



# ***Metropolitan Washington Airports Authority***

## **GASB 87 Software Solutions**

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*Anne M. Field*

*Controller, Office of Finance*

## Lessor Solutions\*

- Approximately 400 - 500 leases subject to GASB 87
- Current Billing Software – PROPworks® (Amadeus)
  - PROPworks is developing GASB 87 functionality
    - This functionality will not create any general ledger transactions/entries that can be automatically integrated with our financial software.
    - It is intended to create reports that will allow an airport to create monthly, quarterly or annual journal entries for recording in a financial system. Reports will also provide some disclosure information.
    - The Airports Authority has been working closely with PROPworks in the testing of the functionality and the reports.
    - It allows entry in the system for GASB 87 “exclusion” reasons at the leasehold level.

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# Lessor Solutions (Cont.)

## PROPworks

- Step 1 - “Enable GASB-87 Reporting” globally in PROPworks.
  - Step 1a - Set up “default” accounts for your leasehold accounting although these can be changed at the leasehold level.
- Step 2 – Create leasehold detail for each leasehold: add interest, attach bill rules, etc.

**Leasehold Revenue Screen**

MODE: SEARCH RESULTS

Effective Date: 01/01/2019  
 Expiration Date: 10/31/2023  
 Option to Extend: ☐

Adjustment Type: Step

Rule Category: RENTS  
 Rule Type: BUILDING  
 Billing Frequency: Monthly

Interest Rate: 3.500

Long Term Revenue G/L: FD10000.3999.216.FG00002.2818.CP84  
 Unearned Revenue G/L: FD10000.3999.216.FG00002.1943.CP84  
 Interest Revenue G/L: FD10000.3999.216.FG00002.4701.CP84  
 Lease Revenue G/L: FD10000.3999.216.FG00002.4700.CP84  
 Present Value: \$895,606.81

**Reports** | Bill Rules | Payment Schedule

Year	Principal Lease Revenue	Interest Revenue	Receivable Balance
2019	217,802.33	32,197.75	895,606.81
2020	222,195.74	27,804.34	673,411.07
2021	230,098.57	19,901.51	443,312.50
2022	238,282.48	11,717.60	205,030.02
2023	205,030.02	3,303.38	0.00
<b>Total:</b>	<b>\$1,113,409.14</b>	<b>\$94,924.58</b>	

View Graph | Summary Report | Present Value By Lease... | Leasehold Value Report | GL Dist. Report

# Lessor Solutions (Cont.)

## PROPworks (Cont.)

### Comments:

- Current calculations for lease receivable and amortization schedules appear to be working correctly.
- Set up is at the leasehold level and not the agreement level. Each agreement may have multiple leaseholds.
- Multiple reports are available by leasehold. They are slated to be available at the global level as well.

Report: AR0022

Metropolitan Washington Airports Authority

Printed: 01/14/2020

### Present Value By Leasehold Report

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Campus: IAD		Company Name: OHM Concession Group, LLC		Agreement #: 016657		
Leasehold Name: Smith Concession B-B62		Option to Extend: No		Annual Percent Adjustment:	N/A	
Leasehold #: 0001	Interest Rate: 3.5 %	Extension Months:		Number Of Payment	58	
Leasehold Size: 1500	Leasehold Rate: Step	Option to Extend > 50%: No		Term Of Lease In Years:	4.83	
Leasehold UOM: Sq Ft	Leasehold Effective Date: 01/01/2019	Leasehold Expiration Date: 10/31/2023		Receivable Balance:	\$1,113,409.14	
Period	Date	Receivable Balance	Scheduled Payment	Interest Revenue	Principal Payment	Present Value
0	01/01/2019	\$1,092,575.80	\$20,833.34	\$0.00	\$20,833.34	\$20,833.34
1	02/01/2019	\$1,074,929.14	\$20,833.34	\$3,186.68	\$17,646.66	\$20,772.75
2	03/01/2019	\$1,057,231.01	\$20,833.34	\$3,135.21	\$17,698.13	\$20,712.34
3	04/01/2019	\$1,039,481.26	\$20,833.34	\$3,083.59	\$17,749.75	\$20,652.11
4	05/01/2019	\$1,021,679.74	\$20,833.34	\$3,031.82	\$17,801.52	\$20,592.05
5	06/01/2019	\$1,003,826.30	\$20,833.34	\$2,979.90	\$17,853.44	\$20,532.16
6	07/01/2019	\$985,920.79	\$20,833.34	\$2,927.83	\$17,905.51	\$20,472.45
7	08/01/2019	\$967,963.05	\$20,833.34	\$2,875.60	\$17,957.74	\$20,412.91



