Financial Management Office

Fiscal Administrator's Meeting

Wednesday, September 25, 2019
Topics

- **FY2019 Fiscal Recap/ FY2020 Operating Budget**
  - Kalbert Young, VP – Budget & Finance / Chief Financial Officer

- **Mandatory Training for KFS Users**
  - Sandra Furuto, Director of Data Governance & Operations

- **GASB 87 Leases**
  - Karen Morimoto, Director of General and Capital Asset Accounting

- **HawaiiPay: Relocation and Uniform Allowances**
  - James Kashiwamura, Director of Disbursing and Payroll – UH System
FY2019 Fiscal Recap/ FY2020 Operating Budget

- Kalbert Young, VP – Budget & Finance / Chief Financial Officer
1. Revenues were $2.96 million (0.3%) lower than projections
   • General Fund was higher than projected by $7.6 million (1.5%)
     ➢ Release of Governor’s restriction for Mānoa ($2.7 million)
     ➢ Specific appropriations including Collective Bargaining were higher than projections
   • All other Fund types were lower than projected (0.6%-4.3% lower)

2. Expenditures were $64.5 million (5.9%) lower than projections
   • All fund types other than the General Fund were lower than projections

3. As a result, despite lower than anticipated revenues, the net operating gain or loss for FY19 is higher than projected.
   • Projected $28.2 million loss vs. Actual $33.3 million gain
FY19 Revenues
(Budget vs. Actual)
Revenues Comparison (FY16-19)

<table>
<thead>
<tr>
<th></th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td></td>
<td></td>
<td>$500M</td>
<td>$400M</td>
</tr>
<tr>
<td>TFSF</td>
<td>$400M</td>
<td>$300M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RTRF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other SF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other RF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
FY19 TFSF Revenue by Campus
(Budget vs. Actual)

Mānoa
Hilo
West O'ahu
Community Colleges

FY19 Budget  FY19 Actual
FY19 Expenditures (Budget vs. Actual)
Expenditures (FY16-19)
FY20 Budget Plan Overview

1. Revenues are projected to decrease by 0.3% compared to FY19 actuals:
   - General Fund increasing by $5.9 million (1.2%)
   - TFSF decreasing by $5.4 million (1.6%)
   - RTRF increasing by $340,000 (0.7%)
   - Other Special Funds decreasing by $2.6 million (2.0%)
   - Other Revolving Funds decreasing by $2.1 million (6.0%)

2. Expenditures are increasing by 6.3% compared to FY19 actual expenditures, mostly attributable to collective bargaining increases and planned replacement or repair.

3. Overall Net Operating Loss of $41.0 million is mostly attributable to planned one-time expenses. However, fund balances are adequate and still above reserve targets.
## FY20 Operating Budget as Recommended

### Revenues

<table>
<thead>
<tr>
<th></th>
<th>Mānoa</th>
<th>Hilo</th>
<th>West O'ahu</th>
<th>CCs</th>
<th>Sys Support</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$ 252,615,982</td>
<td>$ 37,977,733</td>
<td>$ 18,291,413</td>
<td>$ 149,964,185</td>
<td>$ 54,072,839</td>
<td>$ 512,922,152</td>
</tr>
<tr>
<td>TFSF</td>
<td>$ 220,228,416</td>
<td>$ 32,153,039</td>
<td>$ 18,291,214</td>
<td>$ 59,894,074</td>
<td>$ 3,053,249</td>
<td>$ 333,619,992</td>
</tr>
<tr>
<td>RTRF</td>
<td>$ 31,593,816</td>
<td>$ 2,559,140</td>
<td>$ 254,520</td>
<td>$ 1,998,835</td>
<td>$ 15,684,956</td>
<td>$ 52,091,267</td>
</tr>
<tr>
<td>Other Special Funds</td>
<td>$ 96,322,767</td>
<td>$ 8,903,807</td>
<td>$ 286,700</td>
<td>$ 16,832,493</td>
<td>$ 4,780,385</td>
<td>$ 127,126,152</td>
</tr>
<tr>
<td>Other Revolving Funds</td>
<td>$ 28,014,441</td>
<td>$ 2,009,896</td>
<td>$ 879,500</td>
<td>$ 1,742,347</td>
<td>$ 1,091,165</td>
<td>$ 33,737,349</td>
</tr>
<tr>
<td>Appropriated Federal</td>
<td>$ 5,242,760</td>
<td>$ 291,557</td>
<td>$ 100,000</td>
<td>$ 2,749,635</td>
<td>$ 710,000</td>
<td>$ 9,093,952</td>
</tr>
<tr>
<td>Total</td>
<td>$ 634,018,182</td>
<td>$ 83,895,172</td>
<td>$ 38,103,347</td>
<td>$ 233,181,569</td>
<td>$ 79,392,594</td>
<td>$ 1,068,590,864</td>
</tr>
</tbody>
</table>

