

CAFR Preparation



# State of Florida Project Aspire

## White Paper CAFR Preparation April 27, 2006

## TABLE OF CONTENTS

<b>1.0</b>	<b>TOPIC.....</b>	<b>3</b>
<b>2.0</b>	<b>BACKGROUND.....</b>	<b>3</b>
<b>3.0</b>	<b>CAFR PROCESS.....</b>	<b>4</b>
3.1	Agency Adjustments.....	4
3.2	Agency Statewide Adjustments.....	5
3.3	Year-End Close.....	6
3.4	Statewide and Auditor Adjustments.....	7
3.5	Creation of a Statewide CAFR Business Unit.....	8
3.6	CAFR Post Closing.....	8
3.7	Consolidation Process.....	9
3.7.1	Setting Up Elimination Units.....	10
3.7.2	Open Periods.....	10
3.7.3	Defining Consolidation Trees.....	11
3.7.4	Defining Elimination Sets.....	11
3.7.5	Elimination Lines.....	11
3.7.6	Specifying Consolidation Ledgers.....	11
3.7.7	Setting up Consolidation Sets.....	12
3.7.8	Performing Consolidation.....	12
3.8	Reporting for Component Units.....	13
3.9	Preparation of Fund and Government-wide Statements.....	13
3.9.1	Reconciliation of Government-wide Statements to Fund Statements.....	14
3.9.2	Cash Flow Statement.....	15
3.9.3	Component Units.....	16
3.9.4	Tree Manager.....	16
3.10	Preparation of Other Schedules and Reconciliations.....	16
3.10.1	General Revenue.....	17
3.10.2	Reconciliation of CAFR to SEFA.....	17
3.11	Preparation of Notes.....	18
3.11.1	Note 5 Capital Assets.....	18
3.11.2	Note 10 Changes in Long-term Liabilities.....	18
3.12	Interim CAFR Reporting.....	18
<b>4.0</b>	<b>ASSUMPTIONS.....</b>	<b>19</b>
<b>5.0</b>	<b>MISCELLANEOUS.....</b>	<b>19</b>

## 1.0 Topic

The purpose of this document is to discuss the Aspire CAFR preparation process.

## 2.0 Background

The Comprehensive Annual Financial Report (CAFR) required by Florida Statute is prepared by the Statewide Financial Reporting Section (SWFRS) within the Department of Financial Services. The report includes government-wide financial statements, fund financial statements and notes to the financial statement, as well as required supplementary information, and other statistical and economic data.

SWFRS provides agencies with instructions outlining CAFR preparation requirements. These tasks must be completed prior to the compilation of CAFR information. Agency requirements include completion of statewide adjustments as well as submission of required forms within specified deadlines.

The fiscal year period is from July 1 to June 30 of each year. Currently, agencies are allowed to make system year adjustments beginning in June until their system closing date for statewide financial statements. Adjustments required after this period are entered by SWFRS staff. Deadlines for submitting information may continue to the beginning of November.

As part of the CAFR process, SWFRS staff must review agency financial information. Several FLAIR system reports are used for this purpose. Also, agency financial information in FLAIR is downloaded to an Access database for ease of queries and analysis.

The Fund Statement and Government-wide Statement preparation requires two separate levels of consolidation. The current process is handled outside of the accounting system through the use of the Access database and excel spreadsheets. The Government-wide Statements are presented on a full accrual basis and the Fund Statements are presented on a modified accrual/full accrual basis. The budgetary comparison schedules presented in the Other Required Supplementary Information section are reported on a cash basis.

The CAFR is prepared during the months of August to February with a statutory deadline to publish the CAFR of February 28. Future plans are to accelerate the CAFR preparation timeline. The new dates have not yet been determined.

The requirements addressed in this document will primarily focus on the components of the CAFR compiled through Aspire. Appendix 3 includes a list of CAFR tasks that details whether a task will be done through or outside of Aspire.

