

SARS YEAR-END CLOSE TRAINING

June 11, 2019

9:00 a.m. – 11:30 a.m.



DAS
DEPARTMENT OF
ADMINISTRATIVE
SERVICES

Agenda

- Welcome & Introductions – Rob Hamilton
 - Update from SARS – Rob Hamilton
 - Year-end Close Schedule – Barb Watson
 - GASB 84 *Fiduciary Activities* – Stacey Chase
 - GASB 87 *Leases* – Alyssa Engelson
 - Applying Budgetary Policies at the End of the Biennium – Barbara Homewood
 - SEFA & CAFR Adjustments – Barbara Homewood
 - Restricted Cash & Investments – Shrikant Vajratkar
 - Report Government Fraud, Waste or Abuse – Shelly Cardenas, Oregon Audits Division
 - Disclosures – Rob Hamilton
 - Key Takeaways – Rob Hamilton
-

Update from SARS

- FY2019 Agency Guide to Year-End Close:
 - Updates in progress
 - Email will be sent to the CAFR Contacts news list once the updated guide is posted to the SARS website
 - A/R t-code 945 usage:
 - Use to reclassify document-supported A/R balances, assigned to Department of Revenue (DOR), in governmental funds only for year-end reporting.
 - Use t-codes 474/474R to reclassify document-supported A/R balances, assigned to DOR, in proprietary and fiduciary funds for year-end reporting.
 - New GASB Pronouncements for FY 2019
 - GASB 83 *Certain Asset Retirement Obligations*
 - GASB 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*
-

YEAR-END SCHEDULE

FY 2019

Presented by Barb Watson

DUE DATE REMINDERS



- Agency disclosures due Friday, August 16 (**Gold Star Date**)
- SEFA disclosures due Friday, August 16 (**Gold Star Date**)
- Agency Gold Star Award Criteria
 - <https://www.oregon.gov/das/financial/Acctng/Pages/Index.aspx>
- Verify outstanding balances with component units twice
 - First communication no later than July 19
 - Second communication no later than August 8
- Schedule of Key Dates
 - <http://www.oregon.gov/das/Financial/Acctng/Pages/Yr-end-clc.aspx>

R*STARS REPORTS YEAR-END SCHEDULE



- Close of June is July 12, at which point there will be a full report run
- During Month 13 (July 15 - Aug 9), agencies can request various R*STARS reports, which run each Tuesday evening
- SFMA Calendar:
 - <https://www.oregon.gov/das/Financial/AcctgSys/Documents/2019SFMS-Agency-Calendar.pdf>

DATAMART TABLES UPDATE SCHEDULE

- Updates over the weekend
 - GL Detail Table
 - GL Summary Table
 - All Accounting Event Table
- YE Tables – Contain FY 2019 data only
 - Updates Tuesday/Thursday/Saturday evenings during Month 13
 - YE GL Detail Table
 - YE GL Summary Table
 - Updates the final three Wednesday evenings of Month 13
 - YE Accounting Event Table
 - Repository Reports with “YE” in the title and the SWB Reports update on the same schedule.



DAFR6610 YE PERIOD 13 OPERATING STATEMENT

The screenshot shows a software interface titled "Open from Repository". On the left is a tree view under "Repository" with folders for "Data Model", "Standard Query", and "Standard Query with Reports". Under "Standard Query with Reports", several items are listed, including "DAFR6610 YE Period 13" which is highlighted in blue. A blue callout box points to this item with the text "DAFR6610 YE Period 13". To the right of the tree view is a "Model Info" pane with the following details: Unique Name: DAFR6610 YE Period 13, Creator: dasby82, Created: 01/27/14 12:00 AM. Below this is a "Description" pane containing the text: "Replica of SFMA DAFR 6610 Operating Statement. This extracts data only from the year end general ledger table created specifically for year end data analysis. It lists Period 13 totals." At the bottom right of the dialog are three buttons: "Open", "Cancel", and "Help".

START using
July 15, 2019

DAFR6620 YE PERIOD 13 BALANCE SHEET

Open from Repository

Repository

- Data Model
- Standard Query
- Standard Query with Reports
 - 89 Screen Recon
 - Budget vs. Actual
 - D23 Balances
 - DAFR6610 Month
 - DAFR6610 Period 13
 - DAFR6610 Period 13-Agy Object
 - DAFR6610 YE Period 13
 - DAFR6620 Month
 - DAFR6620 Period 13
 - DAFR6620 YE Period 13**
 - DAFR9210
 - GAAP Offsets Query
 - Grant Awards vs Exp + Match
 - Object Profile Report
 - Operating Transfer Detail
 - Organization Structure Profile

Model Info

Unique Name: DAFR6620 YE Period 13
Creator: dasby82
Created: 01/27/14 12:00 AM

Description

Replica of SFMA DAFR 6620 - Balance Sheet. Extracts data from the YE General Ledger table. Lists Period 13 balances for the current FY and closed balances of the prior fiscal year. After Period 13 is complete the data from this table is purged.

Open
Cancel
Help

DAFR6620 YE Period 13

STOP using
August 12, 2019

STATEWIDE BALANCE (SWB) REPORTS

- Same update schedule as the YE Tables
 - SWB Report Schedule and Reports
 - Website:
 - <http://www.oregon.gov/das/Financial/Acctng/Pages/Balancing.aspx>
- No update messages will be sent out during Month 13



STATEWIDE BALANCE (SWB) REPORTS

Department of Administrative Services > Financial programs > Accounting and reporting > Statewide balancing reports

Statewide balancing reports

- EXECUTIVE ORDER 17-09
- DISCLOSURES
- NEWS GROUPS
- OREGON ACCOUNTING MANUAL
- PUBLICATIONS
- STATEWIDE BALANCING REPORTS**
- SYSTEMS SECURITY
- TRAINING AND RESOURCES
- TRAVEL
- YEAR-END CLOSE
- STATEWIDE ACCOUNTS RECEIVABLE MANAGEMENT
- SUBRECIPIENT MONITORING

Resources

[Statewide balancing processing dates: 2019](#)

Advances to/from Other Funds

[Advances to/from Other Funds sorted by GL 0950](#)

[Advances to/from Other Funds sorted by GL 0950 - Exceptions only](#)

[Advances to/from Other Funds sorted by GL 1800](#)

[Advances to/from Other Funds sorted by GL 1800 - Exceptions only](#)

Due to/from Other Funds

[Due to/from Other Funds sorted by GL 0586](#)

[Due to/from Other Funds sorted by GL 0586 – exceptions only](#)

[Due to/from Other Funds sorted by GL 1532](#)

[Due to/from Other Funds sorted by GL 1532 - exceptions only](#)

Updated: 06/05/19
Data as of: 06/01/19

Quick links:

- [CAFR contacts](#)
- [System contacts](#)

RESOURCES FOR MONTH 13

- Agency Guide to Year-end Closing
 - <http://www.oregon.gov/das/Financial/Acctng/Pages/Yr-end-cls.aspx>
 - Checklist located at Section D.10
 - Instructions to access repository reports at Section D.4
- Datamart ad hoc queries and repository reports
- R*STARS reports
- Statewide balancing reports
- Prior year closing entries and disclosures
- Chapter 15 of the Oregon Accounting Manual
- SARS Analyst


SOFT CLOSE – AUGUST 2

- Target August 2nd for all year-end adjustments
- Utilize soft close to ensure interagency transfers are in balance
- Review correspondence with your SARS analysts

