated A1, P1, or F1 (or higher). Lower-rated commercial paper should be listed under "other" in short-term investments.
AAA	American Accounting Association
AACSB	American Assembly of Collegiate Schools of Business
ABA	American Bar Association
Academic Support Function	This function should include funds expended primarily to provide support services for the institution's primary mission – instruction, research, and public service. It includes: (1) the retention, preservation, and display of educational materials such as libraries, museums, and galleries; (2) academic administration, such as dean's salaries and office expenses; (3) technical support, such as computer services and audiovisual information; and (4) separately budgeted support for course and curriculum development and related items.
Accountability	Accountability is the obligation to explain the institution's action, to justify what the institution does, to justify to the citizenry and other interested parties the rationale for raising resources, and an explanation for the expenditure of those resources.
Accounts Payable	Payables are amounts owed for goods or services actually rendered or provided to the institution, but for which the agency has not yet made payment.
Accounts Receivable	Receivables are amounts owed to the institution from private persons or organizations for goods and services furnished.
Accrual Basis	Basis of accounting under which revenues are recognized and recorded when earned and under which expenses are recognized and recorded when they become a legal obligation or liability.
Accrued Expenses	An expense incurred during the accounting period but not paid or recorded.
Accrued Revenue	Revenue that has been earned during the fiscal year but not received or recorded.
Accumulated Depreciation	The amount of depreciation expense that has been recognized for capital assets, or class of assets, to date.
ACNO	Audits of Certain Nonprofit Organizations
ASEC	Accounting Standards Executive Committee
Ad valorem	In proportion to value, basis for property tax levy
Adjusting Entry	An entry made to apply accrual accounting to transactions that span more than one accounting period.

Glossary

TERM	DESCRIPTION
Affiliated Organization	Affiliated organizations, also referred to as component units, are organizations that provide either a financial benefit or burden to the institution. These organizations may raise funds and hold the funds on behalf of the institution.
AGA	Association of Government Accountants
Agency Fund	Resources received and held for others. Also may be referred to as a fiduciary fund.
AICPA	American Institute of Certified Public Accountants
AMA	American Management Association
Amortization Schedule	Table of prospective payments or write-downs to an obligation or debt. Split between principal and interest displayed for each payment.
Annuities	A type of investment sold by insurance companies. Includes fixed and variable annuities; referred to as a split interest agreement.
Annuity Fund	Assets held for others
APB	Accounting Principles Board
ARB	Accounting Research Bulletin
Art or Artifacts	Collectables that may or may not be capitalized
ASB	Auditing Standards Board
Assessed Valuation	Valuation set on real estate or other property as the basis of levying taxes.
Assets Held in Trust	Assets held by an institution on behalf of another party (such as a student organization's resources) and that are under the temporary control of the institution.
Audit	Examination of documents, records, reports, internal control systems, accounting and financial procedures, other evidence, and the issuance of a report relating to the examination.
Auditor's Report	The report relating to the audit examination.
Auxiliary Enterprise	Category of expenses that includes all expenses related to the operation of auxiliary enterprises, including expenses for operation and maintenance of plant and institutional support.
Auxiliary Enterprise Function	An activity that exists to provide a service to students, faculty or staff and that charges a fee directly related to, although not necessarily equal to, the cost of the service. The activity is managed as essentially self-supporting.
Balance Sheet	Financial statement where assets equal liabilities plus net position. Another name for the Statement of Net Position or statement of financial position.
Bank Deposits	Money held in bank, savings bank, or credit union accounts.
Basic Financial Statements	Includes Statement of Net Position; Statement of Revenues, Expenses, and Change in Net Position; Statement of Cash Flows; and notes to the financial statements.
Bond Discount	Excess of the face value of a bond over the price for which the

Glossary

TERM	DESCRIPTION
	bond is acquired or sold.
Bond Indenture	Contract between an entity (institution) and the bondholder/purchaser.
Bond Mutual Funds	Funds that invest in debt securities with a variable net asset value per share.
Bond Premium	Excess amount over the face value of a bond when it is sold or acquired.
Bond Resolution	An agreement between bondholders and the issuer, representing the board action that issued the bonds and setting forth related terms and conditions. Also referred to as an indenture agreement.
Book-value Method	Distribution of income among net asset classes in an investment pool by book value of the funds or participants.
Budget	A financial plan that sets forth the estimated expenses for a financial period and the proposed means to finance them.
Building	A building is a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable.
Building Improvement	Building improvements are capital events that materially extend the useful life of a building or increase the value of a building, or both. A building improvement should be capitalized as a betterment and recorded as an addition of value to the existing building if the expenditure for the improvement is at the capitalization threshold, or the expenditure increases the life or value of the building by 25 percent of the original life period or cost.
Business-Type Activity (BTA)	Those activities financed in whole or in part by fees charged to external parties for goods or services.
CA	Chartered Accountant
Capital Assets	Includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.
Capital Lease Asset	Lease that substantially transfers the benefits and risk of ownership of property to the lessee and meets certain specified recognition criteria.
Capital Lease Obligation	Obligation or liability for the capital lease asset that met the specified recognition criteria and was capitalized.
Capital Outlay	The purchase or construction of a capital asset that represents an exchange of an asset that may be spent (cash) for an asset that cannot be spent, thus resulting in a net decrease in current financial resources.

Glossary

TERM	DESCRIPTION
Capitalization	Capitalization records the value of a capital item or the costs incurred to build or acquire the item as a capital asset. Capital assets that have a cost of $5,000 or more and have an estimated life greater than one year are capitalized. Repairs and maintenance of $100,000 or which extend the building life also are capitalized.
Capitalization Policy	A statement of criteria to determine the assets that will be expended or recorded as capital assets. Also, a statement of criteria used to determine if an expense will increase the value of a fixed asset to benefit a future period.
Cash Equivalent	Short-term investments that will become cash within 90 days, providing the original maturity was 90 days or less.
Cash Held at State Treasury	All balances held in the State Treasury or the Texas Treasury Safekeeping Trust Company.
CCH	Commerce Clearing House
CDs/BAs	Certificates of deposit with a maturity under one year, and banker's acceptances.
CEA	Certificate of Educational Achievement
CMA	Certified Management Accountant
CMO (Collateralized Mortgage Obligations)	Prohibited CMOs listed as noncompliant. (Institutions may hold noncompliant CMOs that were purchased prior to September 1, 1995.)
Collectibles	Items such as art, stamps, coins, historic documents, and memorabilia.
Collection Costs	Costs associated when past due accounts receivable are traced and collected. These costs may be incurred by a third party employed solely to perform the collection function.
Collective Endowment Funds	Long-term endowment funds managed by a third party that combines investments from multiple investors, e.g., the Common Fund and the Permanent Higher Education Fund.
Commercial Paper A1 and P1	Commercial paper rated A1, P1, or F1 (or higher) is considered a short-term asset, depending upon maturity date. Lower-rated commercial paper should be listed under "other" in short-term investments.
Commodities	Includes things such as oil and gas, timber land, and precious metals.
Commodities Investments	Includes things such as oil and gas, timber land, and precious metals.
Compensable Absence	Employee absences, such as vacation, holiday, and sick time for which it is expected the employee will be paid.

Glossary

TERM	DESCRIPTION
Component Unit	Legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, a component unit may be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's Annual Financial Report to be misleading or incomplete.
Condition	An event that must take place for a donation to be recognized, e.g., the requirement for a matching pledge.
Construction-in-Progress	Construction-in-Progress reflects the economic construction activity status of buildings and other structures, infrastructure (roads, energy distribution systems, pipelines, etc.), additions, alterations, reconstruction, installation, and maintenance and repairs that are substantially incomplete. Construction-in-Progress should be included with capital assets in the Statement of Net Position. However, it should be reported with other assets not being depreciated, such as land, and land improvements.
Consumable Inventory	Supplies and commodities that are for use in the operating activities of the entity rather than sold.
Contracts	A negotiated transaction in which both parties to the agreement specify the actions they will perform.
Contribution	An unconditional transfer of cash or other asset to an institution or a settlement or cancellation of its liability in a voluntary nonreciprocal transfer by another entity acting other than as an owner.
Corporate Obligations	All non-governmental debt issues classified by rating. For issues with split ratings, lower ratings are reported. Equivalent ratings from other rating agencies such as Fitch may be used.
CPE	Continuing Professional Education
Current	Designated that the activity related to the current fiscal period rather than future or past period.
Debt Service	Interest and matured principal related to outstanding debt obligations – may be either the cash outlay needed or the amount accrued for meeting such payment during any accounting period.
Debt Service Requirements	The amount of the current period's principal and interest related to long-term debt obligations.
Defeasance	Advance refunding of long-term debt, where debt proceeds are placed in an escrow or irrevocable trust in an amount necessary to pay all subsequent principal and interest costs. The liability for the debt is removed from the accounts of the entity, even though the debt has not been repaid.
Deferred Inflow	A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. Recognition of a deferred inflow of resources should be limited to those instances identified by the GASB in authoritative