### 3.0 CAFR Process

The CAFR process discussion in this document will include:

- Agency Adjustments
- Agency Statewide Adjustments
- Year end close
- Statewide and Auditor Adjustments
- Creation of a CAFR Business Unit
- CAFR Post Closing
- Consolidation Process
- Reporting for Component Units
- Preparation of Government-wide and Fund Statements
- Preparation of Other Schedules and Reconciliations
- Preparation of Notes
- Interim CAFR Reporting
- List of CAFR Exhibits and Reports (Appendix 1)
- List of CAFR Queries (Appendix 2)
- List of CAFR Tasks (Appendix 3)

#### 3.1 Agency Adjustments

Agencies are required to report year end adjustments within the specified timeline. Types of adjusting entries include but are not limited to the following types of transactions:

- Adjustments resulting from clean up of incorrect ChartField coding. It is anticipated that the number of adjustments could be reduced through the use of SpeedCharts, SpeedTypes and combo edits
- Recording of Advances, Due To/Due From and Transfer transactions. ADML 128 InterUnit Processing will be used to process Due To/Due From and Transfer transactions between agencies. Due to/Due From and Transfer transactions within an agency will be recorded through delivered IntraUnit functionality. A method for recording of Advances has not yet been developed.
- Recording of interest for Bonds, Installment Purchase agreements and Capital leases
- Recording of short-term and long-term Compensated Absences
- Reclassification of fund balance unreserved
- Recording of adjustments to Estimated Revenue budgets

Agencies will be provided with queries to assist in preparation of adjustments. As an example, agencies would need a query to help determine amounts to allocate to reserved fund balances.

In Aspire, agency adjustments will be assigned unique adjustment periods different from those used for Statewide and Auditor adjustments. One or more adjustment periods may be assigned to agencies.

To allow posting of these transactions, the appropriate accounting adjustment period must be open. The adjustment period (e.g. 997) is not based on a calendar month and may remain open for any period of time. The prior year period (1 to 12) are set to month periods and do not have to remain open in order for the adjustment period to be used. Closing the prior periods will prohibit users from entering prior year transactions to periods 1 to 12 and still allow them to enter adjusting entries.

If a user attempts to enter a non-adjusting transaction to a prior year (period 1 to 12), a message will be received indicating the fiscal year and accounting period for the journal fall outside of the range of open periods for the Business Unit / Ledger Group combination. The journal can be saved but cannot be posted unless the period is opened.

In order to prevent agencies from entering adjustment entries after the specified deadline, the adjustment period will be closed prior to running the year end close. A similar process will be necessary for conversion adjustments and is outlined in ADML 38 Ledger Balance Conversion.

### **3.2 Agency Statewide Adjustments**

After the year end close, agencies are not allowed to record any additional adjustments. If necessary, additional adjustments are entered by SWFRS staff. If these adjustments impact an agency's fund balance, they will ultimately need to be made to the agency's business unit.

Adjustments will be entered to the CAFR Business Unit (SWFRS) using the Account, Alt Account and Fund/CC values. The creation of this new business unit is described in Section 3.5 of this document. Agencies will be required to make adjustments at a later date after the CAFR has been produced. If this is the case, the original adjustment entered to the SWFRS BU will need to be reversed.

In order to distinguish between adjustments in the SWFRS BU that need to be made by the agencies at a later date versus adjustments that do not need to be made by the agencies, a unique adjustment period and journal source will be assigned to the different types of adjustment.

After the CAFR has been produced, a unique prior year adjustment period will be opened to allow agencies to enter adjusting journals. The agency adjustment period will be a different adjustment period than that entered by agencies prior to the year-end close.

SWFRS staff will need to be provided with queries of those transactions entered after the CAFR and monitor to make sure the adjustments are made correctly to the agency's Business Unit.

### 3.3 Year-End Close

Aspire will use the PeopleSoft delivered Year-End Close Process to close agency's books at the end of each fiscal year. Policy decisions are needed to determine dates the close process will be run and the group responsible for running the close.

Agencies are currently closed on a schedule. For the fiscal year ending June 30, 2006, agency closing is scheduled from August 1 through August 16, 2006 of the new year.

The PeopleSoft process closes the revenue and expense accounts to fund equity (stored in period 999 of the prior year) and generates the balance forward amounts (stored in period 0 of the new year). The ledger is updated and closing journals are created, if requested. PeopleSoft General Ledger (GL) performs closing according to the options selected in the closing rules.

