



# GASB 87 Getting Ready

Port   
of Seattle

*Where a sustainable world is headed.™*

Rudy Caluza, AFR Director



WPPA Finance Seminar June 2019

# GASB 87

## Dual Focus

- Lessor
- Lessee

## Presentation Emphasis

- **Implications for Ports as a Lessor**
- *Lessee implications are essentially inverse*

“Let’s Dive In”





# Key Difference

- Lease ⇔ Right to Use non-Financial Assets
- Currently = Operating Leases
  - Period accounting
  - Lease Revenue
  - Operating Revenues
- Long-term >12 mo. = Lease Financing
  - Full Lease Duration
  - Future Lease Payments > Discounted present-value
  - Accounts (lease) Receivable
  - Deferred Inflow > Amortized
  - Interest Income
  - Lease Revenue > “net” of Interest Income
  - Operating & non-Operating Revenues









# Inventory **Applicable Leases**

## Gather All Active Leases

- Obtain complete picture
- Understand **Substance** of each lease
- GASB 87 centric perspective

## Identify GASB 87 **Excludable** Leases

- **Regulated Leases**
- **MAG plus Variable Volume Leases**



## Regulated Leases

### Excluded from GASB 87 Requirements

- Regulated by laws & regulations
- FAA regulations > Airports
- Premises available > Cannot exclude
- Use > Aeronautical restrictions compliant
- Payments vary > period to period
- Cost recovery, Revenue sharing, Shortfalls
- ❖ Impact Premise that Leases = Financing
- ❖ Different from normal financing of right to use underlying asset.

### Disclosures Still Required

- Schedule > Expected Future Min. Pmts.
- **vs** *Account for/Report Lease Receivable*
- Capital Assets > Extent Subject to Preferential/Exclusive Use
- **vs** *Carrying Amt. > Assets Leased, Held - Lease*



## Non-Regulated Leases

- Airport Terminal Space >>
- Airlines Guest Lounges,
- Restaurants, Concessionaires,
- Non-Aviation Related Vendors

## Subject to GASB 87 Requirements

- Normal Leasing Arrangements
- Not Substantively Different







## MAG plus Variable Volume

### GASB 87 **Includable** portion

- Minimum Annual Guarantee (MAG)
- Base Fixed Rate
- *(Fixed Portion of Variable Pmts)*
- Payments Do Not Vary

### GASB 87 **Excludable** portion

- Variable Volume/Activity Driven
- No Base Fixed Rate
- Payments Vary - Period to Period
- *Not Reasonably Predictable*



# Compute Discounted Present Value

## Decide on Interest Rate(s) to Apply

- Discounted present value > All future lease pmts.

## Compile GASB 87 Relevant Lease Terms

- For each lease
- Duration (effective & expiration dates, # months)
- Base lease rate (amount)
- Payment frequency (monthly)
- Rate changes (increases, timing, amount)
- Extension Option (y/n, likelihood, duration)

## Generate Required Values

- Lease Payments recurring
- Payment Principal amount
- Payment Interest amount
- Lease Receivable | Deferred Inflow







## Excel Method

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Data Entry Requirements | Desired Results





# Possible System Solution for Us

GASB 87 Support Functionality





# PROPworks® New Features

## GASB 87 Support Functionality

Danny Negrón, Sr. Product Manager, Business Systems



# Key Deliverables

- GASB 87 System Functionality
- GASB 87 Centric Input Interface
- Amortization Schedule by Leasehold
- Leasehold Valuation Summary
- Journal Entries for the General Ledger





# Key Inputs

## Lease Terms

- Effective Date
- Expiration Date
- Option to Extend
- Likelihood exercised

## Leasehold Value

- Size of Leasehold
- Baseline Rate

## Present Value

- Interest/Discount Rate
- Changes to Lease Rate

## GL Distributions

- Long-Term Receivable
- Unearned Revenue
- Interest Revenue
- Lease Revenue





# Setup

## Default Settings

|         |         |           |         |              |                  |            |
|---------|---------|-----------|---------|--------------|------------------|------------|
| General | Formats | Agreement | Company | Cash Posting | Insurance/Surety | Interfaces |
|---------|---------|-----------|---------|--------------|------------------|------------|

**Default Agreement Status:**

**Default Billing Status:**

**Default Bill Rule Status:**

**Resp Organization Prompt:**

**Default Leasehold UOM:**

**Enable Leasehold Revenue Reporting:**

**Lease Revenue Interest Rate:**  %

**Default Long Term Revenue G/L:**

**Default Unearned Revenue G/L:**

**Default Interest Revenue G/L:**

**Default Lease Revenue G/L:**

1. Turn on the function

2. Set default Interest Rate





3. Set default GL Accounts

# Setup








## Leasehold Configuration

1. Open the agreement

2. Find the leaseholds

**Agreement #:**   Sub-Agreement?  Direct Billing?  
**Master Agrmt:**   Host International, Inc.  
**Campus:**  AirIT International Airport  
**Company:**   
**Operating Name:**   
**Agreement Class:**  Concessions **Agreement Type:**  Food and Beverage  
**Contract #:**   
**Approval Level:**   
**Effective Date:**   **Exp Date:**    
**Contract Admin:**    
**Comment:**  
**Followon Agrmt:**

