

Accounting Principles Committee (APC)
2018 TASSCUBO Winter Conference
Monday, January 29, 2018
The Woodlands Waterway Marriott & Convention Center
Waterway 4
The Woodlands, Texas

4:00 pm – 5:30 pm
Waterway 4

Agenda Items

- Completing the **2017** Annual Financial Reporting Season
 - PT deadline moved up to 9/1
 - We did send an additional email stating moving the deadline up does not help the process
 - Most of our members placed some values in the website
 - What did others do?
 - Any place a \$1 value?
 - Any issues?
 - Capital Asset transfers
 - New documentation was required to list the type of asset transferred, it wasn't too cumbersome but required additional time in November
 - Recommend use the state transfer form to keep up to date with the transfers between universities and agencies
 - For TAMUS, transfers between TTI and TxDOT, new person at TxDOT, so this did not go smooth, several transfers were changed to match the SPA values
 - Any issues with SEFA Note 3? Lots of debate going into the year, but seemed to end ok
 - Issue for members of a System: If posting cleanup entries in USAS, stay away from USAS restatement t-code 454 and object codes; our FRS analyst reversed all of these entries in USAS or she was stating they needed to match the issued AFR
- APS011 Benefits Proportional by Fund
 - Governor's Office Hiring Freeze being debated on how it should have been shown in the calculation, since it was special legislation, not required to be excluded, but Comptroller's Office allowed it to be excluded as well since it was in GR's favor
 - Per the GAA, our internal auditors are required to review 3 years of APS011 calculations 2015-2017
 - ACOs are trying to review these earlier this year
 - Any other issues?
- Council On Governmental Relations (COGR) Updates-They have submitted templates requesting all institutions submit a letter to the White House, Office of Management & Budget and US DHHS discussing the opposition to the 2018 budget proposal for NIH proposed reduction to the NIH budget by \$7.2 billion and restrict F&A costs to 10%

- This issue is being debated, the good news is more time is being taken to research the impacts
- Any other input?
- Comptroller's Office Expenditure Audit-a few audit findings, open discussion
 - Travel expenses as it relates to direct hotel charges and/or credit card payments if state funded, and seek reimbursement; the alt vendor is the credit card company, not the traveler. Comptroller's Office has stated the traveler data is required on the entry.
 - For institutions of higher ed not all of our travelers are listed in USAS as a valid vendor
 - The accounting event; is paying the credit card company
 - We have travel vouchers with the detailed charges by travelers.
 - Asking Comptroller's Office for more guidance and asking for this to remain a Type II (lower finding)
 - Similar to scholarship payments, we are being allowed to send these in bulk; can this be allowed for travel as well?
 - Any other institutions have concerns?
 - Any other items institutions are receiving questions?
- TRS new system 'TEAM' went Live in September
 - Many challenges reconciling payroll systems to this system
 - Required all ORP information for the first time
 - Required hours to be calculated for salaried employees
 - Cash basis vs. accrual basis
 - Receiving pressure to reconcile since employees are retiring or wanting to cash out of their retirement plans
 - Any other members having issues? How are your teams working through the process? Any recommendations?
- Internal Audit Questions
 - Student Receivables-still seeing large variances across campuses
- Upcoming GASB Pronouncements
 - **GASB 75 OPEB-FY 2018** Self-Insured Entities (UT System & TAMU System)-Update by UT System-Change in evaluation method more similar to Pensions, entire liability is recorded on our books..liability increases by more than double almost triple...also will have the deferred inflows and outflows plus pension expense increase is large...big impact to net position
 - **GASB 81 Update by UT System-Irrevocable Split-Interest Agreements-FY 2018**
 - Very complicated if your university has these types of agreements
 - Research is needed
 - **GASB 83 Certain Asset Retirement Obligations, FY 2019**
 - Obligations to decommission certain tangible assets, nuclear reactors, wind turbines, sewage treatment plants and/or removal x-ray machines, etc.
 - Complex calculation, FASB schools are calculating now, samples are available

- GASB 84 *Fiduciary Activities* **FY 2020**
 - Separate financial statements for some of our activities
 - Analyze Agency Funds
 1. Foundations
 2. Investments Held on behalf of other Institutions
- GASB 87 Leases- **FY2021**
 - 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.
 - Subleases will be included
 - Audit issue due to volume of leases, financial ratio impact the viability and other debt ratios and the CFI
 - Consider investing in a lease accounting software package
- Financial Reporting Model-**FY 2022**
 - BTAs will be reviewed
 - Role of the Cash Flow Statement
 - Examining the operating revenue/expense
- GASB Surveys-submitted in January
 - Cloud Computing Arrangements
 - Trying to get their arms around what is out there
 - Large contracts, upgrading constantly, continue to expense or amortize a portion over time
 - Public-Private Partnerships
 - Not sure if they are trying to determine if more of these should be reported on our financials
- Workday Implementation for Human Capital Management
 - Texas A&M University System went live with Workday for 21 entities, 11 institutions of higher ed, 8 state agencies, 1 HSC and 1 System on December 17th, 2017
 - Process Redesigns...coordination and change of roles between payroll and HR teams
 - Tough, but doable, encourage others who are in the process
 - Working on integration with accounting and reporting
 - Any others going through this process?
- Tax Changes in 2018, must be in place by February 15th
 - Tax tables for employees will change
 - W-4s changing to only have Single, Married or Head of Household
 - UBIT will be changing as well
 - Backup Withholding Changes for certain vendors from 28% to 24%
 - Corporate Taxes is Reduced
 - Any tax experts in the room want to share?
 - Impacts to systems?
- Any other Items to discuss?