JULY 2019

Sun	Mon	Tues	Wed	Thur	Fri	Sat
7	8	9	10	11	12	13
					Close Mo 12	SFMA upload
14	15 Begin using YE Period 13 Datamart reports SWB / SFMA YE updated	16	17 SWB / SFMA YE updated	18	19 SWB / SFMA YE updated	20
21	22 SWB / SFMA YE updated	23	24 SWB / SFMA YE updated	25 YE Acctg Event table updated	26 SWB / SFMA YE updated	27

AUGUST 2019

Sun	Mon	Tues	Wed	Thur	Fri	Sat
28	29 SWB / SFMA YE updated	30	31 SWB / SFMA YE updated	1 YE Acctg Event table updated	2 Soft Close SWB / SFMA YE updated	3
4	5 SWB / SFMA YE updated	6	7 SWB / SFMA YE updated	8 YE Acctg Event table updated	9 Close Mo 13 SWB / SFMA YE updated	10
11	12 Start using Period 13 Datamart reports w/o YE	13	14	15	16  Disclosures due to SARS (General, Debt, SEFA)	17



GASB 84 FIDUCIARY ACTIVITIES

Presented by: Stacey Chase 😊



GASB 84 – Background Information

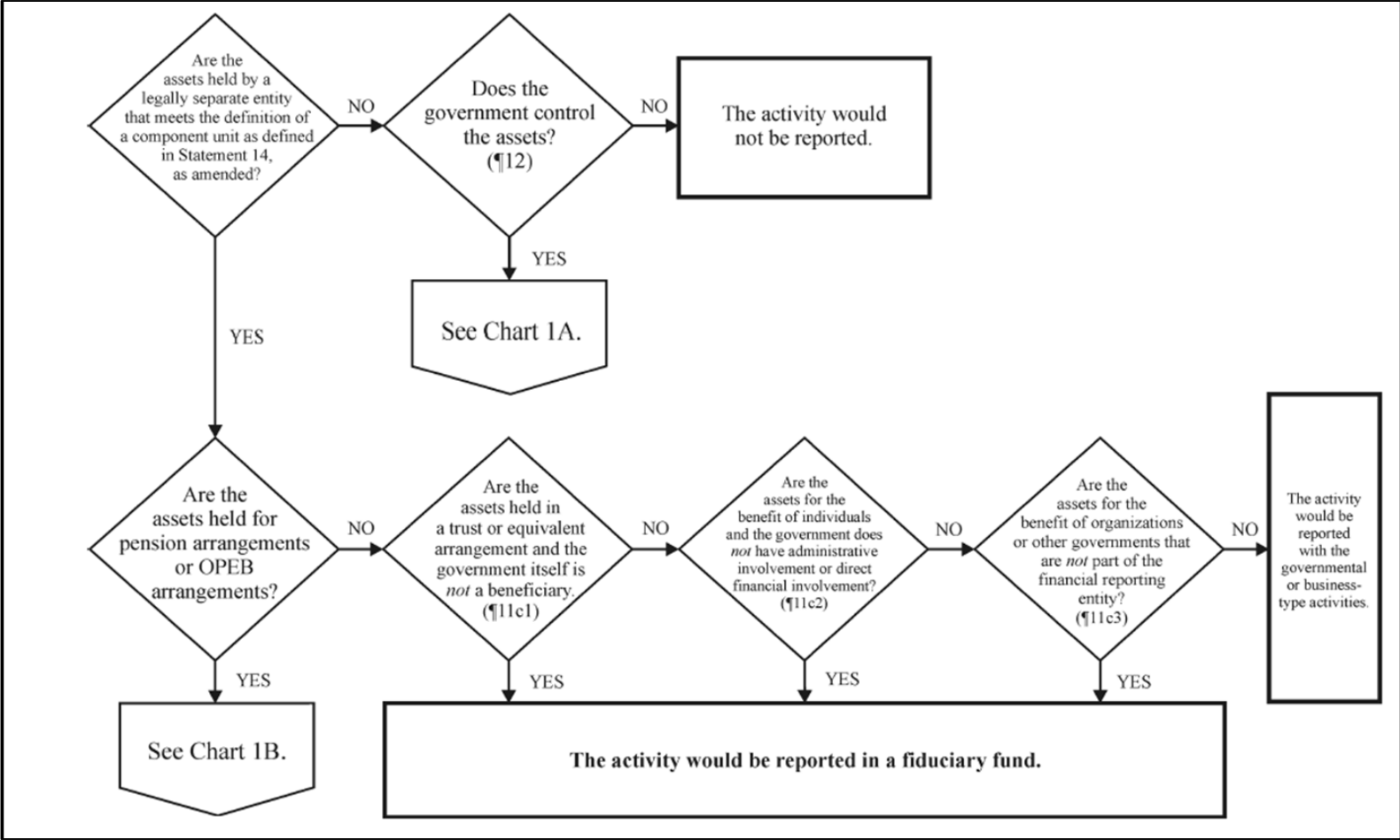
- Provides specific criteria for identifying fiduciary activities.
 - *Enhances consistency and comparability of fiduciary activities reported by governments.*
 - *Improves the value of information reported in financial statements.*
- Primary reporting changes:
 - *Eliminates Agency Funds.*
 - *Creates Custodial Funds.*
 - *Requires an Operating Statement for Custodial Funds.*
- Effective July 1, 2019 (for **FY2020** financial reporting).