**Status**  
**Agreement:**   
**Billing:**   
**Bill**

-  Leaseholds (4)
-  Prod Catgs (3)
-  Bill Rules (37)
-  Invoice Types (6)
-  Insurance (1)
-  Surety (1)
-  Dates (3)
-  Events (0)
-  Provision (0)
-  Amendments (0)
-  Maint Resp (0)
-  Util Resp (0)
-  Invoices (0)
-  Activity (325)



# Setup

## Leasehold Configuration

Leaseholds **Dates** Space Meter

All Leaseholds

| Leasehold # | Cost Center | Leasehold Type | Active Flag | Leasehold Size | UOM   | Leasehold Name               |
|-------------|-------------|----------------|-------------|----------------|-------|------------------------------|
| 0001        | D-Gates NE  | CONCESSION     | ✓           | 150.00000      | Sq Ft | Wolfgang Puck D Gate NE Wing |
| 0002        | D-Gates NE  | CONCESSION     | ☑           | 0.00000        | Sq Ft | Wolfgang Puck D Bar          |
| 0003        | D-Gates NE  | CONCESSION     | ☑           | 0.00000        | Sq Ft | Chil's Big Mouth             |
| 0004        | D-Gates NE  | CONCESSION     | ☑           | 0.00000        | Sq Ft | Starbuck NE Wing             |

3. Select the leasehold

View Leasehold Revenue

# Setup

## Leasehold Configuration

**Edit Leasehold Detail**  
MODE: UPDATE RECORD

Leasehold # | Leaseholds | Dates (2) | Space (1) | Meters (0)

Leasehold #: 0001 | Name: Wolfgang Puck D Gate NE Wing

Leasehold Type: CONCESSION | Terminal Concession

Cost Center: D-Gates NE | Gates D16 to D26

Leasehold Size: 150.00000 | UOM: Sq Ft | Square Feet

Space System Size: 448.66283 | Each

Leasehold Use: Non-Airline Operating |  Active

Comments:

Include In Leasehold Reporting:  **4. Include**

Reason For Exclusion:

**5. Configure** | View Leasehold Revenue

View Leasehold Revenue



# Setup

## Leasehold Configuration

|  |                                    |
|--|------------------------------------|
| <b>Effective Date:</b> 06/15/2014  | <b>Adjustment Type:</b> Percentage |
| <b>Expiration Date:</b> 11/30/2028   | <b>Rate Bill Rule:</b> BUILDING    |
| <b>Option to Extend:</b> <input checked="" type="checkbox"/>                                   | 35                                 |
| <b>Extension Months:</b> 5   | <b>6. Terms</b>                    |
| <b>Option to Extend &gt; 50%:</b> <input checked="" type="checkbox"/>                          |                                    |
| <b>Interest Rate:</b> 5.000  | <b>Adjustment %:</b> 3.000         |
| <b>Long Term Revenue G/L:</b> 589400-2200-2200400050-1000-5250.850xxxxxxxxxxxxxxxxxxxxxxxxxxxx | <b>7. Default values inherited</b> |
| <b>Unearned Revenue G/L:</b> 589420-2200-2200400050-1000-5250.850xxxxxxxxxxxxxxxxxxxxxxxxxxxx  | Year                               |
| <b>Interest Revenue G/L:</b> 589430-2200-2200400050-1000-5250.850xxxxxxxxxxxxxxxxxxxxxxxxxxxx  |                                    |
| <b>Lease Revenue G/L:</b> 449300-2200-2200400050-0412-5201.701xxxxxxxxxxxxxxxxxxxxxxxxxxxx     |                                    |
| <b>Present Value:</b>  |                                    |

# Setup

## Leasehold Configuration

|                         |  |  |
|-------------------------|--|--|
| Effective Date:         | 06/15/2014   |  |
| Expiration Date:        | 11/30/2028   |  |
| Option to Extend:       | <input checked="" type="checkbox"/>                              |  |
| Extension Months:       |  |  |
| Option to Extend > 50%: | <input checked="" type="checkbox"/>                              |  |
| Interest Rate:          | 5.000  |  |
| Long Term Revenue G/L:  | 589400-2200-2200400050-1000-5250.850xxxxxxxxxxxxxxxxxxxxxxxxxxxx |  |
| Unearned Revenue G/L:   | 589420-2200-2200400050-1000-5250.850xxxxxxxxxxxxxxxxxxxxxxxxxxxx |  |
| Interest Revenue G/L:   | 589430-2200-2200400050-1000-5250.850xxxxxxxxxxxxxxxxxxxxxxxxxxxx |  |
| Lease Revenue G/L:      | 449300-2200-2200400050-0412-5201.701xxxxxxxxxxxxxxxxxxxxxxxxxxxx |  |
| Present Value:          |  |  |

8. Present value inputs

|                  |             |  |
|------------------|-------------|--|
| Adjustment Type: | Percentage  |  |
| Rate Bill Rule:  | BUILDING    |  |
| Rate:            | 35          |  |
| Adjustment %:    | 3.000       |  |
| Adjust When:     | Fiscal Year |  |

