

# SARS YEAR-END CLOSE TRAINING

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June 14, 2018

Employment Auditorium

8:30 a.m. – 11:30 a.m.



**DAS**  
DEPARTMENT OF  
ADMINISTRATIVE  
SERVICES  
CHIEF FINANCIAL  
OFFICE

# Agenda

- What's New and What's Coming from SARS – Rob Hamilton
- *GASB 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – Shri Vajratkar
- *GASB 84 Fiduciary Activities* – Barbara Homewood
- *GASB 86 Certain Debt Extinguishment Issues* – Sangit Shrestha
- *GASB 87 Leases* – Rob Hamilton
- Year-end Schedule – Barb Watson
- Disclosure of Restricted Assets – Michael Cutler
- Changes to Disclosures – Karen Williams and Sangit Shrestha
- Federal Funds Participation (FFP) Reporting – Barbara Homewood
- Summary – Rob Hamilton

# WHAT'S NEW AND WHAT'S COMING FROM SARS

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Presented by Rob Hamilton

- Introductions
- Key dates and deliverables
  - GASB 68 information – ASAP
  - GASB 75 information
    - RHIA and RHIPA – July
    - PEBB – late July/early August
  - Compensated absences – July 20
  - Securities lending and pension-related debt – July 27
  - Communication with DPCUs about outstanding balances (OAM 15.51.00)
    - First communication with DPCUs no later than July 20
    - Second communication with DPCUs no later than August 9
      - This is to provide late-arriving information or to change previously communicated amounts
  - Resolve statewide balances issues with other state agencies by August 3, which is the soft close

- Current Portion of Loans Receivable - **\*\*NEW\*\***
  - GL 0431 reports the current portion of the loan
  - GL 0436 reports the allowance for the uncollectible portion of the current portion
  - GL 0931 reports the noncurrent portion of the loan
  - GL 0936 reports the allowance for the uncollectible portion of the noncurrent portion
  - Tcodes 474 and 474R to reclassify the amounts from GLs 0931 and 0936 to 0431 and 0436, respectively.
  - If you have a balance in GL 0931, our expectation will be that there is a balance in GL 0431

- Noncurrent Accounts Receivable T-code - **\*\*NEW SUGGESTION\*\***
  - When a current A/R is assigned to DOR (or a PCF until 7/1/18), to maintain the account history, use **TC 945** for the entire amount assigned to decrease current A/R and increase noncurrent A/R (OAM 15.35.00, paragraph 135).
    - **Month 13 FY 2018**
      - TC 945
        - DR GL 3105 – Revenue Control F/S Accrual
        - DR GL 0935 – Other Receivables – Noncurrent
        - CR GL 0503 – A/R Unbilled
        - CR GL 3037 – Nonspendable Fund Balance – Noncurrent Receivables
    - **Month 1 FY 2019**
      - TC 946 (Auto-reversal of TC 945)
        - DR GL 0503 – A/R Unbilled
        - DR GL 3037 – Nonspendable Fund Balance – Noncurrent Receivables
        - CR GL 3105 – Revenue Control F/S Accrual
        - CR GL 0935 – Other Receivables – Noncurrent
  - OAM 15.35.00 will be updated to reflect this suggestion

- Deferred Outflows for Contributions Subsequent to the Measurement Date
  - Comptroller Object 3210 – Public Employees Retirement Contribution
  - Comptroller Object 3215 – PERS Contribution – RHIA **\*\*New CO\*\***
  - Comptroller Object 3216 – PERS Contribution – RHIPA **\*\*New CO\*\***
  - **\*\*NEW PROCESS** for agencies with **ENTERPRISE** and **INTERNAL SERVICE** funds\*\*
    - Pension:
      1. Record the GASB 68 information as instructed from SARS. Contributions subsequent to the measurement date (GL 1005) will be zeroed out. Comptroller object 3210 is not impacted.
      2. Record the pension-related debt entries as instructed by SARS, which will reclassify the amounts in comptroller object 3210 to interest expense and a reduction of the related liability.
      3. Use Tcode 457R to reclassify the entire amount remaining in comptroller object 3210 after step 2 to GL 1005.
    - OPEB:
      1. Record the GASB 75 information as instructed by SARS. Contributions subsequent to the measurement date (GL 1010) will be zeroed out. Comptroller object 3215 and 3216 are not impacted
      2. Use Tcode 457R to reclassify the entire amount remaining in comptroller objects 3215 and 3216 to GL 1009.

- *GASB 81 Irrevocable Split-Interest Agreements*

- Although there are irrevocable split-interest agreements with which state agencies are involved, the amounts are small and SARS has decided not to apply GASB 81 to the agreements.
- Beginning in FY 2019, a new agency disclosure will be included, in which N/A is not an option, to ensure that we have the information in case SARS does decide to apply GASB 81 to the agreements.



- LFO Report on Liquidated and Delinquent Accounts Receivable – Allowance for Uncollectible Accounts
  - Two new fields for uncollectible accounts receivable information will be added for FY 2018:
    - Number of uncollectible accounts
    - Balance of uncollectible receivables
      - Determined the same way agencies do for CAFR reporting
  - Balance in LFO Report should be equal to or less than what's on the agency accounting records as not all accounts receivable are liquidated and delinquent
    - Both sets of information are submitted to SARS for review
  - May be an opportunity for agencies to reassess their allowance calculations for CAFR reporting, especially if their getting actual data.
  - LFO report due annually on October 1

# GASB 75

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Presented by Shri Vajratkar

# RETIREE HEALTH INSURANCE ACCOUNT - RHIA

- Cost-sharing, multiple-employer defined Benefit OPEB plan administered through a trust.
- Plan is closed to new entrants hired on or after August 29, 2003.
- Payment of up to \$60 towards the monthly cost of health insurance for eligible members.
- Contributions are actuarially determined as a percentage of payroll.
- Net OPEB Asset.
- Funds proportionate share of activity based on percentage of total contributions.
- All proprietary funds and the GWRF will report their proportionate share of the Net OPEB Asset and activity.
- Measurement Date June 30<sup>th</sup> 2017.
- Beginning in FY18, all OPEB contributions will be deferred outflows for financial reporting purposes.

