

Accounting Principles Committee (APC)
TASSCUBO Conference
Tuesday, January 19, 2021
3:30 p.m. – 5:00 p.m.
Microsoft Teams Virtual Meeting

Agenda

- Welcome & Introduction (5 minutes)
 - Welcome and introduction provided by Aaron LeMay. Introduction of Sarah Baker and Craig Ott as co-chairs, awaiting approval from TASSCUBO executive team.
 - Special thanks to Dana Malone

- FY2020 AFR Debrief (5 to 10 minutes)
 - Jamie from UT-System – fiduciary statement new – lots of questions weren't answered in time; materiality threshold was different; did not implement any materiality thresholds; in hindsight there might be some stuff in fiduciary that shouldn't be there; quite a big headache
 - CARES Act – round 2 and round 3 to come. May need to continue discussing for FY21 AFR (and future)

- CARES Act Funding (5 to 10 minutes)
 - Aaron LeMay provided run down.
 - HEERF Funding – 5 laws at this point that have been phased. Phase IV was passed in December. (Phase I, II, III, III.5, and IV).
 - Watch your dates for spending those funds.
 - Some institutions had lost revenue; if you are using for offsetting patient review make sure your legal team reviews.
 - Make sure you can tie your payments/reimbursements to specific transactions and people/students. Treat this as a full research grant that you expect an audit on, especially for health related institutions.
 - Sheri Hardison and her institution had an audit. They did get a lot of money but they did not have any findings. Eric Fisher also had an audit. The main thing was documentation. Expenditures got more testing than refunds.
 - UNT went through state audit for HEERF funds.
 - It is an additional supplement for your award, but not a new award, if you received Phase I money.
 - The annual report is incredibly extensive on the student side. The institutional side is not as bad.
 - Provider relief funds – can be utilized for lost revenue (physician and hospitals), or offsetting expenses. A lot of debate on how that money should be used. Auditors for

the state started the audit, and then actually stopped the audit because it was just too confusing.

- Most recent Phase IV package had an optional setup on way to do lost revenue; either forecasting with budget or year-over-year trend historically.
 - Don't forget about FEMA funding options and requirements. Can be good source to offset PPE purchases, shields, etc. for campuses. Typically FEMA has to be the funding source for emergencies at the end after everything else has been exhausted, but for COVID-19 that has been exempted. Must work with TDEM.
- Telecommuting (5 to 10 minutes)
 - Craig Ott led the discussion on telecommuting.
 - UTMB has employees in 26 states; registered in 22 states. TAMUC is registered in 14 states.
 - Workday at TAMUC has helped streamline the process.
 - UT-Southwestern System – Sheri – they went from 9/11 to over 25 states. There's states that we would prefer not to have employees in but doesn't work out. More risk for some states. Operationally it is difficult to track individuals working remotely as a "vacation" or "visit" but not self reporting.
 - Lori Peterson – also use Workday – new hires works well, but if someone already working goes out of state, have to rely on the individuals. They are registered in all states for withholding payroll taxes. A lot of implications like workers comp, unemployment, etc, not just payroll tax. International employees are bigger issue. Much harder time, so still operating on the basis that this is temporary situation but will need to start considering solutions for international hires. Exploring PEO options, but haven't moved forward with RFP yet.
 - GASB 87 - UTS System Implementation Update (10 to 15 minutes) (Dana Malone and Marili Cavazos)
 - Presentation PowerPoint by Dana
 - Upcoming GASB Pronouncements (30 minutes)
 - Blake Rodgers from Deloitte, PowerPoint presentation
 - GASB Statement No. 87, Leases, effective 2022, establishes a single model for lease accounting.
 - GASB Statement No. 91, *Conduit Debt Obligations*, effective 2023, provides a single method of reporting conduit debt obligations.
 - GASB Statement No. 92, *Omnibus 2020*, effective 2022, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues identified during implementation of certain GASB Statements.

- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, effective 2022, preserves consistency and comparability of reporting hedging derivative instruments and leases after agreements are amended to replace LIBOR.
 - GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective 2023, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements and provides guidance for availability payment arrangements.
 - GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, is effective 2023, This Statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.
 - Other than the portion of this statement implemented in 2020, the remainder of GASB Statement No. 97, *Certain Component Unit Criteria*, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, is effective 2022. The requirements relate to the accounting and financial reporting for Section 457 plans, and for all other arrangements, clarify that for purposes of determining whether a primary government is financially accountable for a potential component unit, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.
- General Discussion (5 minutes)
 - Adjourn

Upcoming agenda items?

Spring meeting: CARES/HEERF II topic

Does the group want to meet before Summer TASSCUBO? April/May? Yes.

Questions/Comments from chat/meeting for follow up and distribution:

- Dana's GASB 87 presentation – can it be shared? Yes.
- Where did the \$100k threshold for GASB87 come from? \$100k threshold was already the threshold for intangible assets, but we confirmed with the Comptroller's Office that this was the appropriate threshold for GASB 87.
- UT Institutions still enter immaterial leases in Planon or were these just entered at the beginning of the implementation? Yes, we are still entering immaterial leases and letting the system determine if it's material or not. We continue to enter immaterial leases because this is something auditors need to see annually.