**BAR MEETING**

**Clover Park Technical College**

**January 24th and 25th, 2019**

**Thursday, January 24th**

**Welcome & Logistics**

Lisa Wolcott shared the logistics for Clover Park

Larry Clark provided the welcome from Clover Park

**Unrelated Business Taxable Income (UBIT), specifically Notice 2018-99 Parking Expenses**

Ed Ramos – Dwyer Pemberton & Coulson

Ed prepared a power point presentation that is available on the BAR website

UBIT is any trade or business, the conduct of which is not related to your exempt purpose. If you have any of this type of income, you are required to follow a Form 990-T.

Must meet three requirements – activity must be a trade or business, regularly carried on, and not substantially related to the organization’s exempt purpose.

Common sources of Income for College that could be subject to UBIT

* Revenue from concessions and bookstore
* Facility rentals to third parties
* Catering services to third parties
* Contract payments for bookstore, food service and vending machines
* Revenue from providing continuing education to businesses
* Surplus sales
* Rebates from credit card usage/purchasing rebates from vendors
* Advertising for outside vendors in school newspapers
* parking

Common examples of exemptions

* Catering – if catering is part of the catering program to train the students, then it could be exempt.
* Concessions – if for the convenience of students and faculty it would be excluded from UBIT. But, if for the general public then it is subject to UBIT.
* Rental Income in general is not considered UBIT

Rental of Debt Financed Property can be subject to UBIT. If you have debt financed property, rented out to a third party for something outside of our purpose, then you should research this ruling.

Notice 2018-99 Parking

* Parking expenses included repairs and maintenance, utilities, insurance, parking lot attendant/security, rent/lease payments. Does not include depreciation.
* If employer contracts with third party for parking, the amount the employer pays to the third party, in excess of $260 per employee, is subject to UBIT.
* If the employer owns or leases the parking lot:
	+ Calculate reserved employee spots
	+ Determine primary use of remaining spots.
	+ Calculate the allowance for non-employee spots. Students/Visitors.
	+ Determine remaining use.

Example:

Total parking costs is $10,000 and there are 1,000 spots available. 100 spots reserved for employees by a sign or marking on the spot. Remaining spots are open to the public, however 60% of employees typically occupy these spots.

10% is for employees, so 10% of $10,000 is $1000 nondeductible UBIT

The remaining portion is Deductible

Next Steps:

Identify all sources of income that could potentially trigger UBIT. Determine if the income is subject to UBIT, File form 990T, allocate all direct and indirect expenses to that specific source of revenue then you could end up at a loss.

**Working Lunch**

**IPEDS with Financial Statement Data**

Christi-Anne Anton – Peninsula College

Presentation is available on the BAR Website.

Peninsula is now using their Financial Statement Data, rather than the IPEDS template used previously prior to financial statements. IPEDS Template data did not agree to our Financial Statement data, so we were reporting two different amounts for revenues, etc.

IPEDS instructions say to use your general purpose financial statements to complete them. So now that we have financial statement data, we can now use that!

If you receive Title IV financial aid, you have to prepare IPEDS reports. Most IPEDS data is also public – so we need to ensure our data reported is accurate.

The Financial data for IPEDS is due in early April. Financial Statements should be audited by that time, so you can use your audited financial statement data.

Getting Started:

* Coordinate with your college’s keyholder in order to obtain your login and temp. password.
* Review IPEDS Survey Section
* Review IPEDS Changes to Data Collection for Finance Section. Saves you from reading the entire packet, but can just see the main changes for the year.
* Review SBCTC IPEDS Instructions

Part A – Statement of Net Position. Peninsula takes all of this data directly from their Statement of Net Position on the Financial Statements. There is a section on Part A of IPEDS that we have to get from our Notes – Capital Assets.

Part B – Revenues by Source. This aligns directly with our Financial Statement Data. IPEDS does break out the information further, so Peninsula just used their revenue source codes to identify (operating vs. nonoperating).

Part E – Scholarships & Fellowships. They use their financial statement data to segregate their scholarships into the different buckets that IPEDS is requesting. They categorize their Org codes into the categories. Your final figure on IPEDS should tie to your financial statement total.

Part C Background. We must report functional categories and allocate various expenses. Peninsula uses their salaries and wages to allocate the other categories. They are using their Financial Statement Note Data – Expenses by Functional Classification as a starting point, and then revising.

Pension Reporting – The Pension expense amount should be the aggregate portion on your notes.

Grace Jimenez, SBCTC asked for input from colleges on how she should make changes to the current template. There seemed to be a consensus from all colleges that we want to use our financial statements going forward.

**SBCTC Updates**

John Ginther – Director of Accounting & Business Services, SBCTC

FY2019 Closing Process:

* July 10th – 12th month preliminary closing date
* July 24 – Final Close in FMS
* Then we have about 1 week for manual adjusting entries. July 25th – august 9th.

Legislative Update

* SB 5527. If any agency uses an Automated Decision System, there are some specific rules you may need to follow.
* HB 1521 Contracting for Services. Moving things to contract that were previously done by employees – this would put more regulations on this.

Tuition & Fee – Credit Card Payments. Web Credit card payments vs Cashier In person payments. There are some colleges that have worked with their banks for a new process that allows them to use a separate process that does not store their credit card numbers into HPUX. This would get us in compliance with PCI, so that is a way to address those PCI compliance rules and still use our system.

This is available through Elavon credit card processor.