4. Save Configuration



# Setup

## Leasehold Configuration

Effective Date: 06/15/2014

Expiration Date: 11/30/2028

Option to Extend:

Extension Months:

Option to Extend > 50%:

Interest Rate:

Long Term Revenue G/L: 589400-2200-2200400050-1000-5250.850XXXXXXXXXXXXXXXXXXXX

Unearned Revenue G/L: 589420-2200-2200400050-1000-5250.850XXXXXXXXXXXXXXXXXXXX

Interest Revenue G/L: 589430-2200-2200400050-1000-5250.850XXXXXXXXXXXXXXXXXXXX

Lease Revenue G/L: 449300-2200-2200400050-0412-5201.701XXXXXXXXXXXXXXXXXXXX

Present Value: \$0.00

Adjustment Type: Percentage

Rate Bill Rule: BUILDING

Rate: 35

Adjustment %:

Adjust When: Fiscal Year

Starting Receivable Balance: \$0.00      Last Refresh:

| Period        | Date | Receivable Balance | Scheduled | Interest Revenue | Principal Payment | PV of Payment |
|---------------|------|--------------------|-----------|------------------|-------------------|---------------|
|               |      |                    |           |                  |                   |               |
| <b>Total:</b> |      |                    | \$0.00    | \$0.00           | \$0.00            | \$0.00        |

9. Go to Payment Schedule Tab

10. Generate Amortization Table

# Setup

## Leasehold Configuration

|                         |  |       |                  |            |   |
|-------------------------|--|-------|------------------|------------|---|
| Effective Date:         | 06/15/2014   |       | Adjustment Type: | Percentage | ▼ |
| Expiration Date:        | 11/30/2028   |       | Rate Bill Rule:  | BUILDING   |   |
| Option to Extend:       | <input checked="" type="checkbox"/>                              |       | Rate:            | 35         |   |
| Extension Months:       |  | 5     |                  |            |   |
| Option to Extend > 50%: | <input checked="" type="checkbox"/>                              |       |                  |            |   |
| Interest Rate:          |  | 5.000 |                  |            |   |
| Long Term Revenue G/L:  | 589400-2200-2200400050-1000-5250.850xxxxxxxxxxxxxxxxxxxxxxxxxxxx |       |                  |            |   |
| Unearned Revenue G/L:   | 589420-2200-2200400050-1000-5250.850xxxxxxxxxxxxxxxxxxxxxxxxxxxx |       |                  |            |   |
| Interest Revenue G/L:   | 589430-2200-2200400050-1000-5250.850xxxxxxxxxxxxxxxxxxxxxxxxxxxx |       |                  |            |   |
| Lease Revenue G/L:      | 449300-2200-2200400050-0412-5201.701xxxxxxxxxxxxxxxxxxxxxxxxxxxx |       |                  |            |   |
| Present Value:          | \$659,416.44   |       |                  |            |   |

**Reports**    **Payment Schedule**



Starting Receivable Balance: **\$819,988.85**      Last Refresh: **06-03-2019 (04:58:07 PM)**      [Refresh Table](#)

| Period        | Date       | Receivable Balance | Scheduled             | Interest Revenue    | Principal Payment   | PV of Payment       |
|---------------|------------|--------------------|-----------------------|---------------------|---------------------|---------------------|
| 0             | 06/15/2014 | 817,188.85         | 2,800.00              | 0.00                | 2,800.00            | 2,800.00            |
| 1             | 07/01/2014 | 815,186.30         | 5,407.50              | 3,404.95            | 2,002.55            | 5,385.06            |
| 2             | 08/01/2014 | 813,175.41         | 5,407.50              | 3,396.61            | 2,010.89            | 5,362.72            |
| 3             | 09/01/2014 | 811,156.14         | 5,407.50              | 3,388.23            | 2,019.27            | 5,340.47            |
| 4             | 10/01/2014 | 809,128.46         | 5,407.50              | 3,379.82            | 2,027.68            | 5,318.31            |
| 5             | 11/01/2014 | 807,092.33         | 5,407.50              | 3,371.37            | 2,036.13            | 5,296.24            |
| 6             | 12/01/2014 | 805,047.71         | 5,407.50              | 3,362.88            | 2,044.62            | 5,274.26            |
| <b>Total:</b> |            |                    | <b>\$1,193,324.90</b> | <b>\$373,336.05</b> | <b>\$819,988.85</b> | <b>\$819,988.85</b> |



# Reports Summary

**Effective Date:** 06/15/2014   
**Expiration Date:** 11/30/2028   
**Option to Extend:**   
**Extension Months:** 5  
**Option to Extend > 50%:**   
**Interest Rate:** 5.000  
**Long Term Revenue G/L:** 589400-2200-2200400050-1000-5250.850XXXXXXXXXXXXXXXXXXXXX  
**Unearned Revenue G/L:** 589420-2200-2200400050-1000-5250.850XXXXXXXXXXXXXXXXXXXXX  
**Interest Revenue G/L:** 589430-2200-2200400050-1000-5250.850XXXXXXXXXXXXXXXXXXXXX  
**Lease Revenue G/L:** 449300-2200-2200400050-0412-5201.701XXXXXXXXXXXXXXXXXXXXX  
**Present Value:** \$659,416.44