Glossary

TERM	DESCRIPTION
	pronouncements, which are established after applicable due process procedures.
Deferred Outflow	A deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period. Recognition of deferred outflows of resources should be limited to those instances identified by the GASB in authoritative pronouncements, which are established after applicable due process procedures.
Departmental Sales and Services	Sale of goods and services produced by a specific department within the entity.
Deposits Payable	Deposits for future services or a contingency against future damages. Refunded if services or damages do not occur.
Depreciation	Allocating, in a systematic manner, the cost of a capital asset over its useful life.
Designation	Conditions placed on resources made at the discretion of the governing board or management rather than by an external party. No legal restriction to use these resources exist; thus, the designation may be rescinded at any time.
Direct Method	Method for preparing the statement of cash flow's operating activities, which presents the direct receipts from students, contracts, or other customers, and payments to suppliers and employees.
DM	Discussion Memorandum issued by either GASB or FASB prior to the issuance of an accounting standard for gathering information regarding the topic.
Donated Services	Services of volunteer workers who are unpaid or who are paid less than the fair market value for their services. When the services meet certain criteria, the value of the donated services is recognized as both a revenue and an expense.
Due From Others	Another term for accounts receivable. Typically used when the two parties to the transaction are within the organization.
Due To Others	Another term for accounts payable. Typically used when the two parties to the transaction are within the organization.
ED	Exposure Draft issued by either GASB or FASB prior to the issuance of an accounting standard, for gathering comments regarding the proposed accounting standard.
Elements of Functional Costs	A function is a group of related expense activities that accomplish a major service or regulatory responsibility for which the institution is responsible. The following are the functional categories together with a description of the expenses included in each: Instruction, Research, Public Service, Academic Support, Student (Support) Services, Institutional Support, Scholarship and Fellowship, Operation and Maintenance of Plant, and Auxiliary (Services) Enterprises.

Glossary

TERM	DESCRIPTION
Eligibility	A term established by GASB that describes the conditions or characteristics that must be met to recognize gift revenue.
Encumbrance	An estimated amount that represent a commitment, contract, or purchase order that will be paid from resources within the current fiscal period.
Endowment	Gifts that have a donor stipulation that the gift must be held in perpetuity and only the interest earned on the investment of the gift be expended.
Enterprise Fund	Charges a fee for the services performed. Also known as a proprietary fund.
Equipment Held in Trust	Value of equipment that the institution does not own and holds for another party.
Equity Mutual Funds	Mutual funds that invest in stocks. Includes balanced funds (which include a mix of stocks and bonds).
Equity Securities	Stocks
Exchange Transaction	A transaction in which items of comparable value are exchanged or traded in an unforced situation or arm's length transaction.
Expenses	Money spent or cost incurred in an organization's efforts to generate revenue, representing the cost of doing business.
Extraordinary Items	Extraordinary items are events and transactions that are distinguished by their unusual nature and by the infrequency of their occurrence.
Face Value	The amount stated in the document. Typically applied to securities or debt instruments (documents).
Facilities	Assets (other than general use buildings) built, installed, or established to enhance the quality, or facilitate the use of, land for a particular purpose.
FAF	Financial Accounting Foundation
Fair Market Value	The value based on Governmental Accounting Standards Board Statement 31 (GASB 31).
Fair Value	The amount for which an asset may be exchanged in a current transaction between willing parties.
FAS	Financial Accounting Standards
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
Federal Appropriations	Authorizations granted by the federal government to incur liabilities for specified purposes.
Foreign Issued Obligations	Securities that are issued outside of the U.S. by non-U.S. issuers (in U.S. dollars or foreign currency). Includes U.S. issued securities that are in foreign currencies.
FTE	Full time equivalent

Glossary

TERM	DESCRIPTION
Full Accrual Basis Accounting	Accounting method that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows. Full accrual-basis accounting recognizes expenses, not expenditures. Expenses and revenues resulting from exchange and exchange-like transactions should be recognized when the exchange takes place. Expenses and revenues resulting from non-exchange type transactions should be recognized in accordance with requirements of GASB Statement 33.
Function	A group of related activities aimed at accomplishing a service or activity for which the institution is responsible.
Funds Held in Trust	Resources held by the institution acting as a custodian. These resources also may be referred to as agency funds.
Furniture and Equipment	A specific category of capital assets
FY1	Prior year information
FY2	Current year information
GAAP	Generally Accepted Accounting Principles; or accounting and financial reporting standards, conventions, and practices that either have authoritative support or have a degree of consensus that exists among accounting professionals.
GAAS	Generally Accepted Auditing Standards
GAAFR	General Accounting and Financial Reporting
Gains	Increases in net position from peripheral or investment transactions of the entity.
GAO	General Accounting Office
GASB	Governmental Accounting Standards Board
GASBTB	Governmental Accounting Standards Board Technical Bulletin
General Fees	Fees collected that may be used for any purpose deemed appropriate by the governing body.
GFOA	Government Finance Officers Association
GICs	Guaranteed investment contracts issued by insurance companies.
Gifts-In-Kind	Gifts of goods or service, rather than resources or other assets received by the institution.
Governing Board	A group of persons, elected or selected, whose positions are described in the charter or some legal document that establishes the legal identity of the institutions. Also may be referred to as the board of trustees or board of regents.
Grants	Transactions that may or may not involve an exchange. If no exchange is part of the transaction, it would be more correct to record as a gift. If a performance criteria is part of the transaction, it would be more correct to record as a contract.
Highly Rated Corporate Issues	Issues rated AAA or AA by Standard & Poor's or Aaa or Aa by Moody's.

Glossary

TERM	DESCRIPTION
IG	Inspector Generals
IIA	Institute of Internal Auditors
IMA	Institute of Management Accountants
Improvements Other Than Buildings	Enhancement to capital asset. Examples include drainage work, creation of hiking trails, creation of parking spaces or removal of unusable structures.
Indirect Costs	Resources available for unrestricted purposes provided by contractual agreements to cover costs not directly allocable to the accomplishment of the specific purpose of the project or program, such as the use of space, equipment, and utilities.
Infrastructure Assets	Long-lived capital assets that normally are stationary in nature and may be preserved for a significantly greater number of years than most capital assets.
Institutional Support Function	The institutional support function of expenses should include expenses for (1) central executive level management and long-range planning of the entire institution; (2) fiscal operations; (3) administrative data processing; (4) space management; (5) employee personnel and records; (6) logistical activities that provide procurement, storeroom, safety, security, printing and transportation services to the institution; (7) support services for faculty and staff that do not operate as auxiliary enterprises; (8) activities concerned with community and alumni relations, including development and fundraising; and (9) bad debt expense related to tuition and fee revenue.
Instruction Function	Includes expenses for all activities that are part of an institution's instruction program. This function includes expenses for credit and non-credit courses; for academic, vocational, and technical instruction; for development and tutorial instruction; and for regular, special, and extension sessions.
Investment Grade Corporate Issues	Issues rated A or BBB by Standard & Poor's or A or Baa by Moody's.
Investment Pool	Resources commingled for asset management and accounting purposes.
Investments	The acquisition of interest-earning items, such as security instruments, equities, debt, U.S. government items, property, and other items.
IRS	Internal Revenue Service
JTPA	Job Training Partnership Act
Land	Land is the surface or crust of the earth, which may be used to support structures, and may be used to grow crops, grass, shrubs, and trees. Land is characterized as having an unlimited (indefinite) life.

Glossary

TERM	DESCRIPTION
Land Improvement	Land improvements consist of betterments, site preparation, and site improvements (other than buildings) that ready the land for its intended use. The costs associated with improvements to land are added to the cost of the land.
Leasehold Improvements	Construction of new buildings or improvements made to existing structures by the lessee, who has the right to use these leasehold improvements over the term of the lease. These improvements will revert to the lessor at the expiration of the lease.
Levy	To impose taxes, assessments, or service charges.
Liability	Probable future sacrifices of resources arising from obligations to transfer assets or provide services in the future, as a result of a transaction or event.
Library Books and Materials	A library book is generally a literary composition bound into a separate volume and identifiable as a separate copyrighted unit. Library reference materials are information sources other than books, and include, for example, journals, periodicals, microforms, audio/visual media, computer-based information, manuscripts, maps, documents, and similar items that provide information essential to the learning process or that enhance the quality of academic, professional, or research libraries.
Life Income Fund	Accounts for resources given to the institution, subject to an agreement to pay to the donor or designee the income earned by the assets over a specified period of time.
Livestock	Animals acquired to use for instruction purposes that have a fair value and estimated life that meets the capitalization criteria.
Loan Net Position	Equity in resources restricted or designated to use for loans.
Loans Payable	Obligations of the institution backed by a negotiated promissory investment instrument.
Loans Receivable	Obligations payable to the institution supported by a negotiated promissory note.
Maintenance Costs	The costs that allow an asset to continue to be used during its originally established useful life. These costs are expensed in the period incurred.
Management Discussion and Analysis (MD&A)	Discusses the current-year results in comparison with the prior year, with emphasis on the current year. This should be a fact-based analysis discussing the positive and negative aspects of the comparison with the prior year.
Merchandise	Inventory held for resale
Mortgage Pass-Through	Residential mortgage securities pooled together and marketed by governmental agency issuers such as GNMA, FNMA, FHLMC. (Does not include private issues, which should be included with CMOs and pooled commercial real estate mortgages. The latter should be included with other asset-backed bonds.)
Municipal Obligations	State, county, municipality, or public authority issues.

