

Accounting Principles Committee (APC)
TASSCUBO Conference
Monday, January 27, 2020
3:30 p.m. – 5:00 p.m.
Omni Houston Hotel
Meeting Room: Post Oak Ballroom
Houston, Texas

Agenda

- Welcome & Introduction
- Travel & Purchasing Card Restrictions (20 minutes)
- FY2019 AFR Updates (10 minutes)
- GASB 84, Fiduciary Activities, effective FY 2020 (5 minutes)
- GASB 90, Majority Equity Interests, effective FY 2020 (5 minutes)
- GASB 87, Leases, effective FY 2021 (5 minutes)
- Feedback on Breakout Session (5 minutes)
- Upcoming GASB Pronouncements (5 minutes)
- Review of Committee Requirements & Propose Appointment of a New Chair (10 minutes)
- General Discussion (5 to 10 minutes)
- GASB 87, Joint Committee (20 minutes)

Agenda Items with Details

- Welcome & Introduction
- Travel & Purchasing Card
 - Is it time to request the Comptroller to evaluate regulations surrounding the use of cards?
 - For example, state travel cards cannot be used for direct paying for meals when used on state travel funds.
 - Updated regulations would allow higher education to increase use of the card program and improve the potential for additional rebates.
- FY2019 AFR Updates
 - How did it go?
 - Any lessons learned to share with the group?
 - Any struggles that we need to work with the Comptroller to improve?
- GASB 84, Fiduciary Activities, effective FY 2020
 - Summary
 - Establishes criteria for identifying fiduciary activities of all state and local governments:
 1. whether a government is controlling the assets of the fiduciary activity
 2. the beneficiaries with whom a fiduciary relationship exists
 - Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities
 - Helpful Resources:
 - [GASB Statement](#) (01/2017)
 - [GASB Implementation Guide](#) (06/2019)
 - [Fiduciary Activities from FMX](#) (12/2019)
 - [NACUBO Advisory 20-01](#) (01/2020)
 - Notes from Previous TASSCUBO APC Discussions:
 - Paragraph 19 exception – Allows Business Type Activities (BTA) and Enterprise Funds ONLY to report activity in the BTA Statement of Net Position, when receipts are normally expected to be held for three months or less.
 1. GASB implementation guide 2019-2, Q 4.45 and Q 4.46 clarification – Normal expected holding period for a recurring receipt can be established by best practice rather than making the assessment each time a resource is received.
 - In other words, what is normally expected
 2. Comptroller has decided that each reporting entity can implement and determine how to interpret and apply the paragraph.
 - Materiality Threshold – State of Texas materiality threshold for fiduciary activities will be anything \$100,000 and above in total by specific type of activity

1. GASB implementation guide 2015-1, Q 7.4.1 clarifies fiduciary activities to base materiality on professional judgement and qualitative factors, then quantitative factors as necessary.
 - Separate financial statements for some of our activities
 - Analyze Agency Funds, Foundations, Investments Held on behalf of other Institutions
 - Fiduciary funds will have net position
 - Recommendation is to start now to evaluate what type of activity your institution has in agency funds.
 - Some work on accounting system set-up if you are not already mapping agency to an equity account.
- GASB Statement No. 90, Majority Equity Interests, effective FY 2020
 - Summary
 - Establishes criteria for major equity interests in relation to investments
 - Establishes that ownership of the majority equity interest in a component unit results in the agency being financially accountable for that component unit
 - Requires component units (in which an agency has a 100 percent equity interest) to account for its assets, deferred outflows of resources, liabilities and deferred inflows of resources at acquisition value
 - Helpful Resources:
 - [Component Units from FMX](#)
 - [GASB Statement](#) (08/2018)
 - GASB 87, Leases, effective FY 2021
 - Joint Subcommittee with Asset Management Committee on GASB 87
 - Next Meeting:
 1. Monday, January 27, 2020
 2. Following APC Meeting
 3. Post Oak Ballroom Room
 - Purpose:
 1. The purpose of this subcommittee is to help develop general guidelines for institutions to help implement GASB 87. Also, the subcommittee will help communicate with the Comptroller on reporting requirements needed for higher education institutions.
 - Summary
 - Establishes a single model for lease accounting (eliminates long-term operating leases)
 - Requires lessee to recognize a lease liability and intangible right-to-use lease asset
 - Requires lessor to recognize a lease receivable and deferred inflows of resources
 - Requires additional disclosures for both lessee and lessor
 - Helpful Resources:
 - [GASB Statement](#) (06/2017)

