

2009 CAFR Workshop  
Update Session  
June 3, 2009

Welcome & Overview

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SWFS Process Highlights

■ Compliance Checklist

- Feedback & accountability
- To-do list
- Management certification
- Internal control over financial reporting
- New item for 2009
  - Certification of compliance with Chapter 280, F.S.

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SWFS Process Highlights

■ Management Representations

- Required of agency heads to CFO
  - Part of internal control over financial reporting
  - Supports written representations required of the CFO to the Auditor General
  - Reliance by Auditor General
  - Tailored each year to specific circumstances
  - Help keep compliance checklist static

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## SWFS Process Highlights

- CAFR calendar

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## SFRS Tools



- Website
- Guidance document
- General ledger crosswalk

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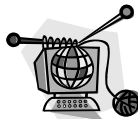
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## SFRS Website



- [http://www.myfloridacfo.com/aadir/statewide\\_financial\\_reporting/cafr.htm](http://www.myfloridacfo.com/aadir/statewide_financial_reporting/cafr.htm)
- What's available?
- What's new?

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### SWFS Guidance

- What is the guidance document?
- How it can help you
- What's new ?

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### General Ledger Codes & Crosswalk

- Varied GL coding for different fund types
- How crosswalk is used?

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### Forms Database

- Usage of database
- New GL 389/489 – Form 51
- Operating procedures for pre-closing file
- Workflow and calendar changes
- How to avoid losing form data during trial balance import

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## Forms Database Usage

- Importation of trial balance from website
- Running error report
- Modification of a form
- Compacting, compressing, and uploading the database

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## Trial Balance Import Best Practices

- Before downloading the new trial balance, backup your Forms database. Guidance from SFRS does not substitute for properly backing up data. Disk space is cheap, your time isn't.
- Immediately run the Error Report after importing the trial balance. Check if your form data is still present.
- In the event of data loss, contact SFRS and maintain copies of the current and backup databases.

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## New Form

- Purpose
  - Government-wide allocation
- Form 51 will track deferred revenue in GL 389XX & 489XX
- Limited functionality of single offset revenue GL for a given fund & deferred revenue GL pair

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# Form 51

Department of Financial Services – Statewide Financial Statements  
Form XX – Deferred Revenue  
GL 389XX & 489XX  
June 30, 2009

OLO \_\_\_\_\_

Instructions: Complete Form XX and include funds in which the 389XX and/or 489XX general ledger code (GL) is used. Provide the applicable revenue GL (XXXXXX) that will be used when the revenue is earned in the upcoming fiscal year.

Note: If the amount will be considered an expenditure refund, use a 7XXXXXX GL in the Revenue GL column)

Fund #	GL (389XX,489XX)	Amount	Revenue GL

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## Pre-closing Trial Balance

- Obtained from departmental FLAIR
- Used to prepare form data prior to agency closing in August
- Same download process as before

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## Workflow and Calendar

- Agencies are to submit their forms databases only *once* to SFRS
- Upon submission to and acceptance by SFRS, the agency cannot make changes
- The submission date for FY 2009 will be later than the prior year
- Submission options:
  - E-mail
  - FTP
  - CD-ROM

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### Special Emphasis Areas

- Capital Assets
  - Brief review of fund accounting
  - Checklist item #12
    - Offsetting GL's
  - Checklist item #10
    - Net Assets, Invested in Capital Assets, Net of Related Debt
- Fund Balance Reserves
  - Checklist item #9
- Analytical Procedures
  - Checklist item #14
- Forms 17 & CU1



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### Review of Fund Accounting

Financial Statements	Measurement Focus	Basis of Accounting
Government-wide Statements	Economic Resources	Full Accrual
<i>Governmental Fund Statements</i>	<i>Current Financial Resources</i>	<i>Modified Accrual</i>
Proprietary Fund Statements	Economic Resources	Full Accrual
Fiduciary Fund Statements	Economic Resources	Full Accrual

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## Capital Assets

- Refer to checklist item #12
  - Offsetting GL's
- Acquisition of general fixed assets
- Movement of general fixed assets