Glossary

TERM	DESCRIPTION
Natural Classification of Expenses	Describes the expense incurred such as salary, benefits, or office supplies.
NCGAS	National Council on Governmental Accounting Standards
Net Position	In the Statement of Net Position, assets minus liabilities equal net position. Net position should be displayed in three components: (a) net investment in capital assets, (b) restricted, and (c) unrestricted.
Net Book Value	Net book value is an asset's historical cost less accumulated depreciation.
Network of Assets	Composed of all assets that provide a particular type of service for an institution. For example, a network of infrastructure assets, such as a water containment system composed of a concrete dam, a concrete spillway, and a series of locks.
Non-operating	Revenues or expenses for activities not directly related to the basic service performed by the entity. For an educational institution those would be activities not related to instruction, research, public service, or the administration of the activities.
Nonreciprocal Interfund Activity	Includes transfers, previously referred to as operating transfers, and reimbursements. Reimbursements will be eliminated in the annual financial report, and therefore, will not be reported as interfund activity in the financial statements.
Notes Payable	Obligations of the institution backed by a negotiated promissory investment instrument.
Notes Receivable	Obligations payable to the institution supported by a negotiated promissory note.
NR/High Yield	Non-Rated (NR rated) issues and issues rated BB or lower by Standard & Poor's and Ba or lower by Moody's.
Obligations	A commitment to pay resources to another party
Official Census Date	Date that the tuition and fee revenue is earned by the institution.
OMB	Office of Management and Budget
Operating Expense	Expenditures that are incurred as a direct result of the nature of the activity being reported. These costs are necessary to the maintenance of the institution, e.g., salary and wages.
Operating Revenue	Revenues that are derived from the nature of the activity being reported and directly related to the nature of the activity performed by the entity, e.g., tuition and course fees.
Operation and Maintenance of Plant Function	This category should include all expenses for operation and maintenance of physical plant, net of amounts charged to auxiliary services.
Other Asset-Backed Bonds	Securities backed by pools of assets such as credit card loans, commercial real estate loans, and auto loans.
Other Assets	Assets displayed in the Statement of Net Position for which a recognized classification does not exist. Typically, these are miscellaneous assets of either short- or long-term in nature.

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TERM	DESCRIPTION
Other Deductions	Expenses displayed in the SRECNP for which a recognized classification does not exist.
Other Equity Securities	Preferred stocks, foreign stocks, and non-publicly traded stocks.
Other Expenses	Expenses displayed in the SRECNP for which a recognized classification does not exist.
Other Fees	Revenues displayed in the SRECNP for which a recognized classification does not exist.
Other Fixed Assets	Assets displayed in the Statement of Net Position for which a recognized capital asset classification does not exist.
Other Money Market Funds and Pools	Money funds and pools with a constant $1.00 per share net asset value objective.
Pass-through	Resources received by the institution that are due to another party in accordance with stipulations of a third party or the U.S. government.
Personal Property	Fixed or movable tangible assets to use for operations, the benefits of which extend beyond one year from date of acquisition and rendering into service. Improvements or additions to existing personal property that constitute a capital outlay or increase the value or life of the asset by 25 percent of the original cost or life should be capitalized as a betterment and recorded as an addition of value to the existing asset.
Plant Assets	Another term used for capital assets
Prepaid Fees	May be either an asset or a liability. If the prepaid fees are resources paid by the institution prior to their being due, they are reported as assets. If the prepaid fees were received by the institution in advance of their being earned, they are reported as a liability.
Preservation Costs	These costs are costs that extend the useful life of an asset beyond its previously established useful life.
Primary Government	Primary government is a state government or general-purpose local government. Also, a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments, such as a public community or junior college.
Prior Period	Any period of time prior to the current fiscal year.
Private Equity	Includes venture capital, hedge funds, leveraged buyout, mezzanine, and strategically traded securities held directly or through investment vehicles such as limited partnerships.
Private Gifts, Grants or Contracts	Resources received from a nongovernment party external to the organization.
Proceeds	Typically are the net amount received or paid in a given transaction.

Glossary

TERM	DESCRIPTION
Program Revenue	Revenue provided by those who purchase, use, or directly benefit from the goods or services of a program. The Statement of Revenues, Expenses, and Changes in Net Position should separately report the major categories of revenues, such as tuition and course fees, grants and contracts, auxiliary service revenues, and so on.
Public Service Function	The public service function of expenses includes funds expended for activities that are established primarily to provide non-instructional services beneficial to individuals and groups external to the institution.
Quasi-Endowments	Funds functioning as an endowment. May be either unrestricted or restricted.
Real Estate	Includes real estate held for investment directly or through investment vehicles such as limited partnerships.
Receipts	Typically are the amount received in a given transaction.
Reciprocal Interfund Activity	Includes loans and interfund services provided and used as sales and purchases of goods and services between cost centers for a price approximating their external exchange value. Interfund services provided and used should be reported as revenues in seller funds and expenditures or expenses in purchaser funds.
Reporting Entity	A reporting entity is an organizational unit whose information is presented in the financial statement as defined by GASB Statement 14. They are legal entities that have elected a governing board, and may issue tax-exempt debt.
Repurchase Agreements	Short-term investments secured by marketable securities.
Required Supplementary Information (RSI)	Information that is required under GASB to support the basic financial statements. The information includes the Management Discussion and Analysis, and other information required by the THECB.
Research Function	The research function includes all expenses for activities specifically organized to produce research outcomes. Expenses included in this function may be either internally or externally sponsored but must be separately budgeted.
Reserved	Constraint on resources stipulated by the governing board.
Residual Value	The estimated fair value of a capital asset, infrastructure or otherwise, remaining at the conclusion of its estimated useful life.
Restricted	Constraints stipulated by an external party to the institution. They may be based either on a specific time or purpose.

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TERM	DESCRIPTION
Restricted Net Position	Net position are considered restricted when constraints placed on the asset are either: (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Intended to identify resources that were received or earned by the government, with an explicit understanding between the government and the resource providers that the funds would be used for a specific purpose.
Restricted Net Position Components	Two additional components – expendable and nonexpendable – may be displayed when permanent endowments or permanent fund principal amounts are included in restricted net position. Nonexpendable net position are those that are required to be retained in perpetuity. **Note:** Does not include restricted "capital assets." Instead, restricted capital assets are included in the component of net position called "Net investment in Capital Assets."
Revenues	Those resources for which the appropriate services have been performed, so as to be earned.
RIA	Registered Investment Adviser
Sales and Service	Activities performed by the institution for which resources have been earned.
Scholarship and Fellowships Function	The scholarships and fellowships function of expenses includes only those disbursements of resources to students for scholarships and fellowships. This category should not include any allocation of resources that were credited to a student's account for tuition and fees or auxiliary receivables.
SEC	Securities and Exchange Commission
Segment	An identifiable activity within the institution that has revenue pledged to retire debt for which the activity's revenue, expenses, assets, and liabilities are separately accounted for and reported.
SEOG	Supplemental Education Opportunity Grant
SFAS	Statements of Financial Accounting Standards
Short-Term Investments	Includes all debt investments with a maturity (as of purchase date) of less than one year, and all cash and bank deposits.
Special Items	Special items are significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence.
SSAP	Summary of significant accounting policies
Student Service Fees	Fees charged for the performance of activities related to students' activities not related to instruction, research, or public service.
Student Services	Also referred to as student support function.