The following Year-End process will be used by Aspire:

1. Close the prior year according to CAFR policy.  
Use the Open Period Update page or Open Periods Mass Update page to change the range of open fiscal years and accounting periods to prohibit the entry and posting of additional transactions to the prior year.
2. Produce reports including Closing Trial Balance and any other required year-end reports. Additional year-end reports will need to be identified by agencies and SWFRS staff.
3. Record adjusting entries to the prior year using a unique adjustment period assigned for Agency adjustments.
4. Run the Close Process to close revenue and expense accounts to Fund Balance and roll forward Asset, Liability and Fund Balance beginning balances to the new year.
5. Produce Trial Balance and any additional required year-end reports for the new year. Additional year-end reports will need to be identified by agencies and SWFRS staff.
6. Until you run year-end closing, reports for the next year do not include any results from prior years. Once you run the close process, period 0 (new year) balance sheet account balances are available for reporting.
7. Make additional adjustments to the prior year.

Additional agency adjustments may be required resulting from CAFR and Auditor review. The SWFRS business unit will be used to enter adjustments required at the Statewide Fund or GAAFR Fund Type level.

8. Re-run the Close Process.

Whenever adjustments are made to a closed year, the year-end closing must be run again to ensure that the opening balances for the new year reflect all activity for prior years. The close and undo close processes can be run easily and as frequently as necessary, however, the close should be run as a nightly process in order not to interfere with daily processing. Also, it is not necessary to undo a year-end close before re-running. This is covered in more detail in the Month End/Year End Close Whitepaper.

One Fund Balance, Unreserved account will be set up for each Fund Type. For example, Governmental funds will default to account 5490000 and proprietary and fiduciary funds will default to account 5390000. These account values will need to be verified once the Chart of Account values have been established. The re-allocation of Fund Balance will be handled manually through GL Adjusting Journals. Once the Aspire ChartField values have been defined, the process will need to be evaluated to determine if advantageous to close to multiple accounts. PeopleSoft GL allows closing of revenues and expenditures to a single or to multiple equity accounts. A unique journal ID mask and source are used for closing journals. The journals will be easily identified and this ensures no other process creates the same Journal ID.

The Year-End process to be followed during a conversion year is addressed in ADML 38 Flair Ledger Balance Conversion.

### **3.4 Statewide and Auditor Adjustments**

Currently, adjustments are recorded at a Statewide Fund, Cash Control and Account level. The transactions are entered by SWFRS staff for CAFR reporting purposes only.

One example includes reclassifications to fund balance reserves. Adjustments to “Other reserved” are done manually based on analytical review or resulting from review by the Auditor General’s Office.

In Aspire, it is recommended a separate business unit is used for Statewide and Auditor adjustments. Adjustments made to the SWFRS Business Unit will be made using Account, Alt Account and Fund/CC. A tree will be used to roll up Fund/CC values to the Statewide Fund level. The separate business unit is recommended since transactions need not be subject to the same edits and rules of those recorded in the agency business unit. The SWFRS Business Unit will only be used for adjustments and will not be interfaced with other modules. It will not be subject to cash checking, budget checking and will include limited combo edits. SWFRS CAFR ChartField values (Fund/CC and

Alt Account) will need to be available and the business unit secured for use by SWFRS staff only. One or more unique journal sources will be assigned to these adjustments. Security should be limited to include only those processes required for CAFR purposes.

### **3.5 Creation of a Statewide CAFR Business Unit**

The General Ledger business unit configuration must be set up for the Statewide business unit similar to that used by agencies, with a few exceptions. The configuration that differs will be detailed below.