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## Capital Assets

- Offsetting GL's
  - Sale of fixed assets = GL 622XX
  - Operating capital outlay expenditures = GL 721XX
  - Fixed capital outlay expenditures = GL 722XX
  - Installment purchase acquisitions = GL 723XX
  - Capital lease acquisitions = GL 724XX

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## Capital Assets Example 1

- A vehicle was purchased for \$24,500 using GL 721XX

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### Capital Assets Example 1 Cont'd

■ Governmental fund

<u>DR 721 Expend – OCO</u>	<u>24,500</u>
CR 122XX Cash (Accts Pay)	24,500

■ SWGF 80 (General Fixed Assets)

DR 276XX Furniture & equipment	24,500
<u>CR 721 Expend – OCO</u>	<u>24,500</u>

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### Capital Assets Example 1 Cont'd

■ Entity-wide perspective

DR 276 – Furniture & equipment	24,500
CR 122 – Cash (Accts Pay)	24,500

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### Capital Assets Example 2

- Equipment that cost \$75,000 was acquired through a 4 year \$65,000 installment purchase agreement and \$10,000 cash

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## Capital Assets Example 2 Cont'd

### ■ Governmental fund

<u>DR 721 – Expend – OCO</u>	<u>10,000</u>
<u>DR 723 – Installment purchase acquisition</u>	<u>65,000</u>
CR 122 – Cash	10,000
CR 693 – Installment pur. incept	65,000

### ■ SWGF 80 General Fixed Assets

DR 276 – Equipment	75,000
<u>CR 721 – Expend – OCO</u>	<u>10,000</u>
<u>CR 723 – Install purch acq</u>	<u>65,000</u>

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## Capital Assets Example 2 Cont'd

### ■ Entity wide perspective

DR 276 – Equipment	75,000
CR 122 – Cash	10,000
CR 485 – Install. Purch.	65,000

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## Confirmation of Checklist Item 12

### ■ Run a query called “GL by Fund”

#### ■ Use the following criteria:

- Sum GL’s 622XX, 721XX, 722XX, 723XX, 724XX
- Sum funds with SWGF 10, 20, 30, 40, 72, and 80
- Spreadsheet should not have any balances
- Debits and credits net to zero

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### Confirmation of Checklist Item 12

#OLO	Sum of 622	Sum of 721	Sum of 722	Sum of 723	Sum of 724
160000	0	62,574.92	-1,306,688.30	0	0

- An issue has occurred
- Request adjustment from agency

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### Confirmation of Checklist Item 12

SWF	Amount in GL 721XX
101000	284,138.01
202516	75,765.66
300100	13,941.80
<b>Total</b>	<b><u>373,845.47</u></b>

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### Confirmation of Checklist Item 12

SWF	Amount in GL 721XX
800000	(311,270.55)
Proposed adjustment to SWGF 80	(62,574.92)
<b>Total for SWGF 80</b>	<b><u>(373,845.47) Credit</u></b>
Balance in governmental funds	373,845.47 Debit

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## Net Assets, Invested in Capital Assets, Net of Debt

- Checklist item #10
- Applies to proprietary funds
- Formula to use:
  - Total Capital assets
  - Less: Accumulated depreciation
  - Less: Related debt to capital assets
  - Net Assets, Invested in CA, Net of Debt
- Due: Agency's closing

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## Net Assets, Invested in Capital Assets, Net of Debt

- Our method of checking
  - Query out GL's 26XXX, 27XXX, and 28XXX, and sum
  - Compare to balance in 536XX
  - Above bullet points should net to zero
  - If not, then we must find the related debt
    - Agency help

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## Example of 536 with Error