Glossary

TERM	DESCRIPTION
Student Services Function	The student services function of expenses should include resources expended for offices of admissions and the registrar and activities that primarily contribute to students' emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instruction program.
Taxes	Non-exchange transactions levied or imposed by the institution.
Term Endowment	Funds for which the donor or other external parties have stipulated as a condition of the gift that the principal is to be maintained intact for a stated period of time (term).
TexPool Investments	Investments in TexPool. Includes other Texas pool investments with other money market funds.
THECB	Texas Higher Education Coordinating Board
TPEG	Texas Public Education Grant
Tuition	Fees charged to students (consumer) for the delivery of instruction credit hour.
Tuition Discount	Tuition not expected to be paid by the student – may be either an internal scholarship/fellowship or grant resources.
Tuition Remission	Reduction of tuition by the institution that the student is not expected to pay.
U. S. Government Advances	Perkins Loan funds provided by the U.S. government that must be returned to the government should the loan program be discontinued.
U.S. Common Stocks	Includes only publicly traded stocks.
U.S. Government	Includes treasuries and any other investment with an affirmative full-faith and credit guarantee of the U.S. government.
U.S. Government Investment	Includes treasuries and any other investment with an affirmative full-faith and credit guarantee of the U.S. government.
U.S. Government Agency Securities	Securities issued by U.S. government-sponsored agencies or corporations, such as FNMA, FHLMC, or FHLB that do not have full-faith and credit guarantees from the U.S.
Unconditional Contribution	A non-exchange transaction recognized as revenue at its fair value upon receipt.
Unconditional Pledge	An unconditional promise to give that depends only on the passage of time or the demand of the recipient.
Unearned Revenue	Revenue received prior to being earned that must be refunded should the agreed upon service not be rendered.
Unrealized Gains or Losses	The difference between the fair (market) value of an investment assets and its book (cost) value.
Unrestricted	Resources that have no stipulation as to their use.
Useful Life	The amount of time an asset is expected to be in service. This will vary and should be based on the government's own experience and the plans for the assets.
Voluntary Non-exchange	Contributions and gifts for which the provider expects nothing in

Glossary

TERM	DESCRIPTION
Transactions	exchange for the resources provided.
Works of Art and Historical Treasures	Collections or individual items of significance that are owned by a state agency that are not held for financial gain, but rather for public exhibition, education, or research in furtherance of public service. Collections or individual items that are protected and cared for or preserved and subject to an organizational policy that requires the proceeds from sales of collection items to use to acquire other items for collections.

Appendix B – Asset Groups And Classifications

Asset Groups and Classifications	Useful Life	Residual Value
Asset Groups Summary		
I. Buildings and Real Estate Improvements		
Buildings and Building Improvements	50 Years	10%
Other Real Estate Improvements	20 Years	10%
Leasehold Improvements	Lease Term	None
II. Infrastructure (if reported separately)	See GASB 34	None
III. Library Books	15 Years	None
IV. Equipment	Lease Term	None
Furniture, Machinery, Vehicles, and Other Equipment	10 Years	None
Telecommunications and Peripheral Equipment	5 Years	None

Asset Groups Subject to Depreciation Classifications	Useful Life	Residual Value
I. Buildings and Real Estate Improvements		
Building and Building Improvements		
Building Exterior: Residential	50 Years	10%
Building Exterior: Office	50 Years	10%
Building Exterior: Correctional Facilities	50 Years	10%
Building Exterior: Farm	50 Years	10%
Building Exterior: Storage or Warehouse	50 Years	10%
Building Exterior: Garage or hangar	50 Years	10%
Building Exterior: Hospital	50 Years	10%
Building Exterior: Education	50 Years	10%
Building Exterior: Research	50 Years	10%
Building Exterior: Museum	50 Years	10%
Building Exterior: Chilling station/Boiler	50 Years	10%
Building Exterior: Clinics	50 Years	10%
Building Interior: Elevator	50 Years	10%
Building Interior: Carpet	50 Years	10%
Building Interior: Modular/Fixed furniture	50 Years	10%
Building Interior: Sprinkler system	50 Years	10%
Building Interior: Electrical	50 Years	10%
Building Interior: Ceiling	50 Years	10%
Building Interior: Curtains and drapes	50 Years	10%
Building Interior: Water system	50 Years	10%
Building Interior: Heating/Cooling system/Air circulation	50 Years	10%
Building Interior: Security	50 Years	10%
Building Interior: Cabling	50 Years	10%
Building Interior: Fire alarm system	50 Years	10%
Other Real Estate Improvements		
Fencing and Gates	20 Years	10%
Landscaping	20 Years	10%
Parking Lots/Driveways/Parking Barriers	20 Years	10%
Outside Sprinkler Systems	20 Years	10%
Recreation Areas & Athletic Fields (including bleachers)	20 Years	10%
Golf Course Facilities	20 Years	10%
Paths and Trails	20 Years	10%
Septic and Sewer Systems	20 Years	10%
Stadiums	20 Years	10%
Swimming Pools, Tennis Courts	20 Years	10%
Fountains	20 Years	10%
Plazas and Pavilions	20 Years	10%
Retaining Walls	20 Years	10%
IV. Equipment		
Furniture, Machinery, Vehicles, and Other Equipment		
Furniture		

Asset Groups Subject to Depreciation Classifications	Useful Life	Residual Value
Desks	10 Years	None
Tables	10 Years	None
Chairs	10 Years	None
Cases, Cabinets & Credenzas	10 Years	None
Personal Furniture: Bed, Dresser, Rocker	10 Years	None
Modular Furniture	10 Years	None
Instructional		
Musical Instruments	10 Years	None
Isolator	10 Years	None
Instructional Equipment	10 Years	None
Industrial/Manufacturing Machinery	10 Years	None
Cosmetology Equipment	10 Years	None
Kitchen Appliances & Equipment	10 Years	None
Laundry Equipment	10 Years	None
Misc. Lab & Scientific Equipment	10 Years	None
Patient Care Miscellaneous	10 Years	None
Ovens and Ranges (lab)	10 Years	None
Clinical Diagnostic Instruments	10 Years	None
Analyzer (all types)	10 Years	None
Freezer (lab)	10 Years	None
Autoclaves and Sterilizers	10 Years	None
Densitometer	10 Years	None
Electrophoresis Apparatus	10 Years	None
Optical Equipment	10 Years	None
Spectrofluorometer	10 Years	None
Spectrometer	10 Years	None
Tanks, Containers, Chambers (all types)	10 Years	None
Table (exam)	10 Years	None
Wheelchairs	10 Years	None
Miscellaneous Surgical Instruments	10 Years	None
Amplifiers (all types)	10 Years	None
Baths, Water and Shakers	10 Years	None
Centrifuge	10 Years	None
Cryostat	10 Years	None
Counter Laboratory Assembly	10 Years	None
X-Ray Equipment	10 Years	None
Dental Equipment	10 Years	None
Chromatograph	10 Years	None
Evaporators	10 Years	None
Homogenizer	10 Years	None
Micromanipulator	10 Years	None
Meters, Gauges, Indicators	10 Years	None
Refrigerators (lab)	10 Years	None
Ultrasound Equipment	10 Years	None

Asset Groups Subject to Depreciation Classifications	Useful Life	Residual Value
Stereotaxic Instrument & Accessories	10 Years	None
Stimulator	10 Years	None
Patient Monitoring Systems	10 Years	None
Defibrillator	10 Years	None
Electronic Module	10 Years	None
Water Purification	10 Years	None
Balance	10 Years	None
Animal Cages & Accessories	10 Years	None
Fraction Collector	10 Years	None
Hood (all types)	10 Years	None
Incubators & Accessories	10 Years	None
Micro tomes, Diamond Knives, Sharpeners	10 Years	None
Spectrophotometer	10 Years	None
Freeze Dryers & Accessories	10 Years	None
Microscopes & Accessories	10 Years	None
Oscilloscope	10 Years	None
Recording Systems	10 Years	None
Scintillation Systems	10 Years	None
Tables, Dissecting, Operating, Balancing	10 Years	None
Breathing Apparatus, Respirator	10 Years	None
EKG/ECG/EEG Apparatus	10 Years	None
Dialysis Equipment	10 Years	None
Livestock	10 Years	None
Maintenance		
Uninterruptible Power Supply	10 Years	None
Marine Equipment	10 Years	None
Tools	10 Years	None
Agricultural Equipment	10 Years	None
Weather Equipment	10 Years	None
Building Maintenance & Safety Equipment	10 Years	None
Power Supply, Battery, Generator	10 Years	None
Portable Building	10 Years	None
Ice machines (lab)	10 Years	None
Pumps	10 Years	None
Boat (20 ft. and longer)	10 Years	None
Boat (shorter than 20 ft.)	10 Years	None
Boat (accessories, motors)	10 Years	None
Boat (other, canoe, rowboat)	10 Years	None
Warehouse Equipment: Forklift	10 Years	None
Rotors and Heads	10 Years	None
Conveyer Systems	10 Years	None
Drills, Stationary	10 Years	None
Gin Machinery	10 Years	None