**Adjustment Type:** Percentage   
**Rate Bill Rule:** BUILDING  
**Rate:** 35  
**Adjustment %:** 3.000  
**Adjust When:** Fiscal Year 

Yearly Summary

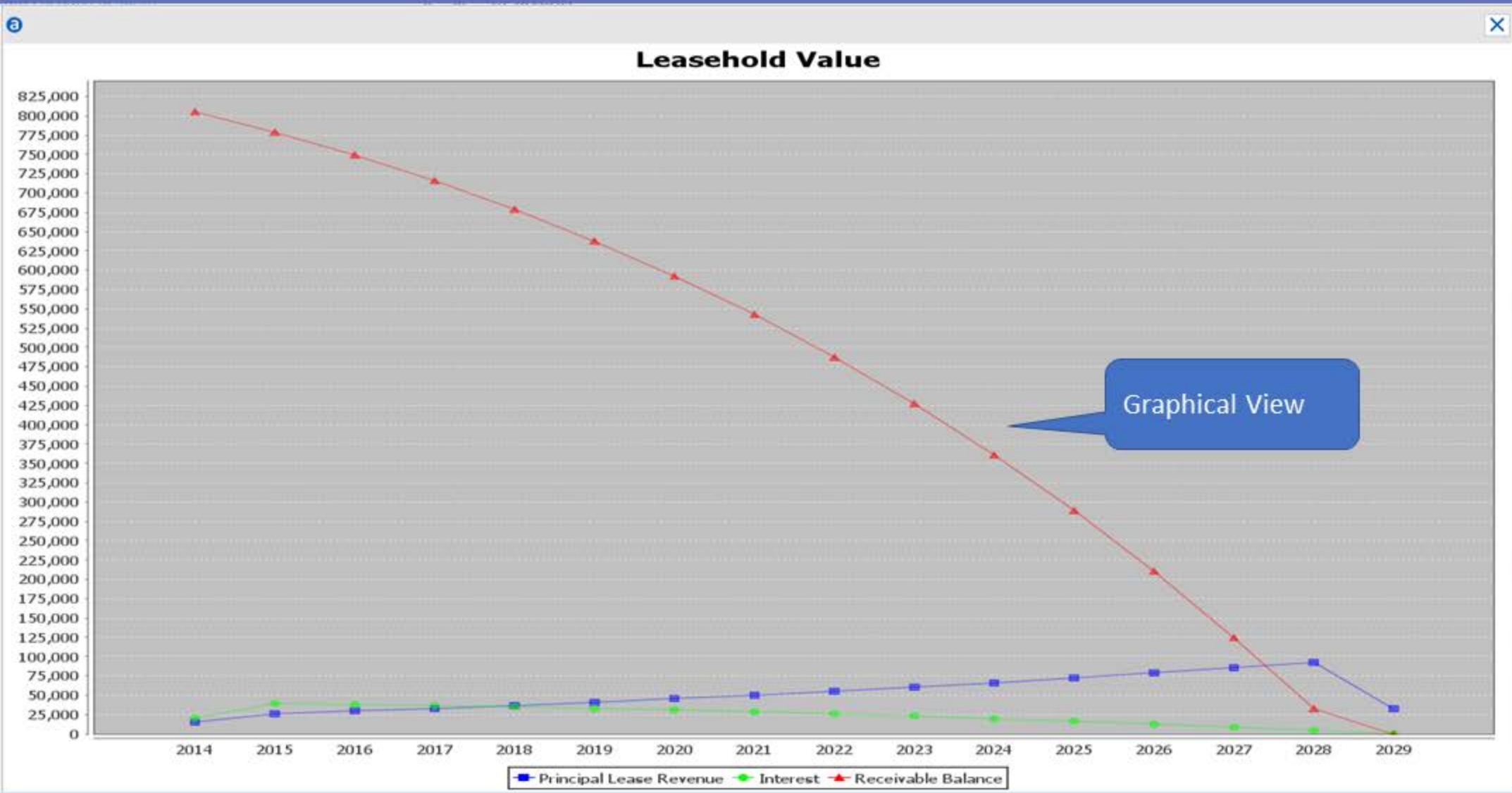
Reports **Payment Schedule**

| Year | Principal Lease Revenue | Interest Revenue | Receivable Balance |
|------|-------------------------|------------------|--------------------|
| 2014 | 14,941.14               | 20,303.86        | 805,047.71         |
| 2015 | 26,193.72               | 39,669.66        | 778,853.99         |
| 2016 | 29,555.31               | 38,283.99        | 749,298.68         |
| 2017 | 33,149.46               | 36,724.98        | 716,149.22         |
| 2018 | 36,989.97               | 34,980.69        | 679,159.25         |
| 2019 | 41,091.32               | 33,038.44        | 638,067.93         |
| 2020 | 45,468.78               | 30,884.88        | 592,599.15         |

**Total:** \$819,988.85      \$373,336.05

- [View Graph](#)
- [Summary Report](#)
- [Present Value By Lease...](#)
- [Leasehold Value Report](#)
- [GL Dist. Report](#)