### Expenditures + Xfers

<table>
<thead>
<tr>
<th></th>
<th>Mānoa</th>
<th>Hilo</th>
<th>West O'ahu</th>
<th>CCs</th>
<th>Sys Support</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$ 252,615,982</td>
<td>$ 37,977,733</td>
<td>$ 18,291,413</td>
<td>$ 149,964,185</td>
<td>$ 54,072,839</td>
<td>$ 512,922,152</td>
</tr>
<tr>
<td>TFSF</td>
<td>$ 222,104,636</td>
<td>$ 34,698,537</td>
<td>$ 21,798,820</td>
<td>$ 65,604,283</td>
<td>$ 2,316,853</td>
<td>$ 346,523,129</td>
</tr>
<tr>
<td>RTRF</td>
<td>$ 27,798,698</td>
<td>$ 2,785,648</td>
<td>$ 438,447</td>
<td>$ 1,998,835</td>
<td>$ 16,790,553</td>
<td>$ 49,812,181</td>
</tr>
<tr>
<td>Other Special Funds</td>
<td>$ 120,287,952</td>
<td>$ 8,784,998</td>
<td>$ 130,150</td>
<td>$ 16,832,493</td>
<td>$ 6,656,043</td>
<td>$ 152,691,636</td>
</tr>
<tr>
<td>Other Revolving Funds</td>
<td>$ 32,205,092</td>
<td>$ 2,645,671</td>
<td>$ 1,236,900</td>
<td>$ 1,742,347</td>
<td>$ 1,185,432</td>
<td>$ 39,015,442</td>
</tr>
<tr>
<td>Appropriated Federal</td>
<td>$ 4,773,293</td>
<td>$ 291,557</td>
<td>$ 100,000</td>
<td>$ 2,749,635</td>
<td>$ 710,000</td>
<td>$ 8,624,485</td>
</tr>
<tr>
<td>Total</td>
<td>$ 659,785,653</td>
<td>$ 87,184,144</td>
<td>$ 41,995,730</td>
<td>$ 238,891,778</td>
<td>$ 81,731,720</td>
<td>$ 1,109,589,025</td>
</tr>
</tbody>
</table>
## FY20 Budget vs. FY19 Actual Comparison

<table>
<thead>
<tr>
<th>Type of Fund</th>
<th>Revenues</th>
<th>Expenditures &amp; Net Transfers</th>
<th>Rev less Exp/Trf</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Funds</td>
<td>$512.92</td>
<td>$507.06</td>
<td>$5.86</td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>$333.62</td>
<td>$338.97</td>
<td>($5.35)</td>
</tr>
<tr>
<td>RTRF</td>
<td>$52.09</td>
<td>$51.75</td>
<td>$0.34</td>
</tr>
<tr>
<td>Other Special Funds</td>
<td>$127.13</td>
<td>$129.77</td>
<td>($2.65)</td>
</tr>
<tr>
<td>Other Revolving Funds</td>
<td>$33.74</td>
<td>$35.90</td>
<td>($2.16)</td>
</tr>
<tr>
<td>Appropriated Federal Funds</td>
<td>$9.09</td>
<td>$8.22</td>
<td>$0.87</td>
</tr>
<tr>
<td>Total</td>
<td>$1,068.59</td>
<td>$1,071.68</td>
<td>($3.09)</td>
</tr>
</tbody>
</table>

1. Projected FY20 Revenues are slightly lower than FY19 actuals.
2. FY20 Expenditures for most funds are higher than FY19 actuals, primarily due to collective bargaining and one-time expenditures.
TFSF Reserve Levels (FY16-FY20) by campus (% of operating)
Next Steps for FY20 Budget Plan

1. BOR Committee on Budget & Finance recommending approval of spending plan to full Board
2. Review and Acceptance by full Board of Regents – September 26
3. Quarterly Financial Reports
   • Q1 FY20 in November