Asset Groups Subject to Depreciation Classifications	Useful Life	Residual Value
Grinders, Stationary	10 Years	None
Lathes, Stationary	10 Years	None
Metal Working Machines, Other, Stationary	10 Years	None
Milling Machines	10 Years	None
Pallet Trucks, Lifts, jacks, hydraulic	10 Years	None
Saws, Stationary	10 Years	None
Scales	10 Years	None
Shapers, Joiners, Planers, Stationary	10 Years	None
Sharpeners, Stationary	10 Years	None
Shears	10 Years	None
Textile Machinery	10 Years	None
Wood Working Machines, Other, Stationary	10 Years	None
Ferries	10 Years	None
Office Machines / Other		
GPS Equipment	10 Years	None
Photocopying Equipment	10 Years	None
Fax Machines, Telecopier	10 Years	None
Office Machines	10 Years	None
Other Office Furniture	10 Years	None
Recreational Equipment: Bicycle, Pool Table	10 Years	None
Other Equipment	10 Years	None
Services		
Printing Machines & Bookbinding Equipment	10 Years	None
Security System - Card Reader, Camera and Monitor	10 Years	None
Mailroom Equipment: Folder, Inserter, Labeler, Band Tier	10 Years	None
Vehicles		
Passenger Cars	10 Years	None
Motorcycles	10 Years	None
Vehicle Inventory Components/ Life	10 Years	None
Light/Medium Trucks (8600 - 14999 lbs. GVW)	10 Years	None
Medium Trucks (15000 - 26000 lbs. GVW)	10 Years	None
Vehicle Maintenance Equipment	10 Years	None
Utility Vehicles (carryalls, cargo vans, 2- & 4-wheel utility, SUV)	10 Years	None
Vans (up to 15 passenger)	10 Years	None
Light Trucks (under 8600 lbs. GVW)	10 Years	None
Buses (up to 28 passenger)	10 Years	None
Mounted Equipment with Truck Chassis	10 Years	None
Heavy Trucks (26001 lbs. and over)	10 Years	None
Self-propelled Roadway Equipment	10 Years	None
Trailers	10 Years	None
Towed Roadway Equipment	10 Years	None
Buses (29 passengers and over)	10 Years	None

Asset Groups Subject to Depreciation Classifications	Useful Life	Residual Value
Vehicle (other)	10 Years	None
Telecommunications and Peripheral Equipment		
Docking Station	5 Years	None
Image Scanner	5 Years	None
Supercomputer	5 Years	None
Peripheral Devices Microcomputer: Disk, Tape, Optical	5 Years	None
Other Computer Hardware	5 Years	None
Modem & Related Devices	5 Years	None
Digital and Channel Service Units	5 Years	None
Multiplexor	5 Years	None
Communication Controllers	5 Years	None
Protocol Converters	5 Years	None
VSAT S	5 Years	None
Data Communications Diagnostic Systems	5 Years	None
Other Communications Hardware	5 Years	None
LAN/WAN Switching - Hubs, Switches & Routers	5 Years	None
Purchased Software	5 Years	None
Internally Developed Software	5 Years	None
Customized Software (such as ISAS)	5 Years	None
Servers, Minicomputers	5 Years	None
Desktop CPU	5 Years	None
Terminal, Monitor	5 Years	None
Controllers: Tape, Disk, Terminal	5 Years	None
Data Projectors: 'Proxima' or Dataviewers w/o Projector	5 Years	None
Barcode Scanner	5 Years	None
Portable CPU	5 Years	None
Enterprise Software	5 Years	None
Printer	5 Years	None
Portable Printer	5 Years	None
Mainframe Computer Equipment & Channel Extenders	5 Years	None
Scan Systems	5 Years	None
Computer Equipment Racks, Shelving, Chassis	5 Years	None
PBX, KSU, Voice Mail, Phone System	5 Years	None
Automatic Call Distributors	5 Years	None
Phone Equipment (other than systems)	5 Years	None
Video Conference Equipment	5 Years	None

Appendix C – Annual Financial Reporting Requirements Checklist

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
GENERAL		
	1.	Due date for the audited annual financial report recipients listed in 2.1 is January 1.
	2.	Is a table of contents included that encompasses the entire report? [NCGAS 1:139]
	3.	Does the table of contents identify each statement and schedule by its full name in accordance with the THECB reporting manual?
	4.	The financial statements must be arranged in numeric order. All pages must be numbered consecutively and agree with the table of contents.
	5.	The names and terms of the Board of Trustees and key administrative officers must be included in the financial report. [See Section 2.23]
	6.	Report should be proofread for typographical and grammatical errors.
REPORT OF THE INDEPENDENT AUDITOR		
	7.	Are the basic financial statements accompanied by the report of the independent auditor?
	8.	Is the report of the independent auditor presented as the first item in the financial section of the report?
	9.	Does the auditor's report on the financial statements include reference to generally accepted auditing standards and generally accepted government auditing standards issued by the Comptroller General of the United States?
	10.	Did the independent auditor express an unmodified opinion on the fair presentation of the basic financial statements in conformity with GAAP?
	11.	Did the independent auditor sign and date the report?
	12.	Did the auditor include all paragraphs and wording as required by the AICPA in the Statement of Position 98-3?
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON THE AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*		
	13.	Does the report contain all the required elements? [AICPA Audit & Accounting Guide]
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133		
	14.	Does the report contain all the required elements? [AICPA Audit & Accounting Guide]
SCHEDULE OF FINDINGS AND QUESTIONED COSTS		
	15.	Is the schedule prepared in accordance with OMB A-133/2 CFR part 200, subpart F Compliance Supplement and the AICPA Audit & Accounting Guide – Government Auditing Standards?

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	16.	Are the proper federal programs that have been designated as a cluster in Part 5 – Clusters of Programs, A-133 Compliance Supplement, audited as a single program if one has been selected as a Type A major program?
	17.	Are Sections II and III included, even if there are no findings?
	18.	Is all required information given for any findings? See OMB Circular A-133/2 CFR part 200, subpart F, Sec.200.511 Audit Findings.
	19.	If there are any findings reported, is there also presented a Corrective Action Plan, which must list the employee responsible for the needed corrective action and the anticipated date of completion of the corrective action for each listed finding?
	20.	Type A program not audited as a major program in one of the last two years must be audited as a major program this year. [OMB Circular A-133/2 CFR part 200, subpart F]
	21.	Title IV funding may be audited as a cluster of programs dependent on A-133/2 CFR part 200, subpart F guidance.
BASIC FINANCIAL STATEMENTS		
	22.	Is a full set of basic financial statements presented (i.e., a Statement of Net position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows)? [GASB 34 91]
	23.	Are all the basic financial statements referred to by their appropriate title? [GASB 34 91; THECB]
	24.	Do all the basic financial statements include a reference to the notes?
	25.	Do all the basic financial statements foot and tie? (Adding a footnote that indicates your statements do not tie is not acceptable.)
	26.	Is the difference between assets and liabilities reported as net position? [GASB 34: 30]
	27.	Are amounts reported in the notes correct, and do they agree with applicable amounts in the financial statements?
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)		
	28.	Is MD&A presented and does it follow the report of the independent auditors and precede the basic financial statements? [GASB 34 11b]
	29.	Does MD&A present condensed financial data for three comparative years? Does condensed financial data include GASB 34 information, as outlined in questions 30-34 below?
	30.	Total assets (distinguishing between capital and other assets)? [GASB 34 11b]
	31.	Total liabilities (distinguishing between long-term liabilities and other liabilities)? [GASB 34 11b]
	32.	Total net position (distinguishing net investment in capital assets; restricted net position; and unrestricted net position)? [GASB 34 11b]
	33.	Operating revenues (by major source)? [GASB 34 11b(4)]
	34.	Non-operating revenues (by major sources)? [GASB 34 11b (5)]

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	35.	Program expenses by function?
	36.	Change in net position? [GASB 34 11b(13)]
	37.	Ending net position? [GASB 34 11b 14)]
	38.	Contributions (including capital, contributions to endowments, and other)? [GASB 34 11b(10)]
	39.	Does MD&A provide an overall analysis of the entity's financial position and results of operations to assess whether financial position has improved or deteriorated during the year, including reasons for significant changes? [GASB 34 11c]
	40.	Does MD&A describe significant capital-asset and long-term debt activity during the year, including a change in credit rating and commitments made for capital expenses? [GASB 34 11f] Refer readers to more detailed information in the notes to the financial statements if applicable.
	41.	Does the MD&A include a description of currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position (net position) or results of operation? [GASB 34 11]
	42.	Do the amounts reported in MD&A agree with related amounts in the basic financial statements?
	43.	Has the college refrained from addressing in MD&A topics not specifically prescribed by GASB 34? [GASB 37]
STATEMENT OF NET POSITION (EXHIBIT 1)		
	44.	Does the statement of net position report separate sections for assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as applicable? [GASB-S63: 7]
	45.	Are assets and liabilities classified as current and noncurrent? [GASB 34 97]
	46.	Are restrictions on cash or investments properly disclosed (SFAS No. 5), and are restricted amounts appropriately segregated from other cash items? Show as noncurrent assets. [ARB 43]
	47.	Are bank overdrafts reported as liabilities?
	48.	Are investments in TexPool, Lone Star, and other investments with original maturities of three months or less considered cash equivalents?
	49.	Is there a subtotal for "total liabilities?" [NCGAS I, appendix A, example 1; G-94, p. 443]
	50.	Has the college refrained from reporting changes in the fair value of investments as a contra-equity account (instead of including the change as part of investment income)? [GASB 31 13]
	51.	Is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as net position? [GASB-S34: 98, note 40]
	52.	Is the balance of net position subdivided into the following categories, as appropriate: 1) net investment in capital assets, 2) restricted net position, and 3) unrestricted net position? [GASB 34 98]