- Detail Calendars will be set up under the Agency SetID. Since the detail calendar is set to Agency SetID, unique Adjustment Periods may be assigned for CAFR and Auditor adjustments and excluded from the SHARE Detail Calendar assigned to Agency SetIDs. These adjustment periods will not be available to agencies and will allow SWFRS staff to continue making adjustments after Agency adjustment periods have been closed.
- The Journal Edit Options will include the Fund Required Combination Edit. Additional Combination Edits required for CAFR adjustments will need to be determined and could be unique to the SWFRS Business Unit.
- Since the business unit will only be used for CAFR adjustment journal entries, Commitment Control will not be enabled.
- Fund is the only balancing ChartField included in the Ledger Group balancing page. At this time, Budget Entity and Project will not be used as adjustment entry ChartFields, therefore were not included as balancing ChartFields.
- Default journal entry templates will be set up by CAFR user or permission list in order to limit entry fields to those required for CAFR adjustments.
- The Alt Account and Fund/CC values will be loaded to the SWFRS Business Unit. Consideration was given to modifying ADML 1938 View Fund Values to include the ability for SWFRS to use all fund values on its transactions. However, the change to the Fund prompt table is not recommended as it would require a customization that would affect all modules/pages using the Fund ChartField.

### **3.6 CAFR Post Closing**

Prior to compilation of financial statements, the SWFRS staff will perform an analysis of agency financial information. Currently, post-closing adjustments are reviewed, input, and then proofed by SWFRS staff prior to being posted in the system. A similar process will be required in Aspire. Reports will need to be provided to assist in this analysis. In Aspire, delivered reports, for example, GLS 1003 Closing Trial Balance may be used as

well as queries. A list of reports and queries needed for analysis purposes is included in the Appendix of this document.

### 3.7 Consolidation Process

The consolidation for Fund Statements and Government-wide Statements include the elimination of applicable Inter/IntraUnit balances and transfers. The elimination of inter/intra unit balances and transfers is only one type of adjustments from fund statements to government-wide statements. Other adjustments include consolidation of internal service fund activities, consolidation of general fixed assets and long-term debt activities, reclassification of various accounts to program/function, and other adjustments necessary to adjust balances to full-accrual. These other adjustments will not be covered as part of the consolidation process.

In Aspire, InterUnit transactions will be tracked using Due To/From and Transfer To/From accounts that are automatically created through ADML 128 InterUnit Transaction Processing. IntraUnit transactions will be tracked using PeopleSoft delivered IntraUnit functionality.

ADML 128 initially included a requirement to populate the BU Affiliate and the Fund/CC Affiliate on the Source/Target distribution lines. It was determined that the requirement to populate the Fund/CC Affiliate could not be met due to the limitation caused by the Fund/CC ChartField set to Agency SetID. Additionally, transactions generated through ADML 128 are not limited to one Source/Target distribution line and may not match one for one on the Source and Target distribution lines. The process would have to redistribute the amounts in order to show the correct Fund/CC Affiliate for each ChartField value combination. ADML 128 will include the requirement to populate the BU Affiliate ChartField at the distribution line level.

In Aspire, the elimination will be required at the Statewide Fund and GAAFR Fund Type level. PeopleSoft does allow the use of a different consolidation ChartField that operates as a separate unit, such as Fund, however this is used in the case of the ChartField being under one business unit. If the Fund is used as the consolidation ChartField, the Fund Affiliate ChartField must be populated for all inter/intraunit transactions.

In order to use the PeopleSoft Consolidation process for CAFR purposes, a customization will be required. The process would need to include a method for generating Fund/CC Affiliate as well as generating the transactions under one business unit in order to properly eliminate inter/intraunit transactions by Statewide Fund or GAAFR Fund Type.

An alternative option would be to create a file to assist in a process of identifying transactions for elimination. The file will be downloaded to an Access Database to allow ease of data manipulation. This information will be obtained from the Journal Header (JRNL\_HEADER), Journal Line (JRNL\_LN), InterUnit Journal Header (FL\_IU\_JRNL\_HDR) and the InterUnit Journal Line (FL\_IU\_JRNL\_LN) tables. The

population of the BU Affiliate will assist in the elimination process. These journals could be loaded to the SWFRS BU for elimination purposes.

The PeopleSoft consolidation process is discussed below.

The transactions in the Actuals ledger identified with Affiliate and/or Fund Affiliate information are candidates for elimination using the PeopleSoft Consolidation process.

The process includes:

- Setting up elimination units
- Defining consolidation trees
- Defining elimination sets
- Specifying consolidation ledgers
- Setting up consolidation sets
- Performing consolidation

### **3.7.1 Setting Up Elimination Units**

When the Consolidation process is run, the system creates eliminating journal entries for Inter/IntraUnit transactions. Eliminating journals are recorded in an elimination unit, a type of business unit that is designed specifically to support consolidated reporting. The process uses the combined ledger balances of the selected consolidation units and posts the offset of the Inter/IntraUnit transaction amounts to the ledger for the elimination unit.