Review full presentations at Board of Regents agenda and meeting materials: September 26, 2019

www.hawaii.edu/offices/bor
Planning for FY21 Supplemental Budget

1. UH Budget Instructions distributed to campuses in early September.
2. Campus-requested initiatives due to UH Sys Budget Office, September 18.
3. UH Executive decisions on budget requests to BOR, anticipated October. Plan B = November.
4. Deadline to submit to State B&F for Governor inclusion is September 27.
Questions?
Mandatory Training for KFS Users

- Sandra Furuto, Director of Data Governance & Operations
AP2.215 requires mandatory training

- AP 2.215, Mandatory Training and Continuing Education for Data Users, was established in 2018
- Requires ongoing training for Data Users
- Data Users are individuals who require access to Institutional Data as part of their job
  - This includes individuals who require login privileges to Institutional Data Systems like KFS, PeopleSoft, Banner, etc.
  - Individuals who are submitting a data sharing request
Why is training required?

- Protect the University’s data assets by increasing Data Users’ knowledge and awareness of data privacy and security issues and concerns
- Meet federal, state, and other compliance requirements
# Key Regulations and Penalties (1)

<table>
<thead>
<tr>
<th>Regulation</th>
<th>Description</th>
<th>Penalty for Non-Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Educational Rights and Privacy Act (FERPA)</td>
<td>• Federal law that protects the privacy of student education records</td>
<td>Potential loss of federal financial aid funding</td>
</tr>
<tr>
<td>Higher Education Act (HEA)</td>
<td>• Federal law that protects the federal financial aid information</td>
<td>Potential loss of federal financial aid funding</td>
</tr>
<tr>
<td>Health Insurance Portability and Accountability Act (HIPAA)</td>
<td>• Federal law that protects the privacy of individually identifiable health information</td>
<td>Financial fines; breach notification to feds</td>
</tr>
<tr>
<td>Payment Card Industry Data Security Standard (PCI-DSS) information</td>
<td>• A widely accepted set of policies / procedures that protects cardholders’ credit/debit/cash card transactions</td>
<td>Financial fines; HRS §487N breach notification to feds</td>
</tr>
</tbody>
</table>
## Key Regulations and Penalties (2)

<table>
<thead>
<tr>
<th>Regulation</th>
<th>Description</th>
<th>Penalty for Non-Compliance</th>
</tr>
</thead>
</table>
| National Institute of Standards and Technology Special Programs (NIST) 800-171 | • Federal DoD standards aimed at safeguarding controlled unclassified information (CUI), primarily research data  
• Expected to expand to financial aid data | Various criminal, civil, administrative, or contract penalties |
| Gramm-Leach-Bliley Act (GLBA) | • Federal law that requires financial institutions to explain how they share and protect customers’ private information  
• Applies to higher education because of financial aid | Financial fines, convictions |
| General Data Protection Regulation (GDPR) | • EU data protection law that imposes strict rules on maintaining and processing PII on data submitted while physically in the EU. | Financial fines |
| Hawai‘i Revised Statute (HRS) Chapter 92F | • State law also known as the Uniform Information Practices Act (UIPA) which requires open access to government records | Potential conviction |
| Hawai‘i Revised Statutes (HRS) §487N | • State law that requires a written report to the legislature within 20 days after the discovery of a data breach | Breach notification to leg |
What are the requirements?

- **Information Security Awareness Training (ISAT)**
  - 5 test modules (~30-40 min)
  - Achieve a 70% overall pass rate or need to re-take
  - Renew every 2 years
    - Compliance period: 10/1/2018 - 9/30/2020
    - Two-month grace period: 8/1/2018
    - Data users who completed the ISAT from 8/1/2018 and on do not need to renew until the next compliance period (10/1/2020 – 9/30/2022)
    - Data users are required to take the ISAT if they have never done so, or if they took it before 8/1/2018

- **General Confidentiality Notice (GCN)**
  - One page acknowledgement to protect the data you work with (~2 min)
  - Renew annually
    - Compliance period: 10/1/2019 - 9/30/2020
    - One-month grace period: 9/1/2019
    - Data users who acknowledged the GCN from 9/1/2019 do not need to renew until the next compliance period (10/1/2020 – 9/30/2021)
    - Data users need to take the GCN if they have never done so, or if they took it before 9/1/2019
What about non-compliance?

