

CHECKLIST FOR 2005-06 FINANCIAL REPORTS

The following checklist should be used in completing your financial report.

- | <u>General</u> | <u>Check When Completed</u> |
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| 1. There should be a heading on each page. | |
| 2. The reports should be 8 1/2 X 11. | |
| 3. Figures are <u>not</u> rounded to the nearest dollar. | |
| 4. The Management's Discussion and Analysis is the first section in your financial report followed by the Unaudited Statement of Net Assets, the Unaudited Statement of Revenues, Expenses and Changes in Net Assets, the Unaudited Statement of Cash Flows, the Notes to the Financial Statements and the Unaudited Statement Of Cash Flows for the Component Unit. | |
| 5. All statements and schedules foot and crossfoot. | |
| 6. Your report should include a letter from the chief business officer to the president stating that the financial report has not been audited, with which fiscal year the last audit ended, and that an audit is or is not currently in progress. | |
| 7. Each Financial Report includes two letters of transmittal, both brief: from the chief business officer to the president/director and from the president/director to the Chancellor. The letter to the Chancellor is placed first. | |
| 8. There should be no changes between the finalized statements submitted in August and the Financial Reports due in September with <u>the exception of lead institutions recording technology center amounts in the final reports and notes</u> . All other changes must be reported to and approved by your TBR Assistant Director. | |
| 9. For applicable statements, the title reads "For the Year Ended June 30, 2006, with comparative figures for the year ended June 30, 2005". | |

Statement of Net Assets

Check When
Completed

1. All assets and liabilities are split between current and non-current portions. In general, current liabilities are those that will be paid within one year of the statement date. Current assets are those that are available to satisfy current liabilities.
2. Plant assets, including cash, are reported as non-current assets, except to the extent that current liabilities exist.
3. Federal Perkins loan fund assets are generally not available to pay current liabilities and are classified as non-current.
4. The US Government Grants Refundable amount is reported as a liability, not as Net Assets. Therefore, the Federal Capital Contribution is no longer considered a revenue, but is now an increase in liabilities.
5. Loan fund interest receivable has been accrued.
6. Quasi-endowments created with restricted resources are reported as restricted – expendable net assets. Those created with unrestricted resources are reported as unrestricted net assets.
7. Prior year information is included for comparison purposes.
8. All institutions with construction in progress use a Projects-in-Progress account that is disclosed in the Notes. All projects remain in the Projects-in-Progress account until they are accepted for occupancy or use.
9. State general bond fund cash is not be reported. Unexpended proceeds from TSSBA bond issues are used to offset the Bonds Payable liability.
10. Plant fund net assets reported as restricted – expendable are limited to funds with external restrictions (TBR requirements are not external).
11. Interest payable has been accrued on notes and bonds payable.
12. Library assets and the accumulated depreciation are removed from the books once fully depreciated. All other fully depreciated items remain on the books until disposed of, demolished, or sold.

Statement of Revenues, Expense, and Changes in Net Assets

Check When
Completed

1. Student tuition and fees are reported net of the scholarship allowance. The scholarship allowance amount is disclosed parenthetically.
2. Residential Life and Bookstore revenues are reported net of any applicable scholarship allowances. The scholarship allowance amounts are reported parenthetically.
3. Revenues pledged as security for revenue bonds, such as dormitory, bookstore, wellness facility, etc., is disclosed parenthetically and references the Long-term Liabilities note disclosure.
4. Investment income is reported net of investment expense. The investment expense amount is disclosed parenthetically.
5. Refunds to Grantors are reported as a reduction of deferred revenue if the grant is considered an exchange transaction. If the grant is a non-exchange transaction, the refund is recorded as a reduction to non-operating grants (or gifts) if returned in the year of receipt or as an operating expense if returned in a subsequent year.
6. Any item in which revenues and expenses have been duplicated are eliminated. These items include, but are not limited to, service center usage charges, indirect costs, complimentary athletic tickets, plant fund duplications, and service centers.
7. The Net Assets – beginning of year, agrees to the ending fund balances reported in the FY 05 Financial Report.
8. The Net Assets – end of year agrees to the Statement of Net Assets.

Check When
Completed

Statement of Cash Flows

1. Auxiliary enterprise operations are separated into the following categories: 1) residence halls, 2) bookstore, 3) food services, 4) wellness facility, and 5) other.
2. Grants and contracts are separated into operating and non-operating activities..
3. All agency fund activity, except federal student loan programs, is reported as Changes in Deposits Held for Others.
4. Cash and cash equivalents – beginning of year, agrees to the total cash and cash equivalents reported in the FY 2005 financial report.
5. The operating loss agrees to the operating loss reported on the Statement of Revenues, Expenses, and Changes in Net Assets.
6. Cash and cash equivalents – end of year, agrees to the Statement of Net Assets.
7. Depreciation expense agrees to the Statement of Revenues, Expenses, and Changes in Net Assets.
8. All non-cash transactions are disclosed at the bottom of the Statement of Cash Flows.

Management's Discussion and Analysis

1. The report includes the following required information:
 - a. Total assets, distinguishing between capital and other assets
 - b. Total liabilities, distinguishing between long-term liabilities and other liabilities
 - c. Total net assets, distinguishing among amounts invested in capital assets, net of related debt; restricted amounts; and unrestricted amounts
 - d. General revenues, by major source
 - e. Total revenues
 - f. Program expenses, at a minimum by function
 - g. Total expenses
 - h. Excess (deficiency) before contributions to term and permanent endowments or permanent fund principal, special and extraordinary items, and transfers
 - i. Contributions
 - j. Special and extraordinary items
 - k. Change in net assets
 - l. Ending net assets.
2. The MD&A is an objective and easily readable analysis of the institution's financial statements based on currently known facts, decisions, and conditions.
3. Comparative information for three years is included in the MD&A.
4. Any non-financial information presented is relevant to the required items listed above and is supported by individually verifiable information.
5. Lead institutions will include TTC information in the condensed statements and variance explanations.

Check When
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Notes to the Financial Statements

1. Ensure all applicable notes have been included in the financial report for full disclosure. **Notes not applicable to the institution should not be included.**
2. All changes to the format of the notes have been made.
3. For lead institutions, determine that cash and investments for your technology centers have not been included in the lead institution's preliminary financial report.
4. For lead institutions, determine if the Deposits note has been correctly completed. Include amounts for your TTC's cash in bank and certificates of deposits. Exclude TTC imprest accounts (whether funds are in a bank or on hand).
5. For technology centers, determine if the Deposits note has been correctly completed. Include only the portion of the imprest bank account that is actually in the bank (exclude amounts used to establish petty cash funds).