

CAFR

- Overview of Common Questions and Issues
- New GASB Pronouncements
- Timeliness of Surveys

Common Questions & Issues

- ▶ Inventories
- ▶ Capital Asset Impairments
- ▶ Inter-fund Transactions
- ▶ Land & Buildings on SAM II

Inventories

- ▶ What is Inventory?
- ▶ Two types
 - ✓ Held for resale
 - ✓ Supplies
- ▶ Held for resale
 - ✓ Valued at lower of cost or market
- ▶ Supplies
 - ✓ Actual or Estimated Cost
 - ✓ Forms, signs, pens, pencils, paper, etc.

Capital Asset Impairments

- ▶ Impairment – “a significant, unexpected decline in the service utility of a capital asset”
- ▶ Test:
 - Significant
 - Unexpected
 - Permanent
- ▶ Examples
 - Physical damage, such as fire or flood
 - Obsolescence
 - Construction stoppage
 - Software in progress stoppage
- ▶ Would not include wrecked vehicles
 - Not unexpected
- ▶ Impairment of capital assets should be recorded on SAM II

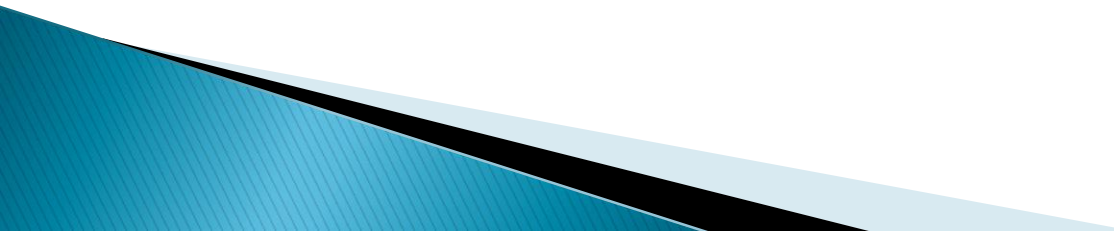
Inter-Fund Transactions

- ▶ Interfund activity within the same fund category must be eliminated
 - Transfers or Interagency Billings
 - Match up the CR and PV
- ▶ Any other interfund/interagency transactions that are not on a transfer or IAB document **MUST** be reported to OA/Accounting.
- ▶ Do not need to include on survey – IAB Transactions, taxes remitted to DOR, unemployment

Land & Buildings on SAM II

- ▶ All Land, Buildings, Parks, Historic Sites, Cemeteries, ect owned by each State Agency must be on SAM II.
- ▶ Land should be capitalized separately from buildings as buildings are depreciable and land is not.

New GASB Pronouncements

- ▶ GASB Statement No. 65, “Items Previously Recognized as Assets & Liabilities”
 - ▶ GASB Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees”
 - ▶ GASB Statement No. 68, “Accounting and Reporting for Pensions
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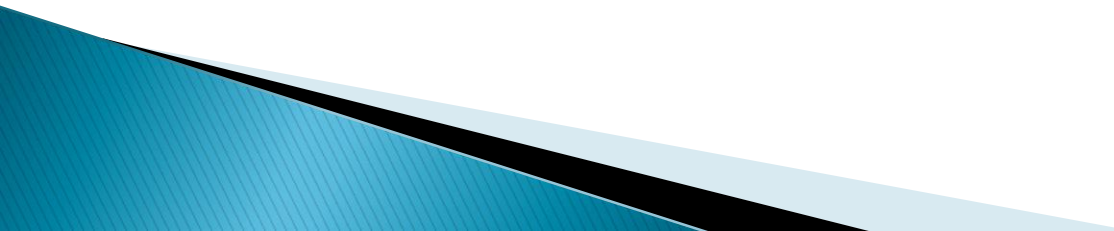
GASB Statement No. 65

- ▶ **GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities**
 - Objective is to determine whether certain transactions previously reported as assets and liabilities should continue to be reported as such or should instead be reported as:
 - A deferred outflow of resources, or
 - An outflow of resources (expense/expenditure), or
 - A deferred inflow of resources, or
 - An inflow of resources (revenue).

