GASB 34-35 COLLEGE TASK FORCE MEETING
MINUTES
March 13, 2002

Attending:

Jay Sheffell, Consultant
David Muscarello, University of New Orleans
Patrick Casey, University of New Orleans
Susie Buchman, LSU Health Science Center
Judy Albin, LSU Health Science Center
Bill Wells, LSU System
Cathy Trichel, Northwestern University
Rita Graves, Northwestern University
Stan Wright, Northwestern University
Richard Thompson, University of Louisiana Systems
Mike Naquin, Nichols
Joseph Thomas, Louisiana Tech
Wendy Simoneaux, Board of Regents
Tolor White, Southern University
Greg Bursavich, LSU
Afranie Adomako, OSRAP
Mark Rhodes, OSRAP

No questions or comments were made on the minutes from the last meeting so the meeting quickly proceeded on to the agenda for the day. Listed below is a summary of the topics and questions discussed in the meeting. The questions asked in the meeting or listed on the agenda are underlined.

A task force member asked the following question, "Why is compensated leave limited to 300 hours?" (Another task force member answered him and additional information is also listed.) The amounts reported as compensated absences are "benefits earned by employees" consisting of vacation or annual leave and compensatory or "K time" earned for overtime which can either be straight time hours or time-and-a-half. Upon separation of employment, both classified and unclassified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In other words, state universities are only liable for 300 hours of annual leave. Sick leave benefits are not considered compensation until they are used when an employee is ill, not when it is accumulated. However, academic personnel or their heirs are considered compensated for accumulated sick leave not to exceed 25 days upon retirement or death.

Afranie noted that OSRAP will place a Q&A (questions and answers) for colleges on OSRAP's website. The Q&A will consist of questions and topics discussed in the college task force meetings.

Will a "fund" breakdown be presented as "Required Supplementary Information?" Afranie stated that a "fund" breakdown would not be required.

Will a budgetary comparison be required in the notes? A budgetary comparison will be required to the extent of what will be required for the general fund or just what is in the AFR packet.

Is there any new information on the summer school issue? This issue has not been resolved. An issue paper on this topic will be given to the legislative auditors for review. They will advise if the proposed method for handling the summer session is acceptable.

Northwestern wanted to know if the issue paper would include what to do with any prior year surplus. Last year, Northwestern restated their prior year fund balance by $40,000 because they changed the way they did something. The auditors made it a 971 issue stating that Northwestern created a prior year fund balance and the money had to go back to 971. Northwestern wants to know if it happened again this year, is it going to be a 971 or budgetary issue?

Greg stated that he thought it should be a GASB 35 adjustment and shouldn't affect the budgetary requirements of the state. He proposed that OSRAP develop a policy that certain adjustments that are required by GASB 35 should not be considered budgetary issues.

Will there be any further discussion concerning extending the deadline to submit financial statements to OSRAP? This is still being discussed with the Commissioner's Office, so further information will be forthcoming.

A task force member asked why there were two years presented on the financial statements. GASB 34 does not require that prior years be restated; however, the statements were formatted this way because they will be presented this way in the future. The 2001 column can be left blank.

How do you determine what is a current asset vs. a noncurrent asset? Wendy stated that there was an Accounting Research Bulletin (ARB#43) on the Board of Regents' website, www.regents.state.la.us, (click on "what's new" or "administration") which provides some information on this topic.

Greg quoted from the first GASB 34 Q&A #209, "Exclude from current assets, cash and claims to cash which are restricted as to withdrawal for use for other than current operations or are designated for expenditure in the acquisition of construction of noncurrent assets or are segregated for liquidation of long-term debt." According to Q&A #209, it appears that cash and cash equivalents in the noncurrent funds (i.e., plant fund and endowment fund) would be considered noncurrent. The task force would like to ensure that there is consistency in what they label current and noncurrent assets. ARB#43 may give some more insight. OSRAP will develop an issue paper for the next meeting.

The AFR packet (financial statements, MD&A, and notes)

OSRAP presented a sample MD&A to the task force, which contains the GASB 34&35, required information. The university systems will be required to submit MD&A to OSRAP. There was some discussion about MD&A requirements and the format. Thus far, OSRAP is not requiring any specific information in the university systems' MD&A other than what is required by GASB 34&35. Each university system could have some information in their MD&A that is unique to their system, so OSRAP is not prescribing how the university systems format their MD&A, but their MD&A must contain the information required by GASB 34&35. Some task force members are in favor of using the Oklahoma State University's MD& A as a guide or template because it contains all of GASB 34&35 required information and it is not lengthy.

Afranie asked that the task force review the notes to the financial statements and submit any comments or changes to OSRAP by Monday, March 18, 2002.

Afranie asked if the summer session issue would affect the university's budget. A task force member responded that it should only affect the budget in the first year.

There was some discussion on the summer school issue. Greg was asked, when counting the days in the summer session, what day was he going to use to start his count. Greg noted that he was going to start his count with the first official day of the summer session. Joe mentioned that he counted days for the summer session for five years and took an average. He asked if everyone thought this was reasonable. This is not the task force's proposed method. Under the proposed method for handling summer session, there will not be annual adjustments, only a one-time prior period adjustment. The summer session days will not have to be counted from year to year. However, Joe commented that he had received feedback from the field auditors and it didn't sound like they will accept a one-time adjustment, but instead will require an adjustment every year. The task force decided to delay further discussion until the Legislative Auditors have had a chance to review and comment on the position paper or proposed method.

LA Tech requested an additional 2-4 weeks to submit their quarterly accounts receivable report due on August 15, 2002. The extra time will ensure that their quarterly reports agree with the financial statements. Afranie will discuss it with Howard and get back to them.

The next meeting is set for Wednesday, April 10^{h} at 1:30p.m. in the LaSalle Building (same room).