# Reports Summary





# Reports Summary

Report: AR0024

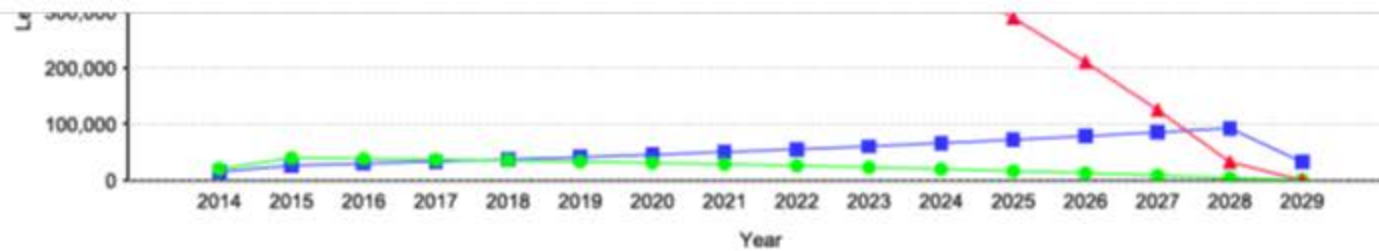
## PW Continous Build Test Environment GASB Summary Report

Printed: 06/03/2019

Page 2 of 2

| Year           | Principal Lease Revenue | Interest Revenue    | Receivable Balance  |
|----------------|-------------------------|---------------------|---------------------|
| 2017           | \$33,149.46             | \$36,724.98         | \$716,149.22        |
| 2018           | \$36,989.97             | \$34,989.69         | \$679,159.25        |
| 2019           | \$41,091.32             | \$33,039.44         | \$639,067.93        |
| 2020           | \$45,468.79             | \$30,894.89         | \$592,599.15        |
| 2021           | \$50,136.48             | \$28,505.80         | \$542,469.67        |
| 2022           | \$55,117.37             | \$25,896.23         | \$487,343.30        |
| 2023           | \$60,423.40             | \$23,010.32         | \$426,919.90        |
| 2024           | \$66,075.49             | \$19,861.26         | \$360,844.41        |
| 2025           | \$72,093.53             | \$16,421.29         | \$288,750.88        |
| 2026           | \$78,498.60             | \$12,671.64         | \$210,252.28        |
| 2027           | \$85,312.96             | \$8,592.44          | \$124,939.32        |
| 2028           | \$92,559.86             | \$4,162.72          | \$32,379.46         |
| 2029           | \$32,379.46             | \$337.86            | \$0.00              |
| <b>Totals:</b> | <b>\$819,988.85</b>     | <b>\$373,336.65</b> | <b>\$819,988.85</b> |

PDF Summary



| Year | Principal Lease Revenue | Interest Revenue | Receivable Balance |
|------|-------------------------|------------------|--------------------|
| 2014 | \$14,941.14             | \$20,303.86      | \$805,047.71       |
| 2015 | \$26,193.72             | \$39,669.66      | \$778,853.99       |
| 2016 | \$29,555.31             | \$38,283.99      | \$749,298.68       |

# Reports

## Payment Schedule

| Reports                                   |            | Payment Schedule                       |                       |                     |                               |                     |
|---|------------|--|-----------------------|---------------------|-------------------------------|---------------------|
| Starting Receivable Balance: \$819,988.85 |            | Last Refresh: 06-03-2019 (04:58:07 PM) |                       |                     | <a href="#">Refresh Table</a> |                     |
| Period                                    | Date       | Receivable Balance                     | Scheduled             | Interest Revenue    | Principal Payment             | PV of Payment       |
| 0   | 06/15/2014 | 817,188.85                             | 2,800.00              | 0.00                | 2,800.00                      | 2,800.00            |
| 1   | 07/01/2014 | 815,186.30                             | 5,407.50              | 3,404.95            | 2,002.55                      | 5,385.06            |
| 2   | 08/01/2014 | 813,175.41                             | 5,407.50              | 3,396.61            | 2,010.89                      | 5,362.72            |
| 3   | 09/01/2014 | 811,156.14                             | 5,407.50              | 3,388.23            | 2,019.27                      | 5,340.47            |
| 4   | 10/01/2014 | 809,128.46                             | 5,407.50              | 3,379.82            | 2,027.68                      | 5,318.31            |
| 5   | 11/01/2014 | 807,092.33                             | 5,407.50              | 3,371.37            | 2,036.13                      | 5,296.24            |
| 6   | 12/01/2014 | 805,047.71                             | 5,407.50              | 3,362.88            | 2,044.62                      | 5,274.26            |
| <b>Total:</b>                             |            |  | <b>\$1,193,324.90</b> | <b>\$373,336.05</b> | <b>\$819,988.85</b>           | <b>\$819,988.85</b> |

no labelKey

Export to Excel

Export to CSV

Copy Ctrl+C

Exportable



# Reports

## Payment Schedule

| Reports       |                         | Payment Schedule    |                     |   |
|---------------|-------------------------|---------------------|---------------------|---|
| Year          | Principal Lease Revenue | Interest Revenue    | Receivable Balance  |   |
| 2014          | 14,941.14               | 20,303.86           | 805,047.71          | ▲ |
| 2015          | 26,193.72               | 39,669.66           | 778,853.99          |   |
| 2016          | 29,555.31               | 38,283.99           | 749,298.68          |   |
| 2017          | 33,149.46               | 36,724.98           | 716,149.22          |   |
| 2018          | 36,989.97               | 34,980.69           | 679,159.25          |   |
| 2019          | 41,091.32               | 33,038.44           | 638,067.93          |   |
| 2020          | 45,468.78               | 30,884.88           | 592,599.15          | ▼ |
| <b>Total:</b> |                         | <b>\$819,988.85</b> | <b>\$373,336.05</b> |   |