# RETIREE HEALTH INSURANCE PREMIUM ACCOUNT - RHIPA

- Single-employer defined Benefit OPEB plan administered through a trust.
- Plan is closed to new entrants hired on or after August 29, 2003.
- Pays the average difference between health insurance premiums paid by retirees and those paid by active state employees – **only to those retirees who are not eligible for Medicare coverage.**
- Contributions are actuarially determined as a percentage of payroll.
- Net OPEB Liability.
- Funds share of activity based on percentage of total contributions.
- All proprietary funds and the GWRP will report their share of the Net OPEB Liability and activity.
- Measurement Date June 30<sup>th</sup> 2017.
- Beginning in FY18, all OPEB contributions will be deferred outflows.

# PUBLIC EMPLOYEES BENEFIT BOARD - PEBB

- Single-employer defined Benefit OPEB plan NOT administered through a trust.
- No Employer Contributions – Pay as You Go Plan.
- Implicit Rate Subsidy.
- Total OPEB Liability.
- Funds share of activity based on percentage of annual health insurance premium costs.
- All proprietary funds and the GWRF will report their proportionate share of the Total OPEB Liability and activity.
- Measurement Date June 30<sup>th</sup> 2018.
- No deferred outflows for Contributions subsequent to measurement date.

## NEW ACCOUNTS IN SFMA

GLA	GL Title	GLA	GL Title
0968	Net OPEB Asset	1775	Net OPEB Liability
1006	D/O – OPEB Diff. in Econ Experience	1857	D/I – OPEB Diff. in Econ Experience
1007	D/O – OPEB Diff. b/w Projected & Actual Earnings	1858	D/I – OPEB Diff. b/w Projected & Actual Earnings
1008	D/O – OPEB Change in Assumptions	1859	D/I – OPEB Change in Assumptions
1009	D/O – OPEB Change in Emp. Cont. & Prop.	1860	D/I – OPEB Change in Emp. Cont. & Prop.
1010	D/O – OPEB Contribution After MD		
Comp. Object 3215 - PERS Contribution – RHIA			
Comp. Object 3216 - PERS Contribution – RHIPA			
Comp. Object 3213 – OPEB Expense – GASB 75			

# ACCOUNTS TO BE USED IN FY 2018

RHIA	RHIPA	PEBB
Comptroller Object 3215 – PERS Contribution – RHIA	Comptroller Object 3216 – PERS Contribution – RHIPA	N/A
Net OPEB Asset – GL 0928	Net OPEB Liability – GL 1775	Total OPEB Liability – GL 1775*
D/I of Resources for Difference b/w Projected and Actual Earnings on Invst. – GL 1858	D/I of Resources for Difference b/w Projected and Actual Earnings on Invst. – GL 1858	N/A
D/O of Resources for Changes in Proportionate Share– GL 1009	N/A	N/A
D/O of Resources for Contributions Subsequent to Measurement Date – GL 1010	D/O of Resources for Contributions Subsequent to Measurement Date – GL 1010	N/A

# GASB 84

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Presented by Barbara Homewood



# Concept of GASB 84

- Establishes criteria for identifying fiduciary activities and guidance on reporting those activities, including clarifying when stand-alone business-type activities should report fiduciary activities.
- Effective July 1, 2019 (FY20)
- Exposure Draft is due December 2018

# Three types of fiduciary activities

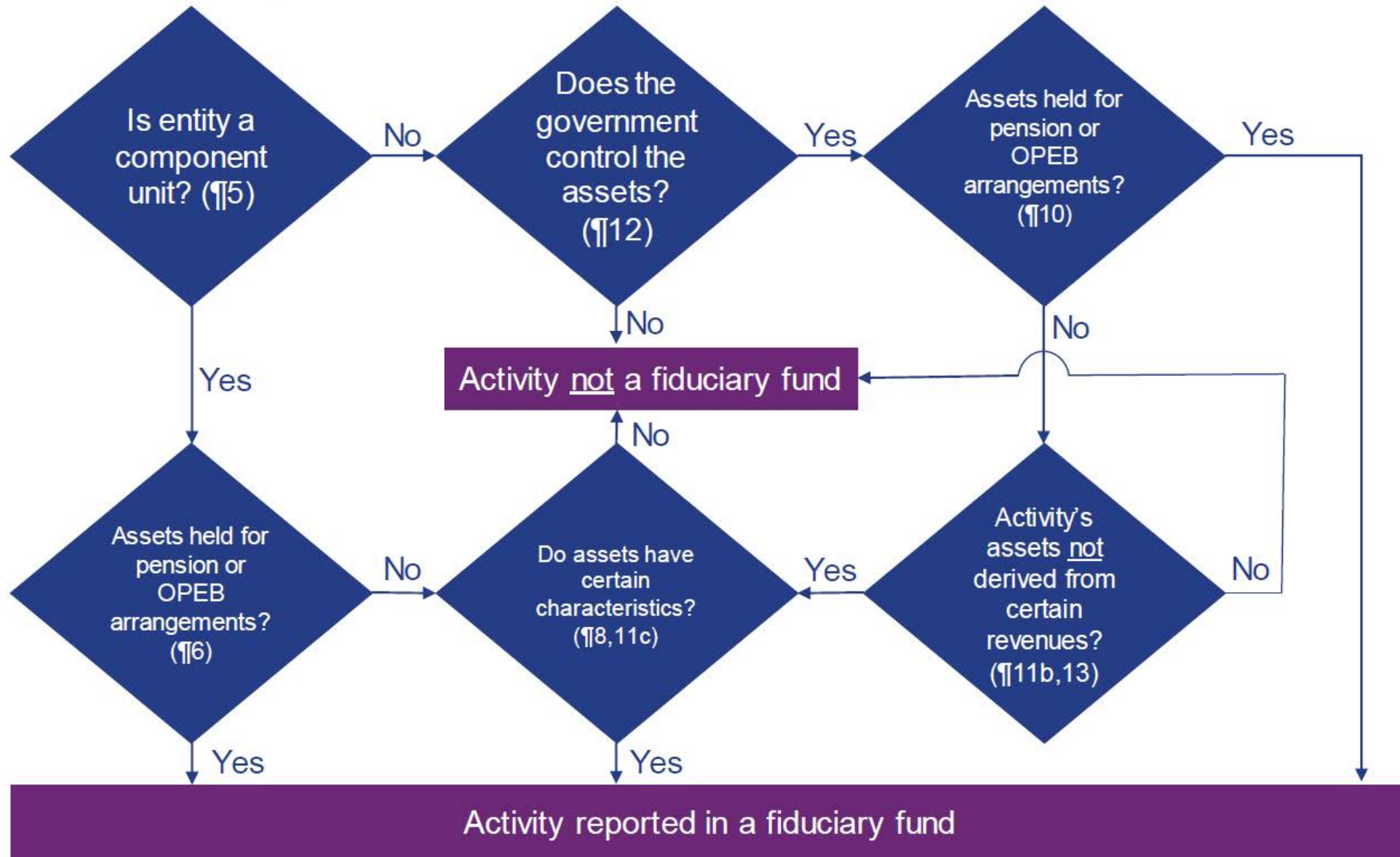
- Fiduciary component units (paragraphs 6 – 9)
- Pension and OPEB arrangements that are NOT component units
- Other fiduciary (paragraph 11)
  - BOTH of the following must be met:
    - Government controls the assets (paragraph 12)
    - Assets are NOT derived from fees, taxes, or investment earnings (para 11b)