50	Enterprise Fund			
500001	Other			
112	Cash in Bank	6/30/07	6/30/08	
		146,846.25	136,264.21	
272	Buildings and Building Improvements	200,000.00	200,000.00	
273	Accumulated Depreciation - Buildings & Building Impro	-35,000.28	-40,000.32	
		312,845.97	296,263.89	
536	Investment in Fixed Assets, Net of Debt	-164,999.72	-164,999.72	
539	Net Assets Unrestricted	-100,435.77	-145,846.25	
		-325,435.49	-310,845.97	
672	Sales of Goods & Services - Non-State	-680,131.69	-612,942.18	
674	Rents - State	-25,131.80	-28,563.60	
686	Interest	-7,141.01	-4,293.88	
		-612,404.50	-645,819.66	
761	Repairs and Maintenance Expense	3,624.95	0.00	
762	Fiscal Charges Expense	199,648.09	117,572.39	
767	Basic Services	53,259.90	151,833.48	
771	Oper. Exp. - Personnel Services	351,780.65	372,314.88	
773	Oper. Exp. - Materials & Supplies	18,550.43	13,480.95	
775	Oper. Exp. - Depreciation	0.00	5,000.04	
		620,964.02	660,301.74	
	In Balance	0.00	0.00	
	Ending Equity	-310,845.97	-296,363.89	

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## Fund Balance Reserves

- Checklist item #9
- Applies to governmental funds
- Proper recognition
  - Encumbrances
- Reported by agency close

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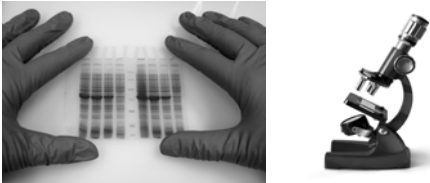
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## Analytical Procedures

- Refer to Checklist item #14
- Perform before agency close
- How do we check this?



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## Analytical Procedures

- Atypical Balances
  - Balance Sheet
$$\text{Assets} = \text{Liabilities} + \text{Net Assets}$$

DR	(CR)	(CR)
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  - Operating Statement
$$\text{Revenues} - \text{Expense} = \Delta \text{ in N.A.}$$

(CR)	DR	
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- Review in Trial Balance

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## Analytical Procedures

Analytical Procedures	Sources of Information
Comparison of current-year account balances to those of one or more comparable periods.	Financial account information for comparable periods.
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.
Comparison of the current-year account balances to anticipated results found in the agency's budgets and forecasts.	Agency's budgets and forecasts.
Comparison of the current-year account balances and ratios with similar agency information.	Interagency Transactions.

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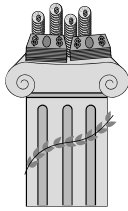
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## Deposits

- Forms 17 & CU1
- Certification
- NEW Compliance Checklist Item #25



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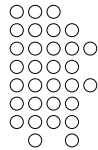
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## Form 30 Completion: Agency Perspective

Florida Department of Education  
Bureau of the Comptroller




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## What's covered today



- GASB Requirements
  - Purpose
  - Direct vs Indirect Methods
  - CAFR
- How DOE completes Form 30
  - The Apple
  - Trial Balances for Current & Prior Year
  - Microsoft Excel – Pivot Table
- Common Errors
  - Sections Don't Equal
  - Atypical Balances

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## GASB Requirements



- Purpose
  - GASB Statement 20 – *Accounting and Financial Reporting for Proprietary Funds*
  - GASB Statement 9 – *Reporting Cash Flows of Proprietary Trust Funds*
  - The statement of cash flows is useful in determining the short-term viability of a company
  - Balance Sheet or Income Statement - Accrual
  - Cash flow statement includes only inflows and outflows of cash & cash equivalents
  - Excludes transactions that do not directly affect cash receipts & payments.
- Preparation Methods
  - Direct Method – more easily understood
  - Indirect Method – more universally used
- Proprietary Accounts
  - DOE has 6 Proprietary Funds
  - 5 Enterprise GAFFR 50; 1 Internal Service GAFFR 60

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## Form 30 – Cash Flow



- Necessary Documents
  - Trial Balance by Fund
- Systems
  - FIS
  - Apple
  - Microsoft Excel – Pivot Table
- Assumptions
  - Regular Reconciliations
  - Understanding of your Proprietary Funds

