Year End Training April 27 & 28

Presented by

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Financial Training Updates

- **Topics**
  - **Selected year end journal entries affecting SRECNP**
  - **Accounting for E-Core and other online offerings**
  - **Other Accounting Issues**
  - **GASB Updates**

Year End Journal Entries

YE-6d

Ledger	Account	Fund	Dept ID	Program	Class	Budget Ref	Project/ Grant	Amount Debit	Amount Credit
Actuals	Cash								
	1181xx	xxxxx				2015		20,000.00	
Actuals	Deferred Inflow of Resources - Grants								
	298400	xxxxx				2015			20,000.00
								20,000.00	20,000.00
									0.00
	Description/Objective:								
	To record grant funds received in current fiscal year in advance of meeting time requirements. In this example, funds are not available to be spent until next fiscal year. (All other eligibility requirements have been met).								

Problem-no entry currently provided to record revenue in subsequent period.

Year End Journal Entries

Proposed entry YE-6e

Ledger	Account	Fund	Dept ID	Program	Class	Budget Ref	Project/ Grant	Amount Debit	Amount Credit
Actuals	Deferred Inflow of Resources - Grants 298400	xxxxx				2016		20,000.00	
Actuals	Grant Revenue 42XXXX	xxxxx				2016			20,000.00
								20,000.00	20,000.00
									0.00

Description/Objective:

To record grant revenues in current year for funds received in prior year in advance of meeting time requirements. All other eligibility requirements had been met in prior year.

Year End Journal Entries

YE-11a

Ledger	Account		Fund	Dept ID	Program	Class	Budget Ref	Project/ Grant		Amount Debit	Amount Credit
Actuals	Accounts Receivable	12xxxx	xxxxx	??????????			xxxx	??????????		30,000.00	
Actuals	Accounts Receivable	12xxxx	xxxxx	??????????			xxxx	??????????		78,000.00	
Actuals	State Gifts (non-capitalized)	4853xx	xxxxx	??????????			xxxx	??????????			30,000.00
Actuals	State Gifts - Capitalized	4854xx	xxxxx	??????????			xxxx	??????????			78,000.00
										108,000.00	108,000.00
											0.00

Description/Objective:

To accrue Gift Revenue associated with 2014 GSFIC/MRR project encumbered amounts that are funded by bonds at year-end. This accrual is necessary to ensure accurate Budgetary reporting. **See associated YE-43 GAAP ledger** entry.

Gift revenue must be accrued in the Actuals ledger to offset the encumbrance impact for Budgetary reporting of GSFIC and/or MRR projects.

Gift revenue applies to only campus-managed projects.

Year End Journal Entries

YE-43 (Reverses YE-11a for GAAP reporting purposes)

Ledger	Account		Fund	Dept ID	Program	Class	Budget Ref	Project/ Grant	Amount Debit	Amount Credit
GAAP	State Gifts	4853xx	XXXXXX	?????			xxxx	???????	30,000.00	
GAAP	State Gifts - Capitalized	4854xx	XXXXXX	?????			xxxx	???????	78,000.00	
GAAP	Accounts Receivable	12xxxxx	XXXXXX	?????			xxxx	???????		30,000.00
GAAP	Accounts Receivable	12xxxx	XXXXXX	?????			xxxx	???????		78,000.00
									108,000.00	108,000.00
										0.00

Description/Objective:

To reverse the Gift Revenue accrual for GSFIC/MRR Encumbrances that are funded by bonds at Year-end. See YE-11 for related Actuals ledger journal.

From a GAAP perspective, the Gift revenue accrual necessary for budgetary reporting purposes in the Actuals ledger for encumbered GSFIC/MRR amounts should not be recognized until the encumbered amounts are actually expended. Therefore, any gift revenue accrued per YE-11 must be reversed in YE-43. (Note: This entry relates to campus-managed projects.)

Year End Journal Entries

YE-44

From a GAAP reporting perspective, amounts received in prior years related to encumbrances have not been recognized as revenue, making this entry necessary.

Ledger	Account		Fund	Dept ID	Program	Class	Budget Ref	Project/ Grant	Amount Debit	Amount Credit
GAAP	Accounts Receivable	12xxx	xxxxx	???????			xxxx	???????	25,000.00	
GAAP	Accounts Receivable	12xxx	xxxxx	???????			xxxx	???????	76,500.00	
GAAP	State Gifts	4853xx	xxxxx	???????			xxxx	???????		25,000.00
GAAP	State Gifts - Capitalized	4854xx	xxxxx	???????			xxxx	???????		76,500.00
									101,500.00	101,500.00
										0.00

Description/Objective:
The GSFIC Receivable and Gift revenue amounts from YE-43 must be adjusted each year-end for amounts expended or closed in the current year, but encumbered in prior years.

