



TAMUS Banking and Investments

TRACY CROWLEY, CPA

DIRECTOR, FINANCIAL REPORTING

TEXAS A&M SYSTEM OFFICE



Overview

Banking

Investment programs

Terminology

Daily cash processes

Income Distribution

Year-end reporting

Audience Poll

How much do you know about the A&M System's Investment programs?

Not much

A little

Very familiar



Cash Management and Treasury Services

**Centralized cash management
program, per *System Investment
policy 22.02***

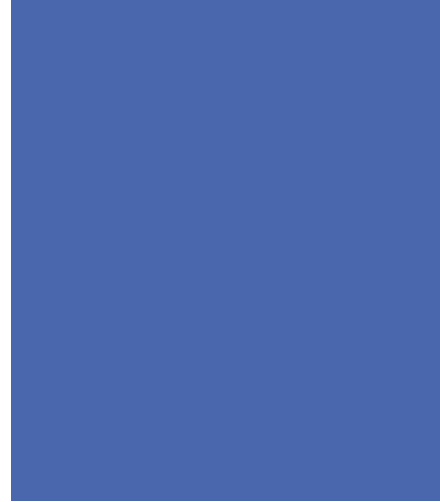
**Treasury Services team manages
System-wide cash management**

- Coordination and direction of banking relationships
- Daily analysis of cash balances
- Determine how and when funds should be invested

TAMUS Investment Programs

- Cash Concentration Pool (CCP) – Short Term and Long Term
- System Endowment Fund (SEF)
- Market value and returns as of quarter ended 05/31/2023

Investment Pool	Market Value (System-wide)	1-yr Return	3-yr Return
CCP	\$5.3 B	1%	3.8%
SEF	\$1.4 B	-.4%	7.2%



What is the Cash Concentration Pool?



System Cash Concentration Pool

- System Investment Policy states the purpose
 - *“to provide for the collective investment of all operating, non-operating and other funds resting with the system or it’s members”*
- Treasury Services manages how CCP funds are invested
 - Short Term (funds needed to maintain operations)
 - Cash & Cash Equivalents
 - Long Term (generally funds not needed for 6 months or more)
 - Investment Managers invest according to our policy



CCP Short Term Banking

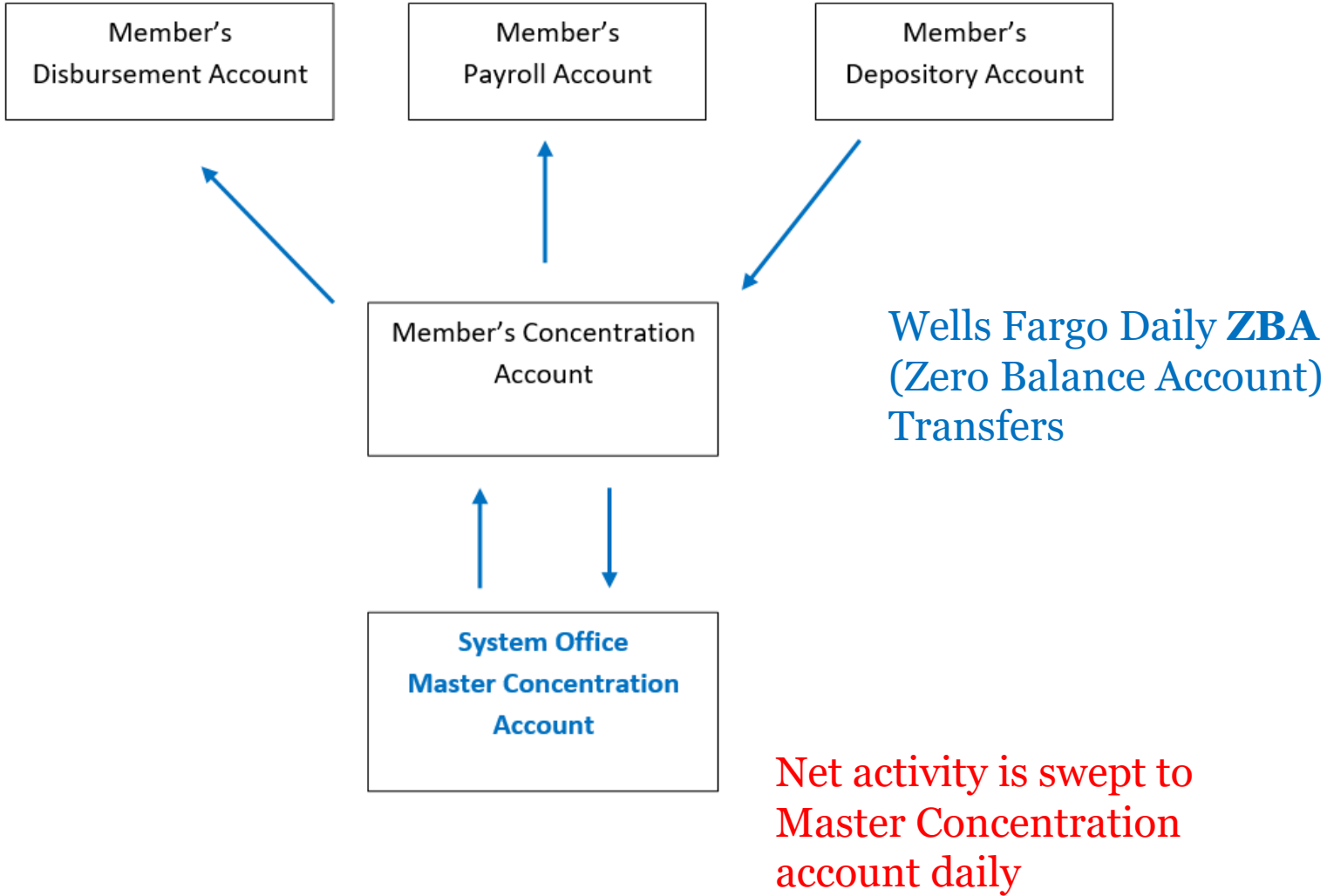
Cash is automatically swept to/from member Wells Fargo accounts to the System “Master” account daily