- [GASB Implementation Guide](#) (08/2019)
 - Notes from Previous TASSCUBO APC Discussions:
 - Everyone should already be looking at GASB 87, both lessee and lessor.
 - Need to start now, by pulling together all possible leases (contracts) since all operating leases will convert to capital like accounting.
 - Amortization schedules will be required for each lease.
 1. Subleases will be included.
 - Audit issue due to volume of leases, financial ratio impacts the viability and other debt ratios and the CFI.
 - Consider investing in a lease accounting software package due to calculations and audit requirements.
 1. PeopleSoft calculates present value
 2. Some finance advisors use software for their bond leases
 3. No software specific to this GASB requirement.
 - GASB did state the Comptroller's Office could provide us with a materiality threshold by type of asset (this would help with copiers and laptops). This is on their list to look at.
- Upcoming GASB Pronouncements
 - GASB 84, Fiduciary Activities, effective FY 2020
 - See Agenda Item above for details.
 - GASB 87, Leases, effective FY 2021
 - See Agenda Item above for details.
 - GASB 90, Majority Equity Interests, effective FY 2020
 - See Agenda Item above for details.
 - Current GASB Projects (Not an Exhaustive List):
 - Financial Reporting Model
 1. Project Description (From GASB Project Page):
 - The objective of this project is to make improvements to the financial reporting model.... The objective of these improvements would be to enhance the effectiveness of the model in providing information that is essential for decision-making and enhance the ability to assess a government's accounting and address certain application issues, based upon the results of the pre-agenda research on the financial reporting model.
 2. Status
 - Preliminary Views Redeliberations
 3. Helpful Resources:
 - [Project Page Link](#)
 - [NACUBO Comments on Proposed SRECNP Format](#)
 - Public Private Partnerships and Availability Payment Arrangements, including Reexamination of Statement 60
 1. Project Description (From GASB Project Page):

- This project addresses accounting and financial reporting for public-private partnerships (PPPs) and availability payment arrangements (APAs). The project will consider (1) potential amendments to Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, and potential amended or new implementation guidance to better address accounting and financial reporting for service concession arrangements (SCAs) within its scope, and (2) potential additional accounting and financial reporting guidance for other types of public-private partnerships not within the scope of Statement 60 or subject to the provisions of Statement No. 87, Leases, and (3) APAs.
 - 2. Status
 - Exposure Draft Redeliberations
 - 3. Helpful Resources:
 - [Project Page Link](#)
 - Subscription-Based Information Technology Arrangements
 - 1. Project Description (From GASB Project Page):
 - This project addresses accounting and financial reporting for subscription-based information technology arrangements (SBITAs), a type of information technology (IT) arrangement. The project will consider (1) potential accounting and financial reporting guidance for cloud computing arrangements that are not addressed in current guidance and (2) potential amendments to Statement No. 51, Accounting and Financial Reporting for Intangible Assets, and related questions and answers in the Comprehensive Implementation Guide.
 - 2. Status
 - Exposure Draft Redeliberations
 - 3. Helpful Resources:
 - [Project Page Link](#)
 - [NACUBO Comments](#)
- Review of Committee Requirements & Propose Appointment of a New Chair (10 minutes)
 - [TASSCUBO Constitution Link](#)
 - [TASSCUBO Bylaws Link](#)
 - Need to propose a new chair for approval before the 2020 Summer meeting.
 - General Discussion (5 to 10 minutes)
 - Any additional topics or issues to discuss?
 - UBIT Parking Tax Repeal