Year End Journal Entries

Example of why YE-44 is necessary

Actuals Ledger Entry (year 1)			GAAP Ledger Entry (year 1)			Effect on AFR Reporting (year 1)		
Ye-11			Ye-43					
	Debit	Credit		Debit	Credit			
							Debit	Credit
Accounts Receivable	101,500		Accounts Receivable		101,500	Accounts Receivable	0	
State Gifts-Capitalized		76,500	State Gifts-Capitalized	76,500		State Gifts-Capitalized		0
State Gifts-non capital		25,000	State Gifts-non capital	25,000		State Gifts-non capital		0
Related Expense Entry (Encumbrance Ledger)								
Capital Expenses	76,500							
Non-Capital Expenses	25,000							
Encumbrances Payable		101,500						

Encumbrances do not feed for AFR reporting

Actuals Ledger Entry (year 2-prior budget period)			GAAP Ledger Entry (year 2)			Effect on AFR Reporting (year 2)		
Capital Expenses	76,500					Capital Expenses	76,500	
Non-Capital Expenses	25,000					Non-Capital Expenses	25,000	
Cash		101,500						
Cash	101,500		YE-44 entry					
Accounts Receivable		101,500	Accounts Receivable	101,500		Accounts Receivable	0	
			State Gifts-Capitalized		76,500	State Gifts-Capitalized		76,500
			State Gifts-non capital		25,000	State Gifts-non capital		25,000

Year End Journal Entries

YE-54 (Journal entry for Bond refinancing)

Ledger	Account	Fund	Dept ID	Program	Class	Budget Ref	Project/ Grant	Amount Debit	Amount Credit
Entry 1									
CAPITAL	Capital Lease Obligation (Old)	xxxxxx				2016		7,000,000.00	
CAPITAL	Capital Lease Obligaition (New)	xxxxxx				2016			6,000,000.00
CAPITAL	Deferred Inflow of Resources-Gain on Defeased Bonds	298100				2016			1,000,000.00
Entry 2									
CAPITAL	Deferred Inflow Resources-Gain on Defeased Bonds	298100				2016		66,667.00	
CAPITAL	Interest expense	xxxxxx				2016			66,667.00
								7,066,667.00	7,066,667.00

Description/Objective:

1 - To record bond refinancing transaction where foundation defeased bonds and passed resulting economic savings to institution for $1,000,000.

2 - The new calculation of the present value of future minimum lease payments of $6,000,000 results in a net gain of $1,000,000 which would be amortized over the life of the the capital lease obligation - 15 years remaining. (Note - a revised amortization schedule is required).

Year End Journal Entries

Basis for YE-54

- **Bond Refinancings for PPV Projects(GASB 62)**
  - **<u>Does not change your capital asset value</u>, however it does change the institution's capital lease liability if lessor/foundation is passing any perceived economic advantage to the lessee/institution.**
    - **Institution should adjust lease liability to present value of future minimum lease payments (revised principal) using the effective interest rate method.**
      - **Effective Interest Rate –Is the rate on a loan or financial product restated from the nominal stated interest rate. It is intended to more accurately reflect the cost of borrowing by taking into consideration premiums, discounts, compounding terms, etc.**
        - **The rate should be obtained from lessor/foundation. Revised amortization schedule should be provided by lessor/foundation. <u>Central Office not responsible for providing amortization schedules.</u>**
    - **The net gain or loss should be amortized in a systematic and rational manner over the shorter of the remaining life of the old lease or new lease, whichever is shorter.**

  - **GASB 65 revised the requirements related to the net gain or loss by requiring that deferred inflows or deferred outflows be reported.**

Year End Journal Entries

YE-31 Scholarship Allowance Entry

Ledger	Account	Fund	Dept ID	Program	Class	Budget Ref	Project/ Grant	Amount Debit	Amount Credit
GAAP	Sponsored and Unsponsored Scholarships								
	409999	10500 or 10600	xxxxxxx	xxxxx	xxxxx	2016		6,623,829.43	
GAAP	Scholarships								
	7811xx	10500 or 10600	xxxxxxx	xxxxx	xxxxx	2016			6,623,829.43
	*Could be fund 10500 or 10600							6,623,829.43	6,623,829.43

Description/Objective:
To reclassify the portion of Scholarship Expense that should be considered an Allowance per the Scholarship Allowance Calculation.
Note: Journal amount of $6,623,829.43 agrees with the Scholarship Allowance adjustment as calculated in tab "BU for #YE-31 -Computation" within Year-End Closing Journal Entry file; cell reference: D35.

