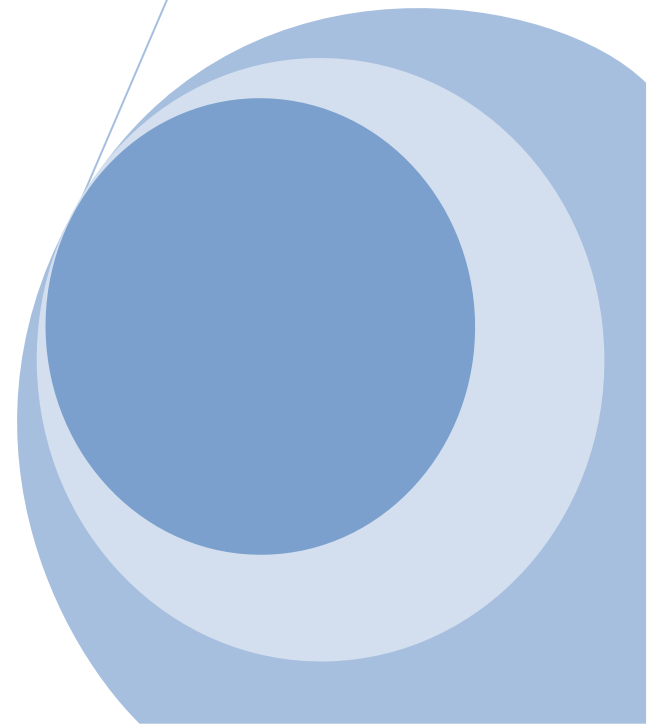


Statewide Financial Statements Guidance

http://www.myfloridacfo.com/aadir/statewide_financial_reporting/index.htm

Revised May 12, 2011



Statewide Financial Statements Guidance

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Funds in Balance

No additional written guidance at this time. Contact the Statewide Financial Reporting Section for assistance.

Intra-agency Balances

Intra-agency balances are amounts in due to/from, transfer and advance GLs that have offsetting amounts in other fund(s) within the same agency. Intra-fund balances are amounts in due to/from, transfer, and advance GLs that have offsetting amounts within the same fund at the FID level.

Intra-agency & intra-fund amounts should be balanced by the agency closing date. Intra-agency amounts must be supported by Form 03-INTRA data indicating in the fund2 field the other fund(s) within the agency with related amounts. Intra-fund amounts must be supported by Form 03-INTRA data indicating in the fund2 field the same fund as contained in the fund1 field.

Refer to the [SWFS Forms Instructions](#) and [Working with Form 03-INTRA and Form 03-INTER](#) documents on the SFRS section of the Enterprise Accounting & Financial Reporting (EAFR) website for additional information.

Inter-agency Balances

Inter-agency balances are amounts in due to/from, transfer and advance GLs that have offsetting amounts in fund(s) at another state agency.

Inter-agency amounts should be balanced by the due date for agency financial statement adjustments. Inter-agency amounts must be supported by Form 03-INTER data indicating in the fund2 field the funds at other agencies with related balances.

Refer to the [SWFS Forms Instructions](#) and [Working with Form 03-INTRA and Form 03-INTER](#) documents on the SFRS section of the Enterprise Accounting & Financial Reporting (EAFR) website for additional information.

Information on Transfers

Transactions using a transfer category code may or may not be a transfer for financial reporting. Similarly, transactions without a transfer category code may be transfers for purposes of financial reporting.

What is a transfer?

A transfer is the movement of cash from one fund to another that is not payment for goods and services.

Examples of transactions that **should** be accounted for as transfers:

- Payment of the General Revenue Service Charge (GL 758XX).
- Payment of overhead earnings sent to General Revenue (GL 758XX).
- Administrative Assessments.
- Payments to internal service funds that are not based on services provided but are in effect a subsidy to the internal service fund.
- Fixed assets or capital assets purchased by a governmental fund, but recorded as an asset of a proprietary fund at the time it is purchased. This is an operating subsidy.
- Movement of fund equity between funds.

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Examples of transactions that **should** be accounted for as transfers (continued):

- Money received from DMS from the sale of surplus property/auctions. Proceeds from the sale of surplus property, as defined in section 273.055, F.S., shall be recorded as a transfer-in from DMS and not as expenditure refunds, in accordance with GAAP and Florida Statutes. Section 273.055(5), F.S. was amended in 2006 removing the spending authority provision for these proceeds. Budget authority to expend the proceeds received from the sale must be obtained through the appropriations process. The appropriate revenue Source code for transfers-in from DMS is 001500 Transfers, or 001520 Transfers – Subject to Service Charge.
- Movement of capital assets (GL 652XX/752XX) between General Capital Asset funds (SWGF 80), Proprietary funds (SWGF 50 & 60) and Fiduciary funds (SWGF 71, 73, 74 & 76). Governmental funds (SWGF 10, 20, 30, 40 & 72) do not use GL 652/752 because these funds are not used to record capital assets. Governmental funds account for the non-business activities of the government and its **current, expendable**, general resources.
- Cash payment to General Revenue for the Statewide Cost Allocation Plan.
- Cash payment for tobacco settlement.
- Payment to the State Board of Administration for debt service.
- Funds sent to the unclaimed property fund at the Department of Financial Services.
- Funds sent to the Division of Administrative Hearings:
 - 729700-10-1-000227
 - 729700-20-2-510150
- Payments to the State Personnel System Trust Fund at DMS for personnel assessments:
 - 720000-20-2-678001
- Payments to the Department of Financial Services for Workers Compensation.
- Payments to the Agency for Workforce Innovation for Unemployment Compensation.
- Return of funds that were accounted for as a transfer-in/transfer-out when they were received/sent (e.g. unused grant funds returned to the grantor).
- Insurance claims received from Department of Financial Services.

Examples of transactions that should **not** be accounted for as transfers:

- Payments to DMS for services provided such as SUNCOM, building rent, use of automobiles, etc.
- Refunds of expenditures paid to Internal Service Funds for goods or services provided.
- Payment to the State Risk Management Trust Fund at DFS for property insurance and casualty insurance: 430000-10-2-078001
- Payments to the Florida Retirement System.
- Payments to the Department of State for the Administrative Weekly, copies of statute books, Administrative rules or archives.
- Payments of tolls to DOT.
- Payments to internal service funds that are based on actual services provided not just a Departmental assessment.
- Payment to or from state universities and community colleges.
- Payment of administrative fee to the State Treasury for investments.
- Payment of fire marshal fees to DFS for building inspections.
- Payment to agencies of State Owed Debt (SOD) collected by the Lottery from Lottery winners.
- Payment to the Department of Legal Affairs for legal services.
- Repayment of loans from another fund.