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	53.	Has the college refrained from reporting designations of unrestricted net position on the face of the Statement of Net Position? [GASB 34 37]
	54.	Net position reported on the Statement of Net Position (Exhibit 1) must tie to amount reported on the Statement of Revenues, Expenses, and Changes in Net Position (Exhibit 2)
	55.	Do the amounts per the Statement of Net Position tie to the appropriate footnotes?
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (EXHIBIT 2)		
	56.	Does the statement distinguish between operating and non-operating revenues and expenses? [GASB 34 100]
	57.	Has the college refrained from including taxes and gifts within the operating category? [GASB 34 102]
	58.	Is operating income/loss reported as a separate line item? [GASB 34 100]
	59.	Are state funds shown as non-operating revenue?
	60.	Total operating revenues must tie to Schedule of Operating Revenues (Schedule A).
	61.	Are expenses shown by functional classification on face of statement? Reported amounts must tie to Schedule of Operating Expenses by Object (Schedule B)?
	62.	Is depreciation expense reported separately from other expense? [APB 12 5]
	63.	Has bad debt expense been netted out of the appropriate functional category?
	64.	Is change in net position reported as a separate line item?
STATEMENT OF CASH FLOWS (EXHIBIT 3)		
	65.	Does the statement categorize cash flows as follows: cash flows from operating activities; cash flows from non-capital financing activities; cash flows from capital and related financing activities; and cash flows from investing activities? [GASB 9 31]
	66.	Are cash flows from operating activities reported by major classes of receipts and disbursements (i.e., the direct method)? [GASB 9 31]
	67.	Has the college refrained from combining cash flows for non-capital financing activities and cash flows from capital and related financing activities into single cash flows from financing activities category? [GASB 9 53-54]
	68.	Has the college refrained from including receipts and payments of interest as cash flows from operating activities (except in the case of program loans)? [GASB-S9: 58]
	69.	Has the college reported disbursement for the acquisition of capital assets as cash flows from capital and related financing activities? [GASB 9 57a;]
	70.	Are cash receipts and cash payments generally reported as gross rather than net? [GASBS 9: 12-14]
	71.	Does the figure reported as cash and cash equivalents at the end of the period trace to a similar account or accounts on the Statement of Net Position? (Exhibit 1) [GASB 9: 8;]
	72.	Is the statement accompanied by a schedule that reconciles operating income and cash flows from operating activities? [GASB 9 7]

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	73.	Is the statement accompanied by information (in narrative or tabular form) concerning investing, capital, or financing activities of the period that affected recognized assets or liabilities but did *not* result in cash flows? [GASB-S9: 37]
FOOTNOTES TO THE FINANCIAL STATEMENTS		
	74.	Footnotes must be numbered.
	75.	Does the Reporting Entity footnote state the following? • The year the college was established • The college was established in accordance with the laws of the State of Texas The college is considered a special purpose, primary government according to GASB 14, and while the college receives funding from local, state, and federal sources, and must comply with the spending, reporting, and record keeping requirements of these entities, that the college is not a component unit of any governmental entity
	76.	Does the college present the summary of significant accounting polices (SSAP) as the second footnote? [NCGAS I 158; APB No 22]
	77.	Does the SSAP Reporting Entity footnote disclose the significant policies followed by the college in preparing their financial statements in accordance with the THECB's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges, with generally accepted accounting policies, and with all applicable GASB pronouncements?
	78.	Does the SSAP Reporting Entity footnote include the statement that the college is reported as a special-purpose government engaged in business-type activities? [GASB 35]
	79.	Does the SSAP disclose tuition that is discounted?
	80.	Does the SSAP disclose basis of accounting?
	81.	Does the footnote regarding budgetary data address that: • each community college is required by law to prepare an annual operating budget; • the annual operating budget is prepared on the accrual basis of accounting; • the annual operating budget has been adopted by the college's board of trustees; and the copies of the annual operating budget are filed with the THECB, LBB, Legislative Reference Library, and Governor's Office of Budget and Planning?
	82.	Does the SSAP define both cash and cash equivalents? [APB 22 12]
	83.	Does the SSAP indicate how investments are valued and include definitions of short- and long-term investments? [APB 22 12]
	84.	Does the SSAP disclose how inventories are valued? [APB 22 12]
	85.	Does the SSAP disclose the capitalization threshold(s) for capital assets, the method of depreciation and the estimated useful lives? [GASB 34 115e; APB 12]
	86.	Does the SSAP disclose what revenues are deferred inflows?
	87.	Has the fact been disclosed that preparation of financial statements, in conformity with generally accepted accounting principles (GAAP), requires the use of management's estimates? [SOP 94-6]

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	88.	Does the SSAP disclose the college's policy for defining operating and non-operating revenues and expenses? [GASB 34 115g]
	89.	If applicable, is a footnote present regarding a Restatement of Net Position? If applicable, does the footnote include a chart that details the amounts restated and an explanation why these net position were restated?
	90.	Do the notes disclose the legal and contractual provisions governing cash deposits with financial institutions? [GASB-S3: 65-66]
	91.	Is the footnote on deposits and investment in compliance with GASB 40 and does it include the following? • The type of investments the college is allowed to invest in • A list of the types of investments (securities) held by the college categorized by maturities • The college's policy on the four types of risk
	92.	If the college invests in derivatives during the fiscal year, the footnote must disclose the nature of the transactions, the reasons for entering into them and the college's exposure to credit risk, market risk, and legal risk. [GASBTB 94-1]
	93.	• Do the notes furnish information on the college's capital assets? [GASB 34 116] • Does the note present each major class of capital assets? • Does the note report nondepreciable capital assets separately from depreciable assets? • Does the note present accumulated depreciation as a separate item? • Does the note disclose changes in capital asset balances?
	94.	Do the disclosures on major classes of capital assets include the following? [GASB 34 117] • Beginning and ending balances with accumulated depreciation presented separately from historical cost • Capital additions • Sales or other dispositions • Current depreciation expense
	95.	Is a description of collections of works of art and historical treasures that are not being capitalized presented, along with the reason for not capitalizing them? [GASB 34 118]
	96.	Do the notes provide all required information separately for each major class of long-term liabilities? [GASB 34}
	97.	Does long-term liability footnote include the following? [GASB 34 119] • Beginning and ending balance • Increases and decreases shown separately • Portion due within one year
	98.	• Do the notes disclose debt service to maturity of all outstanding debt? [GASB 38, GAAFR 196] • Does the disclosure present debt service payments separately for each of the next five years? Are the principal and interest components of debt service shown separately? • Are debt service payments shown for subsequent years reported in five-year increments?

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	99.	For capital leases, has the gross amount of assets purchased on capital leases and the accumulated depreciation been presented separately and the lease obligation classified current and long-term? Has disclosure been made for future minimum lease payments as of the August 31 date in the aggregate and for each of the next five subsequent years, and in five-year increments thereafter? [SFAS 13 16b; GASB 38 11]
	100.	Have the following disclosures been made for operating leases having initial or remaining non-cancelable lease term in excess of one year: • Future minimum rental payments for each of the next five years and in five-year increments thereafter? [GASB 38 11] Total amount of minimum rentals to be received in the future under non-cancelable subleases as the latest balance sheet date? [SFAS 13 16b]
	101.	If the college is the lessor in a capital lease, do the notes disclose: the total future minimum lease payments receivable (reduced by executory costs and uncollectibles)? [GASB-S62: 231a1a]; the minimum lease payments for each of the five succeeding fiscal years? [GASB-S62: 231a2]; the cost and carrying amount of leased assets and depreciation on those assets? [GASB-S62: 231b1]
	102.	If the college is the lessor in a non-cancellable operating lease, do the notes disclose future rentals in the aggregate and for each of the five succeeding fiscal years? [GASB-S62: 231b2]
	103.	Does the bonds payable footnote address the following details of individual long-term debt? • Bond issue name and series • Purpose for which the debt was issued • Type of debt (general obligation bonds, revenue bonds, etc.) • Original amount of the debt • The interest rate and range of maturities • The source of revenue to repay the debt
	104.	If the college undertook a refunding during the year that either defeased or redeemed the refunded debt, the note should provide a brief description of the refunding transaction, the aggregate difference in debt service between the refunding and the refunded debt, and the economic gain or loss on the transaction. [GASB 7]
	105.	The notes should disclose the amount of any outstanding in-substance defeased debt. [GASB-S7: 14]
	106.	Does the footnote on employees' retirement plan include the following? • The name of the plan and a brief description of the type of benefits provided • The percentage of participant salaries currently contributed by the state and by each participant • A paragraph describing the Optional Retirement Program (ORP) participation in lieu of TRS • A provision for purchase annuity contracts • A note that the state has no additional unfunded liability for the program • Total payroll of the college and total payroll of employees covered by each plan; • The percentage of participants' salaries currently contributed by the state and by each participant