Source of Information: From Scholarship Allowance Spreadsheet Attached (From NACUBO Advisory Report 2000-05)

Year End Journal Entries

YE-31 Scholarship Allowance Entry

- Why do we make this entry?
  - Based on NACUBO advisory report issued September 8, 2000.
  - Entry designed to create a contra revenue account to prevent overstating of student financial aid expenses and tuition and fee revenues.
    - Concept is that tuition and fee revenues should be reported net of scholarship discounts and allowances in the financial statements.
    - Also, revenues related to tuition and fees should only be reported once. For example Pell grants are recognized as federal revenues, not tuition and fee revenues. When these resources are provided as financial aid, they are considered scholarship allowances for the amount the student owes the institution and scholarship expense for any residual amount due back to student.
  - Theoretically, calculating scholarship discounts and allowances should be done on a student by student basis.
  - However, from a practical standpoint, this would be too cumbersome and time consuming since student financial aid is not always separated by category when awarded.
  - Therefore, NACUBO recommended an allocation methodology which is presented in the worksheet to that accompanies this journal entry .
- Where does our information for this worksheet originate?
  - Banner reports - ZORSCHA

Year End Journal Entries

Section 1 of Scholarship Allowances worksheet

William D. Ford Direct Lending	$35,590,778.00		Agency Funds
Hope Grants	25,000,000.00		Agency Funds
Stafford Loans (Grandfathered)	2,684,138.00		Agency Funds
Perkins Loans	1,725,865.00		Revolving Loan Fund
PLUS Loans	2,665,147.00		Agency Funds
Financial aid not recognized as revenue by the institution		$67,665,928.00	A

What is in Section 1:

- Financial Aid provided through Statement of Net Assets only.

Note: Information fed from Banner must be reconciled to General Ledger totals in Peoplesoft.

Year End Journal Entries

Section 2 of Scholarship Allowances Worksheet

Supplemental Educational Opportunity Grant (SEOG)	250,000.00	Restricted	
Pell Grants	4,976,146.00	Restricted	
Academic Competitiveness Grants	16,500.00	Restricted	
SMART Grants	57,600.00	Restricted	
State Grants	1,825,666.00	Restricted	
LEAP and Governor's Scholarships	10,000.00	Restricted	**Moved from Category C: February 22, 2007
Athletics (paid from Athletic Department's revenues)	688,000.00	Auxiliary	
Institutional resources (including institutional resources transferred from the institution's foundation) provided as financial aid	3,578,177.00	Restricted	
Financial aid recognized as revenue by the institution in the current year		11,402,089.00B	

What is in Section 2:

- Financial Aid from resources recognized as revenue by the institution.
  - Normally these will be from revenues reported in Restricted funds.
  - Some activity may come from Athletics and/or possibly Student Activities.
  - No activity should come from E & G funds.

Note: Information fed from Banner must be reconciled to General Ledger totals in Peoplesoft.

Year End Journal Entries

Sections 3 of Scholarship Allowances Worksheet

ROTC	300,000.00		
Rotary	5,500.00		
Foundation Scholarship (Foundation funds)	2,500,000.00		
Total third party payments		2,805,500.00C	

What is in Section 3:

- Third party payments which run through the Statement of Net Assets.
  - Generally reported as part of Agency fund activity
  - Not considered revenue because these funds are for specific students for specific types of fees as decided by the third party.
  - Some schools forget to run some of this activity through Banner. If so, you must add this manually to this form. As stated on earlier slides, the Banner information should agree with/or be reconciled to the General ledger. If activity is missing in Banner it must be added to this worksheet.

Year End Journal Entries

Other Components of Calculation (Including summary totals from first 3 sections of worksheet)

Financial aid not recognized as revenue by the institution		
		$67,665,928.00A
Financial aid recognized as revenue by the institution in the current year		11,402,089.00B
Total third party payments		2,805,500.00C
Total student payments		48,000,254.00D
Total refunds made to students		**16,285,250.00E**
Institutional waivers	**17,861,060.00**	
(exclude GRA/GTA and Auxiliary fund waivers)		
Total non-money institutional waivers (excluding employee tuition remission, GRA/GTA and auxiliary waivers) applied to students' accounts.		17,861,060.00F
Total charges applied to students' accounts during the year		$176,882,591.00G

Total Refunds made to Students-Banner does not net refund reversals and cancellations, therefore you must adjust for this.