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Examples of transactions that should **not** be accounted for as transfers (continued):

- Payment to Justice Administrative Commission for legal fees.
- There are no transfers to or from a fund that is a SWGF = 74.
- Corrections of disbursement made from the incorrect fund or expense redistribution to other funds (JT-1).

Cash Balances

Any deposits made, but not reported in the State Treasury at June 30th (deposits in transit) should be recorded as Cash on Hand (GL 111XX).

Investments in State Treasury

	GL 141XX, Pooled Investments w/State Treasury
+	GL 225XX, Restricted Investments w/State Treasury
+	<u>GL 241XX, Long Term Investments w/State Treasury</u>
	Pool 1 Investments (Trust Fund) reported by the State Treasury

GL 143XX, Special Investments w/State Treasury = Pool 2 (SPIA) Investments reported by the State Treasury

Amounts recorded in these GLs should not include the interest accrued for June.

Beginning Equity

After Statewide Financial Statements are completed each year, final post audit balance sheets are provided for each fund. These are the beginning balances for the current year. Agencies must adjust beginning equity to the balances shown on these year-end reports.

Governmental Funds (SWGF = 10, 20, 30, 40 or 72)

The ending equity amounts on the year-end reports must in total equal the amounts reported in GLs 549XX, 56XXX, 57XXX and 581XX (excluding 542XX) on your current year trial balance.

Proprietary Funds (SWGF = 50 and 60)

The ending equity amounts on the year-end reports must in total equal the amounts reported in GLs 53XXX (excluding 532XX) on your current year trial balance.

NOTE: Review the information below regarding prior period adjustments for an explanation of why GLs 532XX and 542XX are excluded from the beginning equity requirements above.

What is a prior period adjustment?

A prior period adjustment is a correction of an error in previously issued financial statements. This would include:

- Mathematical errors.
- Mistakes in applying accounting principles.
- Items that were overlooked, such as:
 - Items that should have been included in the financial statements but were not.
 - Items included in the financial statements that should not have been.

Corrections that would not be considered prior period adjustments:

- Changes in estimates.
- Immaterial prior period adjustments.
- Adjustments made by the Statewide Financial Section to an agency's funds during the financial statement preparation process.

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For statewide financial statements, the materiality level to use is \$1 million. Prior period adjustments under this threshold should be run through current year operations. Balances in a prior period adjustment GL must be supported by Form 28 to explain the adjustment.

- For Governmental funds use GL 542XX.
- For Proprietary funds use GL 532XX.

Collections, General Revenue (GL 546XX)

When preparing your little generals (State Fund 1) for year-end close out, GL 546XX Collections, General Revenue, should be closed out against the revenue account(s) that were used to accumulate the balance. The balance of GL 546XX **must** be zero after this process.

Revenue is received:		<u>Debit</u>	<u>Credit</u>
546XX Collections, General Revenue		XXX	
6XXXX Revenue Account			XXX
Year-end close out of GL 546XX:		<u>Debit</u>	<u>Credit</u>
6XXXX Revenue Account		XXX	
546XX Collections, General Revenue			XXX

Depreciation

For additional information relating to depreciation, refer the following documents on the SFRS section of the Enterprise Accounting & Financial Reporting (EAFR) website: [Capital Asset Policy](#) and [Capital Asset Accounting Entries](#).

Fund Balance Reporting

Refer to the [Fund Balance Reporting](#) link on the SFRS section of the Enterprise Accounting & Financial Reporting (EAFR) website.

Invested in Capital Assets, Net of Related Debt (GL 536XX)

Refer to information on Form 24. Contact the Statewide Financial Reporting Section for assistance.

Compensated Absences

Compensated absences should be recorded as follows:

Governmental Funds

Short-term portion:

60 day leave payout (between 7/1 and 8/31) – recorded in GL 386XX in the governmental fund itself (SWGF 10, 20, 30, 40, or 72)

305 day leave usage and payout - (9/1 – 6/30) – recorded in GL 386XX in GAAFR fund 90

Long-term portion:

>365 days – recorded in GL 486XX in 90 GAAFR fund

Proprietary Funds

The total short-term portion should be recorded in GL 386XX and the long-term portion in 486XX in the proprietary fund.

Statewide Financial Statements Guidance

Capital Assets

For all revenues and expenditures in GL codes 622XX, 721XX, 722XX, 723XX, and 724XX that are recorded in governmental operating fund (SWGF 10, 20, 30, 40 or 72), the same balance must be offset for each of the GL codes (622XX, 721XX, 722XX, 723XX and 724XX) within the capital asset fund (SWFG 80) by the agency's closing date.

In *governmental funds* (SWGF 10, 20, 30, 40 or 72), do **not** use GL codes 721XX, 722XX, 723XX and 724XX to record disbursements for property items that are not going to be capitalized and reported as capital assets by the State of Florida, even if the State may be using the item. Amounts recorded in these GL codes during the fiscal year that are not capitalized should be reclassified (by category) to GL code 711XX "Expenditures, Current".

Amounts recorded in GL codes 721XX, 722XX, 723XX and 724XX should comprise the increases column of Statewide Financial Statement Form 19 - Changes in Capital Assets.

All disbursements from category 14XXXX "Grants and Aid to Local Governments/Nonprofit Organizations – Fixed Capital Outlay" are to be coded using GL 711XX. These are not fixed capital outlay disbursements; they are *grant and aid to local governments*.

All disbursements to or for local government projects that will be owned by or turned over to a local government and no matter what category is used are to be recorded using GL 711XX "Current Expenditures".

Property acquired by the state but will not be owned by the state should not be capitalized.

Additional information: Refer to the following documents on the SFRS section of the Enterprise Accounting & Financial Reporting (EAFR) website: [Capital Asset Policy](#) and [Capital Asset Accounting Entries](#).

Long-Term Debt

For additional guidance, refer to the [Long-term Debt Accounting Entries](#) document on the SFRS section of the Enterprise Accounting & Financial Reporting (EAFR) website.

Long-term liabilities should be recorded for legislative relief or claims bills requiring payments extending beyond one fiscal year. The long-term liability should be recognized for the fiscal year in which the bill becomes effective. The liability should be reduced each year as payments are made. These liabilities can be identified through analysis of annual appropriations and monitoring for all new legislation requiring payments extending beyond one fiscal year.