GASB Statement No. 65 (con't)

Statement of Net Position

(Government-Wide Financials)

- Assets
 - Deferred Outflows of Resources
 - Liabilities
 - Deferred Inflows of Resources
 - Net Position
- 

GASB Statement No. 65 (con't)

- ▶ Revenue Recognition in Governmental Funds
 - Revenue received past the 60 day criteria for governmental funds will now be called a deferred inflow of resources, not deferred revenue
 - Use of the term “Deferred” is now restricted to only items classified as deferred inflows or outflows of resources
 - Deferred Revenue CAFR survey will now be called Unearned Revenue

GASB Statement No. 65 (con't)

▶ GASB Statement No. 65 – Reporting Examples

- Deferred Outflows of Resources
 - Grants paid in advance of meeting timing requirements
 - Deferred amounts from refunding of debt (debits)
 - Cost to acquire rights to future revenues (intra–entity)
 - Deferred loss from sale–leaseback
- Deferred Inflows of Resources
 - Grants received in advance of meeting timing requirement
 - Deferred amounts from refunding of debt (credits)
 - Proceeds from sales of future revenues (GASB No. 48)
 - Deferred gain from sale–leaseback
 - “Regulatory” credits

GASB Statement No. 65 (con't)

- ▶ GASB 65 requires a deferred outflow/inflow of resources to be reported for grants received/paid in advance of meeting timing requirements.

6. Deferred Outflow of Resources and Deferred Inflow of Resources				
For grants, list the amounts outstanding as the end of June 30, 2014.				
Step 1. Please list any grants received before time requirements are met, but after all other eligibility requirements have been met. (Money which has been received but can't be spend yet due to grant restrictions on timing.)				
Receiving Fund*	Fund Name	Revenue Source Code*	Revenue Source Description	Amount
Step 2. Please list any grants in which funds have been paid out in advance of timing requirements having been met. (Money paid out, but which the recipient agency cannot spend yet due to grant restrictions on timing.)				
Disbursing Fund*	Fund Name	Object Code*	Object Code Description	Amount

GASB Statement No. 70 – Nonexchange Financial Guarantees

- ▶ State guarantees to pay an obligation of another entity or individual if that entity or individual fails to make the required payments (includes loan guarantees)
- ▶ If qualitative factors and historic data indicates that it is more likely than not that a payment will have to be made, then a liability must be recognized
- ▶ The liability should be measured at the discounted present value of the best estimate of the future outflows expected to be incurred

GASB Statement No. 70 – (con't)

- ▶ Information needed regardless of payment
 - Legal authority
 - Relationship with the issuer of the obligation
 - Length of the guarantee
 - Any arrangements for recovering payments

- ▶ Payment information needed
 - Beginning balance
 - Increases/Decreases during the fiscal year
 - Ending balance
 - Any amounts recovered
 - Any payments to be made in the next fiscal year
 - Cumulative amount of all payments made on the guarantee

GASB Statement No. 70 – (con't)

- ▶ Disclosure needed if the State has any obligations that are guaranteed by other entities
 - Name of entity providing the guarantee
 - Amount
 - Length of the guarantee
 - Amount paid, if any, by entity extending the guarantee (current fiscal year only)
 - Cumulative amount of all payments received
 - Description of requirements to payback
 - Any outstanding amounts required to be repaid