And....

In addition, one or more of the following:

- Assets administered through a trust (paragraph 11c1)
  - Government itself is not a beneficiary
  - Assets are dedicated to providing benefits to recipients under benefit terms
  - Assets are legally protected from creditors of the government
- Beneficiaries are individuals and government has no administrative or direct financial involvement (11c2)
  - Assets not derived by fees, taxes, and investment earnings
- Beneficiaries are organizations or other governments and the assets are not part of the financial reporting entity (11c3)
  - Assets not derived by fees, taxes, and investment earnings

# Fiduciary activities flowchart



# Four types of Fiduciary funds

- Pension and other employee benefit trust funds
- Investment trust funds
- Private-purpose trust funds
- Custodial funds

# Private Purpose Trust Funds

- Fiduciary activities held in trust and are NOT required to be reported as pension, OPEB, or investment trust funds
  - Assets administered through a trust
    - Government itself is not a beneficiary
    - Assets are dedicated to providing benefits to recipients under benefit terms
    - Assets are legally protected from creditors of the government

# Custodial Funds

- Report fiduciary activities not held in trust
- Agency funds will be known as custodial funds
- Will include an operating statement
  - Revenue will be separately identified at gross level
    - Source of inflow such as Restitution Payments Received
  - Expenditures will be separately identified at gross level
    - Type of outflow such as Distribution to Counties/Cities/Individual, etc.

# What Agencies Need To Do

- Determine if an activity qualifies as fiduciary
  - Use the flowchart
  - Paragraphs 5 – 13 of statement
- Determine which fiduciary fund is correct
  - Review Private-Purpose Trust Funds
    - Is there a trust? If not, then Custodial fund
- Balances in Custodial Assets (GL's 0335 and 0945)
- Balances in Custodial Liabilities (GL's 1575, 1576, 1577, 1578)



# What Agencies Need To Do – cont.

- Ensure profiles are capable of recording revenues and expenditures
- Send Appropriation profile requests (20) to [orbits.help@state.or.us](mailto:orbits.help@state.or.us)
  - Trust/Custodial fund subject to GASB 84
  - Include authority to be non-budgeted
  - Include the current D23 fund

# OAM

- More accounting guidance to follow in the OAM
- KPMG training on July 12<sup>th</sup>
  - [www.kpmg.com/us/governmentinstitute](http://www.kpmg.com/us/governmentinstitute)

# GASB 86

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Presented by Sangit Shrestha

# Definitions

- **Debt refunding:** The State issues debt and uses the proceeds to repay previously issued debt.
- **Current refunding:** New debt used to redeem the existing debt within 90 days of issuance.
- **Advanced refunding:** Proceeds held by escrow for future payments.
  - **In-substance defeasance:** Debt is considered defeased “in-substance” if all of the following conditions apply:
    - The placement of the resources in escrow is irrevocable.
    - Escrow resources can be used only for the scheduled debt service payments on the old debt.
    - The possibility of the State having to make future payments on that debt is remote.
    - All escrow resources are monetary and essentially risk-free.
    - Cash flows approximately coincide as to timing and amount with scheduled debt service payments.

# GASB 86 *Certain Debt Extinguishment Issues*

1. Establishes accounting and financial reporting requirements for in-substance defeasance of debt using existing resources other than the proceeds of refunding debt.
2. Include remaining prepaid insurance associated with debt that is extinguished in the net carrying amount of debt for purpose of calculating the gain or loss on refunding. This applies to all refundings.
3. Substitution of essentially risk-free investments with not essentially risk-free investments in subsequent periods would reverse in-substance defeasance accounting.
4. Effective FY 2018.

# *GASB 86 Certain Debt Extinguishment Issues – Changes in Agency Disclosures*

## **CAFR DEBT DISCLOSURES YEAR ENDED JUNE 30, 2018**

Agency #

### **7. Advance or Current Refundings of Debt (GASB Codification, Section D20)**

Did you issue any advance or current refundings of debt during the year? If so, please include the details below for financial statement note disclosure. You may need to confer with your agency's debt manager to obtain this information.

**GAAP Fund:** \_\_\_\_\_

a. Date of new debt

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b. Amount of new debt

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c. Type of new debt issued (Revenue, COP, etc)

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d. New debt series number (ex. 2018 Series B)

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e. Average interest rate of new issue

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f. Amount of agency cash used to refund debt

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# *GASB 86 Certain Debt Extinguishment Issues - Changes in Agency Disclosures continued*

## **CAFR DEBT DISCLOSURES YEAR ENDED JUNE 30, 2018**

Agency #

### **8. Defeased Debt (GASB Codification, Section D20)**

**A.** Has any escrow holding investment that is essentially risk-free, been substituted with an investment that is not essentially risk-free, subsequent to the in-substance defeasance transaction?  - select

*NOTE: If yes, substitution of essentially risk-free investments with not essentially risk-free investments in subsequent periods would reverse in-substance defeasance accounting.*

**B.** Please complete the following chart to indicate the status of your defeased debt from prior years as of June 30.

*NOTE: The redemption date may also be referred to as the call date or the prepayment date.*

# *GASB 86 Certain Debt Extinguishment Issues - Entries*

## Example:

Existing Bond:

Bonds payable – noncurrent: \$90,000.00

Unamortized discount as of date of defeasance: \$2,000.00

Remaining Prepaid Insurance: \$1,200.00

Agency cash payment to escrow to defease debt (using existing resources):

\$100,000.00



# *GASB 86 Certain Debt Extinguishment Issues - Entries*

- **TC 167R** Record payment to escrow from existing resources.