Analytical Procedures

Analytical procedures involve establishing expectations for financial information, determining reasons why financial information may differ from expectations, and taking appropriate actions to correct financial information. Analytical procedures may require input from personnel most familiar with operations of funds or the activities accounted for in them. The table below provides examples of common types of analytical procedures that may be used in financial accounting.

Statewide Financial Statements Guidance

These examples are not a comprehensive list of analytical procedures.

<u>Analytical Procedures</u>	<u>Sources of Information</u>
Comparison of current-year GL balances to those of one or more comparable periods.	SWFS Trial Balance (e.g., comparing current year to prior year)
Evaluation of the relationships of current-year balances to other current year balances for conformity with predictable patterns based on the agency's experience.	Financial relationships among accounts in the current period. For example, can the changes in the receivable GL's be traced to the activity in the revenue GL's?
Comparison of the current-year account balances results found in the agency's budgets and forecasts.	Agency's budgets and forecasts. For example, compare financial accounting data to budget data. Can the differences be traced to the accruals or refunds of expenditures?
Comparison of the current-year account balances and ratios with similar agency information.	Can the agency trace advances, due to/from(s), and transfers from another agency?

Other Guidance

See page 14 for further detail.

Fund Questionnaires

The fund questionnaire includes detailed instructions and may be found on the SFRS section of the Enterprise Accounting & Financial Reporting (EAFR) website. Contact the Statewide Financial Reporting Section for assistance.

Statewide Financial Statement Forms

Refer to the [SWFS Forms – FY 2011>>>](#) link to the "Statewide Financial Statement (SWFS) Forms" page on the SFRS section of the Enterprise Accounting & Financial Reporting (EAFR) website. Contact the Statewide Financial Reporting Section for assistance.

Component Units

Refer to the [Component Unit Forms Instructions](#) for discretely presented component units on the SFRS section of the Enterprise Accounting & Financial Reporting (EAFR) website. Contact the Statewide Financial Reporting Section for assistance.

Schedule of Expenditures and Federal Awards (SEFA)

Refer to the information provided in the [SEFA Documents - FY 2011](#) section of the Enterprise Accounting & Financial Reporting (EAFR) website for additional information.

Consideration of Fraud in Financial Reporting

The request for this certification is made in writing to your agency head from the Florida Department of Financial Services, Director, Division of Accounting and Auditing.

Statewide Financial Statements Guidance

Budgeted Revenue Amounts

Estimated revenues recorded in GLs 8XXXX and 9XXXX are all final budgeted revenue amounts.

The final budget is the original budget adjusted by all budgetary reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes requested and made during the year. Budgetary reserves are defined in Florida Statutes 216.011(1)(hh) listed below.

Florida Statutes, 216.011(1)(hh) "Budget reserve" means the withholding, as authorized by the Legislature, of an appropriation, or portion thereof. The need for a budget reserve may exist until certain conditions set by the Legislature are met by the affected agency, or such need may exist due to financial or program changes that have occurred since, and were unforeseen at the time of, passage of the General Appropriations Act.

When recording estimated revenues for GLs 8XXXX and 9XXXXX remember to consider the adjustments listed in the first paragraph. For example:

- Additional transfer requests made and approved to cover unexpected expenses should also consider and incorporate additional revenue/transfer-in to cover additional expenses.
- Reversions of unused revenues or
- Reserves released as a result of completing the necessary requirements
- Consider related estimated revenues required to cover approved expenditure authority based on subsequent requests.

Contact the Statewide Financial Reporting Section for additional information.

Component Units GASB Notification

The request for component unit notification is made via email to each agency's administrative services director. Contact the Statewide Financial Reporting Section for additional information.

Revolving Funds

Revolving funds are local bank accounts maintained on an imprest (a loan or advance of money) basis. They are used to make immediate disbursements on behalf of an agency, which are later reimbursed. Revolving funds may be cash on hand, cash in the bank or a combination of both and must be approved in writing by the Chief Financial Officer. They can be established from either General Revenue or a trust fund.

Revolving Fund Established from General Revenue (GR):

Revolving funds established from GR are established from General Revenue Unallocated (the big general) not from the general revenue allocated to the agencies (little generals). At June 30, the following amounts are all that should remain in a revolving fund established from GR:

		<u>Debit</u>	<u>Credit</u>
111XX or 112XX	Cash (approved amount)	XXX	
451XX	Advances from Other Funds		XXX

Revolving Fund Established from a Trust Fund:

Ensure that amounts are not double reported in the source fund and in the revolving fund (i.e. cash).

Note: There should not be any amounts in GL 168XX, Due from Revolving Funds, or GL 358XX, Due To Revolving Fund at year end.

Statewide Financial Statements Guidance

Interfund Loans Receivables and/or Payables

Statewide Financial Statements Compliance Checklist Item #24 requires that all interfund loan balances at year-end be reported appropriately as interfund loans payable/receivable. These loans provide resources to other funds and are reciprocal in nature (i.e. include a repayment requirement). [Reference: GASB Codification of Governmental Accounting, and Financial Reporting Standards, 2005-06 Section 1800.102(a)(1).] For reporting purposes, these loan activities should not be classified as Transfers In/Out or other Expense, Expenditure/Revenue line item. Since FLAIR functionality records this activity as operating receipts and disbursements, entries must be posted to reverse the automated FLAIR postings in GL and record the interfund loan balances either during the fiscal year1 or at year-end2.

Note: Interfund loans are treated similar to other interfund activity (i.e. due to/from) and are assumed to be short-term in nature.

The sample entries on the following page can be used as a guide for loans:

- between funds within an agency OR
- with other agencies (e.g. DFS's Trust Funds Control - 430000-20-2-732001)

ENTRIES FOR ACCRUALS POSTED DURING THE FISCAL YEAR¹

<u>DISTRIBUTING FUND:</u>	Loan Repaid Within Same Fiscal Year		Loan Partially Repaid Within the Fiscal Year		No Repayment During the Fiscal Year	
	<i>DR</i>	<i>CR</i>	<i>DR</i>	<i>CR</i>	<i>DR</i>	<i>CR</i>
GL 757XX or 759XX (Transfer Out)	100,000		100,000		100,000	
GL 122XX (Released Cash)		100,000		100,000		100,000
<i>To record loan funds distributed.</i>						
GL 162XX or 163XX (Due From)	100,000		100,000		100,000	
GL 757XX or 759XX (Transfer Out)		100,000		100,000		100,000
<i>To record receivable.</i>						
GL 121XX (Unreleased Cash)	100,000		50,000			
GL 657XX or 659XX (Transfer In)		100,000		50,000		
<i>To record repayment received.</i>						
GL 657XX or 659XX (Transfer In)	100,000		50,000			
GL 162XX or 163XX (Due From)		100,000		50,000		
<i>To clear initial receivable and revenue recorded.</i>						
<u>RECEIVING FUND:</u>						
GL 121XX (Unreleased Cash)	100,000		100,000		100,000	
GL 657XX or 659XX (Transfer In)		100,000		100,000		100,000
<i>To record receipt of loan funds from another fund or agency.</i>						
GL 657XX or 659XX (Transfer In)	100,000		100,000		100,000	
GL 352XX or 353XX (Due To)		100,000		100,000		100,000
<i>To record payable.</i>						
GL 757XX or 759XX (Transfer Out)	100,000		50,000			
GL 122XX (Released Cash)		100,000		50,000		
<i>To record repayment of loan funds .</i>						
GL 352XX or 353XX (Due To)	100,000		50,000			
GL 757XX or 759XX (Transfer Out)		100,000		50,000		
<i>To record loans payable.</i>						