Institutional Waivers-Includes all waivers. Then reduce waivers by Grad Assistant Tuition waivers, TAP faculty waivers and fund 12XXX waivers.

Why do we eliminate these waivers from the computation?

Year End Journal Entries

Computation of Scholarship Allowances

Step 1	Compute total postings to students' accounts that could potentially generate a refund.		
	FA not recognized as revenue by institution	$67,665,928.00	**A**
	Institutional resources provided as FA	11,402,089.00	**B**
	Third-party payments	2,805,500.00	**C**
	Non-money institutional waivers	17,861,060.00	**F**
		99,734,577.00	**H**
Step 2	Compute the proportion of institutional resources that represent scholarship allowances and student aid expenses to students' accounts that could generate a refund.		
	Institutional resources provided as FA	11,402,089.00	**B**
	Non-money institutional waivers	17,861,060.00	**F**
	Total postings to students' accounts that could generate a refund.	99,734,577.00	**H**
		29.34%	**I = (B+F)/H)**
Step 3	Compute the amount of refunds to be applied as a student aid expense.		
	Total refunds made to students (Ensure that you have removed reversals and cancellations)	16,285,250.00	**E**
	Proportion of total postings that could generate a refund	29.34%	**I**
		4,778,259.57	**J = E * I**
Step 4	Compute the adjustment amount to scholarship allowances.		
	Institutional resources provided as FA	11,402,089.00	**B**
	Amount of refunds to be applied as student aid expense	4,778,259.57	**J**
	Scholarship Allowance Adjustment	$6,623,829.43	**(B - J)**

Institutional Resources provided (Category B) should equal or approximate Scholarship and Fellowship expense accounts (781XXXand 782XXX). Tuition Expense (784XXX) would be rarely used, but would be included when used.

Year End Journal Entries

Allocation of Scholarship Allowances

		Percent	Scholarship Allowance Allocation of :	Expense Allocation
Institutional Waivers mapped to Scholarship Allowance Account on SRECNP			$17,861,060.00	
Scholarship Allowance Adjustment per YE-31			6,623,829.43	
Total Scholarship Allowance			$24,484,889.43	
Institutional Resources Provided as Financial Aid				
Supplemental Educational Opportunity Grant (SEOG)	$250,000.00	0.854%	$209,178.53	$40,821.47
Pell Grants	4,976,146.00	17.005%	4,163,611.53	812,534.47
Academic Competitivene[ss]	16,500.00	0.056%	13,805.78	2,694.22
SMART Grants	57,600.00	0.197%	48,194.73	9,405.27
State Grants	1,825,666.00	6.239%	1,527,560.49	298,105.51
LEAP Grants/Governors Schol.	10,000.00	0.034%	8,367.14	1,632.86
Athletics (Paid from Athletic Department's Revenue)	688,000.00	2.351%	575,659.30	112,340.70
Institutional resources (including institutional resources transferred from the institution's foundation) provided as financial aid	3,578,177.00	12.228%	2,993,911.15	584,265.85
Non-Money Institutional Waivers				
Institutional	17,861,060.00	61.036%	14,944,600.77	2,916,459.23
Total	$29,263,149.00	100.00%	$24,484,889.43	$4,778,259.57
Check:				
Final AFR submission balances for Scholarship Allowance and Expense per SRECNP:			$24,525,000.00	$4,825,000.00
Variance			$40,110.57	$46,740.43
Variance as %			0.2%	1.0%
Variance % should be less than 5% or explained to within less than 5%. **Summer Activity might be part of your variance.**				

Information from Section 1

Institutional resources allocated 11,402,089

E-Core, E-Major and other Online offerings

E-Core – Electronic core-curriculum

- Approximately 25 institutions participate
- Easy way for students to acquire core credits

E-Major- Electronic Major

- Easy way for students to acquire undergraduate degrees.

We also have WebMBA and likely others.

With online offerings and degrees becoming more and more prominent, we must create a consistent approach to accounting for this activity.

Accounting for E-Core and other Online Offerings

Example: Host institution provides the instructional staff. Tuition rate is $169 per credit hour. Host institution bills $ 127 per credit hour. Participating institution keeps $ 42 differential. Host institution bills for 2000 credit hours @ 127 totaling $ 254,000.