GASB 84 – Types of Activities

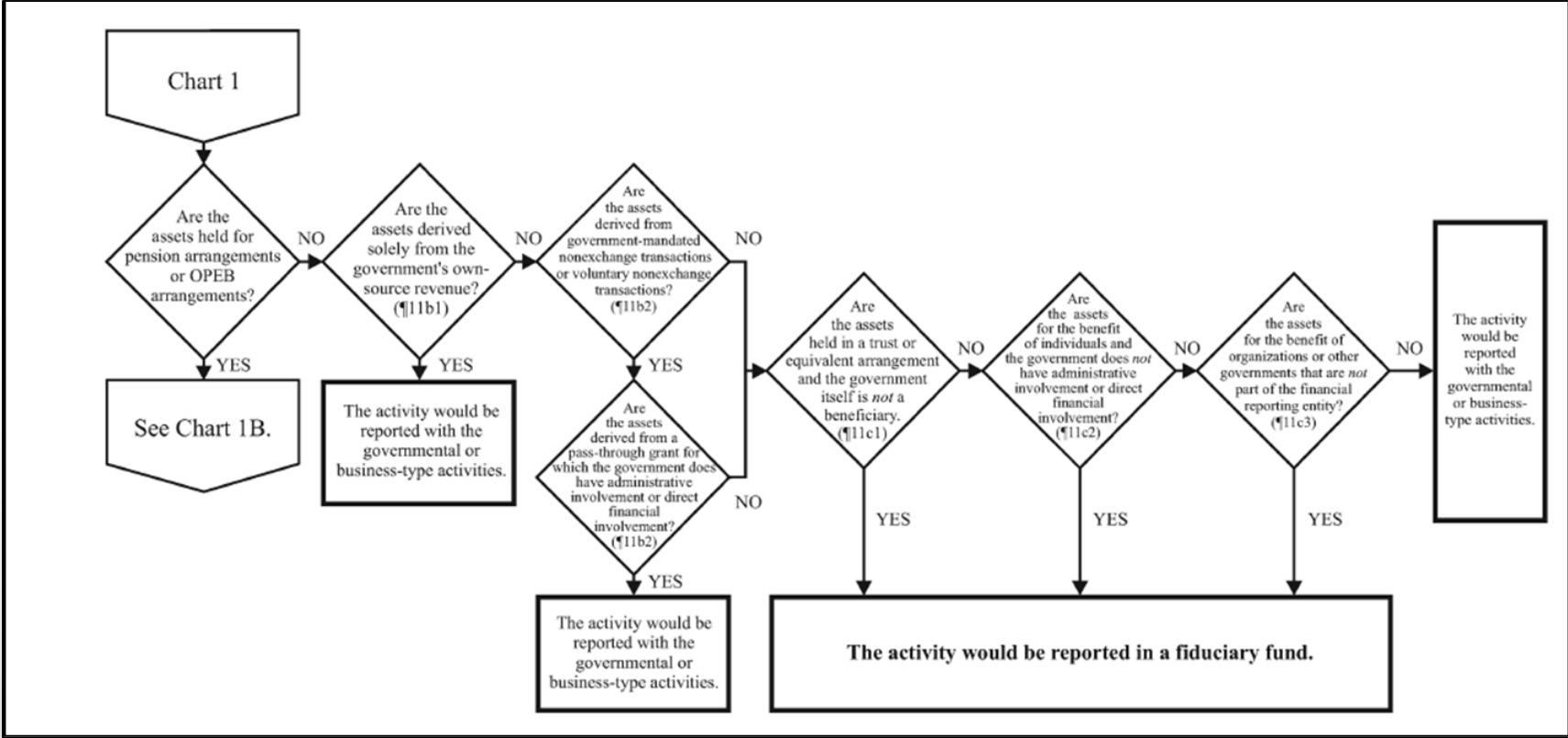
- Identifies three types of fiduciary activities:
 - *Fiduciary component units.*
 - *Pension and other post employment benefit (OPEB) arrangements that are **not** component units.*
 - *Other fiduciary activities.*
- Provides criteria for each type of activity.
 - *Criteria illustrated in Decision Tree.*



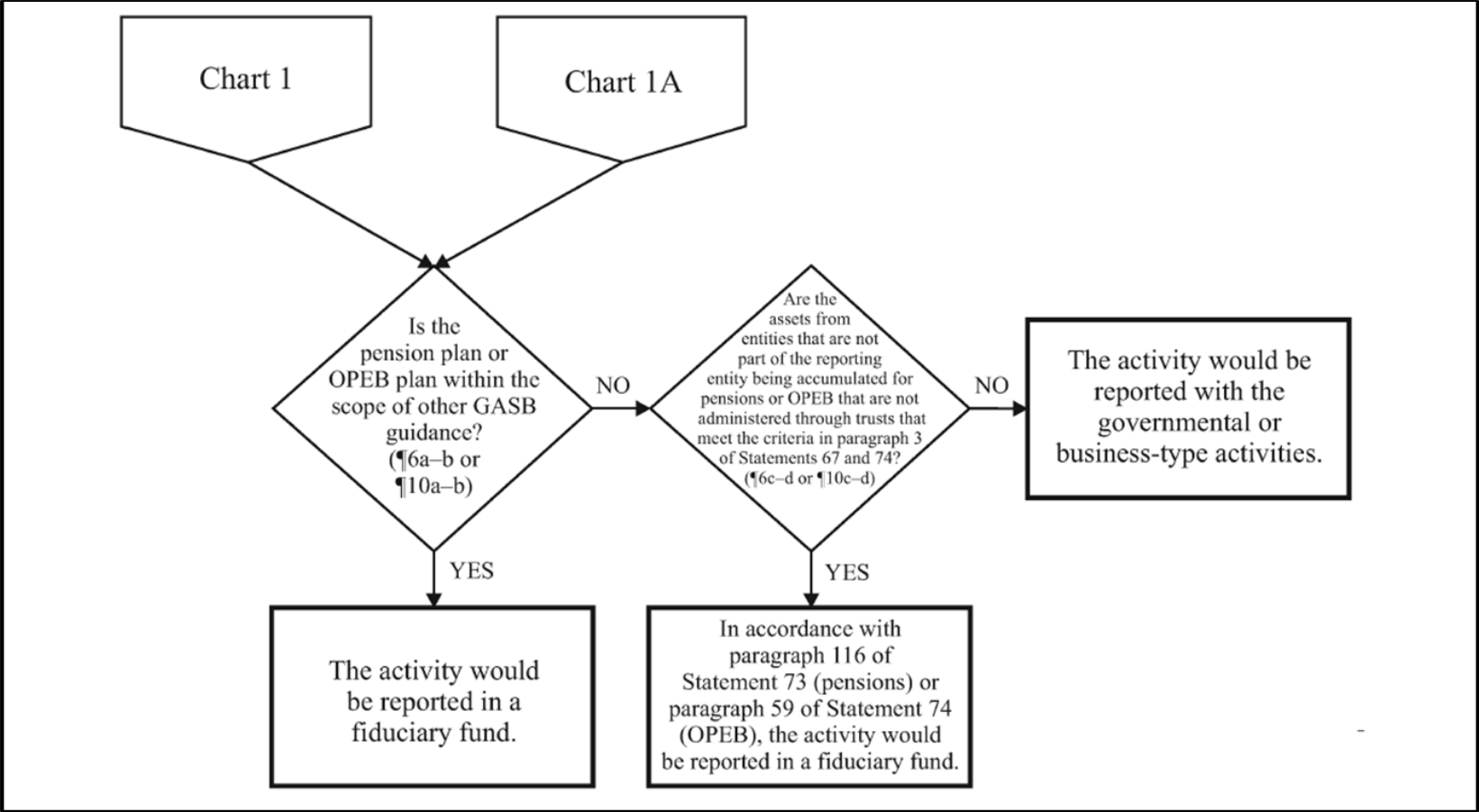
GASB 84 - Decision Tree (chart 1)



GASB 84 - Decision Tree (chart 1a)



GASB 84 - Decision Tree (chart 1b)



GASB 84 - Agency Evaluation

- Does the agency have fiduciary activities?

I sure hope not.



Maybe?



GASB 84 - Agency Evaluation

- Review balances reported as custodial assets.
 - *D14 Balance sheet class 021.*
 - *GLs 0330, 0335, 0945.*
- Review balances reported as custodial liabilities.
 - *D14 balance sheet class 160.*
 - *GLs 0060, 1550, 1551, 1575, 1576, 1577, 1578.*
- Evaluate activities reported in the private purpose trust fund (GAAP Fund 7002).
- Evaluate activities reported as agency funds (GAAP Funds 6405 and 6406).