- DR 3500 Expend Cntrl–Cash	100,000.00
(C/O 4051 Bond Refund Debt Pmt)	
- CR 0065 Unreconciled Deposit	100,000.00

- Governmental fund

# *GASB 86 Certain Debt Extinguishment Issues – Entries - continued*

- **TC 528** Eliminate defeased debt.

- DR 1714 Bonds Payable - Noncurrent	90,000.00	
- CR 3600 GAAP Expend Offset		90,000.00
(C/O 4051 Bond Refund Debt Pmt)		

- **TC 514R** Eliminate discount related to defeased debt.

- DR 3600 GAAP Expend Offset	2,000.00	
(C/O 4051 Bond Refund Debt Pmt)		
- CR 1712 Discount on Bonds Sold		2,000.00

- Government-wide Reporting Fund

# *GASB 86 Certain Debt Extinguishment Issues – Entries - continued*

- **TC 514R** Eliminate prepaid insurance related to defeased debt.
  - DR 3600 GAAP Expend Offset 1,200.00  
(C/O 4051 Bond Refund Debt Pmt)
  - CR 0602 Prepaid Expense 1,200.00
  
- Government-wide Reporting Fund

# *GASB 86 Certain Debt Extinguishment Issues – Entries - continued*

Agencies must calculate gain or loss as follows:

Face value of refunded debt	\$90,000
Discount on refunded debt	(2,000)
Prepaid Insurance	<u>(1,200)</u>
Net carrying amount	<u>86,800</u>
Payment to escrow agent	<u>100,000</u>
Loss on refunding	<u><u>(13,200)</u></u>

# *GASB 86 Certain Debt Extinguishment Issues – Entries - continued*

- **TC 113:** To record loss on refunding.
  - DR 1714 3200 GAAP Revenue Offset 13,200.00  
(C/O 2317 Gain/Loss on Refunding)
  - CR 3060 Prior period adjustment 13,200.00
  
- **TC 114:** To reclassify Bond Refund Debt Payment.
  - DR 3060 Prior period adjustment 13,200.00
  - CR 3600 GAAP Expend Offset 13,200.00  
(C/O 4051 Bond Refund Debt Pmt)
  
- Government-wide Reporting Fund

# GASB 87

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Presented by Rob Hamilton

# GASB 87 *Leases*

- Effective for periods beginning after 12/15/2019 – FY 2021 for the state
- Exposure draft to come about January 2019
- Agencies must be ready by July 1, 2020 as operating activity will need to be recorded throughout the year
- GASB 87 establishes a single model for lease accounting based 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
- 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
  - As a "contract" , the lease, whether written or verbal, be legally enforceable

# GASB 87 *Leases*

- Exclusions from the accounting required by this standard:
  - If, at the beginning of the lease term, the maximum possible term of the lease is 12 months or less, including any options to extend, regardless of their probability of being exercised
    - Noncancelable portion only. Month-to-month leases are cancelable
  - Contracts that transfer ownership by the end of the contract period (even if called a “lease”)
    - Account for this as a financed purchase or sale
    - The existence of a bargain-purchase option does not trigger this exclusion – it must be exercised
  - Leases of intangible assets, including licensing contracts for computer software
  - Leases of biological assets (timber, plants, animals)
  - Leases of assets that are investments
  - Supply contracts
  - Leases of inventory
  - Service concession arrangements
  - Certain regulated leases (specific criteria, airport/aviation leases are the example)
  - Leases in which the underlying asset is financed with conduit debt, unless both are reported by the lessor



# GASB 87 *Leases*

- Lease term – noncancelable portion plus/less options that are “reasonably certain” of being exercised
- Lessee (economic resources measurement focus):
  - Debit intangible right-to-use leased asset (a capital asset)
    - Equal to the lease liability + lease payments made prior to lease term – lease incentives received from lessor + direct ancillary costs to place the leased asset into service
    - Amortize over the shorter of lease term or useful life of leased asset (generally)
  - Credit lease liability
    - Present value of payments expected to be made during the lease term
      1. First use interest rate the lessor charges the lessee
      2. If #1 cannot be readily determined by lessee, use estimated incremental borrowing rate
    - Reduced by payments made to lessor (principal portion only)
- For governmental funds (current financial resources measurement focus):
  - Other financing source and expenditure in first year – just like debt issuance
  - Subsequent payments – same treatment as debt service payments

# GASB 87 *Leases*

- Lessor:
  - Debit lease receivable – applies to governmental funds too
    - Present value of payments expected to be received during the lease term
      - Discount using the interest rate charged by the lessor to the lessee
      - No other option provided for discounting
    - Reduced as payments are received from lessee (principal portion only)
  - Credit deferred inflow of resources – applies to governmental funds too
    - Equal to the lease receivable + lease payments received prior to the lease term that relate to future periods – lease incentives paid
    - Amortize over the lease term
  - Lessor continues to recognize the asset being leased to the lessee and apply other applicable guidance to the underlying asset, including depreciation and impairment
    - If lessee must return the asset in its original or enhanced condition – do not depreciate

# GASB 87 *Leases*

- Contracts that contain a lease component and a nonlease component must be accounted for separately, unless an exception applies
  - i.e. the contract covers access to a building (lease) and maintenance services on the building (nonlease)
- If a lease involved multiple underlying assets, which have different lease terms, each underlying asset should be accounted for as a separate lease (lessor/ee)
  - Lessee should also do this if multiple asset classes are covered by the lease
    - Consider in conjunction with contract combinations (next slide)
  - Exception: If contract does not identify cost of separate underlying assets, or if those prices appear unreasonable:
    1. Use professional judgment to estimate and allocate to the underlying assets (components), maximizing observable information
    2. If #1 is not practical for some or all underlying assets (components), account for the contract as a single lease
      - Accounting should be based on primary underlying asset's components (i.e. lease term)

