




Tennessee Board of Regents

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MEMORANDUM

TO: Chief Business Officers

FROM: Renee Stewart 

SUBJECT: Financial Statements for the Year Ending June 30, 2006

DATE: July 3, 2006

Below are the guidelines and information for preparing the 2005-06 Financial Statements and schedules. We will collect all information electronically through EXCEL spreadsheets and Microsoft Word files.

The following information explains the various attachments and schedules needed for the financial report.

Attachment A

Attachment A provides guidance on the content of the bound financial report and the supporting schedules that appear after the note disclosures. Please note that we are preparing comparative statements for both the institution and its component unit(s). The 2004-05 institution columns will agree with your printed 2004-05 financial statements, with the exception that lead institutions will exclude the technology center funds as discussed below. Additionally, some institutions will restate commercial paper payable amounts to accurately reflect the requirements of FASB 6. **Corrections for audit adjustments or items discovered after the 2004-05 financials were printed will be reported as a prior period adjustment or as current year activity (if immaterial).** The preliminary financial statements will be submitted by renaming the FinStatementFormat.xls file using the following naming convention:

Universities and Community Colleges:

XXXXX.xls = APSU.xls or CSTCC.xls

Tennessee Technology Centers:

XXXXX.xls = First five letters of the location name (TTC at Oneida file will be named ONEID.xls. The TTCs at Jackson and Jacksboro should use the first six letters.)

Austin Peay State University • East Tennessee State University • Middle Tennessee State University • Tennessee State University
Tennessee Tech University • University of Memphis • Chattanooga State Technical Community College
Cleveland State Community College • Columbia State Community College • Dyersburg State Community College
Jackson State Community College • Motlow State Community College • Pellissippi State Technical Community College
Roane State Community College • Southwest Tennessee Community College • Volunteer State Community College
Walters State Community College • Nashville State Technical Community College • Northeast State Technical Community College
The Tennessee Technology Centers

MEMORANDUM

July 3, 2006

Page Two

The technology centers' funds held by the lead institution as an agency account will be reported by the lead institution in the published financial statements. However, as in prior years, these funds will not be included in the preliminary statements that are to be consolidated. Technology centers' financial statements will not be affected.

Attachment B

The standardized notes to the financial statements are presented in Attachment B and now disclose both current-year and prior-year information. All disclosures, except the one titled "Component Unit(s)," relate solely to the institution column. The attachment does not include bolding or strikeouts to denote revisions from the previous year's disclosures. **Please use this attachment; do not use the notes file from a previous year.** Please remember that the note disclosures must be tailored to disclose only those items applicable to your institution. Disclosures and options not applicable to your institution, as well as all parenthetical instructions, must be deleted before submission to the Central Office.

To assist in the note consolidation, an electronic spreadsheet is included (Note Format.xls). The spreadsheets follow the written notes format. All notes apply to the institution column only, with the exception of Note 24 – Component Unit(s). A separate Note 24 spreadsheet has been included for MEAC (ETSU only).

Attachment C

Financial reporting clarifications are provided on Attachment C. This attachment addresses reporting revisions, troublesome items, and issues that were reported incorrectly in prior fiscal years. Please read carefully and ensure these items are properly incorporated into the FY 2006 financial report.

Attachment D

State appropriations for universities and two-year institutions are shown on Attachment D. The student fee waiver appropriation and the professional privilege tax appropriation was not received prior to June 30, 2006, and will be reported as accounts, notes, and grants receivables on the Statement of Net Assets and disclosed in the notes.

A separate financial report will be submitted for each technology center. The lead school business officers will prepare this report using the standard report formats. The state appropriation for the technology centers is provided on Attachment D-1.

MEMORANDUM

July 3, 2006

Page Three

Attachment E

State appropriations for Centers of Excellence and Centers of Emphasis are shown on Attachments E-1 and E-2, respectively.

Attachment F

The amount of start-up funds that will be reported as a State Grant and Contract for the technology centers is shown on Attachment F. If these amounts do not agree with your records, please contact Board staff immediately.

Attachment G

Attachment G provides information on Special Allocations.

Attachments H and I

The amounts funded for operation and maintenance of plant are provided on Attachments H and I. Any institution spending less than 100 percent of the funded amount should **immediately** contact Board staff. Year-end encumbrances **cannot** be included in the calculation.

Attachment J

Attachment J addresses the final general fund support cap for athletics for FY 2006. As noted in the July 2006 budget guidelines, the athletic cap is restricted to the amount budgeted in the 2006 Estimated Budget.

Attachment K

Attachment K is the template the TBR Central Office will use for the systemwide Management's Discussion and Analysis. It includes all the required elements addressed in GASB 34 and 37. You may use this template or develop your own. If you elect to develop a MD&A template for your campus, please ensure that all required elements are included. Please note that the MD&A must also include component unit information, but must focus primarily on the institution. Additionally, three years of comparative information are required.

MEMORANDUM

July 3, 2006

Page Four

Attachment L

A checklist for completing the financial report is provided on Attachment L.

Attachment M

The Schedule of Expenditures of Federal Awards and the Supplementary Information Schedule must be prepared for the Department of Finance and Administration. Please note the instructions and format for both schedules included as Attachment M. Please email the completed schedule to **Sherita Woods** at Sherita.Woods@state.tn.us no later than **Tuesday, September 18, 2006**.

If your institution participated in the Federal Family Educational Loan program, the value of the loans made during the year should be included on the Schedule of Expenditures of Federal Awards.

Supplemental Schedules

Additional supplemental information is requested for review of actual year-end operations and budget compliance. Although this information will no longer agree to your financial statements, the schedules should be prepared as they have been in prior years (unrestricted fund information, restricted fund, etc.). These schedules include a report of the specialized academic course fees, comparison of functional expenditures and transfers, plant operation and maintenance expenditures, continuing education operations, athletic revenues and expenditures, special allocation expenditures, scholarship expenditures, fund balance information, auxiliary enterprises information, remedial/development expenditures, longevity, moveable equipment, desegregation, and Centers of Excellence/Emphasis. Additionally, a new schedule has been developed disclosing applicable expenditures for the Governor's Office of Diversity Business Enterprise.. Lead institutions will coordinate all applicable schedules with the technology centers. Separate files must be submitted for the TSU McMinnville Center, the ETSU College of Medicine, the ETSU Family Practice Center, and each technology center. Supplemental schedules not applicable to these units should remain blank. Do not delete non-applicable schedules.

The supplemental schedules will be submitted electronically. The format templates attached (supplemental schedules.xls) should be completed and returned with your financial statements using the following naming convention:

MEMORANDUM

July 3, 2006

Page Five

Universities and Community Colleges:

XXXXXsupp sched.xls = APSU supp sched.xls or CSTCC supp sched.xls

Tennessee Technology Centers:

XXXXXsupp sched.xls = First five letters of the location name (TTC at Oneida file will be named ONEIDsupp sched.xls. The TTCs at Jackson and Jacksboro should use the first six letters.)

Due Dates and Copies

Please email to renee.stewart@tbr.edu all sections of your financial report for the fiscal year 2005-06 no later than **noon** on **Friday, August 11, 2006**. These sections will be used to compile our combined System financial statement.

Instructions and the due date for submission of the final bound report will be forwarded to you upon completion of the Central Office review and consolidation.

If you have any questions concerning the attachments or the information above, please contact your TBR Assistant Director.

c: Presidents and Directors