GASB 84 - Agency Evaluation

- Determine where fiduciary activities should be reported:
 - *Pension and OPEB trust funds.*
 - *Investment trust funds.*
 - *Private purpose trust funds.*
 - *Custodial funds.*



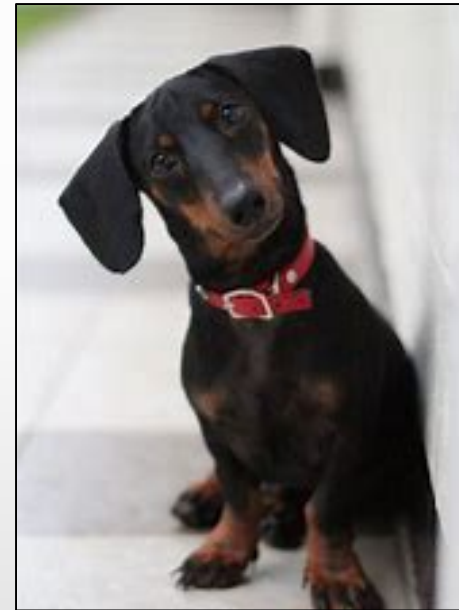
GASB 84 - Accounting changes

- Custodial funds will be reported on the Operating Statement (DAFR 6610).
 - *Sources of additions/inflows (e.g. restitution payments received).*
 - *Types of deductions/outflows (e.g. restitution distributions to individuals).*



GASB 84 - Accounting Changes

- New appropriation(s)?
 - *Coordinate with agency budget staff.*
 - *Ensure profiles are capable of recording revenues and expenditures.*
 - *Send appropriation profile (20) requests to: orbits.help@state.or.us*
 - Trust/Custodial fund is subject to GASB 84.
 - Include authority to be non-budgeted.
 - Include the current D23 fund.
- New D23 fund(s)?
- New account codes to record custodial fund inflows and outflows?



GASB 84 - Agency Implementation

- Record custodial fund inflows and outflows in **FY2020**.
- Process reclassification entries in **FY2020**.
 - *Reclassify fiduciary activities to the correct GAAP fund in **FY2020**.*
 - *Reclassify custodial asset balances in **FY2020**, if applicable.*
 - *Reclassify custodial liability balances in **FY2020**, if applicable.*
- Eliminate deposit liability balances **associated with fiduciary activities**.
 - *Reclassify to revenue in **FY2020**.*
 - *Record change in accounting principle in **FY2020**.*



GASB 84 - Summary

- GASB 84 is effective July 1, 2019 (FY2020)!
- Agency **evaluation** starts now; if not already underway.
- Identifying applicable **accounting changes** starts now, if not already underway.
- Agency **implementation** may begin after FY2019 disclosures are submitted to SARS.
 - *Once agency year-end close processes are complete, begin reclassifying applicable account balances.*
 - *Some SFMA profile changes are scheduled to occur after August 16, 2019.*

GASB 84 - Summary

- Next steps for SARS:
 - *Updating applicable OAM policies.*
 - *Creating a new OAM policy.*
 - *Evaluating GL accounts.*
 - *Establishing new SFMA profiles, as needed.*



GASB 84 - Resources

- SARS Training and Resources webpage:
<https://www.oregon.gov/das/Financial/Acctng/Pages/Training.aspx>
 - *Accounting and reporting training*
 - June 14, 2018 SARS Year-End Close Training (pages 16-26)
 - May 23, 2019 GASB 84 Fiduciary Activities Training
 - *Associations and Boards*
 - Governmental Accounting Standards Board
- SARS contacts:
 - Stacey Chase (stacey.a.chase@oregon.gov)
 - Barbara Homewood (barbara.homewood@oregon.gov)



any
questions?

GASB 87 *Leases*

Presented by Alyssa Engelson

GASB 87- Overview

- Background Information
- Status Updates
- Planning Phases
- Asset Class Matrix
- Lease Data Matrix
- Summary of Next Steps

GASB 87- Background Information

- A lease is a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction
 - Underlying asset does not have to be a capital asset
- Lease term – noncancelable portion plus options that are “reasonably certain” of being exercised
- Contracts that contain a lease component and a nonlease component must be accounted for separately

GASB 87- Background Information

- Effective for the fiscal year beginning July 1, 2020 (FY 2021)
- Implementation Guide released February 2019
 - Final draft expected July 2019
- GASB 87 establishes a single model for lease accounting on the foundational principle that leases are financings of the right to use an underlying asset
 - No more operating or capital leases
 - Most similar to a capital lease, but not the same

GASB 87- Status Updates

- Stacey Chase named as new lead representative from SARS
- Alyssa Engelson and Barb Watson are supporting Stacey in her lead role
- Formed Implementation Team
 - 30 members total from 14 different agencies
 - 4 Meetings
- The following materials have been developed from the team:
 - Planning Phases
 - Asset Class Matrix
 - Lease Data Matrix

GASB 87- Planning Phases

- SARS developed planning phases to help agencies navigate how best to implement the standard
- Please note these planning phases are a starting point. Agencies should include additional goals, as needed

Phases:

- 1- Research/Identify
- 2- Develop
- 3- Execution

GASB 87- Planning Phases

Phase 1-Research

- Identify other contracts not previously deemed a 'lease' that identify 'right to use' assets
- Identify impacted employees in agency divisions
- Determine resources available to obtain required data elements in Lease Data Matrix
- Identify data availability challenges

GASB 87- Planning Phases

Phase 2- Develop

- Create a process for evaluating and identifying leases based on standard criteria
- Develop an internal training strategy for impacted employees identified during Phase 1
- Develop a mechanism to share required data between impacted employees identified in Phase 1 (e.g. central data repository)

GASB 87- Planning Phases

Phase 3-Execution

- Evaluate and identify leases based on GASB 87 criteria
- Gain all required data elements associated with existing leases
- Collect all required data elements associated with future leases
- Share required data elements between impacted employees using mechanism developed in Phase 2
- Enter required data elements into SFMA or equivalent (e.g. TEAMS)

GASB 87- Planning Phases

Highlights of SARS planning phases

- Analyze impacted OAM policies and applicable paragraphs
- Identify impacted GL Accounts, Comp Objects, and T-Codes
- Determine how Financial Statements/Cash Flow formats will be impacted
- Distribute new disclosures
- Generate training material for statewide implementation

GASB 87- Asset Class Matrix

- **Purpose:** To ensure all asset classes with leases are represented in the chart of accounts
 - Leases with other state agencies were excluded
 - Software leases were excluded

GASB 87- Asset Class Matrix

Lessees:

- 86 agencies were polled
- 70 responded to the request
- 3,302 leases identified so far

Lessors:

- 86 agencies were polled
- 70 responded to the request
- 729 leases identified so far

GASB 87- Lease Data Matrix

- The lease data matrix was developed by the implementation team to be used as a tool that would help ensure all required data elements from the Standard are captured when reviewing leases
- **Goal:**
 - To use this matrix for all existing leases (at implementation) and new leases (following implementation)
 - Provide uniform approach to identifying essential data elements required by the standard