# GASB 87 *Leases*

- Contract combinations
  - Contracts that are entered into at or near the same time with the same counterparty should be considered part of the same contract if either of the following are met:
    - The contracts are negotiated as a package with a single objective
    - The amount paid in one contract depends on the price or performance of the other contract
  - Still need to consider whether the lease needs to be separated into its components as discussed in the previous slide

# GASB 87 – What Agencies Need to Know and Do

- LFO, OST, DAS CF&P Information Request on Current Operating Leases
  - Operating leases with commitments longer than 20 years:
    1. Does it have a fiscal funding clause?
      - a. For those that do, an aggregated “yes” is sufficient and no more information is needed.
      - b. For those that do not, for each lease, provide a brief description about the lease.
  - The Oregon Constitution requires LFO approval for debt beyond 20 years, and operating leases without fiscal funding clauses are debt for this purpose.
  - Nationally, there is growing interest from stakeholders about debt
  - LFO has asked that information start coming to SARS from agencies in January or February of 2019. Formal ask to be coming in the not-too-distant future.

# GASB 87 – What Agencies Need to Know and Do

- Start reviewing your leases as soon as you can and determine:
  - Do any of the exclusions apply to your current operating leases?
  - Does the lease include an explicit discount rate?
  - What's the lease term? What about options to extend and their likelihood?
  - Does the lease also contain nonlease components, such as for maintenance?
  - Does the lease cover multiple underlying assets that need to be separated?
- Begin working through the accounting
- Read GASB 87 ([www.gasb.org](http://www.gasb.org))
- Attend trainings – KPMG will have two in fall 2018 ([www.kpmg.com/us/governmentinstitute](http://www.kpmg.com/us/governmentinstitute))
- Expect the implementation of this to take time – plan ahead! Be ready for July 1, 2020!
- More accounting guidance to follow in future OAMs and trainings!

# YEAR-END SCHEDULE

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Presented by Barb Watson

# Due Date Reminders



- Agency disclosures due Friday, August 17  
(Gold Star Date)
- SEFA disclosures due Friday, August 17  
(Gold Star Date)
- Schedule of Key Dates
  - <http://www.oregon.gov/das/Financial/Acctng/Pages/Yr-end-cls.aspx>





# R\*STARS Reports Year-end Schedule

- Close of June is July 13, at which point there will be a full report run
- During Month 13 (July 16 - Aug 10), agencies can request various R\*STARS reports, which run each Tuesday evening
- SFMA Calendar:  
<http://www.oregon.gov/das/Financial/AcctgSys/Documents/2018agy.pdf>

# Datamart Tables Update Schedule

## Updates over the weekend

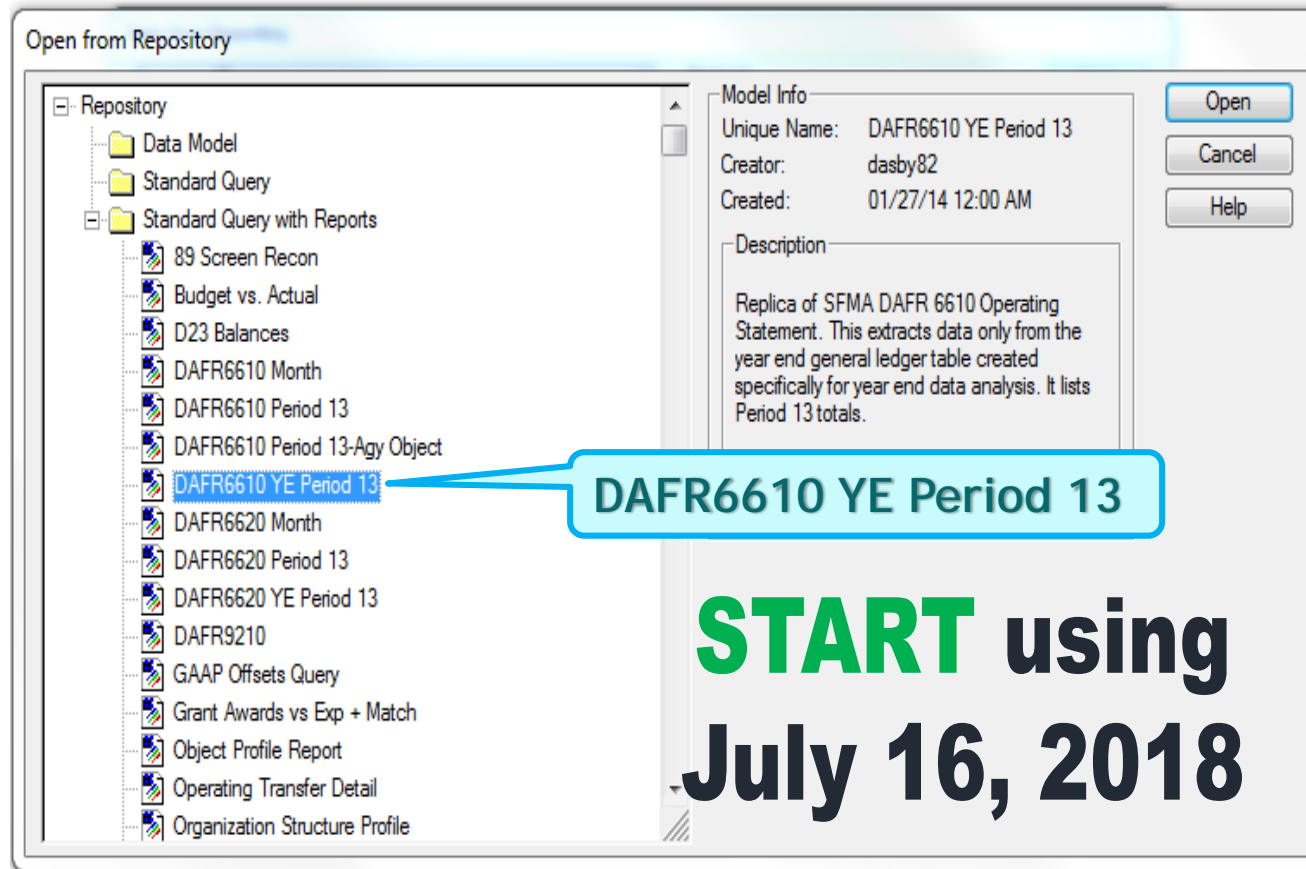
- GL Detail Table
- GL Summary Table
- All Accounting Event Table