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## Common Pitfalls



- Atypical Balances
  - Cash In = Positive (Debit)
    - From Customers
    - Transfers In
    - Investment Earnings
  - Cash Out = Negative (Credit)
    - Paid to Vendors
    - Paid to Employees
    - Purchase of Capital Assets

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## Common Pitfalls



- Transposing Signs

	Assets	Liabilities
Increase	(-) Decrease to Cash	+ Increase to Cash
Decrease	+ Increase to Cash	(-) Decrease to Cash

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## Summary



- Q & A
- GASB Requirements
  - Purpose
  - Direct vs Indirect Methods
  - CAFR
- How DOE completes Form 30
  - The Apple
  - DOH's Financial Information System (FIS)
  - Microsoft Excel – Pivot Table
- Common Errors
  - Sections Don't Equal
  - Atypical Balances

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## Contact Information



- Jon Manalo, Chief Comptroller
  - Jon.Manalo@fldoe.org
  - (850) 245-9996
- Steve Burch, Operations & Mgmt Consultant
  - Steven.Burch@fldoe.org
  - (850) 245-9202

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### Checklist Item #3: Interfund Transfer and Balance Reconciliation

- Due date is August 28<sup>th</sup> for balances with other agencies
- Balances over \$20,000 and transfers over \$50,000 need to be reconciled
- Transfers between multiple funds in different agencies

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## Process

- Three rounds using an Access database
- Database due from agencies on August 28
- Afterwards adjustments made by SFRS
- Reconciliation needed for:
  - Balances over \$20,000
  - Transfers over \$50,000

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## Transfers Having Multiple Recipient/Source Funds

- Enter information into the database to reflect adjustments/corrections to original transfer
  - Economic substance over FLAIR form

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## Capital Asset Issues

- Crossing fiscal years
  - Coordinate with other agency to capture transfer out and transfer in
- Surplus property proceeds
  - Not expenditure refund
  - Specific spending authority required

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## Deferred and Unearned Revenue

- What is deferred and unearned revenue?
  - Unearned revenue – Cash received but not earned
  - Deferred revenue – Receivable at year-end
    - Governmental funds - not susceptible to accrual
- Specific GL's
  - Refer to SWFS Guidance

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## Long-Term Debt

- Liability determination
- Booking the liability
- Long-term and short-term
- Long-term portion in GW statements

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## Long-Term Debt Checklist Item #13

- SWGF 10,20,30,40 offset  
SWGF 90 for GL's:
  - 691 (Bond proceeds)
  - 693 (Installment purchase proceeds)
  - 694 (Capital lease inceptions)
  - 695 (Proceeds of refunding bonds)
  - 731 (Principal retirement)
  - 733 (Advance refunding escrow payment)
  - 795 (Payments to refunded bond escrow)



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## Long-Term Debt Examples

- Compensated absences
- Claims bills



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## Compensated Absences

- Governmental vs. Proprietary
- Compensated absences vs. other long-term debt
- Leave liability reports
  - People First

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## Compensated Absences Governmental

### Short-term:

- (0-60 day) – GL 386 in govt. fund itself
- (61-365 day) – GL 386 in 90 fund

### Long-term:

- (> 365 day) – GL 486 in 90 fund
  - Form 49
  - Trialbal

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## Compensated Absences Proprietary

### Short-term

- GL 386 in proprietary fund

### Long-term

- GL 486 in proprietary fund
  - Form 49
  - Trialbal

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## Claims Bills

- What is a claims bill?
- Current practice
  - Liability not recorded
- Proper recording
  - Short-term & long-term portions

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## Expenditure Refunds

- What is an expenditure refund?
- Guidance document
- Before closing date



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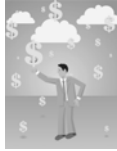
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## Expenditure Refunds

- Same fiscal year
  - Debit – 12XXX
  - Credit – 711XX
- Subsequent fiscal year
  - Debit – 12XXX
  - Credit – 618XX



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## CONCLUSION

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