Lessee
Lessor

DRAFT

Item #	Essential Data Elements	Definition	GASB 87 Reference	Data Figure (e.g. lease # 123)	Responsible Party (e.g. Procurement, Accounting)	Source Document (e.g. Master Agreement ¶1 pg.1)	Source System (e.g. Fixed Asset System (FAS))
1	Lease number or Master PA/PO#	A contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction.	¶4 - ¶7				
2	Lessor name	The name of the lessor.	N/A				
3	Lessor address	The address of the lessor.	N/A				
4	Lessor point of contact	Lessor point of contact if agency has questions regarding lease.	N/A				
5	Agency point of contact	Lessee point of contact if agency staff or lessor has questions about the lease.	N/A				
6	Right to use clause	Determination of right to use must have both of the following: a) right to obtain the present service capacity from the use of the asset. b) right to determine the nature and manner of the use of the asset.	¶5				
7	Lease Term in months	Period in which a lessee has a noncancelable right to use an underlying asset plus periods with options to extend that are reasonably certain by the lessee/lessor or periods to terminate that are reasonably certain will not be exercised by the lessee/lessor . Periods in which both lessee and lessor have option to terminate without permission from the other party are cancelable and are excluded.	¶12 - ¶15				
8	Lease Start Date	The initial start date of the lease.	N/A				
9	Lease end date	The end date of the lease.	N/A				
10	Option to extend and decision factors	Periods covered by a lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option.	¶12 - ¶14				
	Number of months	Number of months.	N/A				
	Reasonably certain?	Is it reasonably certain the lease will be extended?	N/A				
11	Option to terminate and decision factors	Periods for which both the lessee and the lessor have an option to terminate the lease without permission from the other party (or if both parties have to agree to extend) are cancelable periods and are excluded from the lease term.	¶12 - ¶14				
	Reasonably certain?	Is it reasonably certain the lease will be terminated?	N/A				
12	Period(s) in which lessee and lessor have permission to terminate	Periods in which both the lessee and the lessor have the option to terminate the lease without permission from the other party (or if both have to agree to extend) are cancelable periods and are excluded from the lease term.	¶12				
13	Fiscal funding clause	A fiscal funding clause allows governmental lessees to cancel if the government does not appropriate funds for the lease payments. This should affect the lease term only if reasonably certain to be exercised.	¶13				
14	Short-Term Lease is not subject to GASB 87	A lease, at the commencement of the lease term, has a maximum possible term of 12 months (or less), including any options to extend. For a lease, such as a rolling month-to-month, that is cancelable by either lessee or lessor, the maximum possible term is the noncancelable period.	¶16 - ¶18				
15	Detail of lease holidays if included in the contract	The lessee should not recognize an outflow of resources during any rent holiday period (for example one or more months free).	¶17, ¶61				
16	Ownership transfer of assets at the end of contract? If so, it is a purchase and not a lease.	Report as a financed purchase of the asset by the lessee or a sale of the asset by the lessor.	¶19				
17	Fair Market Value (purchase price at time of lease)	Needed to calculate present value of the asset to measure the lease liability.	¶21				

GASB 87 Lease Data Matrix

Detail Required

Lessee
Lessor

DRAFT

Item #	Essential Data Elements	Definition	GASB 87 Reference	Data Figure (e.g. lease # 123)	Responsible Party (e.g. Procurement, Accounting)	Source Document (e.g. Master Agreement ¶1 pg.1)	Source System (e.g. Fixed Asset System (FAS))
18	Discount rate being charged	Future payments should be discounted using the interest rate the lessor charges the lessee, which may be the interest rate implicit in the lease.	¶21, ¶23				
19	Amount of fixed monthly payments	Established as specific dollar amounts in the lease contract and lessee is obligated to make them.	¶21.a, B36				
20	Variable payments dependent on index or rate (i.e. consumer price index or market interest rate)	Initially measured using the index or rate as of the commencement of the lease term. Note, variable payments dependent on future performance or usage are not included in the lease liability.	¶21.b, ¶22				
21	Variable payments fixed in substance	The variable payments that are clearly defined and not dependent on future performance or usage.	¶21.c, ¶22				
22	Residual value guarantees	Amount that is reasonably certain of being required to be paid by the lessee under a residual value guarantee.	¶21.d				
23	Exercise price of a purchase option	Exercise price of a purchase option if it is reasonably certain that the lessee will exercise the option.	¶21.e, ¶32				
24	Penalty payments for terminating lease	If the lease term reflects the lessee exercising (1) an option to terminate or (2) a fiscal funding clause or cancellation clause.	¶21.f				
25	Lease incentive value	Payments made to, or on behalf, of the lessee that can offset the lease obligation or other concessions granted to the lessee (e.g. rebates or discount). Lease incentives reduce the amount the lessee is required to pay.	¶21.g, ¶30.b, ¶61 - ¶62				
26	Payments to lessor at or before commencement of lease	Payments made to the lessor at or before the commencement of the lease term are included in the lease asset measurement.	¶30.b, B48				
27	Ancillary charges	Initial indirect costs that are ancillary charges necessary to place the asset into service are capitalized as part of the cost of the asset.	¶30.c, B49				
28	Useful life	A lease should be amortized over the shorter of the lease term or the useful life.	¶31 - ¶32				
29	Multiple components	Multiple components of a contract, such as copier, maintenance services, usage fees, and software must be listed separately in the lease agreement. Software, maintenance, and usage costs are excluded from the lease calculation.	¶63 - ¶68				
30	Policy/procedures for changing out a component of the lease. What terms of the lease would change?	Amendments to a lease may result in a separate lease contract. Both the existing lease and the new lease would need to be remeasured.	¶71 - ¶75				
31	Sublease	The government that is the original lessee and becomes the lessor in a sublease should account for the original lease and the sublease as two separate transactions. They should not be offset by one another.	¶80 - ¶81				
32	Sale - Leaseback	Involve the sale of an underlying asset by the owner and a lease of the property back to the seller (the original owner).	¶82 - ¶86				
33	Lease - Leaseback	Asset is leased by one party (A) to another party (B) and leased back to first party (A).	¶87				

GASB 87- Summary of Next Steps

- Finalized Exposure Draft expected July 2019
- Encouraged to create a process for evaluating and identifying leases based on standard criteria
- Begin to identify impacted employees in agency divisions
- Start identifying other contracts not previously deemed a 'lease' that identify 'right to use' assets
- SARS will be developing new chart of account options

Questions?

Contact us:

Stacey Chase: Stacey.A.Chase@Oregon.gov

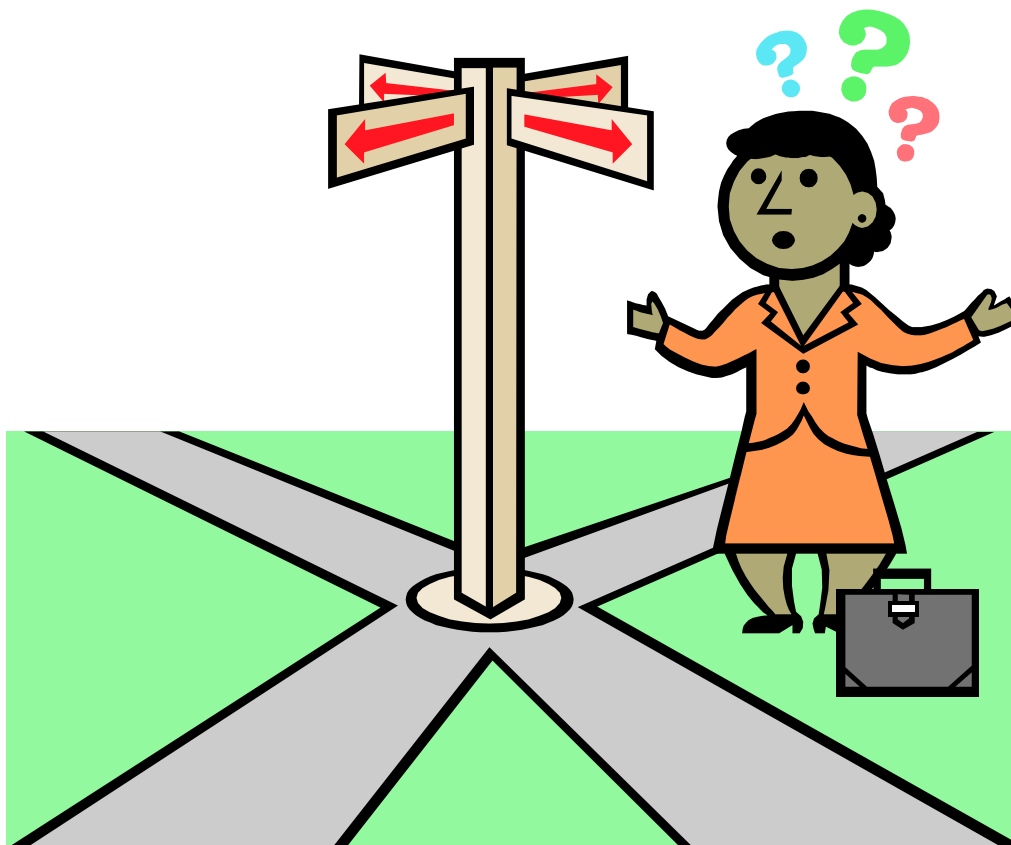
Alyssa Engelson: Alyssa.Engelson@Oregon.gov

Barb Watson: Barbara.Watson@Oregon.gov



Applying Budgetary Policies at the End of the Biennium

Can I still record this
in the old biennium?