Host Institution

Preferred Accounting Treatment

Cash (10500)	254,000	
Tuition Revenue (10500)		254,000

To record revenue related to billing for online courses at $ 127 per credit hour

Salaries and fringe (10500)	200,000	
Other expenses (10500)	25,000	
Cash (10500)		225,000

To record payment of expenses for faculty and other miscellaneous for hosting course

Participating Institution

Preferred Accounting Treatment

Cash (10500)	338,000	
Tuition Revenue (10500)		338,000

To record revenue initially received from students for online courses based on $169 per credit hour

Tuition Revenue (10500)	254,000	
Cash (10500)		254,000

To record transfer of funds to host institution for billing for services

This approach keeps accounting simple. Between the two institutions, the tuition revenue is a total of $338,000 which it should be. No funds other than 10500 should be involved. If participating institution covers some faculty costs, then host institution would simply reduce tuition for amount sent back to participating institution, who would in turn gross tuition back up for that amount. **This is preferred accounting treatment for all online offerings, not just E-Core. BPM will be updated accordingly.**

Accounting for Additional Rents on PPV's

- PPV rent is made up of Base Rent and Additional Rent
  - Base Rent covers the Principal and Interest portion of the PPV agreement
  - Additional Rent is expensed as Maintenance expense when paid.
  - Some schools report this Additional Rent as part of the future total minimum lease payments commitment in the Capital Lease obligation note disclosure and then back those amounts out as **executory costs** along with the interest component reduction to get to Principal Outstanding.
    - Executory Costs-normally defined as lessor costs paid by lessee, such as insurance, maintenance and taxes.
  - Since the "Additional Rents" are part of the total lease payment made, these payments should most certainly be included in the future commitments not disclosure. Therefore, going forward for those schools that have not done so, please modify your note disclosure accordingly.

Accounting for GSFIC and MRR Activity

On AFR excel worksheet for SRECNP, remember to reconcile GSFIC, MRR and ADA capital and non-capital gifts to GSFIC spend reports.

- Reconciliation section at bottom right of worksheet is to reconcile GSFIC/MRR/ADA activity (capital and non-capital) from the AFR to the May 31, 2016 spend reports. Most institutions reconcile to May reports instead of June due to timing and materiality.
- However, If you reconciled to June report in prior year or if you reconcile to June spend report in 2016 due to materiality of transactions occurring in June, then you will need to note that in your reconciliation, since it is set up to default to numbers reported on May 31 spend reports for prior year and current year.
- The reconciliation section at bottom left is to separate the capital and non-capital activity for GSFIC/MRR/ADA and tie it back to amounts reported on face of SRECNP.
  - Face of AFR could have more revenues reported as capital gifts and non capital gifts, but never less.
    - Non-capital gifts are reported in the Gifts line, under non-operating revenues.

Accounting for Athletics

Changes to Board policy coming soon.

Soon after, BPM will be updated to reflect changes in Board Policy.

Potential BPM changes:

- Annual monitoring of financial soundness of athletic programs. Likely will require additional reporting by schools to fiscal affairs.
- Definitions will be provided for what constitutes direct institutional athletic support and what fund sources may be used, including types of expenses that will likely be appropriate by fund source.
- Depending on size of school and NCAA affiliation status, schools will have guidelines on how much external revenues must be generated to support Athletic program activities.
  - Examples of external revenues would be ticket sales, contributions from third parties, conference distributions, etc.

GASB Updates

Statement No. 73 <u>(Effective fiscal year ended June 30, 2017)</u>

Reporting for Pensions not within the scope of GASB 67 and GASB 68

- Pension plans that are not administered through irrevocable trusts are not captured by GASB 68, therefore this statement is intended to remedy that issue.
- Amended certain provisions of GASB's 67 & 68 by providing clarifying guidance on:
  - Information that is required to be presented as notes to the 10 year schedules of required supplementary information about investment factors that affect trends in amounts reported
  - Accounting and financial reporting for separately financed specific liabilities of individual employer and non-employer contributing entities for defined benefit pensions
  - Timing of employer recognition of revenue for the support of non-employer contributing entities ***not*** in a special funding situation.

GASB Updates

GASB No. 74 (Effective Fiscal year end June 30, 2017)

Financial Reporting for Post Employment Benefits other Than Pension

- Replaces GASB Statement No. 43 as amended by Statement No. 57.
- As with Statement No. 43, Statement No. 74 applies to the OPEB Plan itself.
- Changes intended to get OPEB measurement and valuation criteria more in line with requirements of GASB 67 and 68 for pensions.
- New requirements will result in substantially more financial disclosures.