Statewide Financial Statements Guidance

ENTRIES FOR ACCRUALS POSTED AT YEAR-END ²						
<u>DISTRIBUTING FUND:</u>	Loan Repaid Within Same Fiscal Year		Loan Partially Repaid Within the Fiscal Year		No Repayment During the Fiscal Year	
	DR	CR	DR	CR	DR	CR
GL 757XX or 759XX (Transfer Out)	100,000		100,000		100,000	
GL 122XX (Released Cash)		100,000		100,000		100,000
<i>To record loan funds distributed to another fund or agency.</i>						
GL 121XX (Unreleased Cash)	100,000		50,000			
GL 657XX or 659XX (Transfer In)		100,000		50,000		
<i>To record repayment received.</i>						
GL 162XX or 163XX (Due From)			50,000		100,000	
GL 657XX or 659XX (Transfer In)	100,000		50,000			
GL 757XX or 759XX (Transfer Out)		100,000		100,000		100,000
<i>Closing entry.</i>						
<u>RECEIVING FUND:</u>						
GL 121XX (Unreleased Cash)	100,000		100,000		100,000	
GL 657XX or 659XX (Transfer In)		100,000		100,000		100,000
<i>To record receipt of loan funds from another fund or agency.</i>						
GL 757XX or 759XX (Transfer Out)	100,000		50,000			
GL 122XX (Released Cash)		100,000		50,000		
<i>To record repayment made.</i>						
GL 657XX or 659XX (Transfer In)	100,000		100,000		100,000	
GL 757XX or 759XX (Transfer Out)		100,000		50,000		
GL 352XX or 353XX (Due To)				50,000		100,000
<i>Closing entry.</i>						

Public Deposit Requirements

A summary of key compliance requirements relating to Section 280, Florida Statutes are as follows:

1. Public deposits as defined by Section 280 are placed in a Qualified Public Depository (QPD).
2. The Public Depositor Annual Report (J1-1009) is filed.
3. Possession of the original, signed Public Depositor Identification and Acknowledgement (J1-1295) is required.

Review Section 280, Florida Statutes, for other requirements and additional information. The information contained here should not substitute for review of Section 280, Florida Statutes, and verification of compliance.

Statewide Financial Statements Guidance

Other Guidance

Late Payment Interest

When recording "late payment interest" it should not be recorded as an interest expenditure/expense.

Late payment interest paid from governmental funds should be charged to GL 711XX - Current Expenditures.

Late payment interest paid by proprietary funds should be recorded using the same GL as the late payment used, unless, it was for an item that was capitalized. If the interest was paid on an item that was capitalized, the interest should be recorded using GL 762XX Fiscal Charges Expense.

Residual Equity Transfers

Residual Equity Transfer is a nonrecurring or non-routine transfer of equity between funds.

For financial statement reporting purposes Residual Equity Transfers should be used in the following instances:

- When transferring a fund or funds to a different Agency.
- When transferring funds between different statewide financial statement fund types.

Residual Equity Transfer should not be used when combining funds within the same agency and the same statewide fund type. When an agency is combining funds within the same statewide fund type they should record this as a transfer within agency or division or contact the Statewide Financial Statement section for further advice.

Escheat Property - GASB 21

What is Escheat Property?

Escheat means the reversion of property to a governmental entity in the absence of legal claimants or heirs. This property can usually be reclaimed by the rightful owner or heir provided the claimant can establish his or her right to the property. For the purposes of GASB 21, the term escheat property also includes abandoned and unclaimed property.

Private Purpose Trust Fund - Where the revenue from *Escheat Property* should be recorded.
(430000-71-2-007001 Unclaimed Property Trust Fund)

Ultimate Fund - The fund where the escheat property (monies) or the monies received after the non-monetary escheat property is auctioned off/cashed, ultimately is sent from the Expendable Trust Fund.
(480000-20-2-543001 State School Trust Fund)

When to Record Revenue?

Revenue from escheat property in the Expendable Trust Fund is only recognized for cash items. Any items (i.e. autographed baseballs, jewelry, collectibles etc) or investment instruments received should not be recorded as revenue until they are converted to cash.

Cash sent by other state funds to the Expendable Trust Fund as escheat property should be recorded as a "Transfer between Funds".

Statewide Financial Statements Guidance

Liability for Estimated Returns to Claimants

A liability representing the best estimate of the amount ultimately expected to be reclaimed and paid to claimants or their heirs should be established in the Expendable Trust Fund. To record this liability, revenue should be reduced and a liability "Deposits Payable" G/L 331XX should be increased. Subsequent payments to claimants are to be used to reduce the liability. *This liability may differ from an amount specified by law to be held for payment to claimants.*

Funds sent to the Ultimate Fund

Amounts sent from the *Private Purpose Trust Fund* to the *Ultimate Fund* should be recorded as a "Transfer Between Funds".

Year End Reporting

At year-end if the assets in the *Private Purpose Trust Fund* are less than the liabilities, the difference should be shown as "Advances To Other Funds" (G/L 251XX) in the *Private Purpose Trust Fund* and "Advances From Other Funds" (G/L 451XX) in the *Ultimate fund*.

Year-end Entries

Record Liability for amounts expected to be returned to claimants

Example Entries to record the advance

<u>Private Purpose Trust Fund</u>		<u>DR</u>	<u>CR</u>
251XX	Advances to Other Funds	XXX,XXX	
759XX	Transfers to Other Dept (Reduce the amount of the Transfers Out)		XXX,XXX
 <u>Ultimate Fund</u>			
659XX	Transfer in from Other Dept	XXX,XXX	
451XX	Advances from Other Funds (Reduce the amount of the Transfers In)		XXX,XXX

Accounting for Risk Financing - GASB 10

GASB 10 is concerned with the following kinds of risk:

- a) Torts
- b) Theft of, damage to, or destruction of assets.
- c) Business Interruption.
- d) Errors or omissions.
- e) Job-related illnesses or injuries to employees.
- f) Acts of God.
- g) Other risks of loss.
- h) Losses from providing accident and health, dental, and other medical benefits to employees, retirees, their dependents and beneficiaries, based on covered events that have already occurred.