Key Topics

- ▶ General Fund Revenue / Receivables
- ▶ Interfund Transfers with General Fund
- ▶ Expenditures
- ▶ Encumbrances
- ▶ Commitments



Fiscal vs. Appropriation Year

- ▶ Generally Accepted Accounting Principles (GAAP) requirements determine which **fiscal year** (FY) transactions should be recognized
- ▶ Oregon's budgetary accounting policies established in the OAM determine which **appropriation year** (AY) transactions should be recognized

General Fund Revenue

- ▶ Recognize **General Fund revenue** in the appropriation year during which the revenue was received in cash
- ▶ Revenue recognition for Federal, Lottery, and Other funds is not addressed in budgetary policies

General Fund Revenue Accrual

Agency receives General Fund revenue
on July 5:

- ▶ *Cash* revenue will be recorded in **AY 21**
- ▶ *Accrued* revenue needs to be recorded
in **fiscal year 2019** for financial
reporting purposes

General Fund Revenue Accrual Example

Accrue **General Fund** revenue for financial reporting:

▶ TC 436 (Month 13, FY 2019, **AY 19**)

Dr 0503 Accounts Receivable - Unbilled

Cr 3105 Revenue - FS Accrual

Auto reversal of TC 436:

▶ TC 981 (Month 1, FY 2020, **AY 19**)

Dr 3105 Revenue - FS Accrual

Cr 0503 Accounts Receivable - Unbilled

General Fund Revenue Accrual

Example (continued)

Record **General Fund** cash revenue:

▶ TC 190 (Month 1, FY 2020, **AY 21**)

Dr 0065 Unreconciled Deposit

Cr 3100 Revenue - Cash

Move General Fund Receivable

- ▶ Document supported **General Fund** receivables, not collected as of June 30, 2019, will need to be moved to the new biennium
- ▶ Non-document supported receivable accruals do not need to be moved:
 - ▶ TC 436 will auto reverse
 - ▶ TC 104 will need to be reversed using TC 104R

Move General Fund Receivable

Example

A **General Fund** accounts receivable was initially established in AY 19 but was not collected by June 30, 2019

Initial entry (AY 19) was:

TC 103 Establish doc supported A/R

Dr 0501 Accounts receivable – Billed

Cr 3101 Revenue – Accrued

Move General Fund Receivable

Example (continued)

Step 1:

Reverse A/R established with TC 103 but not yet collected at June 30

TC 118 (Month 12, FY 2019, **AY 19**)

Dr 3101 Revenue – Accrued

Cr 0501 Accounts Receivable – Billed

Move General Fund Receivable

Example (continued)

Step 2:

Accrue **General Fund** revenue for financial reporting purposes

TC 436 (Month 13, FY 2019, **AY 19**)

Dr 0503 Accounts Receivable – Unbilled

Cr 3105 Revenue – FS Accrual

Move General Fund Receivable

Example (continued)

Step 3:

Move document supported **General Fund** accounts receivable forward to new biennium

TC 213 (Month 1, FY 2020, **AY 21**)

Dr 0501 Accounts Receivable – Billed

Cr 3101 Revenue – Accrued

Move General Fund Receivable

Example (continued)

Step 4:

When revenue is collected, record cash revenue and liquidate A/R

TC 176 (Month 2, FY 2020, **AY 21**)

Dr 0065 Unreconciled Deposit

Dr 3101 Revenue - Accrued

Cr 0501 Accounts Receivable - Billed

Cr 3100 Revenue - Cash

Move General Fund Receivable

Example (continued)

Effects of movement of GF Receivable
Example entries:

- ▶ Accrued revenue is reported in **FY 2019**
- ▶ Auto reversal results in no net effect to **AY 19** revenue
 - Document-supported accounts receivable is moved from **AY 19** to **AY 21**
 - General Fund cash revenue is reported in **AY 21**

Reduction of Revenue



- ▶ If the biennium is still open: record reduction in same appropriation year as the original revenue was posted



- ▶ If the biennium is closed: record as an expenditure

* **Applicable to all appropriated fund types**

Interfund Transfers With the General Fund

- ▶ Recognize in appropriation year during which the *cash* is moved
- ▶ If cash is moved July 1 or later, it must be recorded in the new biennium
- ▶ Both sides of the transaction (to and from) must be recorded in the same biennium by both agencies or funds

General Fund Transfer

Example

Agency A collects **General Fund revenue** on June 29 but does not transfer money to Agency B until July 6

- ▶ Agency A records **General Fund revenue** (Month 12, FY 2019, **AY 19**)

Dr Cash

Cr Revenue Control - Cash

General Fund Transfer

Example (continued)

Agency A records **General Fund transfer** to Agency B:

Agency A

▶ TC 720 (Month 1, FY 2020, **AY 19**)

Dr 3550 Operating Transfer Out

Cr 0070 Cash

Agency B

▶ TC 721 (Month 1, FY 2020, **AY 19**)

Dr 0070 Cash

Cr 3150 Operating Transfer In

General Fund Transfer

Example (continued)

- ▶ An entry by each agency is needed to accrue the **General Fund** transfer in FY 2019 (Month 13), **AY19** for financial reporting
- ▶ Accrual coded to AY 19 will be offset by auto-reversal, which will also post to AY 19 for a net zero effect to *interfund transfers* for **AY 19**

General Fund Transfer

Example (continued)

Agency A accrues *transfer to* Agency B

▶ TC 919 (Month 13, FY 2019, **AY 19**)

Dr 3550 Operating Transfer Out

Cr 1532 Due to Other Agencies

Agency B accrues *transfer from* Agency A

▶ TC 920 (Month 13, FY 2019, **AY 19**)

Dr 0586 Due from Other Agencies

Cr 3150 Operating Transfer In

Avoid Confusion

- ▶ A “transfer” of expenditures using TC 415 and 416 is **not** an *interfund transfer*
- ▶ *Movement of expenditures* must be recorded in the **same AY and FY** as the original expenditures

Movement of Expenditure

Example

- ▶ On June 28 the *General Fund* paid expenditures for an *other funds* budget item
- ▶ On July 22, the expenditures were moved from the General Fund to the Other fund (June closes on July 12)

Movement of Expenditure

Example (continued)

GAAP fund for the two D23 funds is not the same so the agency must:

- ▶ record the entries in *Month 1 of FY 2020* and
- ▶ record additional entries to *accrue* the movement of expenditures in FY 2019 (Month 13) for financial reporting

Movement of Expenditure

Example (continued)

The entry to move the expenditures in FY 2020 (Month 1):

▶ TC 415 in **Other Fund (AY 19)**

Dr 3500 Expenditure Control – Cash

Cr 0070 Cash

▶ TC 416 in **General Fund (AY 19)**

Dr 0070 Cash

Cr 3500 Expenditure Control – Cash

Movement of Expenditure

Example (continued)

The entry to accrue the movement of expenditures in FY 2019 (Month 13) for **financial** reporting:

▶ TC 925 in **Other** Fund (AY 19)

Dr 3505 Expenditure Control – FS Accrual

Cr 1532 Due to Other Funds

▶ TC 926 in **General** Fund (AY 19)

Dr 0586 Due From Other Funds

Cr 3505 Expenditure Control – FS Accrual

Expenditure Recognition

To charge obligations against a prior biennium appropriation:

The services must be performed or supplies received

- ▶ by June 30, and

RECEIVED

- ▶ the vendor paid by December 31



Encumbrance Definition

- ▶ **Obligations** in the form of purchase orders or contracts which are **chargeable to an appropriation or limitation** and for which a **part of the appropriation or limitation is reserved, and**
- ▶ Intend to represent **obligations that will be liquidated with available financial resources of the current biennium**

Remember !!!

If you **did not receive the goods or services by June 30**, you will not be able to charge anything further to the old biennium's appropriation



Review Your Encumbrances

1. Encumbrance no longer valid
 - Record entries to eliminate for financial reporting purposes.
2. Goods or services ***received*** at June 30
 - Liquidate encumbrance and report the obligation as a liability
3. Goods or services ***not received*** by June 30
 - Either (1) cancel or (2) eliminate and move encumbrance to the new biennium and disclose a commitment

Eliminate Invalid Encumbrance

Reverse encumbrance:

TC 931R (Month 12, FY 2019)

Dr 3011 Reserved for Encumbrances

Cr 2734 Encumbrance Control/Non-Doc Supported



Goods and Invoice Received by June 30

Record TC 225 (during Month 13)

Dr 3501 Expenditure Control-Accrued

Dr 3011 Reserved for Encumbrances

Cr 1211 Voucher Payable

Cr 2735 Encumbrance Control

Effects of Transaction

- ▶ The obligation is recorded as an accrued expenditure (FY 2019 and AY 19) with an offsetting liability
- ▶ The encumbrance for the obligation is liquidated (removed from appropriation table)

Goods Received by June 30 but **No Invoice** Received

- ▶ Record TC 437 (during Month 13)

Dr 3505 Expenditure Control – FS Accrual

Cr 1215 Accounts Payable

- ▶ Record TC 931R (during Month 13)

Dr 3011 Reserved for Encumbrances

Cr 2734 Encumbrance Control – Non-doc

Goods Received by June 30 but **No Invoice**

(continued)

Auto reversal of TC 437:

- ▶ TC 983 (Month 1, FY 2020, **AY19**)

Dr 1215 Accounts Payable

Cr 3505 Expenditure Control – FS Accrual

Auto reversal of TC 931R:

- ▶ TC 963R (Month 1, FY 2020, **AY19**)

Dr 2734 Encumbrance Control – Non-doc

Cr 3011 Reserved for Encumbrances

Effects of Transactions

- ▶ The obligation is recorded as an accrued expenditure (FY 2019 and AY 19) with an offsetting liability
- ▶ The encumbrance for the obligation is eliminated for FY 2019 financial reporting (does not affect appropriation table)
- ▶ *Document-supported* encumbrance is still on the books as AY 19 encumbrance

Payment Made

Assume the invoice is received and paid
September 16, 2019

▶ Record TC 225 (Month 3, FY 2020, **AY
19**)

Dr 3501 Expenditure Control - Accrued

Dr 3011 Reserved for Encumbrances

Cr 1211 Voucher Payable

Cr 2735 Encumbrance Control - Doc

System Generated Entry

Liquidate voucher payable TC 380
(Month 3, FY 2020, **AY 19**)

Dr 1211 Voucher Payable

Dr 3500 Expenditure Control – Cash

Cr 3501 Expenditure Control – Accrued

Cr 0070 Cash



Effects of Transactions

- ▶ Cash expenditure is recorded in FY 2020 for **AY 19** (offset by auto-reversal of accrued expenditure)
- ▶ *Document-supported* encumbrance is liquidated

Goods Not Received by June 30

Eliminate Encumbrance in **AY 19**

▶ TC 931R (during *Month 12, FY 2019*)

Dr 3011 Reserved for Encumbrances

Cr 2734 Encumbrance Control/Non- Doc Supported

Goods **Not** Received by June 30 (continued)

Re-establish Encumbrance in **AY 21**

▶ TC 212 (post to *Month 1, FY 2020*)

Dr 2735 Encumbrance Control

Cr 3011 Reserved for Encumbrances

Effect of Transactions

- ▶ Document supported encumbrance is removed from **AY 19**
- ▶ Document supported encumbrance is established for **AY 21**
- ▶ Commitment will need to be disclosed



Commitment Definition

- ▶ Commitments represent obligations related to unperformed agreements that are not encumbered
- ▶ Obligations are not expected to be paid with current financial resources
- ▶ Disclosed in the notes to the State's financial statements

Commitment Disclosed

- ▶ For FY 2019 year-end closing, disclose “commitment” for goods ordered or services contracted for that have **not** been fulfilled by calendar date June 30
- ▶ When eventually paid, will be charged to AY21

Commitment Examples

Long-term contracts or agreements associated with:

- ▶ Grants
- ▶ Loans
- ▶ Leases
- ▶ Capital Construction



Commitment vs. Encumbrance

- ▶ An obligation is either an encumbrance or a commitment, but not both (do not duplicate)
- ▶ If uncertain which you have; consult the OAM:
 - ❖ Commitments 15.80.00
 - ❖ Encumbrances 20.20.00

Balance Type 33 Grant Commitments

If you are using balance type 33 to track your grant activity be sure to include it in your commitment disclosures



Reduction of Expense

- ▶ Only used in special circumstances
 - ❖ See OAM 20.40.00
- ▶ May not exceed actual expense
- ▶ Must occur in same appropriation year as the original expenditure
- ▶ If appropriation year already closed must be recorded as revenue

OAM Chapter 20 – Budgetary Accounting & Reporting

- ▶ 20.20 Encumbrances
- ▶ 20.30 Expenditure and interfund transfer recognition
- ▶ 20.40 Reduction of expense
- ▶ 20.50 Revenue and interfund transfer recognition

<http://www.oregon.gov/das/Financial/Acctng/Pages/OAM.aspx#chapter20>



SEFA & CAFR Adjustments

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

Post-Close and/or Audit Adjustment

Notify your SARS analyst if the adjustment relates to a federal program.

- - CFDA number and title
- - SARS and SOS-Audits will determine the impact to the SEFA
- - If material, send a SEFA correction form

Other SEFA Topics

SEFA Correction Forms

Complete only if RSTARS records are incorrect.

There is now a separate column for Tax ID number

Enter the Tax ID number as 123456789 (not 12-3456789)

Non-Cash Assistance Reporting

Complete using the Excel workbook provided by SARS

Year -End Closing Guide – Chapter F

F.6 . SEFA Year-End Reporting

Questions?