- If users are refuse to renew, notify Data Governance Office, datagov@hawaii.edu
Stay tuned for upcoming changes!

• Individual notifications
• Reports on compliance statuses
• Simplify compliance periods
## ANNUAL DATA GOVERNANCE & INFORMATION SECURITY BRIEFINGS
### Fall 2019

The UH community is invited to attend these informational briefings. Items covered this fall include updates on information security, federal compliance requirements, data governance related policies, document accessibility, and more! Following the briefing, there will be an update and review of the OIP - Records Report System for designated campus representatives.

<table>
<thead>
<tr>
<th>Day</th>
<th>Date</th>
<th>Time</th>
<th>Campus</th>
<th>Building / Room</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday</td>
<td>9/10/2019</td>
<td>9:30 am - 11:30 am</td>
<td>Kapālaniai CC</td>
<td>Auditorium, ‘Oh‘a 118</td>
</tr>
<tr>
<td>Tuesday</td>
<td>10/01/2019</td>
<td>9:30 am - 11:30 am</td>
<td>Windward CC</td>
<td>Akākōʻa Room 101-103</td>
</tr>
<tr>
<td>Friday</td>
<td>10/18/2019</td>
<td>9:00 am - 11:00 am</td>
<td>UH Maui + Ed Centers</td>
<td>Kā‘uiki 105CD (locations for Education Centers TBD)</td>
</tr>
<tr>
<td>Monday</td>
<td>10/21/2019</td>
<td>1:00 pm - 3:00 pm</td>
<td>Honolulu CC</td>
<td>Lani Conference Center, Bldg 2, Room 201</td>
</tr>
<tr>
<td>Tuesday</td>
<td>10/22/2019</td>
<td>9:30 am - 11:30 am</td>
<td>UH Mānoa</td>
<td>Kay Kendall Auditorium</td>
</tr>
<tr>
<td>Wednesday</td>
<td>10/23/2019</td>
<td>10:00 am - 12:00 pm</td>
<td>Leeward CC</td>
<td>ED Bldg, Room 201</td>
</tr>
<tr>
<td>Thursday</td>
<td>10/24/2019</td>
<td>9:30 am - 11:30 am</td>
<td>Kawa‘i CC</td>
<td>Fine Arts Auditorium</td>
</tr>
<tr>
<td>Friday</td>
<td>10/25/2019</td>
<td>10:00 am - 12:00 pm</td>
<td>Hawai‘i CC Manoa</td>
<td>Kaneleka‘o Bldg 379, Room 1</td>
</tr>
<tr>
<td>Friday</td>
<td>10/25/2019</td>
<td>10:00 am - 12:00 pm</td>
<td>Hawai‘i CC Pālamanui</td>
<td>Iliai 183 (via videoconferencing from Manoa campus)</td>
</tr>
<tr>
<td>Wednesday</td>
<td>10/30/2019</td>
<td>9:30 am - 11:30 am</td>
<td>UH West O‘ahu</td>
<td>Multipurpose Room, C208</td>
</tr>
<tr>
<td>Friday</td>
<td>11/1/2019</td>
<td>9:00 am - 11:00 am</td>
<td>UH Hilo</td>
<td>Rose &amp; Raymond Tseng Terrace (CB 127)</td>
</tr>
</tbody>
</table>

Schedule as of 09/29/2019
For more information: UH Data Governance Office • 808-548-3138 • datagov@hawaii.edu • UH Data Governance website

---

**Fall 2019**

**Data Governance and Information Security Briefings**

https://datagov.intranet.hawaii.edu/training/
Questions?

Sandra Furuto, Data Governance Director,
yano@hawaii.edu
GASB 87 Leases

Karen Morimoto, Director of General Accounting and Capital Asset Accounting
Agenda

• Overview of GASB 87, Leases
• University of Hawaii’s Implementation Plan

Questions can be submitted to uhgalc@hawaii.edu
Summary of GASB 87, Leases

• Eliminates the current operating and capital lease classifications
  ▫ New terminology – Lease

• Establishes a single approach to accounting for leases based on the principle that leases are financings of the right to use an asset
  ▫ Lessees required to recognize a lease liability and right-to-use asset
  ▫ Lessors required to recognize lease receivable and deferred inflow of resources

• Effective for fiscal year 2021
  ▫ Restatement of prior periods (starting with July 1, 2019 – FY 2020) is required
Lease liability and right-to-use asset

i.e. When UH pays for rental expense

Lease receivable and deferred inflow resources (future revenue)

i.e. When UH receives rental income
Definition of a Lease

• A contract that *conveys control* of the right to use another entity’s nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction.