GASB 10 does not deal with post-employment benefits that the state expects to provide for current and future retirees.

The risk financing activities will be accounted for using an Internal Service Fund.

Statewide Financial Statements Guidance

Estimated losses from a claim should be reported as an expense (GL 777XX) and a liability (GL 314XX) for any claim that meets the following conditions:

- a) Information available before the financial statements are issued indicates that it is probable that an asset has been impaired or a liability has been incurred at June 30.
- b) The amount of loss can be reasonably estimated.
 1. If the amount of loss is a range, the amount that appears as the best estimate at the time is what should be reported. The areas in the range should be:
 - a. *Probable* - The future event(s) are likely to occur or
 - b. *Reasonably Possible* - The chance of the future event(s) occurring is more remote but less than likely or
 - c. *Remote* - The chance of the future event(s) occurring is slight.
 2. If no amount within a range appears to be the best estimate, then the minimum amount should be accrued.

If an incurred but not reported (IBNR) loss can be reasonably estimated and it is probable that a claim will be asserted, the expense and liability should be recognized. IBNR includes:

- a) Known loss events that are expected to later be presented as claims.
- b) Unknown loss events that are expected to become claims.
- c) Expected future development on claims already reported.

IBNR, is largely an estimate of loss and claim adjustment expenses associated with future likely claims activity based on historical actual results that establish a reliable pattern. For example, after reviewing historical claims experience, one might find that only 40 percent of all claims are normally reported during the year of occurrence, an additional 50 percent the next year, and the remainder in the third year. This pattern could be used to estimate IBNR amounts and the timing of those amounts for financial statement purposes.

The claims liability including IBNR, should be based on the estimated ultimate cost of settling claims (including the effects of inflation and other societal and economic factors), using past experience adjusted for current trends and any other factors that would modify past experience.

If annuity contracts have been purchased in a claimants name to satisfy a claim liability and the likelihood is that additional payments on the claim are remote, these claims need not be included in the outstanding liability.

Claims expense and the related liability should be reduced by amounts expected to be recovered through insurance.

Insurance funds - Casualty Type

Payments from other funds should be recorded as "Sales of Goods and Services-State" (GL 671XX).

The paying fund should charge "Current Expenditure" (GL 711XX) or "Contractual Services" (GL 772XX) as appropriate.

Payments for claims processed by a claims servicing company should be charged to "Insurance Claims Expense" (GL 777XX), the fee paid to a servicing company should be charged to "Contractual Services" (GL 772XX).

Health Insurance

The employee portion of the health insurance premium should be recorded in the Health Insurance Fund as "Sale of Goods and Services - Non State" (GL 672XX). Only the State's portion should be classified "Sale of Goods and Services - State" (GL 671XX).

Statewide Financial Statements Guidance

Payments made to HMO's etc. should be charged to "Benefit Payments" (GL 779XX). Payments for claims processed by a claims servicing company should be charged to "Insurance Claims Expense" (GL 777XX). The fee paid to a servicing company should be charged to "Contractual Services" (GL 772XX).

Proprietary Fund Debt Refunding - GASB 23

GASB 23 requires proprietary funds to amortize the difference between the reacquisition price and the net carrying amount of the debt refunded. This pronouncement is applicable to both current refundings and advance refundings.

- Refunding of Debt - When new debt is issued and the proceeds of that debt are used to repay previously issued debt.
- Current Refunding - Proceeds of the new debt are used to repay the old debt.
- Advance Refunding - Proceeds of the new debt are placed in escrow and used to pay the principal and interest on the old debt as it becomes due in the future.

The difference between *reacquisition price* and the *net carrying amount* of the old debt should be deferred and amortized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

- Reacquisition Price - The amount required to repay previously issued debt in a refunding transaction.
- Current Refunding - This would include principal of the old debt and any call premium.
- Advance Refunding - The amount placed in escrow that together with interest earnings is necessary to pay interest and principal and call premium.
- Net Carrying Amount - The amount due at maturity adjusted for any unamortized premium or discount and issuance costs related to the old debt.

Accounting

Separate schedules for each refunding must be maintained for the shorter of the life of the old debt or the new debt. Amortization shall be by the straight line method.

The unamortized amount will be recorded in GL 465XX "Amount Deferred on Refunding".

The yearly amortization shall be charged to GL 786XX "Amortization - Non-Operating".

Accrual of Taxes Receivable

Taxes are recorded in the period they become both measurable and available.

Accruing Taxes Receivable

Taxes that were collected on behalf of the state or were payable to the state on or before June 30, and were received by July 31 are to be recorded as Taxes Receivable (G/L 152XX) and Taxes (G/L 611XX) net of estimated refunds.

Recording Receivables in General Revenue Funds

Any General Revenue receivable or due from other Agency that is collected by August 31, must be recorded in an agency's "little general" even though the receivable was not certified forward. Unless the receivable was certified forward as a current year expenditure refund, a "Due to General Revenue" G/L 356XX will be recorded and a Form 4 completed.

If a trust fund within the same agency owes General Revenue a "Due to General Revenue" G/L 356XX should be recorded in the trust fund and a Form 4 completed. This is not a due to/due from within the same agency.

Statewide Financial Statements Guidance

Proprietary Fund Type Revenue and Expense

The following Statewide GASB Funds (SWGf) are Proprietary Fund Types:

50	Enterprise Funds
55	Component Unit Proprietary Funds
60	Internal Service Funds

Note: GASB Funds 71, 73, 75 and 76 also use proprietary general ledger codes, although the financial statements for these GASB fund types do not distinguish between operating and non-operating revenues and expenses.

In proprietary fund types operating activities generally result from providing goods or services, and include all transactions involved in delivering those goods or services. In the State of Florida the goods or services include such things as:

- Licensing
- Permitting
- Testing
- Regulating
- Loan programs
- The Florida Lottery
- The Florida Turnpike and other toll facilities
- Unemployment Compensation
- Training
- Sale of surplus property
- Motor pool
- Facilities rental
- Telephone/Suncom
- Aircraft

Licensing, regulating and permitting are considered providing a service. By licensing, permitting or regulating businesses or individuals, you are providing them a service by allowing them to conduct their business in Florida.