Elimination units are created and maintained like business units. Assigning a ledger to an elimination unit is done the same way that regular business units are handled. The General Ledger Definition, Ledgers for a Unit and Open period configuration must be set up for an Elimination Unit.

The business unit is set with the option of Consolidation – for eliminations only. All other options, including those for Journal, Currency, Approval and Inter/IntraUnit are set same as those used by the Share Business Unit.

The definition is set up as those used by other business units. The Journal Edit Options would include the Fund Required Combination Edit and since this business unit would only be used for CAFR elimination journal entries, Commitment Control would not be enabled.

### **3.7.2 Open Periods**

In order to process prior year elimination journal entries, the prior year must remain open during the consolidation process. The GL Journal Unpost option must be available while running the Undo Consolidation Process option.

Since the Consolidation may use a ChartField other than Business Unit that operates as a separate unit, the term Consolidation Unit will be used in the remainder of this document when describing the Consolidation process.

### **3.7.3 Defining Consolidation Trees**

Included in each consolidation tree are the consolidation units and the elimination units to which eliminating journal entries are directed. Consolidation units are added to the tree in the same way detail ChartField values are added, by inserting a detail value. An unlimited number of consolidation units may be included within each tree, and an unlimited number of consolidation trees may be defined.

### **3.7.4 Defining Elimination Sets**

The elimination set defines a related group of Inter/IntraUnit accounts. Once eliminated, the balances of this group of accounts should net to zero. The system will post any amounts that remain after the elimination to an out-of-balance ChartField value combination defined by the user through the elimination set. When the consolidation process is run, the system will process each elimination set specified in the consolidation definition.

### **3.7.5 Elimination Lines**

The elimination line page defines which accounts to include in the elimination. The level of detail required depends on whether the Affiliate ChartField is used.

If the Affiliate ChartField is used, the account values need to be identified, however the consolidation unit does not have to be specified on the page. The system evaluates consolidation unit and affiliate relationships when the consolidation is performed based on the information recorded in the ledger. If the Affiliate approach is not selected, then each Inter/IntraUnit transactions will need to be recorded in a unique account (e.g. Due to GR) and the Consolidation Unit ChartField and the Account or Alt Account ChartField values are required as values to eliminate.

Additional ChartFields may be included to further narrow the scope of the transaction being eliminated regardless of which method is used.

### **3.7.6 Specifying Consolidation Ledgers**

For each consolidation unit involved in Consolidations, one ledger must be identified as the Consolidation ledger. The Consolidations process uses this ledger as the source and identifies transactions to be eliminated. Consolidation journals go against this ledger for Elimination Units. The ledger for a consolidation unit is specified on the Ledger Sets page.

All consolidation units involved in the consolidation process must have a row defined on the Ledger Set page so that the system knows which ledger to use for each business unit during the consolidation process.

### **3.7.7 Setting up Consolidation Sets**

The Consolidation Set defines the options and controls used to process the consolidation. The Consolidation journal options indicate which ChartFields will be shown on the elimination journals. For example, in Aspire the elimination journals would include those ChartFields necessary for CAFR Reporting including; Account, Alt Account, Fund/CC and Fund Affiliate. A unique journal ID mask is used for consolidation journals to ensure that no other process will create the same Journal ID. A unique journal source is also used to separate these journals from other sources.

### **3.7.8 Performing Consolidation**

The Consolidation Request identifies consolidation parameters that the system will use for processing and includes:

- Creating journals that can be edited and/or posted. The journals are identified with a unique Journal ID prefix and Source reserved for the Consolidation process.
- An option to include balances from the Adjustment Periods specified in the Consolidation Set when calculating the elimination.
- Providing the ability to identify an edit error and process the consolidation again. The system clears journals from the original process before regenerating.
- Creating a calculation log option on the Run Control page to allow inquiry on the calculation log either through the Process Monitor page or by running the Consolidation Out of Balance (GLS2003) report. The report will indicate which elimination sets are in balance and which are not, and show the details of any out-of-balance condition.
- Providing an Undo Process on the Run Control page that is run separately and clears the effect of any prior elimination. If the elimination journals are not posted yet, the system deletes them. If they have been posted, the amounts are zeroed out from the ledger before it unposts the journals.