• “conveys control” is defined as having both
  • Right to *obtain* present service capacity from use of the asset
  • Right to *determine* nature of and manner of use of the asset
Exclusions from GASB 87 Leases Treatment

- Lease with a term of less than 12 months
- Lease between state agencies and campuses
- Lease of intangible assets (e.g. licensing agreements for computer software)
- Lease of biological assets (timber and living plants and animals)
- Lease of inventory
- Service concession arrangement
- Asset financed with outstanding conduit debt
- Supply contract
- Lease that transfers ownership or held as investments
Examples of Accounting Treatment for GASB 87 Exclusions

• **Short-term leases (less than 12 months)**
  - Lessee: recognize expense/expenditures as payments are made
  - Lessor: recognize revenue as payments are received

• **Leases that transfer ownership and do not contain termination options**
  - Lessee: record as a financed purchase
  - Lessor: record the sale of an asset
Three Broad Lease Categories

• Property lease
• Equipment lease
• Other contracts containing lease – e.g. agreements that bundle supplies and services with asset usage and right-of-use agreement but not labeled “leases”
Example: Agreement #1 to be Reviewed

- Managed Print Services Program Agreement (e.g. Xerox)
  - Seven-year agreement
  - 50 copiers
  - Bundles equipment lease, maintenance and toner
  - Minimum 60 monthly payments for each device
  - Separate billings for overage and maintenance
Example: Agreement #2 to be Reviewed

• One of the UH campuses enters into agreement with a private company to build and lease a new building.
• The Campus will make prepayments to the private company to fund virtually all construction costs. The Campus will obtain funding for the construction costs via a combination of gifts and internal loans from UH system.
Example: Agreement #3 to be Reviewed

• UH is leasing buildings and various facilities in Oahu.
• Base rent increase by CPI or 4%, whichever is greater, over initial 14-year term of lease.
• After 14 years, the term “shall automatically renew for one 15 year renewal term... unless this lease is terminated by UH and/or tenants at least 240 days prior to the expiration of the initial term.”
• UH receives monthly payments for periods of exclusive use of various facilities by an affiliate of the lessor. In addition, UH receives a monthly fee for use of shared facilities.
Relevant Lease Terms for Accounting Treatment

• Non-cancelable period, plus periods covered by lessees’ and lessors’ option to:
  ▫ Extend the lease, if it is reasonably certain the option will be exercised. And
  ▫ Terminate the lease, if it is reasonably certain the option will NOT be exercised.

• Excludes “cancelable” periods
  ▫ Periods for which lessee and lessor each have the option to terminate or both parties have to agree to extend (rolling month-to-month lease)

• Fiscal funding/cancellation clauses ignored unless reasonably certain it will be exercised
 Lease Period

**LESSEE**

- **Termination option**

**LESSOR**

- **Non-cancelable period**
- **Cancelable period**

*Lease Period for GASB 87 Recording*
# Lessee Accounting Overview

<table>
<thead>
<tr>
<th></th>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lease Inception</strong></td>
<td>Recognize intangible lease asset (right to use underlying asset) equal to the value of lease liability plus prepayments and initial direct costs to place asset in service</td>
<td>Recognize lease liability equal to present value of future lease payments (includes: fixed payments, variable payments based on index rate, reasonably certain residual guarantees, etc.)</td>
</tr>
<tr>
<td><strong>Subsequent Periods</strong></td>
<td>Amortize the intangible lease asset over shorter of useful life of asset or lease term</td>
<td>Reduce lease liability by lease payments (less amount for interest expense)</td>
</tr>
</tbody>
</table>
# Lessor Accounting Overview

<table>
<thead>
<tr>
<th>Lease Inception</th>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognize lease receivable (generally includes same items as lessee’s liability)</td>
<td></td>
<td>Recognize deferred inflow of resources equal to lease receivable plus any cash received up front that relates to a future period</td>
</tr>
<tr>
<td>Continue to report the leased asset</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Subsequent Periods</th>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce receivable by lease payments (less amount needed to cover interest)</td>
<td></td>
<td>Reduce deferred inflow of resources and recognize revenue over the lease term in a systematic and rational manner</td>
</tr>
<tr>
<td>Depreciate leased asset (unless indefinite life or required to be returned in its original or enhanced condition)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Lease Amendments

- **Lease Termination (Partial or Full)**
  An amendment to a lease contract that results in a decrease to the lessee’s right to use the asset
  - Lessee: Reduce the carrying value of the lease liability and lease asset. Report the difference as a gain or loss.
  - Lessor: Reduce the carrying value of the lease receivable and deferred inflow. Report the difference as a gain or loss.

