



# FINANCIAL STATEMENT UPDATE

Washington State Board for Community and Technical Colleges

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# REPORTING CHANGES

- FS template – Minor changes
- MD&A – Change to the format of condensed operating data
- Notes to Financial Statements – Back to basics
- GASB 68 – Change to contribution calculation
- GASB 73 – Template change for clarity - pension expense

## NWCCU UPDATE

- Comprehensive review of the Standards of Accreditation, Policies, and Eligibility Requirements is complete

- New ERs and Standards adopted in August

Financial statements aren't going anywhere 😊

New 2020 ER 20 has the same 9 month audit requirements

<https://www.nwccu.org/accreditation/standards-review/>

# FINANCIAL STATEMENT SURVEY

Survey says...

Statement balancing and the pension/OPEB GASBS are taking up most of the prep time.

# FINANCIAL STATEMENT SURVEY

During audit, communication with the local audit teams is challenging.

- Finding answers to their questions
- Difference in interpretation
- Remembering where all of the numbers came from

## WHAT IS PENSION/OPEB?

- Statewide liabilities that we get to share with all other state agencies.
- The future cost of pensions and retiree healthcare
- This entry does not get entered into FMS/ctcLink – which is why we have to calculate and roll forward balances.

# PENSION/OPEB TERMINOLOGY - DATES

- **Valuation date** - The date of the OSA actuarial valuation of the plan. It can be “rolled forward” to the measurement date.
- **Measurement date** - The date the pension/OPEB liability and deferred outflows/inflows are measured. It is the reporting date of the plan.
- **Reporting date** – Our fiscal year end.



# PENSION/OPEB DATES FOR FY19

Statement	Plan	Actuarial Valuation Date	Measurement Date
GASB 68	DRS pensions	June 30, 2017	June 30, 2018
GASB 73	State Board Supplemental Retirement Plan	June 30, 2018	June 30, 2019
GASB 75	Other post-employment benefits provided by HCA (PEBB retiree healthcare)	June 30, 2018	June 30, 2018

Why do these dates matter?



# PENSION/OPEB TERMINOLOGY

**“Transactions subsequent to the measurement date” =**

Transactions that occur after the measurement date, but before the end of the reporting date.

Example GASB 68 DRS Plans:

Measurement date = June 30, 2018

Reporting date = June 30, 2019

In between these dates you are making monthly contributions to DRS for employee’s regular pension contributions. These contributions are **transactions subsequent to the measurement date** and impact your FY19 financials.

## PENSION/OPEB TERMINOLOGY – PROPORTIONATE SHARE

- **Proportionate share** – Individual college’s share of the collective(plan’s total) liability, deferred outflow/inflows, and pension expense. Your **share** is based upon your allocation percentage.
- **Allocation %** - SAO also refers to this as “employer’s proportion”. This is the % for each college that is based on the college’s current year contributions as a total of all contributions to a plan.

This relates to “change in proportion” .....



## PENSION/OPEB TERMINOLOGY – CHANGE IN PROPORTION

- Change in proportionate share – The change in an individual college’s share of the collective(plan total) liability, deferred outflows/inflows.

Example: You had 5% of the plan’s liability, etc. last year. This year your allocation is 2%. The effect of this change is the **change in proportionate share**.

# PENSION/OPEB TERMINOLOGY – CHANGE IN PROPORTION

Example from GASB 73 template:

<i>Change in proportionate share</i>				
		FY18 Allocation %	FY19 Allocation %	DR/(CR)
		4.691078%	4.814751%	
Total Pension Liability (credit balance)	\$	(4,089,354)	(4,197,163)	(107,809)
Deferred Outflows (debit balance)	\$	-	0	0
Deferred Inflows (credit balance)	\$	(1,653,887)	(1,697,489)	(43,602)
Totals of changes in beginning reported balances:				(151,411)
Amount to be recognized for the net effect of the change in proportion on beginning reported balances: DR = Deferred Outflow; CR = Deferred Inflow				151,411

# PENSION/OPEB CARRYFORWARD

The adjustment to net position for pensions and OPEB will be the **prior year's adjustment to np PLUS the prior year's pension expense**. This carryforward is to mimic how the entry would impact GLs if we actually put this in FMS – expense would close to fund balance.

This applies to GASB 68, 73, and 75 entries.

# PENSION/OPEB CARRYFORWARD EXAMPLE

FY18 GASB 75 template:

Net Position/Fund Balance	
-	-
22,951,984.21	
	\$ 346,632.90
<b>22,605,351.31</b>	

		OPEB Expense	
6	1,714,561.77		
11	-		
		69,908.00	12
		329,545.70	14
13			
	<b>1,315,108.07</b>	including amounts determined after	
	<b>399,453.70</b>	excluding amounts determined after	
	<b>1,714,561.77</b>	Expense per OSA OPEB Valuation	

FY19 SNP Criteria:

192		9590 Unreserved/Unassigned	(25,921,991.48)	
193		9999	3,786.30	
194		Adjustment to net position - Pensions & OPEB	-	23,920,459.00
195		5173	(1,312,049.32)	
196		5273	(1,316,256.97)	
197		5920	(11,102.81)	
198		Fund 4xx and 5xx only 2xxx	831,054.39	
199		1820	13,455,911.41	
200			<b>(14,005,895.85)</b>	<b>23,920,459.00</b>

# GASB STATEMENTS

## Effective FY19 – GASB 83 *Asset Retirement Obligations*

- No AROs were reported this year

## Effective FY21 – GASB 87 *Leases*

- Although this is a FY21 GASB, we should be ready to start implementation by July 1, 2020

# GASB STATEMENT NO. 87 - LEASES

## Facilities Portfolio Management Tool (FPMT)

- Office of Financial Management (OFM) received funding in 2019-21 budget to expand functionality of FPMT to meet the GASB 87 lease requirements.
- OFM is developing project charter and plans to execute contract in July 2019 with scheduled completion in January 2021.
- SBCTC currently reports 75-80 leases in FPMT.
- OFM's plan to update FPMT will allow for imports/exports of data.
- It is undecided if the entries will go straight to AFRS from FPMT or will go through our system with an upload to FPMT.
- OFM's biggest focus will be making sure all leases are identified and recorded in FPMT.



# STATEMENT BALANCING – SNP COMMON ADJUSTMENTS

- COP adjustments – Unamortized premium not recorded in FMS, significant unspent proceeds (new COPs)
- Fair market value adjustments on investments – if you posted adjustment to 3220 in fund 841, it will be excluded from template (rolls to 840 5199)
- VPA adjustments

## STATEMENT BALANCING – SRECNP COMMON ADJUSTMENTS

- New Certificates of Participation – Revenue is recorded to source 08\*. This is not actually revenue for BTA reporting.
- Donation of capital assets to fund 999 – Not recorded as revenue since this is a governmental fund, but must be added for BTA reporting.
- Gain/loss on disposal of capital assets in fund 999 – Not recorded in fund 999, but must be added for BTA reporting.
- Use of capital subobjects JC-JZ for non-capital expenditures – All subobjects for capital have been excluded from template. If exp was not capitalized, add back to statement.
- Fair market value adjustments on investments – if you posted adjustment to 3220 in fund 841, it will be excluded from template (rolls to 840 5199)

**QUESTIONS?**