

Executive summary | August 2, 2022

Wipfli Tribal Government CFO Peer Exchange

Host: Suresh Geer, Wipfli

SME: Nik Wong, Wipfli

Facilitator: Austin Evans, Profitable Ideas Exchange

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Introduction

Twelve chief financial officers (CFOs) and leaders of finance from tribal governments met virtually to share leading practices and discuss topics of mutual interest based on an agenda created through a series of pre-interviews.

From Wipfli, Suresh Geer, tribal practice leader, hosted the exchange, and Austin Evans of Profitable Ideas Exchange facilitated. Nik Wong, senior manager and leader of Wipfli's national tribal gaming finance and accounting services team, joined to provide subject matter expertise.

The focus of the discussion covered the following topics over the course of the hour:

- An introduction to the new leasing standards
GASB 87 & 96
- Leveraging new technology
- Costs around transitioning to the cloud

GASB 87

Having reviewed countless tribal leases, Nik Wong highlighted a few important distinctions in regard to the new leasing standards:

- Tribal governments need to consider they could be a lessor or lessee.
- Effective dates for implementation are for organizations with a June 30, 2021, year-end.
- Report on the balance sheet if: the non-cancelable item is greater than one year, and the payments are fixed.
- Expensed as incurred if: the non-cancelable item is less than a year, or the payments vary.
- GASB 87 is not intended for transactions between related parties.

GASB 96

He also highlighted GASB 96:

- GASB 96 is focused on subscription-based arrangements.
- It's identical to the GASB 87 standard from above.
- In preparation, pull the necessary reporting, clarify key dates, install internal controls to identify new and existing lease contracts and make sure to use technology to compare and analyze assets.



Technology and cloud-based systems

GASB compliance will require a greater use of technology by tribal governments, something CFOs have a great interest in.

- Data management and utilization is top of mind for CFOs, with members sharing examples of different programs being leveraged to help manage the necessary data. Several leasing solutions were mentioned and recommended, but key is making sure the technical tools are specifically designed for dealing with GASB standards.
- For more information regarding GASB 87 and 96, or leasing technology, contact Nik Wong at 406 204 3030.

Technology and cloud-based systems

A question was raised as to whether any organization was looking to tackle these new changes internally or through cloud-based applications and what the experience was like to transition from an internal model to the cloud.

- One CFO shared they made the switch from an internal server to the cloud four years ago at the behest of an IT employee who was looking at the benefits of the cloud from a security perspective. With the ability to access the VPN from anywhere and experience no loss in data security, the benefits of cloud migration have been substantial and far outweigh the on-premises solutions, especially with remote workers.



Technology and cloud-based systems

While the advantages of cloud-based systems are evident, the main obstacle to cloud migration remains the cost of entry.

- Ongoing costs of cloud usage can be prohibitive as well – some CFOs are finding the costs surrounding cloud-based licensing are larger than they initially expected.
- Enterprises with a larger digital gaming footprint might find they are hit harder when considering transferring over to the cloud. However, one CFO pointed out that in many cases, the cost of upkeep on legacy systems sometimes averages out to the cost of transitioning to the cloud.
- One member mentioned an advantage of cloud-based solutions is the ability to defer the total cost of ownership over time with an annual subscription, rather than take on the full cost upfront to implement an on-premises solution.
- Another participant emphasized security features of the cloud as a benefit as cybersecurity insurance premiums continue to rise. There was a consensus among the CFOs that they expect most systems to be run from the cloud in the near future and that it is better to make the necessary steps to transition sooner rather than later.

Technology and cloud-based systems

As the number of cloud-based service providers proliferates, organizations have more choices than ever when selecting a vendor.

- Executives described the service providers they currently use, with several companies using Sage Intacct, Microsoft GP or MIP as their accounting stack.
- One CFO spoke candidly about the troubles of implementing one of the most popular enterprise-wide solutions for large organizations – while their end product looks decent, their process of conversion has left a lot to be desired. This experience has underscored the importance of fully investigating a cloud partner before committing to find the right-sized solution for each organization.



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