## YE Tables - Contain FY 2018 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



**START** using  
**July 16, 2018**

# DAFR6620 YE Period 13 Balance Sheet

The screenshot shows a software interface titled "Open from Repository". On the left is a tree view of a repository containing folders for "Data Model", "Standard Query", and "Standard Query with Reports". Under "Standard Query with Reports", several items are listed, including "DAFR6620 YE Period 13", which is highlighted with a blue selection box. A callout bubble points to this item with the text "DAFR6620 YE Period 13". On the right side of the dialog, the "Model Info" section displays: "Unique Name: DAFR6620 YE Period 13", "Creator: dasby82", and "Created: 01/27/14 12:00 AM". Below this is a "Description" field containing the text: "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." At the bottom right of the dialog are three buttons: "Open", "Cancel", and "Help".

DAFR6620 YE Period 13

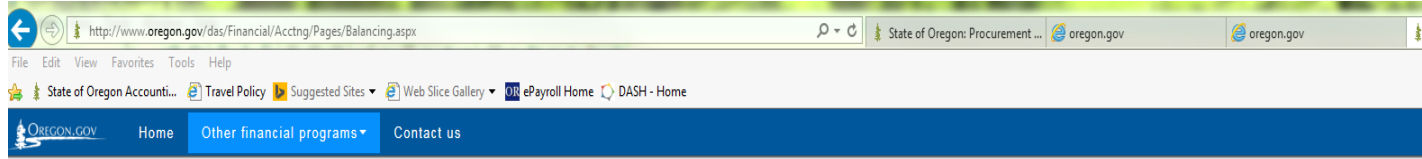
**STOP** using  
**August 13, 2018**

# Statewide Balance (SWB) Reports

- Same update schedule as the YE Tables
  - SWB Report Schedule and Reports
  - Website:
    - <http://www.oregon.gov/das/Financial/Accounting/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

### Resources

[Statewide balancing processing dates: 2018](#)

### 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: 5/21/18  
Data as of: 5/18/18

### 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

# July 2018

Sun	Mon	Tues	Wed	Thur	Fri	Sat
8	9	10	11	12	13 Close Mo 12	14 SFMA upload
15	16 Begin using YE Period 13 Datamart reports  SWB / SFMA YE updated	17	18 SWB / SFMA YE updated	19	20 SWB / SFMA YE updated	21
22	23 SWB / SFMA YE updated	24	25 SWB / SFMA YE updated	26 YE Acctg Event table updated	27 SWB / SFMA YE updated	28



# August 2018

Sun	Mon	Tues	Wed	Thur	Fri	Sat
29	30 SWB / SFMA YE updated	31	1 SWB / SFMA YE updated	2 YE Acctg Event table updated	3 <b>Soft Close</b>  SWB / SFMA YE updated	4
5	6 SWB / SFMA YE updated	7	8 SWB / SFMA YE updated	9 YE Acctg Event table updated	10 <b>Close Mo 13</b>  SWB / SFMA YE updated	11
12	13 Start using Period 13 Datamart reports w/o YE	14	15	16	17 Disclosures due to SARS (General, Debt, SEFA)	18

# RESTRICTED ASSETS

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Presented by Michael Cutler

# 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?

# Enabling Legislation

- Enabling legislation “authorizes the government to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) *and* includes a legally enforceable requirement that those resources be used **only** for the specific purposes stipulated in the legislation.”

*GASB 34, paragraph 34*

# Restricted Assets vs. Restricted Net Position

- Restricted assets often will NOT tie to Net Position – Restricted
  - Net Position – Restricted includes liabilities in the total
  - In some cases, Restricted Assets are offset by liabilities in the fund –
    - That means that there could be NO effect on net position, but still have restricted asset balances

# Changes in Disclosure

## 2. Restricted Cash and Investments

- In the GL Account column we added GLs 0230 Investments – OITP and 0235 Investment Valuation Account – OITP
- We are now asking for the D23 fund detail for restricted Cash and Investments, instead of just GAAP Fund.
- We also ask if the restricted cash is current or noncurrent



# Current vs. Noncurrent

- Current = expected to be used within one year for the reason for the 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 for the reason of the restriction
  - Cash accumulated to pay future fiscal year debt service
  - Cash accumulated to pay legal claims in future years, more than one year away



# CHANGES TO DISCLOSURES

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Presented by Karen Williams and Sangit Shrestha

# What's new?

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- Disclosure forms updated to Adobe Acrobat DC
- Do you have an **older** version of Acrobat?
  - If YES - Please volunteer to do a short, 2-3 page test for compatibility.
  - Contact [Karen.A.Williams@oregon.gov](mailto:Karen.A.Williams@oregon.gov)



# What's new? -continued

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## B. INSURANCE RECOVERIES

4. Does the insurance recovery relate to a loss incurred in FY 2018?      Yes      No

If **Yes**, enter the **GAAP object** (D08) used to record the loss (if expenditures cover multiple GAAP objects, please attach a spreadsheet.)

## D. COMPONENT UNITS

*Significance* means the individual organization has assets that exceed **\$3,000,000** or revenues that exceed **\$1,000,000**. If the balances are less than these amounts, do not include.