Current plans are to use the alternative option for the elimination of Inter/IntraUnit balances and transfers. Future consideration may be given to use the PeopleSoft consolidation process, however more analysis will be required since this would require customization.

### 3.8 Reporting for Component Units

Component units are legally separate organizations for which the elected officials of the State are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. Agencies are responsible for submitting component unit financial statements as well as other required information to SWFRS staff. SWFRS staff will enter financial information into the SWFRS Business Unit.

In Aspire, financial information for Blended Components will be included with the primary business unit. Financial Statements for Discreetly Presented Component Units, including, Colleges and Universities, will be recorded in a separate fund in the SWFRS business unit.

Statements for component units resemble Government-wide statements. Currently, the revenue and expenditure information is rolled up and entered to a fund using one account for each (e.g. 613 for revenues and 711 for expenses). In the Combining Statement of Activities for Nonmajor Component Units, a further breakdown of revenues and expenses will be required. It has not yet been determined if Budget Entity and Category will be required chartfields for these type transactions. "Dummy" values may need to be made available for CAFR purposes only. Additionally, Security will need to be assigned to SWFRS staff to allow entry of statement information directly to Agency Business Unit.

Once ChartField requirements and values are determined, this will need to be further tested to ensure Component Unit financial information is properly recorded in Aspire.

### 3.9 Preparation of Fund and Government-wide Statements

**Government-wide Statements** are designed similar to private-sector business statements. Governmental and business-type activities are consolidated into columns adding to a total for the primary government. These statements combine governmental fund current financial resources with capital assets and long-term obligations.

In Aspire, financial information will be reported at the Account, Alt Account and GAAFR Fund Type level.

The creation of Government-wide statements will be done partially in Aspire and include reporting of Capital Fixed Asset and Long-Term Debt information and reclassification of Internal Service Funds. Remaining compilation of Government-wide statements will be done outside of Aspire by downloaded financial information to an external database or excel spreadsheets, as currently handled.

Note that Government-wide adjustments will not impact an agency's fund balance. Any adjustments impacting fund balance would be made to the SWFRS BU, then directly to an agency's business unit after the CAFR has been produced.

**Fund Financial Statements** are used to report detailed information about the primary government and focus on major funds of the primary government. They report more detail not found in the government-wide statements

Information in Aspire is to be reported using:

1. Business Unit
2. Fund CC and Statewide Funds (tree rollups)
3. Account
4. Alt Account

Fund Financial Statements include statements for governmental, proprietary and fiduciary funds and will be created through EPM Reporting. A CAFR Business Unit will be used for statewide and Component Unit adjustments, as well as those agency adjustments required after the GL close. It will also be used for the elimination of applicable Interfund balances and transactions including Advances, Due To, Due From and transfers.

Reporting on rollup codes and bill codes will be addressed through rollups on ChartField trees.

### **3.9.1 Reconciliation of Government-wide Statements to Fund Statements**

In addition to adjusting entries required for Statewide and AG audit results, adjusting entries will need to be recorded for those reconciling differences between Fund and Government-wide Statements. Some of the reconciling adjustments are calculated using information outside of the accounting system or could be calculated by "backing into" the adjustment. These adjustments include, but are not limited to:

- Conversion of modified accrual to full accrual for interest payable bonds and deferred revenues. Also reclassification of deferred revenue to earned revenue for government-wide statements.
- Reclassification of Charges for Services, Operating Grants, and Capital Grants by Bill Code.
- Addition of Capital Assets and Long term debt
- Agency Fund adjustment (net affect of assets held in Agency Funds)
- Reclassification of Internal Service funds from Proprietary to Governmental

- Difference between revenues and expenses is broken down by bill code based on the agency that houses the Internal Service Fund.
- Interest Reclassification
- Fund Balance adjustments for Governmental funds required for Long term debt, fixed assets and internal service funds.
- Adjustments to fund balance resulting from reclassification from Reserve to Restricted as well as those required for reporting of Agency Funds.
- Reclassification of Unrestricted to Restricted, if applicable.