Cybersource through SBCTC for online credit card payments is not PCI compliant. John is putting together an RFI for all colleges for a new processor that will be PCI compliance.

Program Indexes/Class Codes

Currently colleges are using a lot of different program indexes within Fund 997.

Use 997-211-xxxx for all capital asset activity

Use 147-221-xxxx, not 147-900-xxxx for local capital improvement funds.

We should only be using program index 900 for state capital allocated funds.

This change can happen July 1st!

Fund 145 – program index should always start with 1xx, and they should never end in zero.

Fund 146 – We need to move some 145 activities to Fund 146 instead. International contracts, Running Start, Contracts/Grants with multiple customers, Overhead/Indirect collection account, other accounts/fund balances not billed.

For Student Loans – do not ever use revenue source 0384. Federal Direct Student Loans should be expenditure reversals, not a revenue. Reimbursement should be recorded as an NZ credit.

Interest Charges. When colleges convert to PeopleSoft, interest at the rate of one percent per month will be added to any outstanding debts owed to the state. During conversion, it will just be for students going forward, not back. Just as a heads up – we may want to warn students as we are converting.

PFML – BC and BK subobjects were swapped for pay period 12B. Do a journal entry to swap them in FMS. It is correct in PPMS, but it got messed up in the crosswalk to FMS. It is up to the colleges if we want to switch them back, but know that we will have a difference between FMS and PPMS for that pay period. If we have an audit, we would need to remember there is a difference.

**Operating Allocation**

Choi Halladay – VP of Admin Services, Pierce College

Presentation on the Allocation Model on the BAR Website

New Allocation system principles adopted by WACTC in 2014.

Minimum Operating Allocation per college of 2.85 million. Intended to cover basic infrastructure and admin.

Performance funding – 5% of total state funding, allocated based on SAI performance formulas. Each college received their % of the total SAI points, of the 5% funding.

Enhanced FTE Funding. 130% of standard FTE funding. Intended to recognize High Cost and ABE offerings.

Provisos and Earmarks. Legislative or SBCTC directed set-asides for specific purposes or districts.

**Dinner & Team Building**

**Friday, January 25th**

**BAR Business – BAC Report, Treasurer’s Report, Training Update, etc.**

Treasurer’s report approved

BAC Report:

* Mandy Kaplan was at the BAC meeting. She is only concerned with Bank of America/Cybersource PCI Compliance. She will continue to attend BAC meetings annually until we are all PCI Compliant.
* There is a Waivers group that is getting together to review Waivers. They are discussing whether or not we should be including ABE as part of our waivers. Is it a true waiver, or is $25 just the tuition charge?
* Every college is going deeper in the whole with their budget because the state is only funding a portion of our salary increases.
* President’s are focusing on budgets. Homelessness is at the top of the state budget list, and colleges are about 3rd or 4th.
* President’s are focusing on compensation and salaries across the state.
* Request for PAC to change the direct buy limits.
* System wide risk assessment for E-Signatures.

May meeting minutes are approved

Sylvia Training Update. Sylvia would like ideas on what people would like to be trained on. She is looking for more volunteers to help put on trainings at BAR 101.

Discussion of maybe only having BAR Training every-other-year. Maybe just a one-day training this year on ctcLink preparation?

* Creating DATAX reports
* Relationship between tables in FMS/SMS. Understanding the impact of your processes.
* SMART review page by page

Nobody seemed interested in having the one-day financial statement training the day prior to our Spring BAR Meeting.

**CTC Link Update & Helpful Tidbits**

John Ginther and Sabra Sand – update on what they have been working on to go live in this next phase.

Sabra has a presentation and workbooks that will be added to the BAR website

Question from John Ginther on what ChartField we use for Due To/Due From other state agencies. PeopleSoft currently not set up to handle Due to/Due froms. chartField 1 is not being used right now, so we all agreed to use that ChartField for Due to/Due froms.

**Clark’s Timeline – what they have done so far**

Clark’s work started in June 2018. First Configuration and Fitgap session

* Department Chart Field
* Any local Chart Fields
* Accounts Receivable setup items
* Accounts Payable set up items
* Asset setup items
* Student Financials Item types. This is the largest piece of set up you have to do

August/September 2018. Bio Demo Conversion Cycle 1. A lot of cleanup related to this. Employee side in HR/Paryoll, student side in campus solutions, trumping rules if both student and employee.

Followed by homework to test configuration or populate field.

* Open PO samples
* Sample of assets
* 1099 samples
* Open voucher samples

October - Validated the Data That Came Over. Cycle 2

* GL Data. All accounts, but no transaction detail. Totals to date by fund, prog, org and GL
* AR Data
* Assets Data
* AP and PO Data
* Payroll Data. Direct Deposit Accounts, Payroll total, Job data

December – Cycle 3.

* Addition Configuration Homework. Procurement card set up. Approval routing work

January – Cycle 3 Snapshot Taken

* Validate same items as cycle 2.
* Asset testing and test depreciation.
* New: student financials validation

Go Live Date for Clark/SBCTC is October 28, 2019.

A few things to know about Item Type Setup

* Understand the crosswalks because all of the accounting values you assign need to be the full chart string after conversion.
	+ Funds
	+ Class (prog) – some DO Change
	+ Dept – need the new dept NOT the old org

**Meeting adjourned at noon.**

**Optional – SMART Review/Cleanup & Opening Entry Assistance**