In general any revenues or expenses directly involved in providing these goods or services should be considered operating revenues/expenses.

Late payment interest is not interest expense. It should be charged to the same GL as the payment that caused the late interest to be assessed was charged.

The following items are generally not considered operating revenues or expenses:

- Interest payments on bonds, capital leases or installment purchases
- Amortization of bond premium or discount
- Interest earnings
- Transfers
- Grants to others
- Proceeds from the sale of fixed assets
- Operating or capital grants or donations
- Loans made to others (Non-loan program)
- Advances

Refer to the GL list for general ledger codes and related information to be used for proprietary funds.

Statewide Financial Statements Guidance

Capital Grants and Contributions - Governmental and Proprietary

Capital grants and contributions include revenues or capital assets received from other governments, organizations, or individuals that are restricted for state capital purposes (i.e. to purchase, construct, or renovate state capital assets associated with a specific program). Capital assets are defined as land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital grants and contributions also include donated materials and services used in the construction of state capital assets.

Capital grants and contributions should be reported in the following general ledger codes:

<u>Governmental Funds</u>	<u>Proprietary Funds</u>
GL Code 621XX -Capital Grants and Contributions	GL Code 687XX – Capital Grants and Contributions

Grants and contributions that may be used for *either* operating expenses *or* for capital expenditures of a program are not considered capital grants and contributions, and should continue to be reported in the following general ledger codes:

<u>Governmental Funds</u>	<u>Proprietary Funds</u>
GL Code 614XX – Non-capital (operating) Grants and Contributions	GL Code 683XX – Non-capital (operating) Grants and Contributions

Moneys received by the state and passed through to other entities for capital purposes should be reported by the state as operating grants and contributions.

Revenue and Expense/Expenditure Recognition

To properly account for revenues that are deferred or unearned and disbursements that should not be recorded as an expense or expenditure at the time they are made, the following GL codes are available:

<u>GL</u>	<u>Title</u>
193XX	Deferred Charges – Current
252XX	Deferred Charges – Non Current
255XX	Advances to Other Governments/Entities
388XX	Unearned Revenues – Current
389XX	Deferred Revenues - Current
488XX	Unearned Revenues – Non Current
489XX	Deferred Revenue – Non Current

Receivables and revenue recognition

The following is a guide on when a receivable should be recorded:

- Exchange and exchange like transactions – A receivable should be recognized as soon as the underlying exchange occurs.
- Nonexchange transactions
 - Derived tax revenues - A receivable should be recorded when the underlying transaction takes place. (i.e. sales tax – when the sale takes place)
 - Imposed nonexchange revenues - As soon as an enforceable legal claim is obtained. (i.e. Fines and forfeits)
 - Government mandated and voluntary exchange transactions - As soon as all eligibility requirements have been met.

(Note: In some instances you may not know you have a receivable/revenue for nonexchange transactions until you actually receive the cash. In other cases there may be historical records that could be used to prepare an estimate.)

Statewide Financial Statements Guidance

The modified accrual method of accounting used by governmental funds (SWGF 10, 20, 30, 40 or 72) relates to when revenue is recognized, not when receivables should be recorded. **Deferred revenue** exists when you have a receivable and are unable to recognize/accrue revenue in a governmental fund because of time restraints in the collection process. The modified accrual method used in governmental funds requires that amounts be earned **and** available to finance current expenditures. The availability requirement is met only if collection occurs within 60 days of fiscal year-end. If this criterion is not met, the amount is deferred in the governmental funds (use Deferred Revenue GL's 389XX (current) GL's 489XX (noncurrent)). However, since the entity-wide perspective is based on full accrual, the deferred amounts would be recognized as revenue in the government-wide statements.

Proprietary and some Fiduciary type funds (SWGF 50, 60, 71, 73 or 76) any receivable expected to be collected within the next fiscal year should be recognized as revenue. If it is not expected to be collected within 1 year it should be considered deferred.

There should not be deferred revenue in a SWGF 74 since revenue is not recognized in a SWGF 74.

Advances received and revenue recognition – (Unearned Revenue)

If an advance is received (cash collected but the earnings process is not complete) from outside our reporting entity, it should be recorded as "unearned revenue" [GL's 388XX (current) or 488XX (noncurrent) as appropriate]. If the advance is returned to the provider, a reduction of the unearned revenue, *not* an expense/expenditure is appropriate. Unearned revenue is reported in governmental, proprietary, and fiduciary statements, as well as in government-wide statements.

Expenditure/Expense recognition vs. Advances to outside entities

A deferred charge is when an agency has disbursed funds that the recipients of the cash have not earned at the end of the fiscal year. Essentially an advance has been made to someone outside the reporting entity. For example, moneys have been provided to a local government to build a building. Once the building is completed they have to account for the money provided and return any that was not used or not used properly. These advances should not be recorded as an expenditure/expense. They should appropriately be recorded as an "advance to" GL 255XX or "deferred charges" [GL's 193XX (current) or 252XX (noncurrent)]. When your agency receives documentation supporting use of the funds by the outside party, then an expenditure/expense should be recognized.

If your agency provides a grant to an outside party that voluntarily makes draw downs as it needs the funds, the amount they have not drawn down at year end should be recorded as a liability and an expense/expenditure.

Expenditure Refunds

If an outside party refunds a payment or portion of a payment and the repayment is received in the same fiscal year as the original payment was made, a reduction of an expense/expenditure (credit an expense/expenditure GL – 7XXXX) is appropriate, *not a refund*. If the repayment is received in a subsequent fiscal year relative to original payment, the repayment should be recorded as revenue (credit a revenue GL, e.g. 618XX for governmental fund or 679XX/689XX for proprietary).

State Treasury Investment Pool Interest and Administrative Fee

Interest earned on deposits in the State Treasury Investment Pool should be reported separately from the administrative fee charged. The interest earned should be recorded as Interest and Dividends (GL 615XX for governmental funds) or Interest (GL 686XX for proprietary type funds). The administrative fee charged should be recorded as Expenditures Current (GL 711XX governmental funds) or Amortization and Fiscal Charges (GL 785XX proprietary type funds). These GLs can be used in conjunction with 310403 - ASSESSMENT ON INVESTMENTS.