- **Lease Modifications**
  An amendment to a lease contract that does not decrease the lessee’s right to use the asset
  - Lessee: Re-measure the lease liability and adjust the related lease asset. Report the difference as a gain or loss.
  - Lessor: Re-measure the lease receivable and adjust the related deferred inflow. Report the difference as a gain or loss.
Subleases and Leaseback Transactions

• Subleases (lessee leases asset to a third party)
  ▫ Treated as transactions separate from the lease
  ▫ Lessee in the original lease and lessor in the sublease

• Sale-leaseback Transactions (asset is sold then buyer leases the asset back to the original owner)
  ▫ Sale and lease portions of transaction should be accounted for as separate transactions
  ▫ Any difference between the carrying value of asset and the net proceeds from the sale should be reported as a deferred inflow of resources and recognized over lease term

• Lease-leaseback Transactions (lessee leases asset back to lessor)
  ▫ Accounted for as a net transaction
UH’s Lease Populations

- **Lessor**: UH collects rental income
  - Faculty housing leases
  - Property rentals
- **Lessee**: UH pays rental expense
  - Property leases
  - Equipment leases currently considered operating leases
  - Satellite copier program
University of Hawaii’s Implementation Plan

• Identify all potential leases for GASB 87 treatment
  ▫ Run a list of reports to capture current leases...
  ▫ Enlist help from various offices to identify potential leases: OPRPM, UHM Campus Services, Audit Services, Land Development, ITS, and FAs
  ▫ Send out Lease Survey to all FAs to collect potential lease data

• Update or develop new Administrative Procedures for leases
  ▫ Create a definition of terms to ensure anyone is talking the same language (i.e. possession date, reasonably certain, renewal, expansion, commence date, etc.)
  ▫ Develop processes to collect data at the point of purchase order generation
University of Hawaii’s Implementation Plan

• Ongoing communications with responsible person/department to identify anything that impacts a lease & triggers a re-measurement
  ▫ Renewals and increase in rental charges
  ▫ Terminations
  ▫ Contractions
  ▫ Expansions
  ▫ Impairments/Onerous leases
  ▫ Unexpected rent changes (abated rent)
Essential Data Elements

- **Lease ID Number** - unique identifier for all leases
- **Lease Description** - description of the leased property
- **Lessor Reporting Entity** - the lessor under the contract
- **Lessee Reporting Entity** - the lessee under the contract
- **Lease Inception Date** - month/year to capitalize the lease
- **Lease Term** - term of lease in months
- **Discount Rate** - annual interest rate (stated in lease or incremental financing rate)
- **Payment Date and Amounts** - payments by month over the lease term
## Lease Survey

- FA or designee to complete [Lease Survey](http://www.fmo.hawaii.edu/capital_assets/docs/Lease_Survey.xlsx) for FY 2020
- Survey Excel template available on FMO website:
  
  http://www.fmo.hawaii.edu/capital_assets/docs/Lease_Survey.xlsx

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lease Survey</strong> for FY 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Department Name:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contact Name:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name of Non-UH Lessor or Lessee</td>
<td>UH Position</td>
<td>Type of Lease</td>
<td>Equipment, Property or Other</td>
<td>Description of Product or Property</td>
<td>Address of Property</td>
<td>Frequency of Lease Payment</td>
<td>Total Number of Lease Payments</td>
<td>Lease Payment Amount</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>12</td>
</tr>
</tbody>
</table>
## Lease Survey continued

<table>
<thead>
<tr>
<th>Interest Rate</th>
<th>Lease Term</th>
<th>Lease Begin Date</th>
<th>Lease End Date</th>
<th>Additional Comments, Extensions</th>
<th>FA</th>
<th>Department</th>
<th>Chart Code</th>
<th>KFS Account Code</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Instructions Tab