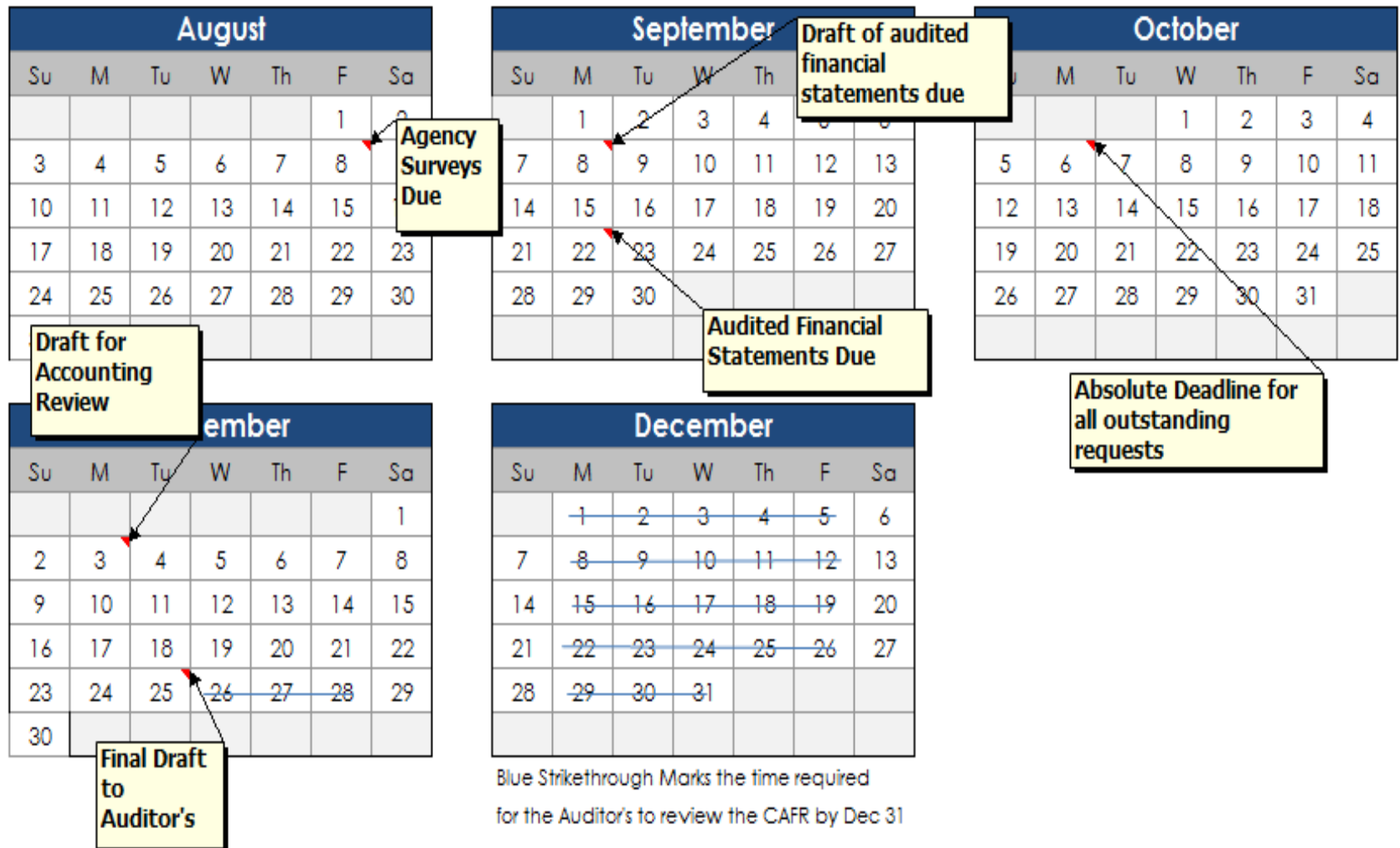
GASB Statement No. 68 – Pensions

- ▶ Implementing for FY15 CAFR
- ▶ Net Pension Obligation will be recorded on all full accrual financial statements (government-wide, internal service, enterprise, component units)
- ▶ State will be using actuarial evaluation of prior fiscal year and calculate roll forward
- ▶ Extended note disclosures

Timeliness of CAFR

- ▶ CAFR is due December 31st following fiscal year end
- ▶ Prepared by 7 Accounting staff
- ▶ 95 data request letters
 - 31 entities outside of SAM II
 - 1100 surveys and financial statements
- ▶ 170 days to completion
- ▶ All CAFR survey requests from agencies due August 8th, audited financial statements due September 22nd
- ▶ Sections interconnected

Timeliness of CAFR (con't)



Questions?