# What's new? -continued

---

## 1. Cash and Investments

*Applies to 1. A – D and 1. L*

<b>Custodial Credit Risk</b>	<b>Bank Bal</b>
Insured: <i>[Typically the first \$250,000 per bank is insured by FDIC. If the bank participates in the State Treasury Public Funds Collateralization Program (PFCP) the entire balance is considered insured per GASB 40]**</i>	
Collateralized:	
Held by pledging bank's trust department in the State's name:	

# What's new? -continued

---

## 2. Restricted Cash and Investments

GAAP Fund	GL Account	D23 Fund	Current/ Noncurrent	Amount of Restricted Asset	Purpose
	0230 <input type="text"/>		current <input type="text"/>		
	0235 <input type="text"/>		noncurrent <input type="text"/>		

GLs added:

0230 – Investment-OITP

0235 – Investment Valuation-OITP



# What's new? -continued

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Disclosure 12 – now states that **no** lease agreement between state agencies should be included, previously specified just office space.

Disclosure 13 –column added for Total from Funding Sources

Disclosure 15 – now in GAAP Object order

SEFA Disclosures – reminder to submit Repository reports with information saved

SEFA Disclosure 3 – updated Federal reference from OMB Circular A-133 to Title 2 CFR Part 200

# What's new? -continued

- Debt
- Disclosure 2a

Schedule of Changes in Outstanding General Obligation Bonds				
	Balance 7/1/2017	Post-closing & Other Adjustments**	Additions	Balance 6/30/2018
Principal	\$ (242,445,000.00)		\$ (11,910,000.00)	\$ 15,860,000.00
Discount (GL1712)	157,364.39			(27,647.75)
Premium				

- Debt
- Disclosure 2b

2059-2063			\$ -
Total:	\$	\$ -	\$ -
	\$ (238,495,000.00)	Principal Outstanding from 2a:	
Comments:			





# Good news!

## No duplicate pdf. / Excel forms

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- In Excel Format Only!

- General Disclosures

- 10 – Capital Leases
- 12 – Leases
- 13 – Construction Contract Commitments
- 14 – Other Commitments
- 22 – Changes in Fund Equity
- 23 – Prior Period Adjustments
- 24 – Cumulative Effect of Change in Accounting Principle

- Debt Disclosures

- 2 – General Obligation Bonds
- 3 – Revenue Bonds
- 4 - Cert. of Participation
- 7 – Refundings of Debt
- 8 – Defeased Debt

## CAFR GENERAL DISCLOSURES YEAR ENDED JUNE 30, 2018

Agency #

### 12. Operating Lease Commitments - OAM 15.80.00

#### A. Schedule of Future Operating Lease Payments - All Funds

Please complete the schedule below for all **noncancelable** operating leases where your agency is the lessee. Do **not** include lease agreements with any Oregon state agency.

*(NOTE: A lease is not considered cancelable simply because it contains a "fiscal funding clause" which states that the lease is cancelable in the event that funds are not appropriated to cover the required lease payments.)*

#### Operating Leases - All Funds

Current Year Operating Lease Costs    \$                                      -

#### Schedule of Future Minimum Rental Payments

Fiscal Year Ended June 30,	2019	\$	<u>                  -</u>
	2020		<u>                  -</u>
	2021		<u>                  -</u>
	2022		<u>                  -</u>
	2023		<u>                  -</u>
	2024-2028		<u>                  -</u>
	2029-2033		<u>                  -</u>
	2034-2038		<u>                  -</u>
	2039-2043		<u>                  -</u>
	2044-2048		<u>                  -</u>
	2049-2053		<u>                  -</u>
	2054-2058		<u>                  -</u>
	2059-2063		<u>                  -</u>
<b>Total Future Minimum Lease Payments:</b>		<b>\$</b>	<b><u>                  -</u></b>

State Funding	General	Special
<b>G discl 12a</b>	12b	12c

# Excel Disclosures

## CAFR GENERAL DISCLOSURES

YEAR ENDED JUNE 30, 2018

	N/A	Pg #
N. Concentration of Credit Risk and Policies	◆	31
O. Foreign Currency Risk - Investments	◆	32
2. Restricted Cash and Investments	◆	33
3. Nonexpendable Fund Balance (Permanent Funds)	◆	34
4. Donor-Restricted Endowments	◆	35
5. Long-Term Claims and Judgments Payable	◆	36
6. Long-Term Contracts, Mortgages and Notes Payable	◆	37
7. Deposit Liability and Trust Funds Payable	◆	38
8. Outstanding Debt Related to Capital Assets	◆	39
9. Works of Art and Historical Treasures - Not Capitalized	◆	40
10. Capital Leases		
A. Schedule of Future Capital Lease Payments --- Excel	□	41
B. Book Value of Capital Leased Assets --- Excel	□	42
11. Capital Lease/Lease-Purchase Contracts Payable	◆	43
12. Operating Lease Commitments		
A. Schedule of Future Operating Lease Payments --- Excel	□	44
B. Schedule of Future Operating Lease Rents --- Excel	□	45
C. Leased Asset Information --- Excel	◆	46



# Excel Disclosures – cont.

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## **CAFR GENERAL DISCLOSURES YEAR ENDED JUNE 30, 2018**

### **10. CAPITAL LEASES - OAM 15.60.30**

#### **A. Schedule of Future Capital Lease Payments**

This is now an Excel disclosure.




If applicable, please complete the form online at <https://www.oregon.gov/das/Financial/Acctng/Pages/Disc.aspx> and submit with your .pdf disclosures by Aug. 17, 2018.

# Excel Disclosures – cont.

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– <https://www.oregon.gov/das/Financial/Acctng/Pages/Disc.aspx>

## CAFR 2017 Year-end Disclosures

Document title	Alpha/Number
<b>Topic : Debt Disclosures (9)</b>	
Required Checklist and Debt Disclosures A-D 	A - D
1 - Short Term Debt 	Debt Disclosure 01
2 - General Obligation Bonds - Excel 	Debt Disclosure 02



# Last bits....

---

- Use correct signage for all disclosures
- Fill in Agency number on first page of grouped forms, the rest will populate
- In pdf.
  - Tab or mouse click to navigate
  - If you have Acrobat version older than DC, contact Karen to test
- In Excel
  - Watch for tabs within workbooks
  - Navigation works with tab, mouse click, or enter

A decorative graphic of a feather, rendered in a light beige color, is positioned on the left side of the slide. It has a central rachis with numerous barbs extending outwards, creating a fan-like shape.

# Last bits....cont.

---

- Disclosures sent to agencies the first Monday of Month 13.
- Completed disclosures and certifications returned before close of business Friday, August 17.