• Guidance on completing the survey are on the “Instructions” tab of the survey workbook
• Data field explanations and examples can be reviewed
• For the first four columns, selections should be made from the drop down menus
  ▫ Name of Non-UH Lessor or Lessee
  ▫ UH Position (Lessee or Lessor)
  ▫ Type of Lease (Lease, Sub-lease, etc.)
  ▫ Equipment, Property or Other
### Instructions Tab continued

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lease Survey</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Field</td>
<td><strong>Explanation</strong></td>
<td><strong>Example</strong></td>
</tr>
<tr>
<td>Name of Non-UH Lessor or Lessee</td>
<td>Enter the name of the party leasing from or to UH. To add names to the drop down see instructions below. Do not include leases between UH departments, RCUH and UH Foundation</td>
<td>Xerox Corporation</td>
</tr>
<tr>
<td>UH Position</td>
<td>Select if UH the lessor (owner of property) or lessee (user or property)</td>
<td>Lessee</td>
</tr>
<tr>
<td>Type of Lease</td>
<td>Select type of agreement</td>
<td>Lease</td>
</tr>
<tr>
<td>Equipment, Property or Other</td>
<td>Select what is being leased</td>
<td>Equipment</td>
</tr>
<tr>
<td>Description of Product or Property</td>
<td>Describe what is being leased</td>
<td>Copier</td>
</tr>
<tr>
<td>Address of Property</td>
<td>Enter address or where leased item is located</td>
<td>1048 Lower Campus Road Rm 46, Honolulu 96822</td>
</tr>
<tr>
<td>Frequency of Lease Payment</td>
<td>Enter how often payments are made</td>
<td>Monthly</td>
</tr>
</tbody>
</table>
# Instructions Tab continued

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lease Survey</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Data Field</strong></td>
<td><strong>Explanation</strong></td>
<td><strong>Example</strong></td>
</tr>
<tr>
<td>Total Number of Lease Payments</td>
<td>Enter total number of required payments</td>
<td>60</td>
</tr>
<tr>
<td>Lease Payment Amount</td>
<td>Enter amount of periodic payment</td>
<td>$100</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>Enter stated interest rate. If the interest rate is not available on the lease document, please contact the lessor for the rate.</td>
<td>4.25%</td>
</tr>
<tr>
<td>Lease Term</td>
<td>Enter length of lease</td>
<td>5 years</td>
</tr>
<tr>
<td>Lease Begin Date</td>
<td>Enter the date the lease begins</td>
<td>5-Jun-19</td>
</tr>
<tr>
<td>Lease End Date</td>
<td>Enter the date the lease ends</td>
<td>4-Jun-24</td>
</tr>
<tr>
<td>Additional Comments, Extensions</td>
<td>Enter any relevant comments such as extension periods and managements intent</td>
<td>3 year extension possible but most likely will not be used</td>
</tr>
</tbody>
</table>
Instructions Tab continued

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Lease Survey</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td><strong>Data Field</strong></td>
<td><strong>Explanation</strong></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>FA</td>
<td>FA Number and Name</td>
<td>035 Karen Morimoto</td>
</tr>
<tr>
<td>18</td>
<td>Department</td>
<td>Enter department name</td>
<td>General Accounting</td>
</tr>
<tr>
<td>19</td>
<td>Chart Code</td>
<td>Enter campus/chart code</td>
<td>SW</td>
</tr>
<tr>
<td>20</td>
<td>KFS Account Code</td>
<td>Enter KFS account code where lease payment or receipts are recorded</td>
<td>2345678</td>
</tr>
<tr>
<td>21</td>
<td>Notes</td>
<td>Enter any additional information</td>
<td></td>
</tr>
</tbody>
</table>
Completed Surveys

• Please complete the surveys by October 31, 2019
• Submit to CAAO@hawaii.edu
• Questions? Please email to CAAO@hawaii.edu
Questions?
HawaiiPay: Relocation and Uniform Allowances

- James Kashiwamura, Director of Disbursing and Payroll – UH System
HawaiiPay: Relocation and Uniform Allowances

• Currently, relocation and uniform allowances processed via Payroll are being coded as object code 2001 in KFS
• January 2020 (Target Date), relocation and uniform allowances will be mapped to object codes 4892 (relocation) and 7246 (uniform) in KFS
• No retro reclassifications will be done

Note: Mobile device and automobile allowances will eventually be processed via HawaiiPay. An implementation date has not been set.
Questions?
Thank You