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	107.	If the employer participates in a defined benefit pension plan that is administered through a trust or equivalent arrangement, do the notes provide information for the plan regardless of its type? [GASB-S68: 18, 38-45 and 76-80; eGAAFR, pages 913-4; eSUP, pages 9-10] If so, do the notes: • Provide the name of the pension plan? • Identify the public employee retirement system or other entity that administers the pension plan? • Identify the type of pension plan (e.g., a single-employer, agent multiple employer, or cost-sharing multiple-employer pension plan)? • Describe the benefit terms, including 1) the classes of employees covered, 2) the types of benefits, 3) the key elements of the pension formulas, 4) the terms or policies, if any, with respect to automatic post-employment benefit changes, including automatic cost-of-living adjustments (COLAs) and ad hoc post-employment benefit changes, including ad hoc COLAs, and 5) the authority under which benefit terms are established or may be amended? An enterprise fund should disclose if the pension plan is closed to new entrants.
	108.	Describe contribution requirements, including (1) the basis for determining the employer's contributions (for example, statute, contract, an actuarial basis, or some other manner); (2) identification of the authority under which contribution requirements of employers, non-employer contributing entities (if any), and employees are established or may be amended; (3) the contribution rates (in dollars or as a percentage of covered payroll) of those entities for the reporting period; and (4) if not otherwise disclosed, the total amount of contributions recognized by the pension plan from the employer during the reporting period?
	109.	Indicate whether there is a separate publicly available report for the pension plan and, if so, how to obtain the report?
	110.	Do the notes provide information about the significant assumptions and other inputs used to measure the total pension liability (TPL)? [GASB-S68: 41 and 77; eGAAFR, page 913; eSUP, page 9] If so, do the disclosures include information about: • Inflation? • Salary changes? • Ad hoc post-employment benefit changes (including ad hoc COLAs)? • Source of mortality assumptions? (Explanation: Assumptions may be based, for example, on published tables or on an experience study of the covered group) • The dates of experience studies on which significant assumptions are based? • Rates assumed for different periods (if applicable)?

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	111.	Do the disclosures on the discount rate include: [GASB-S 68: 42 and 78] • The rate applied in the current measurement and, if applicable, the change in the discount rate since the prior measurement date? • Assumptions about projected cash flows? • The long-term expected rate of return on pension plan investments and a description of how it was determined, (including significant methods and assumptions)? • The municipal bond rate used and the source of that rate, if applicable? • If a blended rate is used, the periods of projected benefit payments to which the long-term expected rate of return and, the municipal bond rate were applied? • The assumed asset allocation of the plan's portfolio, the long-term expected real rate of return (ROR) for each major asset class, and (if not otherwise disclosed) whether the expected ROR are presented as arithmetic or geometric means? • The NPL calculated using 1) the discount rate plus 1 percent and 2) the discount rate minus 1 percent?
	112.	Do the notes provide information about the employer balances of deferred outflows of resources and deferred inflows of resources for the plan? [GASBS 68: 45 and 80; eGAAFR, page 913; eSUP, page 9] If so, are the amounts classified as follows, if applicable: • Differences between expected and actual experience in the measurement of the total pension liability? • Changes of assumptions or other inputs? • Net difference between projected and actual earnings on pension plan investments? • If the plan is a single-employer or agent plan with a special funding situation or a cost sharing plan, changes in the employer's proportion of the balances and differences between the employer's contributions (other than those to separately finance specific liabilities of the individual employer to the pension plan) and the employer's proportionate share of contributions? • The employer's contributions to the pension plan subsequent to the measurement date of the net pension liability/collective net pension liability? • A schedule that presents the net amount of deferred outflows and inflows of resources that will affect the employer's pension expense individually for each of the subsequent five years, and, at a minimum, in the aggregate for subsequent years? • The amount of the employer's balance of deferred outflows, if any, that will be recognized as a reduction of the net pension liability/collective net pension liability?

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	113.	The measurement date of the net pension liability (NPL)/collective NPL, the date of the actuarial valuation used as the basis for the NPL and, if applicable, the fact that update procedures were used to roll forward the total pension liability to the measurement date?
	114.	If applicable, the employer's proportion (percentage) of the collective net pension liability, the basis on which its proportion (percentage) was determined, and the change in its proportion (percentage) since the prior measurement date?
	115.	For cost-sharing plans only, the employer's proportionate amount (in dollars) of the collective net pension liability and, when there is a special funding situation, (1) the portion of the non-employer contributing entities' total proportionate amount (in dollars) of the collective net pension liability that is associated with the employer and (2) the total of the employer's proportionate amount (in dollars) of the collective net pension liability and the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the employer? [GASB-S68: 80a]
	116.	A brief description of changes of assumptions or other inputs that affected measurement of the total pension liability since the prior measurement date?
	117.	A brief description of changes of benefit terms that affected measurement of the total pension liability since the prior measurement date?
	118.	A brief description of the nature of changes between the measurement date of the net pension liability/collective net pension liability and the employer's reporting date that are expected to have a significant effect on the net pension liability/employer's proportionate share of the collective net pension liability, and the amount of the expected resultant change in the net pension liability/employer's proportionate share of the collective net pension liability (if known)?
	119.	Employer pension expense recognized during the reporting period?
	120.	Revenue recognized for support from non-employer contributing entities (if any)?
	121.	Does the plan have a special funding situation? If so, do the notes disclose: [GASB-S68: 44d; eGAAFR, page 913; eSUP, page 9] • The non-employer contributing entities' total proportionate share of the collective net pension liability? • The employer's proportionate share of the collective net pension liability?
	122.	Does the footnote on the deferred compensation program address that the authority is granted by Government Code 609.001?
	123.	A footnote on compensable absences must disclose the college's policy on annual and sick leave for all employees upon termination or death and the amount that should be reported as a current and noncurrent liability. The footnote needs to include the number of hours that an employee may accumulate, the rate at which it is earned, and when it is paid. The short- and long-term liability portions of the compensable absences should agree with the entries for "Compensable Absences" in the "Long-term Liability" footnote.

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	124.	If applicable, are there any lawsuits pending against the college, and what are the potential significance for these lawsuits?
	125.	When balances of receivables and payables reported on the Statement of Net Position are aggregations of different components, is the significant component disclosed in the footnotes? [GASB 38]
	126.	Does the footnote regarding contract and grant awards address the following? • When revenue is recognized • How funds expended but not yet collected are reported (grant receivables) • How funds received but not yet expended are reported (unearned revenue) • How awards that are not yet funded and for which the college has not yet performed services are reported • The amounts of awards already committed, but for which monies have not been received nor expended
	127.	If the college pays for other post-employment benefits for employees (for example health-care benefits), either in whole or in part, do the notes discuss these benefits? [GASB 12]
	128.	Does the footnote regarding ad valorem tax address the following? (The ad valorem tax information must be a footnote, not supplementary schedules. Supplementary schedules are not required.) [NGCA I3] • When taxes are levied • The gross assessed valuation of the college, the exemption and abatements, and the net assessed valuation • The tax rate per $100 valuation authorized and assessed for both current operations and debt services • The amount of taxes levied for the year ended August 31, FY2, which includes penalty and interest, if applicable • The amount of taxes collected. Specifically current taxes, delinquent taxes, penalty and interest collected for current operations and debt service, including totals • When taxes are due • Tax collection as a percentage of the current tax levy
	129.	Does the footnote on income tax disclose that the college is exempt from income tax under IRC Section 115 and whether the college has any unrelated business income tax liability?
	130.	If the college has a component unit in accordance with GASB 39, is there a footnote that includes the following? • A brief description of the component unit • The criteria for including it as a component unit • How the component unit is reported (Remember to place component unit financial statements directly behind the college's financial statements, for example, college's Statement of Net Position, followed by the component unit balance sheet, etc.)

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	131.	Does the disclosure of material related party transactions include the following? [SFAS 57] • The nature of the relationship • A description of the transaction • Dollar amounts of the transaction • Amounts due from the related parties
	132.	If applicable, if any subsequent events exist they must be disclosed in paragraph form. [SFAS 5]
	133.	Does the footnote regarding post-employment benefits include the required contributions for the ERS for the current year and the two years prior to the current year?
	134.	If applicable, is the method of accounting and reporting for non-exchange transactions disclosed? [GASB 33]
	135.	If the college has any significant commitments, e.g., construction, do the notes disclose them? [NCGA I6]
	136.	Are other disclosures included, as appropriate, such as segments, pledges, etc.?
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES		
	137.	Is all RSI, other than MD&A, located immediately following the notes to the financial statements? [GASB-S34: 6c; GAAFR, page 577]
	138.	If the college participates as an employer in one or more defined benefit pension plans that are administered through a trust or equivalent arrangement, are schedules of required supplementary information presented for each such plan? [GASB-S68: 46 and 81; eGAAFR, page 945; eSUP, page 41] (Until a full 10-year trend is compiled, the required schedules for each plan should present information for as many years as are available)