[View Graph](#)

[Summary Report](#)

[Present Value By Lease...](#)

[Leasehold Value Report](#)

[GL Dist. Report](#)

PDF Report

Present Value By Leasehold Report

|  |  |                                       |
|--|--|---------------------------------------|
| Campus: AIR                                  | Company Name: Host/JV Ventures Joint Venture | Agreement #: 000691                   |
| Leasehold Name: Wolfgang Puck D Gate NE Wing | Option to Extend: Yes                        | Annual Percent Adjustment: 3 %        |
| Leasehold #: 0001                            | Interest Rate: 5 %                           | Extension Months: 5                   |
| Leasehold Size: 150                          | Leasehold Rate: 35                           | Option to Extend > 50%: Yes           |
| Leasehold UOM: Sq Ft                         | Leasehold Effective Date: 06/15/2014         | Leasehold Expiration Date: 11/30/2028 |
|  |  | Number Of Payment: 179                |
|  |  | Term Of Lease In Years: 14.88         |
|  |  | Receivable Balance: \$819,988.85      |

| Period | Date       | Receivable Balance | Scheduled Payment | Interest Revenue | Principal Payment | Present Value |
|--------|------------|--------------------|-------------------|------------------|-------------------|---------------|
| 0      | 06/15/2014 | \$817,188.85       | \$2,800.00        | \$0.00           | \$2,800.00        | \$2,800.00    |
| 1      | 07/01/2014 | \$815,186.30       | \$5,407.50        | \$3,404.95       | \$2,002.55        | \$5,385.06    |
| 2      | 08/01/2014 | \$813,175.41       | \$5,407.50        | \$3,396.61       | \$2,010.89        | \$5,362.72    |
| 3      | 09/01/2014 | \$811,156.14       | \$5,407.50        | \$3,388.23       | \$2,019.27        | \$5,340.47    |
| 4      | 10/01/2014 | \$809,128.46       | \$5,407.50        | \$3,379.82       | \$2,027.68        | \$5,318.31    |
| 5      | 11/01/2014 | \$807,092.33       | \$5,407.50        | \$3,371.37       | \$2,036.13        | \$5,296.24    |
| 6      | 12/01/2014 | \$805,047.71       | \$5,407.50        | \$3,362.88       | \$2,044.62        | \$5,274.26    |
| 7      | 01/01/2015 | \$802,994.58       | \$5,407.50        | \$3,354.37       | \$2,053.13        | \$5,252.38    |
| 8      | 02/01/2015 | \$800,932.89       | \$5,407.50        | \$3,345.81       | \$2,061.69        | \$5,230.58    |
| 9      | 03/01/2015 | \$798,862.61       | \$5,407.50        | \$3,337.22       | \$2,070.28        | \$5,208.88    |
| 10     | 04/01/2015 | \$796,783.70       | \$5,407.50        | \$3,328.59       | \$2,078.91        | \$5,187.27    |
| 11     | 05/01/2015 | \$794,696.13       | \$5,407.50        | \$3,319.93       | \$2,087.57        | \$5,165.74    |
| 12     | 06/01/2015 | \$792,599.86       | \$5,407.50        | \$3,311.23       | \$2,096.27        | \$5,144.31    |
| 13     | 07/01/2015 | \$790,332.63       | \$5,569.73        | \$3,302.50       | \$2,267.23        | \$5,276.66    |
| 14     | 08/01/2015 | \$788,055.95       | \$5,569.73        | \$3,293.05       | \$2,276.68        | \$5,254.76    |
| 15     | 09/01/2015 | \$785,769.79       | \$5,569.73        | \$3,283.57       | \$2,286.16        | \$5,232.96    |
| 16     | 10/01/2015 | \$783,474.10       | \$5,569.73        | \$3,274.04       | \$2,295.69        | \$5,211.24    |
| 17     | 11/01/2015 | \$781,168.85       | \$5,569.73        | \$3,264.48       | \$2,305.25        | \$5,189.62    |
| 18     | 12/01/2015 | \$778,853.99       | \$5,569.73        | \$3,254.87       | \$2,314.86        | \$5,168.09    |
| 19     | 01/01/2016 | \$776,529.48       | \$5,569.73        | \$3,245.21       | \$2,324.51        | \$5,146.64    |
| 20     | 02/01/2016 | \$774,195.29       | \$5,569.73        | \$3,235.51       | \$2,334.19        | \$5,125.29    |
| 21     | 03/01/2016 | \$771,851.37       | \$5,569.73        | \$3,225.76       | \$2,343.91        | \$5,104.02    |
| 22     | 04/01/2016 | \$769,497.69       | \$5,569.73        | \$3,215.97       | \$2,353.67        | \$5,082.84    |
| 23     | 05/01/2016 | \$767,134.20       | \$5,569.73        | \$3,206.13       | \$2,363.47        | \$5,061.75    |
| 24     | 06/01/2016 | \$764,760.86       | \$5,569.73        | \$3,196.25       | \$2,373.34        | \$5,040.75    |
| 25     | 07/01/2016 | \$762,210.54       | \$5,736.82        | \$3,186.50       | \$2,550.32        | \$5,170.42    |
| 26     | 08/01/2016 | \$759,649.60       | \$5,736.82        | \$3,175.88       | \$2,560.94        | \$5,148.97    |