## CAFR DEBT DISCLOSURES YEAR ENDED JUNE 30, 2018

Agency #

### 7. Advance or Current Refundings of Debt (GASB Codification, Section D20)

e. Average interest rate of new issue	4.6823%
f. Amount of agency cash used to refund debt	
g. Amount of debt refunded	
h. Type of debt refunded (Revenue, COP, etc)	
i. Refunded debt series number (ex. 2001 Series C)	
j. Average interest rate of issue refunded	4.4266%
k. Is this a current or advanced refunding?	
l. Period of time over which the cash flow savings will occur	11/01/2017 - 11/01/2032
m. Difference between the cash flow required to service the new debt and complete the refunding and the cash flow required to service the old debt. (Gain) or loss	\$ (788,898.33)
n. Economic (gain) or loss resulting from the transaction	\$ (635,735.58)

Principal Savings Summary		
	Date	Amount
COP 2007B Original Principal	on 5/25/2016	6,330,000.00
COP 2007B Unrefunded Principal	on 5/25/2016	960,000.00
<b>COP 2007B Principal Refunded</b>	on 5/25/2016	<b>5,370,000.00</b>
XI-Q 2016G Refunding Principal	on 5/25/2016	4,740,000.00
<b>Savings on Principal</b>	on 5/25/2016	<b>630,000.00</b>

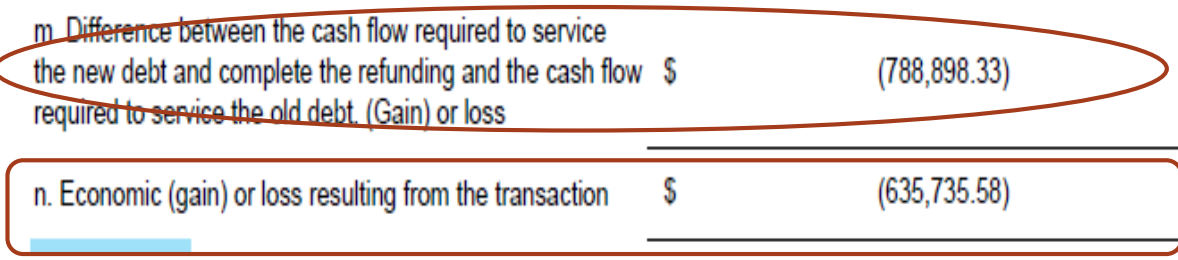
Debt Service(P+I) Savings Summary			
		Date	Amount
COP 2007B Original Debt Service		2015-17	1,469,300.00
COP 2007B Unrefunded Debt Service		2015-17	1,232,850.00
<b>COP 2007B Debt Service Savings</b>		2015-17	<b>236,450.00</b>
XI-Q 2016G Refunding Debt Service		2015-17	202,626.67
<b>Debt Service Savings</b>		2015-17	<b>33,823.33</b>
<b>Debt Service Savings</b>	11/1/2017 - 11/1/2032		755,075.00
<b>Total Savings</b>			<b>788,898.33</b>

Net PV Savings (based on "all-in TIC") \$ 635,735.58

Average coupon of refunded bonds 4.426615%

Average coupon of the Series replacement coupons 4.682277%

All-In TIC 2.460862%





# FEDERAL FUNDS PARTICIPATION (FFP) REPORTING

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Presented by Barbara Homewood

# FFP Certification

- New for FY 2018
- Timely review of data
- This is to certify that I have reviewed the methods used to calculate the fiscal year 2018 federal funds participation rates submitted herewith and to the best of my knowledge and belief:

# Certification Statements

1. All submitted information is true and correct. Documentation has been maintained and is available upon request.
2. All sources of federal funds were used in the calculation. This includes funds received directly from the federal government and federal funds received as another source—including State agencies.
3. All FFP rate changes from fiscal year 2017 to fiscal year 2018 that were 10 percentage points or greater and the percent change was 20% or greater were reviewed and have been determined to be appropriate.


# Examples

- First example, in fiscal year 2017 the FFP rate was 45% (0.4500) and in fiscal year 2018 the FFP rate is 35% (0.3500). There was a 10 percentage point change (45% - 35%) and the percent change was 22% ( $10/45 = .22$ ). This scenario would warrant a closer or second review because both conditions were met.
- Second example, in fiscal year 2017 the FFP rate was 45% (0.4500) and in fiscal year 2018 the FFP rate is 36% (0.3600). There was a 9 percentage point change (45% - 36%) and the percent change was 20% ( $9/45 = .20$ ). This scenario would not necessarily need a closer or second review because both conditions were not met.

# Fourth Statement and More

4. No FFP rate is greater than 100% or less than 0%.

...and more...

- Programs where no federal funds can be used
  - For example, State Police Security
  - Specifically prohibited in Uniform Guidance
- Signed by the person who can take responsibility for accuracy
- Due by August 22, 2018 

# SUMMARY

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Presented by Rob Hamilton

- New noncurrent A/R process allows the history of the receivable assigned to DOR to be maintained
- Complete communication with DPCUs on time
- For proprietary funds, reclassify CO 3210 amounts after pension-related debt information is recorded
- There are three separate OPEB plans – so three different sets of entries
- Review your fiduciary activities:
  - Does a trust exist?
  - Ensure the 20 profiles are set up for agency funds
  - Need to be ready by July 1, 2019
- Review your leases:
  - Do any of the exclusions apply to your current operating leases?
  - Does the lease include an explicit discount rate?
  - What's the lease term? What about options to extend and their likelihood?
  - Does the lease also contain nonlease components, such as for maintenance?
  - Does the lease cover multiple underlying assets that need to be separated?
  - Need to be ready by July 1, 2020

- Information is available much more frequently during Month 13 – check the calendar
- Review your restricted asset information – does it need to be updated in light of the training?
- Excel disclosures this year!
- Remember the proper sign when completing your disclosures
- Sign the FFP certification
- Questions?



# Thanks for coming!

Training will be available on our website soon

Please complete an evaluation of this training on iLearn

Have a Great Year-end!

SARS Webpage: <https://www.oregon.gov/das/Financial/Acctng/Pages/Index.aspx>