- **“ZBA” – Zero Balance Accounts**
- At the end of each day, member Wells Fargo accounts are zero

System Office uses OneStream to update each Member’s cash balance daily

- Each member’s balance is held in a separate **fund** in OneStream
- Monthly **fund ledger** reports are distributed

CCP Banking Flowchart



Daily CCP Short Term Entries

- Bank reports are run daily
- OneStream entries posted to update fund/pool balances
 - ZBA transfers
 - Oil & gas royalty deposits
- Equity Transfers are processed to move cash between funds (members) in OneStream, for example.....
 - Reimburse System Office for expenses paid centrally
 - Adjust for Payroll allocated between members
 - Invoice payments



CCP Long Term



Treasury team coordinates with each System Member to make decisions on what portion of the CCP balance will be invested in Long Term



Long Term CCP is unitized



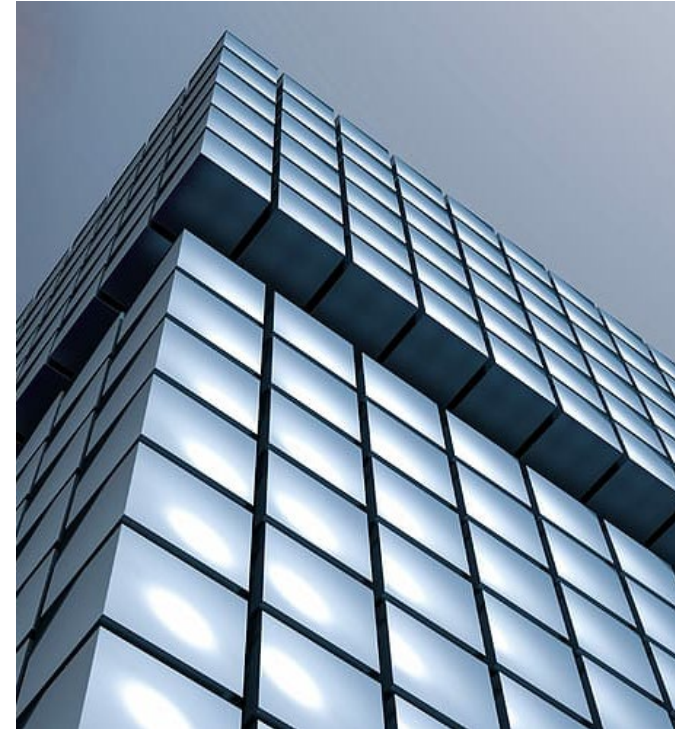
Investment income/fees allocated monthly based on number of units



Separate fund ledger for Long Term CCP

Unitized Investments

- What is unitization?
 - Method for tracking ownership an investment pool
 - $\text{Units} \times \text{Unit Value} = \text{Market Value}$
 - Units based on the market value at time of purchase or “buy-in”
 - CCP Long Term and SEF are both unitized
 - Income distributions are based on units owned



CCP Investment Income

- Income is distributed monthly
 - Short Term - based on avg daily balance (using OneStream)
 - Long Term – income per manager statements (based on units owned)
- Members post entries to record investment income and fees
- Reconcile monthly fund ledger reports to their accounting records (FAMIS)



CCP Fund Ledger Reports



Fund ledger reports sent to all members monthly



Similar to a bank statement



Information is sent during the month when transactions are posted

Investment Income
Equity Transfers
Oil & Gas Royalties



Some FAMIS entries are automated

Quarterly Endowment Income
Monthly Payroll and Benefit Equity Transfers

Sample Fund Ledger - ST

Fund Ledger Report

Period: 06/01/2023 to 06/30/2023

Fund Name: SYSTEM OFFICE

Fund: 2801

Trx Date	T-Code	Description	Additions	Deductions	Balance
06/08/2023	11	ZBA CREDIT TRANSFER	43,047.89	0.00	58,856,736.65
06/09/2023	11	SREO FEES	93.66	0.00	58,856,830.31
06/09/2023	16	FM CT	4,057,440.69	0.00	62,914,271.00
06/09/2023	16	FM RCP	2,875,224.38	0.00	65,789,495.38
06/09/2023	16	FM R22	40,228.93	0.00	65,829,724.31
06/09/2023	16	FM P23	3,198,343.33	0.00	69,028,067.64
06/09/2023	16	FM TAMUSA	13,509.43	0.00	69,041,577.07
06/09/2023	16	FM P19	332.55	0.00	69,041,909.62