PDF Report



# Reports

## Payment Schedule

| Reports       |                         | Payment Schedule    |                     |   |
|---------------|-------------------------|---------------------|---------------------|---|
| Year          | Principal Lease Revenue | Interest Revenue    | Receivable Balance  |   |
| 2014          | 14,941.14               | 20,303.86           | 805,047.71          | ▲ |
| 2015          | 26,193.72               | 39,669.66           | 778,853.99          |   |
| 2016          | 29,555.31               | 38,283.99           | 749,298.68          |   |
| 2017          | 33,149.46               | 36,724.98           | 716,149.22          |   |
| 2018          | 36,989.97               | 34,980.69           | 679,159.25          |   |
| 2019          | 41,091.32               | 33,038.44           | 638,067.93          |   |
| 2020          | 45,468.78               | 30,884.88           | 592,599.15          | ▼ |
| <b>Total:</b> |                         | <b>\$819,988.85</b> | <b>\$373,336.05</b> |   |

[View Graph](#)

[Summary Report](#)

[Present Value By Lease...](#)

[Leasehold Value Report](#)

[GL Dist. Report](#)

Setup Validation Report (XLS)

# Reports

## Payment Schedule

|    | B      | D                              | F           | H               | J              | L                            | N              | P           |     |
|----|--------|--------------------------------|-------------|-----------------|----------------|------------------------------|----------------|-------------|-----|
|    | Campus | Company Name                   | Agreement # | Agreement Class | Agreement Type | Leasehold Name               | Leasehold Type | Cost Center | Lea |
| 1  |        |                                |             |                 |                |                              |                |             |     |
| 2  | AIR    | Host/JV Ventures Joint Venture | 000691      | CONCESSION      | FOODBEV        | Wolfgang Puck D Gate NE Wing | CONCESSION     | D-Gates NE  |     |
| 3  |        |                                |             |                 |                |                              |                |             |     |
| 4  |        |                                |             |                 |                |                              |                |             |     |
| 5  |        |                                |             |                 |                |                              |                |             |     |
| 6  |        |                                |             |                 |                |                              |                |             |     |
| 7  |        |                                |             |                 |                |                              |                |             |     |
| 8  |        |                                |             |                 |                |                              |                |             |     |
| 9  |        |                                |             |                 |                |                              |                |             |     |
| 10 |        |                                |             |                 |                |                              |                |             |     |
| 11 |        |                                |             |                 |                |                              |                |             |     |

Setup Validation Report (XLS)



# Reports

## Payment Schedule

| Reports       |                         | Payment Schedule    |                     |   |
|---------------|-------------------------|---------------------|---------------------|---|
| Year          | Principal Lease Revenue | Interest Revenue    | Receivable Balance  |   |
| 2014          | 14,941.14               | 20,303.86           | 805,047.71          | ▲ |
| 2015          | 26,193.72               | 39,669.66           | 778,853.99          |   |
| 2016          | 29,555.31               | 38,283.99           | 749,298.68          |   |
| 2017          | 33,149.46               | 36,724.98           | 716,149.22          |   |
| 2018          | 36,989.97               | 34,980.69           | 679,159.25          |   |
| 2019          | 41,091.32               | 33,038.44           | 638,067.93          |   |
| 2020          | 45,468.78               | 30,884.88           | 592,599.15          | ▼ |
| <b>Total:</b> |                         | <b>\$819,988.85</b> | <b>\$373,336.05</b> |   |

[View Graph](#)

[Summary Report](#)

[Present Value By Lease...](#)

[Leasehold Value Report](#)

[GL Dist. Report](#)

GL Report (XLS)