# Lessor Solutions (Cont.)

Report: AR0024

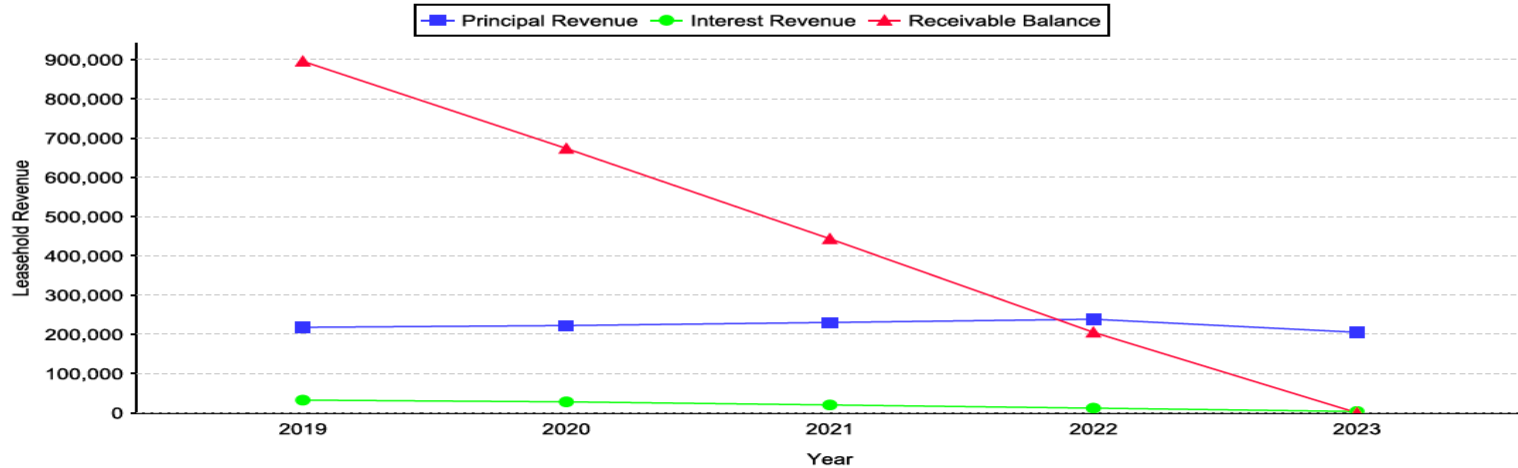
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## GASB Summary Report

Page 1 of 2

Campus: IAD	Company Name: OHM Concession Group, LLC	Agreement #: 016657
Leasehold Name: Smith Concession B-B62	Option to Extend: No	Annual Percent Adjustment: N/A
Leasehold #: 0001	Extension Months:	Number Of Payment Periods: 58
Leasehold Size: 1500	Option to Extend > 50%: No	Term Of Lease In Years: 4.83
Leasehold UOM: Sq Ft	Leasehold Effective Date: 01/01/2019	Leasehold Expiration Date: 10/31/2023
		Receivable Balance: \$1,113,409.14



Year	Principal Lease Revenue	Interest Revenue	Receivable Balance
2019	\$217,802.33	\$32,197.75	\$895,606.81
2020	\$222,195.74	\$27,804.34	\$673,411.07
2021	\$230,098.57	\$19,901.51	\$443,312.50

## Lessor Solutions (Cont.)

### PROPworks (Cont.)

#### Comments:

- GL Distribution Report when last tested did not do correct journal entries. (Group of users are working with PROPworks to get this corrected.)
- Each leasehold references a “bill rule”. If the “bill rule” is not correct the calculations will not be correct.
  - The system will automatically do percentage increases if the percentage change is constant (e.g. 3.0% each year of the agreement).
  - If your payment stream changes by something other than a constant percentage, a separate bill rule is required for each change.

<div> <div>Reports</div> <div>Bill Rules</div> <div>Payment Schedule</div> </div>						
<div> <div>+</div> <div>🗑️</div> </div>						
Rule Category	Rule Type	Description	Effective Date	Expiration Date	Frequency	Unit Charge
RENTS	BUILDING	Rental Fees Rental Fees	10/13/2016	10/31/2019	M	13.889
RENTS	BUILDING	Rental Fees Rental Fees	11/01/2019	08/31/2023	M	15

## Lessor Solutions (Cont.)

### PROPworks (Cont.)

- Generally PROPworks reports are in PDF format. The GL distribution report is in excel format but numbers are currently in text format. Request has been made to make these actual numbers.
- We have asked that the ledger account names be changed to better reflect the standard.

**Long Term Revenue G/L:** FD10000.1140.851.FG00002.1943.CP20

**Unearned Revenue G/L:** FD10000.1140.851.FG00002.2818.CP20

**Interest Revenue G/L:** FD10000.1140.851.FG00002.4701.CP20

**Lease Revenue G/L:** FD10000.1140.851.FG00002.4700.CP20

- PROPworks Implementation Schedule – next update is due out in February 2020 which will include a number of the fixes related to the GASB 87 functionality, including the fix to the GL distributions report.

Summary – for MWAA's purposes, we prefer to use a single system solution and for that reason are still actively working with PROPworks and are very involved in the testing of the solution.

## Lessor Solutions (Cont.)

### Access Database

- The Airports Authority has also built its own access database to help manage our GASB 87 lessor accounting.
- It is, hopefully, a stop gap measure needed until we are able to implement the PROPworks GASB 87 functionality.
- The database is populated with information for each lease and will create a report that will help the Airports Authority prepare an annual journal entry to record the GASB 87 lessor accounting.
- The database tracks the beginning and ending balances of the lease receivable and deferred inflow of resources for each year.
- It identifies leases with options.
- Limitations:
  - It does not do the lease calculations, those we are managing through separate excel spreadsheets for each leasehold.
  - It does not interface with any of our other systems.
  - Has to be manually populated and managed for the future.



## Lessee Solutions\*

- Approximately 25 leases subject to GASB 87
- Current Financial Software – Workday
  - Workday has implemented functionality for the International Financial Reporting Standard (IFRS) 16 and the Accounting Standards Codification Topic 842 lease Standard
    - IFRS 16 is similar to the GASB 87 requirements
    - We are testing this functionality currently.
    - The functionality will require us to rethink/redesign how we manage our contracts.
- If Workday doesn't work for us, we will be managing these via excel spreadsheet.

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## GASB 87 Software Solutions

QUESTIONS?



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