Sample Fund Ledger - LT

Fund Ledger Report

Period: 06/01/2023 to 06/30/2023

Fund Name: SYSTEM OFFICE - LT

Fund: 2801LT

Trx Date	T-Code	Description	Additions	Deductions	Balance
06/01/2023	0	Beginning Balance	0.00	0.00	140,790,044.29
06/01/2023	1	MAY INT	278,192.77	0.00	141,068,237.06
06/01/2023	15	MAY GAIN	105,194.21	0.00	141,173,431.27
06/01/2023	27	MAY FEE	0.00	39,069.37	141,134,361.90
			383,386.98	39,069.37	

CCP Transactions - Automated FAMIS Entries



Monthly Transfers Between
Members

Payroll
FICA/TRS
Concur Activity – Pcard, Travel



Monthly Transfers to System
Office (paid centrally)

Insurance Benefits
Withholding Orders
Retirement Payments



Quarterly

Endowment Income (Dec/March/June/M13)

System Endowment Fund (SEF)

What is an endowment?

- Donation of money or property to a nonprofit organization who uses the resulting investment income for a specific purpose
- Corpus remains intact, earnings available to spend as specified by donors

Endowment Types

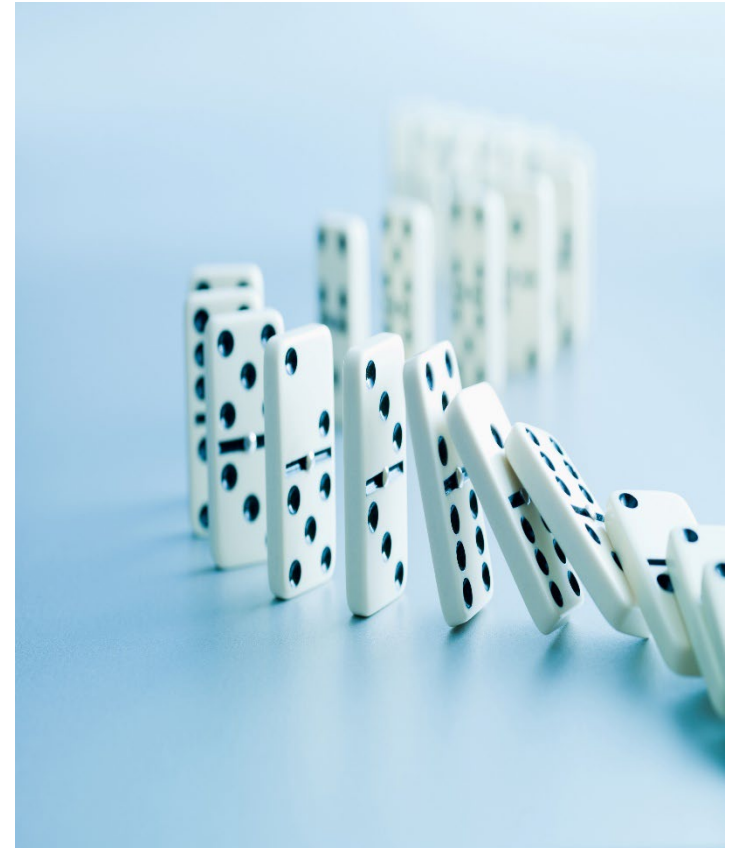
- True – donor-restricted
- Quasi – internal restriction
- Term – endowed for a specified period of time

All TAMUS endowments invested in SEF

- Coordinate with Treasury Services to invest new gifts

SEF Reports and Income Distribution

- Quarterly reports from our investment custodian
- **Income Distribution policy** (Inv Policy 22.02)
 - 5% of 20-quarter average market value per unit
 - Unitized investment pool
- SEF Appreciation Reserve
 - Realized gains and losses are deposited into the reserve
 - Supplement from reserve if current income is not sufficient to meet required distribution
- **Income Distributed Quarterly**
 - FAMIS entries are automated (Dec/March/June/M13)



Year-End Investment Entries

- System Office provide details for year-end entries in September
- All entries posted in **Month 13**
- August Investment income/fees
- Year-End Fair Value Adjustment
- Allocate CCP Balance by Fund Group and row.....
 - Current, NonCurrent
 - Restricted, UnRestricted (based on fund group)





Year-End SEF Entries

- 4th Quarter SEF Reports sent out mid-September
- Income Distribution (Month 13)
- SEF Fair Value Adjustment
- SEF Appreciation Reserve Allocation



Treasury Services

- Maria Robinson and the Treasury team do an amazing job managing the A&M System's cash and investments
- Appreciate all that they do!



Questions/Comments