# Reports

## Payment Schedule

|    | A                              | B           | C | D           | E | F                               | G | H          | I | J                                    | K | L         | M | N         | O |
|----|--------------------------------|-------------|---|-------------|---|---------------------------------|---|------------|---|--------------------------------------|---|-----------|---|-----------|---|
|    | Company Name                   | Agreement # |   | Leasehold # |   | Leasehold Name                  |   | GL Date    |   | GL Account                           |   | Credit    |   | Debit     |   |
| 1  | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Wolfgang Puck D Gate NE         |   | 06/15/2014 |   | 589420-2200-2200400050-1000-5250.850 |   | 819988.85 |   |           |   |
| 2  | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 06/15/2014 |   | 589400-2200-2200400050-1000-5250.850 |   |           |   | 819988.85 |   |
| 3  | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 06/15/2014 |   | 446130-2200-2200400050-0110-5201.701 |   | 2800.00   |   |           |   |
| 4  | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 06/15/2014 |   | 102583-2200-xxxxxxxx-xxxx-5201.702   |   |           |   | 2800.00   |   |
| 5  | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 06/15/2014 |   | 589430-2200-2200400050-1000-5250.850 |   | 0.00      |   |           |   |
| 6  | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 06/15/2014 |   | 449300-2200-2200400050-0412-5201.701 |   |           |   | 0.00      |   |
| 7  | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 06/15/2014 |   | 449300-2200-2200400050-0412-5201.701 |   | 2800.00   |   |           |   |
| 8  | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 06/15/2014 |   | 446130-2200-2200400050-0110-5201.701 |   |           |   | 2800.00   |   |
| 9  | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 06/15/2014 |   | 589400-2200-2200400050-1000-5250.850 |   | 2800.00   |   |           |   |
| 10 | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 06/15/2014 |   | 589420-2200-2200400050-1000-5250.850 |   |           |   | 2800.00   |   |
| 11 | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 07/01/2014 |   | 446130-2200-2200400050-0110-5201.701 |   | 5407.50   |   |           |   |
| 12 | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 07/01/2014 |   | 102583-2200-xxxxxxxx-xxxx-5201.702   |   |           |   | 5407.50   |   |
| 13 | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 07/01/2014 |   | 589430-2200-2200400050-1000-5250.850 |   | 3404.95   |   |           |   |
| 14 | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 07/01/2014 |   | 449300-2200-2200400050-0412-5201.701 |   |           |   | 3404.95   |   |
| 15 | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 07/01/2014 |   | 449300-2200-2200400050-0412-5201.701 |   | 2002.55   |   |           |   |
| 16 | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 07/01/2014 |   | 446130-2200-2200400050-0110-5201.701 |   |           |   | 2002.55   |   |
| 17 | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 07/01/2014 |   | 589400-2200-2200400050-1000-5250.850 |   | 2002.55   |   |           |   |
| 18 | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 07/01/2014 |   | 589420-2200-2200400050-1000-5250.850 |   |           |   | 2002.55   |   |
| 19 | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 08/01/2014 |   | 446130-2200-2200400050-0110-5201.701 |   | 5407.50   |   |           |   |
| 20 | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 08/01/2014 |   | 102583-2200-xxxxxxxx-xxxx-5201.702   |   |           |   | 5407.50   |   |
| 21 | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 08/01/2014 |   | 589430-2200-2200400050-1000-5250.850 |   | 3396.61   |   |           |   |
| 22 | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 08/01/2014 |   | 449300-2200-2200400050-0412-5201.701 |   |           |   | 3396.61   |   |
| 23 | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 08/01/2014 |   | 449300-2200-2200400050-0412-5201.701 |   | 2010.89   |   |           |   |
| 24 | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 08/01/2014 |   | 446130-2200-2200400050-0110-5201.701 |   |           |   | 2010.89   |   |
| 25 | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 08/01/2014 |   | 589400-2200-2200400050-1000-5250.850 |   | 2010.89   |   |           |   |
| 26 | Host/JV Ventures Joint Venture | 000691      |   | 0001        |   | Winn<br>Wolfgang Puck D Gate NE |   | 08/01/2014 |   |                                      |   |           |   |           |   |

GL Report (XLS)





Possible Option ...

“Together”







# Key Considerations

GASB 87



# Key Difference

- Lease ⇔ Right to Use non-Financial Assets
- Currently = Operating Leases
  - Period accounting
  - Lease Revenue
  - Operating Revenues
- Long-term >12 mo. = Lease Financing
  - Full Lease Duration
  - Future Lease Payments > Discounted present-value
  - Accounts (lease) Receivable
  - Deferred Inflow > Amortized
  - Interest Income
  - Lease Revenue > “net” of Interest Income
  - Operating & non-Operating Revenues







## Lessor Assets

**Still on our Books | Continue to Depreciate**





## Short-term Leases

**With Options to Extend | Extends Beyond 12 months | Long-term Lease | Caution**



# Revenue Recognition

> Timing <









## Revenue Recognition

**When Deferred Inflow is Amortized | Timing**



# Interest - Discount Rate

> What to Use? <









## Interest – Present Value Discount Rate

**Borrowing Cost | Earnings Rate | Duration | Nature of Industry | Risks**





## Balance Sheet

Accounts (Lease) Receivable | Deferred Inflow | Discounted Present Value | Amortization





Accounts Receivable Balance **vs** Deferred Inflow Balance

**Effective Interest Method | Straight-Line Method | Caution**





## Interest Income

**Non-Operating Income (new) | Lease Financing**





## Lease Revenues

**Operating Revenues | Principal Portion | Net of Interest Income | Less is Booked**





## Bond Covenants

Debt Coverage | Review the Provisions | Caution





## Budgeting

Operating Lease Revenues | Non-Operating Interest Income | Amortization Schedules | All Leases





## Operating Performance Reporting

**Reduced Operating Revenues Reported | Comparability | Initial Years**





## Comprehension

**Commissioners | General Public | ... perhaps some of us 😊**





Q&A

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*Domo Arigato!*