If done in Aspire, the reconciliation reports would need to be modified every year to accommodate new or changes in adjustments. Current plans are to produce the reconciliation reports outside of Aspire.

### **3.9.2 Cash Flow Statement**

Cash Flow statements will need to be developed at an agency level. Agencies currently use an Access database provided by the SWFRS staff to prepare Cash Flow Statements. Adjustments made at the statewide level could impact Cash Flow Statement; therefore agency cash flow statement would need to be re-run after adjustments.

Cash Flow Statements will need to be developed. Each agency will have a cash flow statement by Fund/CC for enterprise and internal service funds. Information from all agency Cash Flow Statements will need to be consolidated into a Statewide Cash Flow Statement.

The development of this report will be impacted by ADML 1853 Cash Ledger which will be used to provide required cash flow financial information.

### **3.9.3 Component Units**

Trial Balance information for Discreetly presented Component Units will be entered to the SWFRS business unit as adjustments and presented separately for CAFR purposes. Statements for component units resemble Entity wide statements. The component unit statements will be produced in Aspire.

**Report Specifications for all Financial Statements will need to be developed (See Appendix for list of statements)**

### **3.9.4 Tree Manager**

Account and Fund rollup trees will be used for CAFR reporting purposes. The Account tree will be used for reporting of financial statement line item information. A Fund tree will be developed to accommodate the differences in reporting of Fund and Government-wide Statements. The tree will be designed with a statewide fund rollup or it will be a GAAFR Fund Type tree with nodes to handle the statewide fund designation.

The tree will use a new view created through ADML 1938 View Fund Values. This view is required since the Fund/CC ChartField is set to Agency SetID. The view provides a list of all valid Fund/CC values and descriptions under SetID Share. A new tree structure will be created for use with this tree.

The tree details use the new Record Name: FL\_ALL\_FUNDS. All other values remain as those used in PeopleSoft delivered Structure ID FUND\_DTL used to create Fund Reporting trees.

This tree structure will use the record of FL\_ALL\_FUNDS created through ADML 1938. Reporting trees are also used by Interface ADMLs, therefore, developers will need to be made aware of the changes to the current reporting trees.

## **3.10 Preparation of Other Schedules and Reconciliations**

### **Budgetary Comparison Schedules and Budget to GAAP Reconciliation**

Budget, Expenditure and Revenue information recorded in Aspire will be extracted and used in the preparation of the Budgetary Comparison Schedules for the General Fund and special revenue funds that have legally adopted budget. The information stored in the Commitment Control and GL Cash Ledger will be extracted in the form of a report (e.g. Excel). Additional adjustments made to the Budgetary Comparison Schedules will be handled outside of Aspire. The original and final budget for General Revenue will be obtained from sources outside of Aspire. Original budget for trust and special revenue funds will be obtained from Schedule 1 sources and the final budget for these funds will

be obtained through Commitment Control ledgers. The Budget to GAAP Reconciliation schedules will be prepared outside of Aspire. If Budgetary Comparison Schedules are to be produced in Aspire in the future, LAS/PBS ChartField values, such as Category, will need to be loaded to the SWFRS Business Unit.

### **3.10.1 General Revenue**

Reporting of General Revenue (GR) will be done at the agency level. All GR information will be consolidated for CAFR reporting purposes.

Expenditure budgets will be set up for each agency with revenues and expenditures recorded at the agency level. For reporting purposes, information will be extracted from Aspire by Fund, regardless of Business Unit. GR Revenue Estimate budgets will not be used in Aspire. For reporting purposes, GR Estimated Revenue information will be obtained from the Outlook Statements.

Agencies will be required to use ADML 128 to record GR service charges to Business Unit 43900. Agencies will need to create a due to/due from relationship to Business Unit 43900 at year end to accurately reflect interfund balances for the CAFR.

A trial balance by Fund will also need to be created. Delivered Peoplesoft Trial Balance is run by business unit. For analysis purposes General Revenue Trial Balance needs to be provided by Fund. The Budgetary Comparison Schedules will be included in the CAFR list of reports.