GASB Updates

Statement No. 75 (Effective fiscal year ending June 30, 2018)

Accounting and Financial Reporting for Postemployment Benefits other Than Pensions

- Replaces Statement No. 45, as amended by Statement No. 57.
- GASB No. 75 relates to OPEB employer reporting.
- Highlights
  - Will change how long term obligations associated with OPEB will be calculated and reported.
  - Government employers will be required to report OPEB liability on the face of the financial statements.
    - University System already does at the system level since we are a single employer plan. However, it may require some additional reporting at the institution level.

GASB Updates

Statement No. 77 (Effective fiscal year ending June 30, 2017)

Tax Abatements

- Requires disclosures on the effects of tax abatements on a governments ability to raise revenues.
  - Tax Abatement – Defined as an agreement between a government and an individual or entity in which the government will forgo tax revenues if the individual or entity promises to take some specific action to contribute to economic development for the benefit of the government or its citizens.
- Since our institutions do no have the ability to levy taxes, it should have no affect on our reporting.

GASB Updates

Statement No. 78 (Effective for fiscal year ending June 30, 2017)

Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans

- Amends scope of GASB 68 to exclude pensions provided to employees of state or local government employers through cost sharing multi-employer defined benefit plans that:
  - Is not a state or local governmental pension plan, and
  - Is used to provide define benefit pensions to employees of state and local governments and employees of employers that are not state or local government employers, and
  - Has no predominate state or local governmental employer.
- Statement establishes pension reporting requirements for these specific plans.

GASB Updates

Statement No. 79 (Effective for fiscal year ending June 30, 2016). Certain provisions on portfolio quality, custodial credit risk and shadow pricing are effective for period ending June 30, 2017,)

Certain External Investment Pools and Pool Participants

- Establishes criteria for an external investment pool to qualify for making the election to measure all investments at amortized cost for financial reporting.
- If an external investment pool meets the criteria of this Statement, and measures all of its investments at amortized cost, the pool participants (our institutions) should also measure their investments at amortized cost for financial reporting purposes.
- Additional note disclosure requirements are also required for pools reported at amortized cost.
- For external investment pools that do not meet the criteria of this Statement, the pool participants should report their investments at fair value, in accordance with Statement 31.

GASB Updates

Statement No. 80 (Effective for fiscal year ending June 30, 2017)
Blending Requirements for Certain Component Units

- GASB research has indicated that there are a significant number of situations where the primary government may acquire legally separate entities to expand operations or create a spin-off organization to expand services and incorporate them into legally separate entities. Many of these "new" organizations have governing bodies with representation from the community, with the primary government being the sole corporate member. These type entities did not meet blending requirements established by GASB 14.
- However, GASB has decided that this type arrangement created a unique relationship, where blending is appropriate,
- Therefore, the GASB amended GASB 14 to require component units to be reported in the reporting entity's statements using the blending method if the component unit is organized as a not for profit corporation in which the primary government is the sole corporate member.

GASB Updates

Statement No. 81 (Effective for fiscal year ending June 30, 2018)
Irrevocable Split-Interest Agreements

- Statement provides recognition and measurement guidance for split interest agreements.
  - Split Interest Agreements – Type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. These agreements can be created through trusts or other legally enforceable agreements.
  - Examples: Charitable lead trusts, charitable remainder trusts, and life interests in real estate.
  - Generally donor transfers resources to a intermediary (trust) to hold and administer for the benefit of a government and at least one other beneficiary.
  - Statement requires governments that receive resources pursuant an irrevocable spilt-interest agreement recognize assets, liabilities, and deferred inflows of resources at inception of the agreement.
  - Statement also requires that a government recognize assets representing its beneficial interests in irrevocable split interest agreement that are administered by a third party, under certain circumstances.

GASB Updates

Statement No. 82
Pension Issues

(Generally Effective for year ending June 30, 2017 for most employers.)

Amends GASB 67 & 68 to:

- Require presentation of covered payroll and related ratios instead of covered employee payroll.
- Clarify some terminology related to actuarial assumptions.
- Clarify that payments made by an employer to satisfy contribution requirements that are identified by pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of GASB 67 and employee contributions for GASB 68.
  - Employer’s expense and expenditures for those amounts must be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions. (Example salaries, and wages and fringe.)