Statewide Financial Statements Guidance

Example: If you earned \$1,000 in interest on deposits in the State Treasury Investment Pool, and the administrative fee charged was \$20, the following entry should be recorded:

	<u>Debit</u>	<u>Credit</u>
<i>Governmental Funds (10, 20, 30, 40 or 72)</i>		
Pooled Investments with State Treasury (141XX)	\$980	
Interest and Dividends (615XX)		\$1,000
Expenditures Current (711XX)	\$ 20	
 <i>Proprietary and certain Fiduciary Type Funds (50, 60, 71, 73 or 76)</i>		
Pooled Investments with State Treasury (141XX)	\$980	
Interest (686XX)		\$1,000
Amortization and Fiscal Charges (785XX)		\$ 20

If the \$1,000 in interest has been earned but not received at June 30, the following entry should be recorded:

	<u>Debit</u>	<u>Credit</u>
<i>Governmental Funds (10, 20, 30, 40 or 72)</i>		
Interest and Dividends Receivable (153XX)	\$1,000	
Interest and Dividends (615XX)		\$1,000
Due to Other Funds (353XX) *		\$ 20
Expenditures Current (711XX)	\$ 20	
 <i>Proprietary and Certain Fiduciary Type Funds (50, 60, 71, 73 or 76)</i>		
Interest and Dividends Receivable (153XX)	\$1,000	
Interest (615XX/686XX)		\$1,000
Due to Other Funds (353XX) *		\$ 20
Amortization and Fiscal Charges (785XX)	\$ 20	
 <i>Agency Funds (74)</i>		
Interest and Dividends Receivable (153XX)	\$1,000	
Due to Other Funds (353XX) *		\$ 20
Accounts Payable		\$ 980

* Use fund 43 20 2 725001 43100200 00 000300 00 (Administrative and Investment Trust Fund)

Impairment of Capital Assets and Insurance Recoveries

Statement No. 42 of the Governmental Accounting Standards Board (GASB), *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* establishes accounting and reporting requirements for capital asset impairments and related insurance recoveries. The intent is to make capital asset impairments and insurance recoveries more identifiable and to improve comparability of financial statements between governments.

The Department of Financial Services established this guidance for state agencies to achieve consistency regarding the accounting of capital asset impairments and related insurance recoveries for the preparation of the statewide financial statements. This policy does not supersede or supplant guidance or direction provided by any other organization or governmental entity for other operational purposes. For example, this policy does not replace the Florida Accounting Information Resource (FLAIR) Property Manual.

Statewide Financial Statements Guidance

When a capital asset has been impaired, the carrying value of the capital asset is written down by the amount of the impairment loss. An impairment is a *significant* and *unexpected* decline in the service utility of a capital asset. The service utility of a capital asset is the *usable capacity* that at acquisition was expected to be used to provide service. If an impairment is determined to be temporary (not permanent), the carrying value of the capital asset is not written down.

Agency management is responsible for ensuring proper accounting and reporting of capital asset impairments. The events or changes in circumstances that lead to impairments are not considered normal and ordinary. That is, at the time the capital asset was acquired, the event or change in circumstance would not have been expected to occur during the useful life of the capital asset. Furthermore, the events or changes in circumstances affecting a capital asset that may indicate impairments are prominent; that is, conspicuous or known to the agency. Agencies are not required to perform additional procedures to identify potential impairment of capital assets beyond those already performed as part of their normal operations. The events or changes in circumstances that may indicate impairment generally are expected to have prompted discussion by agency management or the media.

To determine whether a capital asset has been impaired, a two-step process is used to first identify potential impairments and then to test for impairment. Capital assets that have potential for meeting the definition of impairment are identified through events or changes in circumstances that are prominent and that denote the presence of *indicators* of impairment. After such capital assets have been identified, a test of impairment must be performed to determine whether the circumstance or change in condition results in a *significant* and *unexpected* decline in the service utility (useful life expected at acquisition) of a capital asset.

Indicators of Potential Impairment

When events or changes in circumstances suggest that the service utility of a capital asset may have significantly and unexpectedly declined, impairment may be indicated. Common indicators of potential impairments include:

- Evidence of physical damage, such as for a building damaged by fire or flood, when the level of damage is such that restoration efforts are needed to restore service utility.
- Enactment or approval of laws or regulations or changes in environmental factors, such as new water quality standards that a water treatment plant does not meet (and cannot be modified to meet).
- Technological development or evidence of obsolescence, such as that related to a major piece of research or diagnostic equipment that is rarely used because newer equipment provides better service.
- Changes in the manner or expected duration of use of a capital asset, such as closure of a school prior to the end of its useful life.
- Construction stoppage, such as stoppage of construction of a building due to lack of funding.

A change in *demand* for the services of a capital asset is not considered a separate indicator of impairment. However, changes in demand may be caused by or associated with indicators such as those listed above, and capital assets in these circumstances should be tested for impairment. For example, decreased demand for the processing services of a mainframe computer because former users of the mainframe have transitioned to PC- and server-based systems should be considered a change in demand associated with an *indicator* of impairment (evidence of obsolescence) and the mainframe should be tested for impairment. However, a decrease in demand resulting from the completion of a special project requiring large amounts of processing time on a mainframe computer that runs other applications should not be considered a change in demand associated with an *indicator* of impairment, and a test for impairment is not required.

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Impairment Test

A capital asset identified by the *Indicators of Potential Impairment* should be tested for impairment by determining whether both of the following two factors are present:

- The magnitude of the decline in service utility is *significant*; and
- The decline in service utility is *unexpected* (i.e., event or change is not a part of the normal life cycle of the asset, including outside the range of normal effects of age and use).

Note: If an event or circumstance indicates that a capital asset may be impaired, but the test of impairment determines that impairment has not occurred, the estimates used in depreciation calculations (remaining useful life and salvage value) should be reevaluated and changed, if necessary. Changes to estimated useful lives and salvage values are accounted for on a prospective basis in future depreciation expense (not recorded as a prior period adjustment).

Measurement of Impairment

The amount of impairment is the portion of the historical cost that should be written off. There are four different methods of calculating an impairment loss. The chart below summarizes the method of measurement to be used for each of the common indicators listed in the *Indicators of Potential Impairment* section.

