

**Accounting Principles Committee (APC)**  
**TASSCUBO Conference**  
**Monday, January 28, 2019**  
**Fairmont Austin Hotel**  
**Meeting Room: Park View (7<sup>th</sup> Floor)**  
**Austin, Texas**

**3:30 pm – 5:00 pm**  
**Park View Meeting Room**

**Agenda Items**

- **2018 Annual Financial Reporting Season-**
  - 2018 AFR---How did it go?
    - Determining which website to load note disclosures was confusing...ask the Comptroller's Office for additional instructions
      1. PDF files vs. Excel/Word files
    - OPEB was a challenge due to the delay in getting the needed data
      1. UT System and A&M System had challenges working with the Actuaries and finalizing the entries
      2. A&M System was audited by SAO who hired an external vendor to verify the actuarial calculation...went pretty smooth...not completed yet
    - Shared cash issues-Comptroller's Office changed the methodology for accounting entries in 2018 and entries were posted late
      1. The Comptroller's Office stated they were running behind
      2. Others impact?
      3. We might want to escalate this issue to the Comptroller's Office for 2019
    - USAS AFR template and certification forms not required for components of Systems
      1. Cash in State Treasury entries not needed-A&M's FRS analyst stated we should have posted these entries; however, since there was a misunderstanding she posted these for us...anyone else? Looking for clarity on this item for 2019.
      2. Legislative Appropriations and Legislative Revenue required since the GR Recon is required
      3. Transfers are still required until a new transfer website is ready, hopefully 2019
      4. Federal Revenue, pass-through revenue and expenses still required
      5. Capital Asset entries are still required
    - Eliminating the desk review of university components within a system to allow a more in-depth review of the consolidated system *AFR-Comptroller's Office stated this was a big help; most systems still had the components submit their AFRs; it is critical each member compile and issue their individual statements*
    - Web applications (GR Recon, SPTR, SEFA, CANSS, etc.) required

- System clearing must be zeroed out at year end
    - Perkins Loan Refunds had to be added manually to the SEFA Note 2 by our FRS analyst
    - Any other items institutions want to discuss?
  - 2019 Changes
    - Creating a new website, this will potentially remove the CANSS certification for university components within a system and remove the USAS entry for these items
- APS011 Benefits Proportional by Fund
  - Updated Nov. 9, 2018 Updated to provide details for revenue types, clarify funding type inclusions and exclusions, and provided guidance for interagency contract payments
    - Did any institution/agency use the new forms? Any big changes?
  - ACO did accept the original forms/calculations
  - Any other issues?
- Comptroller's Office Expenditure Audit-the Comptroller's Office
  - Travel expenses as it relates to direct hotel charges and/or credit card payments if state funded, and seek reimbursement; the alt vendor must be the traveler
  - PCard transactions-Comptroller's Office is requiring the vendor where the credit card is swiped be listed on the USAS reimbursement voucher
    - A&M entities are working through the challenges and planning to implement
- TRS
  - There is an Advisory Group, recommend institutions volunteer for
  - During the AFR Season, TRS sent a report to the Comptroller's Office stating some institutions had not completed their TRS Contributions for FY 2018 and this caused a delay on receiving the Pension Liability balances
  - Any other members having issues?
- Upcoming GASB Pronouncements
  - GASB 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period* **FY 2019**, early implementing this standard
    - Comptroller's Office Reporting requirements have been updated
    - No longer required to capitalize interest on CIP being financed
    - Good news, no longer posting these entries
  - 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**
  - Need to start now, by pulling together all possible leases (contracts)
  - 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.
  - Amortization schedules will be required for each lease
  - 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
    1. PeopleSoft calculates present value
    2. Some finance advisors use software for their bond leases
  - 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)
- **Financial Reporting Model-FY 2022**
  - BTAs will be reviewed
  - Role of the Cash Flow Statement
  - Examining the operating revenue/expense
- **Workday Implementation for Human Capital Management**
  - UT went live November, 2018
  - Big challenge is the benefits being required to be posted with unique appropriations and Funds
    - UT will implement blended benefit rate in September, 2018
    - Any others considering this option?
  - Any experiences want to be shared?
- **Gathering Input from Institutions---Paying Fall Faculty starting in mid-August**
  - Do most institutions pay their faculty in October, even if classes and work begins in August?
    - UT, yes, except if an employee elects to be by paid over 12 months
    - A&M, the majority are paying this way some exceptions and also if they elect to be paid over 12 months
  - Could cause an issue with TRS, with a pay date in October, they are stating months of service begins in September vs. August
  - Are institutions considering changing the pay of 9 month employees...To be paid in September to consider their time worked in August
  - Another issue is accruals
    - Some institutions are recording accruals for the salary expense for the 5-10 days worked in August; others are not
    - When we move the expenses to the prior year, also consider recording a tuition revenue accrual
  - Additional input?

- NACUBO Advisory Guide-Perkins Loan Program issued November, 2018 [Link to the NACUBO Advisory Guide](#)
  - Congress did not renew Perkins Programs after Sept, 2017
  - Several closeout options are allowed
    - Continue to Service the Outstanding Loans
    - Liquidate the Portfolio
  - Operating Statement has new line items, need to discuss internally and with the Comptroller's Office
  - Any input?
- Negotiating F&A Agreements
  - DHHS has had reduction in workforce
  - Taking considerable time
  - A&M received their finalized rate in December, usually completed in the Summer
  - Any others want to share?
- Any other Items to discuss?