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	139.	For cost sharing multiple-employer plans, is there a 10-year schedule about funding progress with information measured as of the measurement date of the net pension liability? If so, does the schedule present the following data elements for each year: [GASB-S68: 81a; eGAAFR, page 945; eSUP, page 41] • The employer's proportion (percentage) of the collective net pension liability? • The employer's proportionate amount (in dollars) of the collective net pension liability? • When there is a special funding situation, the non-employer contributing entities' total proportionate share (amount) of the collective net pension liability that is associated with the employer? • When there is a special funding situation, the total of the employer's and non-employer contributing entities' proportionate shares (amount) of the collective net pension liability that is associated with the employer? • The employer's covered payroll? • The employer's proportionate share (amount) of the collective NPL as a percentage of the employer's covered payroll? • The pension plan's fiduciary net position as a percentage of the total pension liability?
	140.	For any plan (regardless of its type), are the contribution requirements of the employer enterprise fund established statutorily or contractually? If so, is a 10-year schedule included that provides information about the employer contribution requirements determined as of the employer's most recent fiscal year end? [GASB-S68: 46d and 81b].If yes, does the schedule include: • The statutorily or contractually required employer contribution? • The amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution? • The difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution? • The employer's covered payroll? • The amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the employer's covered payroll?
	141.	Are schedules of required supplementary information presented for a pension plan that is administered through a trust or equivalent arrangement? If so, is the following disclosure to the RSI included when applicable: [GASB-S68: 47 and 82] Are all plans regardless of their type and the factors that significantly affect trends in the reported amounts?
SCHEDULE OF DETAILED OPERATING REVENUES (SCHEDULE A)		

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	142.	Are the totals for each line item combined for Unrestricted and Restricted and shown in a separate column titled Educational Activities?
	143.	Is a total column presented for the current year?
	144.	Is a memorandum total column presented for the prior year?
	145.	Is tuition broken down between state-funded courses and non-state-funded courses?
	146.	Is there a subtotal for tuition and fees?
	147.	Are the various fees shown separately with a subtotal?
	148.	Are scholarships allowance and discounts detailed enough to avoid a separate schedule? For example, remission and exemptions, allowance for federal financial aid, allowance for state financial aid, etc. If not, a separate schedule needs to be prepared.
	149.	Is the TPEG set-aside amount recorded at the bottom of the schedule?
	150.	Are auxiliary revenues and discounts shown in a separate column?
	151.	Are auxiliary revenues detailed enough to avoid a separate schedule?
	152.	Do the totals tie with the Schedule of Revenues, Expenses, and Changes in Net Position (Exhibit 2)?
	153.	Is there a footnote explaining any outsourced auxiliary operations?
	154.	Is this schedule audited?
SCHEDULE OF OPERATING EXPENSES BY OBJECT (SCHEDULE B)		
	155.	Are educational activity expenses broken down between Unrestricted and Restricted line items?
	156.	Are expenses classified according to NACUBO's elements of cost and further classified by natural classifications? Are scholarship amounts netted?
	157.	Are auxiliary expenses shown as a separate line item below Total Educational Activities?
	158.	Is depreciation shown as a separate line item [APB 12 15] and broken down between Buildings and Other Real Estate Improvements and Equipment?
	159.	Do the totals tie with the SRECNP (Exhibit 2)?
	160.	Is a total column presented for the current year?
	161.	Is a Memorandum total column presented for the prior year?
	162.	Is this schedule audited?
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES (SCHEDULE C)		
	163.	Are revenues and expenses for non-operating activities listed in separate columns for Unrestricted, Restricted, and Auxiliary operations?

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	164.	Is a total column presented for the current year?
	165.	Is a Memorandum total column presented for the prior year?
	166.	Are non-operating revenue and expenses broken down between revenue and expense categories?
	167.	Do the totals tie with the SRECNP (Exhibit 2)?
	168.	Is this schedule audited?
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY (SCHEDULE D)		
	169.	Is net position broken out into Current, Loan, Endowment, and Plant line item categories?
	170.	Is net position also listed in columns as Unrestricted, Restricted (Expendable or Non-Expendable), and Net Investment in Capital Assets?
	171.	Is a total column presented for the current year?
	172.	Are amounts available for current operations indicated under "yes" or "no" columns?
	173.	Are Board designated reserves reflected in Board minutes?
	174.	Does the total column tie to Statement of Net Position, Exhibit 1?
	175.	Is a Memorandum total row for the prior year presented below the current year totals?
	176.	Is this schedule audited?
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND FOOTNOTES (SCHEDULE E)		
	177.	Are all federal funds received by the college included in the Schedule? This includes non-cash assistance from the federal government.
	178.	Is each federal program listed by official name (not by the name of a sub-part of the agency) and CFDA number, including all clusters listed in groups? If in doubt, did you check the official website for CFDA names and numbers?
	179.	Are the listed federal funds ordered numerically by the first two digits of the CFDA numbers, with the exception of the U.S. Department of Education, which should be listed first?
	180.	Are the programs from each federal agency ordered numerically by the last three digits of the CFDA numbers, divided by direct programs and pass-through programs?
	181.	If the CFDA number is not known and cannot be determined by calling the source agency – pass-through or direct – is the CFDA number listed with the first two digits representing the federal agency followed by 000?
	182.	Are all programs listed under subheadings of direct programs listing or the pass-through programs listing?
	183.	Are pass-through programs properly identified with the pass-through entity and pass-through grantor's number?

		THE ANNUAL FINANCIAL REPORTING REQUIREMENTS CHECKLIST
Yes or N/A	**#**	**Criteria**
	184.	Are the listed pass-through entities the *immediate* pass-through entity and not other entities that might have pass-through funds to the immediate pass-through entity?
	185.	Is the pass-through grantor's number correct? (Most pass-through grantors change the number every year.)
	186.	Is each pass-through entity listed only once within each federal agency?
	187.	If a federal program, i.e., same CFDA number, is listed on more than one line, is there a subtotal for that program?
	188.	Do amounts listed include any administrative costs or indirect costs received?
	189.	Are Leadership Education Advocacy Partnership (LEAP) and Special Leveraging Educational Assistance Partnership (SLEAP) funds received by students of the college included in the schedule?
	190.	Are all federal loan programs shown according to applicable guidance?
	191.	Are all amounts shown in the schedule shown in whole dollars – no cents shown?
	192.	Has the schedule been footed?
	193.	Is there a statement at the end of the schedule referring the reader to related footnotes?
	194.	Do the footnotes include a reconciliation of the total amount shown by the schedule to what is shown in the financial statements, even if the figures agree?
	195.	Is there a footnote to explain why each applicable federal fund is not required to be audited under OMB Circular A-133/2 CFR part 200, subpart F Compliance Supplement?
	196.	Is there a footnote showing nonmonetary assistance received if such assistance is not included in the schedule?
	197.	Is there a footnote explaining the basis of accounting for the programs presented in the schedule?
	198.	Is there a footnote showing other entities to which the college has passed-through funds, including program name, CFDA number, sub-recipient names, and sub-recipient amounts?
SCHEDULE OF EXPENDITURES OF STATE AWARDS AND FOOTNOTES (SCHEDULE F)		
	199.	Is the schedule and its footnotes included?
STATISTICAL SUPPLEMENT		
	200.	Does the report include a statistical section? (NCGAS1)
	201.	Is the word "Unaudited" included in the title of each schedule?
	202.	Does the statistical section include all 18 required schedules?
	203.	Do the amounts reported in the statistical table agree with related amounts reported in the financial section?
	204.	Is any deviation from the template or any estimate disclosed in the notes?

Appendix D – GFOA CAFR Program

Government Finance Officers Association (GFOA) – Certificate of Achievement for Excellence in Financial Reporting (CAFR Program)

The Certificate Program, established in 1945, is designed to recognize and encourage excellence in financial reporting by state and local governments and is recognized as the highest award in governmental financial reporting. Those choosing to participate in the program submit copies of their CAFRs for review by an impartial Special Review Committee (SRC) of qualified judges. Reports meeting program standards are awarded Certificates of Achievement. The CAFR generally should demonstrate a constructive "spirit of full disclosure" effort to clearly communicate its financial picture, to enhance understanding of the logic underlying the traditional governmental financial reporting model, and to address CAFR user needs.

The CAFR will be graded on the following categories, when applicable to the government:

- Cover, table of contents, and formatting
- Introductory section
- Report of the independent auditor
- Management's discussion and analysis (MD&A)
- Basic financial statements (preliminary considerations)
- Government-wide financial statements
- Fund financial statements (general considerations)
- Governmental fund financial statements
- Proprietary fund financial statements
- Fiduciary fund financial statements
- Summary of significant accounting policies (SSAP)
- Note disclosure (other than the SSAP and pension-related disclosures)
- Pension-related note disclosures
- Required supplementary information (RSI)
- Combining and individual fund information and other supplementary Information
- Statistical section
- Other considerations

Further information about the Certificate Program can be obtained by sending email to mailto:CAFRProgram@gfoa.org. Please visit the GFOA Forms section of GFOA.org to obtain checklists for reviewing CAFRs for suitability in meeting program requirements.

Significant Differences from THECB Requirements

Most of the requirements for the CAFR program are similar to the THECB requirements. Although other requirements may exist, one noticeable difference is the inclusion of a transmittal letter, as required in the CAFR program.

This document is available on the Texas Higher Education Coordinating Board website:
http://www.thecb.state.tx.us

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