<u>Reason (Indicator Present)</u>	<u>Measurement Method to Use</u>
Evidence of physical damage	Restoration cost approach
Changes in laws or regulations and changes in environmental factors	Service units approach
Technological changes or evidence of obsolescence	Service units approach
Change in the manner or expected duration of use	Service units approach <u>or</u> deflated depreciated replacement cost approach
Construction stoppage	Lower of carrying value or fair value

Restoration Cost Approach

Under this approach, the amount of impairment is derived from the estimated costs to restore the utility of the capital asset. Restoration cost is the cost necessary to return the capital asset to its original condition and does not include any amount attributable to improvements or additions. Estimate the restoration costs in current year dollars, and then use one of the following two options to convert the estimated restoration costs to historical costs:

- Using current year dollars, identify the replacement cost of the entire asset. Establish a ratio by dividing the restoration cost by the current replacement cost. This will result in a percentage of the damaged portion of the capital asset. Multiply the percent of damaged portion by the carrying value (historical cost less accumulated depreciation) to calculate the impairment loss.
- Using year of acquisition dollars, determine the appropriate cost index to deflate and convert the restoration costs to historical costs. Establish a ratio by dividing the deflated restoration cost by the historical cost. Multiply the resulting percentage by the carrying value (historical cost less accumulated depreciation) to calculate the impairment loss.

Service Units Approach

This approach isolates the historical cost of the service utility of the capital asset that cannot be used due to the impairment event or change in circumstances. The amount of impairment is determined by evaluating the service provided by the capital asset (either maximum estimated service units or total estimated service units throughout the life of the capital asset) *before* and *after* the event or change in circumstance. Use one of the following three options to compare the service provided by the capital asset before the event or change in

Statewide Financial Statements Guidance

circumstance to the service provided after the event or change in circumstance using the service units approach.

- Calculate the amount of impairment loss by taking a ratio of lost units over the total units originally expected over the life of the asset and multiplying that ratio by the historical cost of the capital asset.
- Calculate the amount of impairment loss by taking a ratio of lost units per period over the total units per period originally expected over the life of the asset and multiplying that ratio by the carrying value of the capital asset.
- Calculate the amount of impairment loss by subtracting the value of units remaining after the impairment from the carrying value of the capital asset. The value of remaining units is calculated by multiplying the unit cost by the number of remaining units. The unit cost is calculated by dividing the historical cost by the total units originally expected over the life of the asset.

Deflated Depreciated Replacement Cost Approach.

This approach replicates the historical cost of the service produced. A current cost for a capital asset to replace the current level of service is estimated. This estimated current cost is depreciated to reflect the fact that the capital asset is not new, and then is deflated to convert it to historical cost dollars. This method uses the following steps:

- a) Using current value, estimate a hypothetical replacement cost for an equivalent asset specifically suited to the new manner or expected duration of use.
- b) Depreciate the cost of the replacement asset by multiplying the depreciated ratio of the actual asset (carrying value over historical cost) by the estimated replacement cost.
- c) Using an appropriate cost index, deflate the cost of the replacement asset to restate it on the basis of acquisition year dollars.
- d) Subtract the deflated depreciated replacement value from the carrying value of the impaired asset to calculate the impairment loss.

Lower of Carrying Value or Fair Value.

Impaired capital assets that will no longer be used by an agency and construction stoppage must be reported at the lower of carrying value or fair value. Thus, if the carrying value of the asset is higher than the fair value, the carrying value must be written down to fair value.

Determine Treatment as Extraordinary Item or Operating Expense

Once an asset has been determined to be impaired, the next step is to decide whether to record the impairment as an extraordinary item or operating expense. Extraordinary items are transactions or other events that are *both* unusual in nature and infrequent in occurrence. By definition, once an asset has met the impairment criteria, it has already been determined to be unusual in nature, or unexpected. Frequency then becomes the determining factor as to whether impairment is considered extraordinary. Thus, impaired capital assets are considered to be extraordinary items if they occur on an *infrequent* basis. Extraordinary impaired capital assets are *significant, unexpected* declines in service utility of a capital asset that occurs on an *infrequent* basis. Frequently occurring impairments are considered operating expense.

Insurance Recoveries

Insurance recoveries should be recognized only when realized or realizable. The following guidance is offered by GASB 42 to determine when an insurance recovery would be realizable:

- If an insurer has admitted or acknowledged coverage, an insurance recovery would be realizable;
- If the insurer has denied coverage, the insurance recovery generally would not be realizable.

Statewide Financial Statements Guidance

Journal Entry Examples

GL 711XX Expenditures*

GL 272XX Buildings & Building Improvements

To record impairment loss in a governmental fund (for GW Statements), loss is significant and results in unexpected decline in the service utility of a building, but loss is NOT both unusual in nature and infrequent in occurrence. Record in SWGF 80.

GL 719XX Extraordinary Items*

GL 272XX Buildings & Building Improvements

To record impairment loss in a governmental fund (for GW Statements), loss is significant and results in unexpected decline in the service utility of a building, and loss is both unusual in nature and infrequent in occurrence. Record in SWGF 80.

GL 765XX Capital Asset Impairment - Operating Expense (NEW)*

GL 272XX Buildings & Building Improvements

To record impairment loss in a proprietary fund, loss is significant and results in unexpected decline in the service utility of a building, and loss is NOT both unusual in nature and infrequent in occurrence. Record in SWGF 50 or 60.

GL 788XX Extraordinary Items*

GL 272XX Buildings & Building Improvements

To record impairment loss in a proprietary fund, loss is significant and results in unexpected decline in the service utility of a building, and loss is both unusual in nature and infrequent in occurrence. Record in SWGF 50 or 60.

GL 12XXX Cash

GL 692XX Insurance Recoveries - Other Financing Source (NEW)

To record insurance recoveries in a governmental fund in years subsequent to year of impairment loss NOT considered to be extraordinary. Record in SWGF 10 or 20.

GL 692XX Insurance Recoveries – Other Financing Source (NEW)

GL 616XX Fines, Forfeits, Judgments and Settlements

To record an offset for insurance recovery entry recorded in the governmental fund for government-wide financial statement purposes when impairment loss is not considered to be extraordinary. Record in SWGF 90.

GL 12XXX Cash

GL 719XX Extraordinary Items

To record insurance recoveries in a governmental fund in years subsequent to year of impairment loss considered to be extraordinary. Record in SWGF 10 or 20.

GL 12XXX Cash

GL 681XX Insurance Recoveries - Nonoperating Revenue (NEW)

To record insurance recoveries in a proprietary fund in years subsequent to year of impairment loss NOT considered to be extraordinary. Record in SWGF 50 or 60.

GL 12XXX Cash

GL 788XX Extraordinary Items

To record insurance recoveries in proprietary fund in years subsequent to year of impairment loss considered to be extraordinary. Record in SWGF 50 or 60.

Statewide Financial Statements Guidance

Notes:

1. To record impairment loss for capital assets other than buildings and building improvements, use the appropriate general ledger codes for the capital assets.
2. Agency should have a mechanism to track changes to historical cost and useful lives so that proper depreciation and accumulated depreciation will be reflected when changes are necessary due to impairment loss.