RESTRICTED CASH & INVESTMENTS

Restricted Assets – What are they?

- Assets whose use is subject to constraints that are either:
 - Externally imposed by
 - Creditors (debt covenants)
 - Grantors
 - Donors
 - Laws and/or regulations of **OTHER** governments

Restricted Assets - What are they?

(continued)

OR

➤ Imposed by law through

➤ Constitutional provisions

➤ Enabling legislation

➤ AND

➤ The constraints change the **nature or normal understanding** of the **availability** of those assets

Nature or Normal Understanding of Availability

- Is there a restriction for the use of the asset?
- Is the asset available for regular operational uses?
- Is there a restriction that means that the asset won't be used in the next operational period?
- Can you only use interest earnings but maintain the principal amount?

General Disclosure 2.

Restricted Cash and Investments

- GL 0065, 0070, 0075 Unreconciled Deposit, Cash in Receipted and Suspense Account
- GL 0230 Investments – OITP
- GL 0235 Investment Valuation Account – OITP
- GL 0240 Investments – Designated
- GL 0245 Investment Valuation Account - Designated
- D23 fund detail for restricted Cash and Investments, instead of just GAAP Fund.
- Whether restricted cash is current or noncurrent.

Current vs. Noncurrent

- Current = expected to be used within one year in keeping with restriction.
 - Cash used to pay debt service principal and interest in the next year
 - Cash accumulated to pay claims for the next year
- Noncurrent = expected to be used over one year out in keeping with restriction
 - Cash accumulated to pay future fiscal year debt service
 - Cash accumulated to pay legal claims in future years, more than one year away
- Cash used for the acquisition or construction of noncurrent assets OR Segregated for the liquidation of long-term debts - **Noncurrent**



CAFR GENERAL DISCLOSURES

YEAR ENDED JUNE 30, 2018

Agency #

2. Restricted Cash and Investments

NOTE: This disclosure is not related to GASB 54 classification coding

GAAP Fund	GL Account	D23 Fund	Current/ Noncurrent	Amount of Restricted Asset	Purpose
1103	0070	1133	current	\$ 150,310.00	Capital Construction
	-select-		- select -		
	-select-		current		
	-select-		- select -		
	-select-		current		

Cash to be used to construct a Capital Asset – Noncurrent

CAFR GENERAL DISCLOSURES

YEAR ENDED JUNE 30, 2018

Agency #

2. Restricted Cash and Investments

NOTE: This disclosure is not related to GASB 54 classification coding

GAAP Fund	GL Account	D23 Fund	Current/ Noncurrent	Amount of Restricted Asset	Purpose
1108	0070	2233	current	(\$ 3,000.00)	Debt Service
1108	0070	3344	- select -	\$ 10,000.00	Debt Service
	-select-		current		
	-select-		- select -		
	-select-		current		

Negative Balance!!

CAFR GENERAL DISCLOSURES

YEAR ENDED JUNE 30, 2018

Agency #

2. Restricted Cash and Investments

NOTE: This disclosure is not related to GASB 54 classification coding

GAAP Fund	GL Account	D23 Fund	Current/ Noncurrent	Amount of Restricted Asset	Purpose
0001	0075	8808	current	\$ 73,580.00	Youth Assistance
	-select-		- select -		
	-select-		- select -		
	-select-		- select -		
	-select-		- select -		

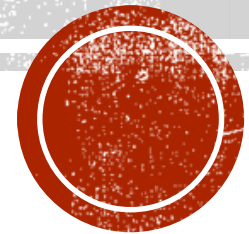
GASB 54 Code = A1

Cash and Securities Held in Trust

- NOT included in the General Disclosure
- GL 0335 Savings and Time Certificates of Deposit Held in Trust
- GL 0330 Securities Held in Trust
- Roll up to Balance Sheet class 021 Cash and Securities Held in Trust



REPORT GOVERNMENT FRAUD, WASTE OR ABUSE



Shelly Cardenas, CPA

Principal Auditor

Secretary of State, Oregon Audits Division

HOW TO REPORT

- sos.oregon.gov/audits/pages/fraud.aspx
- Toll Free: 800-336-8218
- Fax: 503-378-6767
- U.S. Mail:
 - Confidential
 - Oregon Audits Division
 - Government Waste Hotline
 - 255 Capitol Street NE, Suite 500
 - Salem, Oregon 97310




DISCLOSURES



Disclosure Changes

- FY2019 disclosures in Excel format
 - Transmittal and Certifications (.pdf)
- Sample disclosures will be updated on the SARS website
 - Notification will be sent via CAFR Contacts news list
- General Disclosure 7 – Deposit Liability and Trust Fund Payable
 - Enter the amount due within one year; SARS will reclassify the noncurrent portion for balances in a current GL when a noncurrent GL is not available

New Disclosures

- New FY2019 General Disclosures:
 - Disclosure K – Irrevocable Split-Interest Agreements
 - Disclosure L – Asset Retirement Obligations (ARO)
 - Disclosure 31 – Taxes Receivable
 - Disclosure 32 – Loans Receivable
 - Disclosure 33 – Other Receivables – NC
 - New FY2019 Debt Disclosures:
 - Disclosure E – Lines of Credit
 - Disclosure F – Asset Pledged as Collateral
 - Disclosure G – Terms in Debt Agreement
 - Disclosure 5 – Direct Placements and Borrowings
- 

Common Disclosures Errors

- Signage errors
 - **Correct:** GL balances should be reported as DR (CR)
 - **Correct:** increases = positive; decreases = negative
- Enter increases and decreases separately; do not net the activity (where applicable)
- Disclosure amounts do not match R*STARS
- GL balances reported on DAFR 6610 or 6620 are not properly disclosed (where applicable)
- General Disclosure 21 – Emergency Board Requests Pending
 - Should only include approved emergency board requests
- Debt Disclosures (various)
 - Incorrect interest rates
- Table of Content/Disclosure Checklist applicability inconsistent
 - i.e. disclosures listed as N/A but completed and vice versa

KEY TAKEAWAYS

- FY 2019 Year-end Schedule
 - First communication of outstanding balances with component units no later than July 19.
 - Second communication of outstanding balances with component units no later than August 7.
 - Resolve statewide balance issues with other state agencies by the soft close, August 2.
- GASB 84 *Fiduciary Activities*
 - Effective July 1, 2019 (FY 2020).
 - Use the Decision Tree!
 - Review the identified GLs to determine if you have a previously unreported fiduciary activity.
- GASB 87 *Leases*
 - Effective July 1, 2020 (FY 2021).
 - Nearly all leases with non-state agencies will need to be reported on the balance sheet.
 - Start researching and identifying leases now.
 - Use the Lease Data Matrix.
- Applying Budgetary Policies at the End of the Biennium
 - Use OAM Chapter 20

- SEFA
- Restricted Cash and Investments
 - Normal understanding of availability of the cash or investment must be impacted.
 - If the cash or investment is restricted to build a capital asset, the cash or investment is restricted – noncurrent.
 - No negative balances.
- Report Government Fraud, Waste or Abuse
 - Website: <https://sos.oregon.gov/audits/Pages/fraud.aspx>
 - Phone: 800-336-8218
 - U.S. Mail.
- Disclosure Changes
 - All are now in Excel.
 - New disclosures for Accounts Receivable
 - Remember your signs! DR/(CR)
- Contact you SARS Analyst with questions
 - Website: <https://www.oregon.gov/das/Financial/Acctng>