ADML 1853 on Cash Ledger will need to be reviewed to ensure Budget Schedule requirements are met. Discussions concerning reporting of General Revenue are still being conducted. Once a decision is made on how it will be handled, this document will need to be updated.

### **3.10.2 Reconciliation of CAFR to SEFA**

A reconciliation of CAFR to SEFA is done manually. This reconciliation compares Grant and donation revenues by GAAFR Fund Type to those reported on the Schedule of Expenditures of Federal Awards (SEFA). This process will continue to be handled manually with queries produced to assist in the reconciliation.

### **3.11 Preparation of Notes**

The Note section of the Financial Statements provides additional important information and schedules pertinent to the Government-wide and Fund Financial statements. Currently, much of this information is compiled outside of FLAIR; therefore, agencies are required to provide this information through forms. However, for those notes that contain statewide schedule of financial information recorded in Aspire, reports will be produced through EPM. Additionally, queries will be utilized to verify financial information is accurately recorded by agencies. This is included in the Appendix of this document.

#### **3.11.1 Note 5 Capital Assets**

The information required for Note 5 (increases, decreases and balances) will be extracted from Aspire using data stored in the Asset Management (AM) Module. There are delivered AM reports (e.g., Report ID AMAS2030 Acct Activity Summary) that provide this data in a similar format. A modified report will be created in a format that would allow the user to add additional information. The report will be required at agency level with a consolidated report created for Note 5.

#### **3.11.2 Note 10 Changes in Long-term Liabilities**

Agencies will be required to enter transactions directly to the Actuals GL Ledger. Transactions for Bonds, Installment Purchases and Capital Leases will be entered throughout the year with interest and Compensated Absences adjustment entries entered at the end of each year.

The information required for Note 10 (increases, decreases and balances) will also be extracted from Aspire using Actuals ledger information. Note 10 will require reports produced at agency as well as enterprise level.

### **3.12 Interim CAFR Reporting**

CAFR financial statements and schedules can be produced through Aspire after all agencies are live on the system. If majority of agencies are operating in FLAIR as of the close of the fiscal year, the CAFR will be prepared through FLAIR. In this interim, Aspire financial information will need to be converted to FLAIR and a download provided to SWFRS for those agencies live on Aspire.

ADML 17 General Ledger Bridge will be used to map the existing FLAIR ChartField value combinations to the Aspire ChartField value combinations and will provide reverse lookups. As part of the mapping of Aspire to FLAIR values, project staff will need to ensure information is mapped at a level sufficient to prepare the CAFR.

ADML 38 Flair Ledger Balance Conversion will convert account balances from Departmental FLAIR to Aspire. As part of the conversion process, data will need to be provided at a detail sufficient to prepare the CAFR.

As an example, reporting of interfund transfers and balances between Aspire and FLAIR agencies, Aspire and Aspire agencies, and FLAIR and FLAIR agencies will need to be addressed during conversion and mapping of ChartField values.

#### **4.0 Assumptions**

- Policy decisions are needed to determine dates the close process will be run and the group responsible for running the close.
- Policy will need to be established for handling of prior year adjustments, as well as other prior year corrections that impact prior year budgets.
- Security for entering and posting of agency adjustments, component unit financial statement information and CAFR business unit adjustments entered by SWFRS staff needs to be addressed as part of the GL Security process.
- CAFR BU Alt Account values and Fund/CC values, if required, will need to be defined.
- Since discussions concerning reporting of General Revenue are still being conducted, changes to how GR will be handled will need to be updated in the Preparation of Other Schedules and Reconciliations section of this document.
- The go-live for the first wave of agencies is scheduled for July 1, 2007 with plans to produce the June 30, 2008 CAFR in Aspire. A decision will need to be made to determine how the FYE 2007-08 CAFR will be produced based on the number of agencies that are live as of June 30, 2008.
- If determined at a later date that Budget Entity, Category, or other ChartFields will be required for SWFRS BU transactions, these ChartFields will need to be defined and made available for CAFR purposes.
- CAFR processes including report development will need to be thoroughly tested.

#### **5.0 Miscellaneous**