

2009 CAFR Workshop
Basic Session
June 2, 2009

Welcome & Overview

Objective of Financial Reporting

- To provide financial information about the reporting entity that is useful to capital providers
 - Economic resources
 - Claims to resources
 - Transaction or events that change them

2

Financial Reporting

- Florida Comprehensive Annual Financial Report (CAFR)
 - Government financial statement
 - Goes beyond minimum standards
 - Not based on budget
 - General purpose format

3

Financial Reporting Environment

■ Financial reporting considerations

- The Executive Director assured me that we'll be awarded the grant. We've spent the money, so I'm recognizing the revenue.
- To me, those costs relate more to future periods rather than the current one.

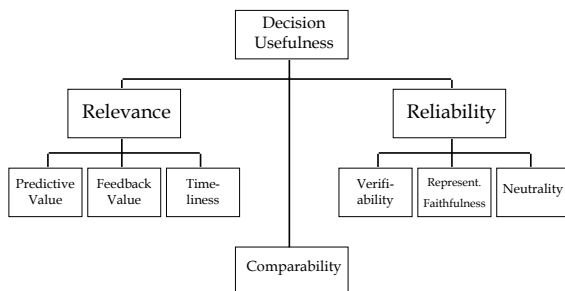
4

Financial Reporting Environment

- I don't think that scenario is very likely. So we don't need to do anything.
- It doesn't matter that much if those revenues are in this year or the next. After all, they will get recorded.

5

Qualities of Financial Information



6

Financial Reporting Environment

■ Standards

- Users of financial information assume compliance with standards
- What we read, interpret, implement and otherwise apply
 - GASB
 - FASB
 - AICPA
 - Florida SWFS guidance

7

Financial Reporting Environment

■ Generally Accepted Accounting Principles (GAAP)

- Standard framework of guidelines for financial accounting used in any given jurisdiction. GAAP includes the standards, conventions, and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements.

8

Financial Reporting Environment

■ Selected Principles of GAAP

- Consistency
- Sincerity
- Prudence
- Continuity
- Periodicity
- Full disclosure & materiality

9

CU Criteria

- Appoints voting majority of board
- Impose its will – heavily influence its activities
- Provides benefits to or impose financial burdens on PG
- Fiscally dependent – CU no matter if other criteria are met

13

Financial Statements

- Comprehensive Financial Reporting
- Report and distinguish 3 components



14

Independent Audit & Opinion

- What is an audit?
- Provides fiscal integrity
- Independence

15

Who Conducts the Audit?

- Florida Auditor General
- Vital service to Florida state government

16

The Audit Report

- Pg. 10-11 2008 CAFR
- Contents of audit report
- What the opinion means



17

Report Contents

- What is/is not being audited
- Responsibilities
- Standards followed
- New GASB standards implemented
- The opinion (What clean means)



18

Opinions

- Unqualified – “clean”
- Qualified – “except for” – an area needs a little more cleaning
- Adverse – “unclean” – greater than an “except for” limitation
- Disclaimer – opinion withheld – not enough evidence to justify an opinion

19

TIMELINE CAFR Process

- Fiscal period – 12 months
- Fiscal year-end (FYE)
- After FYE
 - To closing
 - Post-closing
- Statutory (216.102 F.S)



20

Closing Schedule

- Agency closing dates
- Accommodate all agencies
- Scheduled to consider interagency balances

Closing Reports

- What is a closing report?
- Run after agency closes
- 6 different closing reports



Closing Reports TBCK

- Produces a trial balance for each fund
- Confirms closing balances
- Only closing report provided to agencies initially



23

Closing Reports

BALANCE

EST-REVB

- Funds in balance
– Checklist item #1
- Budgeted amounts
– Checklist item #21



24

Closing Reports EQUITYCK

■ Audited ending fund balance =
beginning fund balance

■ Checklist item #6



25

Closing Reports

ADJINVAL

ADJATYP

■ Invalid GL codes
– Checklist item #14

■ Atypical balances
– Checklist item #14



26

Agency Calendar

- Key document
- Timeline
- Due dates
- Supports checklist



Agency Calendar

Due dates:

- Checklist items
- Agency closing
- Forms
- Agency adjustments



Website

- Information for agency
- http://www.myfloridacfo.com/aa_dir/statewide_financial_reporting/cafr.htm
- Significant changes
 - notify by email
- Documents change periodically
 - dates shown

Fund Accounting

- Better understanding of the CAFR
- Managing your funds
- Finding a list of funds
- Specific issues



30

What is a Fund?

- Fiscal and accounting entity
 - Self-balancing
 - Regulations, restrictions, limitation
- GASB
 - Established fund structure



Fund Presentation

- | | |
|------------------------|----------------------------|
| ■ Governmental funds | ■ Government-wide |
| – Modified accrual | – Full accrual |
| ■ Focused on spending | – Long-term items included |
| – No long-term items | – Whole unit approach |
| – Reconciliation to GW | |



32

What types of funds are there? (3 categories)

- Governmental funds
- Proprietary funds
- Fiduciary funds

33

Governmental Funds (modified accrual accounting)

- General fund
- Special revenue funds
- Capital project fund
- Debt service funds
- Permanent funds



34

Proprietary Funds (full accrual)

- Enterprise fund
- Internal service fund



35

Fiduciary Funds (full accrual)

- Pension (and other employee benefit) trust funds
- Investment trust funds
- Private-purpose trust funds
- Agency funds

36

Identifying funds in FLAIR

■ 15 digit number

- First 6 digits = agency OLO
- Next 2 digits = GAAFR fund
- Next digit = state fund
- Last 6 digits = fund identifier (FID)

XXXXXX - XX - X - XXXXXX

37

GAAFR Fund Types

■ Governmental funds

- 10 - General
- 20 - Special revenue
- 30 - Capital projects
- 40 - Debt service
- 72 - Permanent fund
- 80 - General fixed assets (GW only)
- 90 - General long-term debt (GW only)

38

GAAFR Fund Types

■ Proprietary fund

- 50 - Enterprise (Business-type in GW)
- 60 - Internal Service (Gov't-type in GW)

39

GAAFR Fund Types

- Fiduciary funds
 - 71 - Private-purpose trust
 - 73 - Pension and other employee benefits trust
 - 74 - Agency
 - 76 - Investment

40

GAAFR Fund Types

- Other GAAFRs to Note
 - 95 - Community College
 - 98 - University
 - X5 - Other discretely presented component units

41

State Fund Codes

- 1 – General revenue
- 2 – Trust fund
- 5 – Budget stabilization fund
- 8 – Local fund
- 9 – Account group

42

Funds List



- Located on our website
- New funds will require completion a fund questionnaire

43

Compliance Checklist

- 25 Items
- Purpose
 - Provides assurance
- Goal
 - To obtain the necessary information in a format that fits the needs for CAFR production
- Certification due October 12, 2009

44

Guidance Document

- Purpose
 - Provide a better understanding of what the compliance checklist is asking for
- Goal
 - To have helpful material for agency use in regards to answering various checklist items

45

Guidance Document

- Don't know how to complete a checklist item
 - Use the guidance document
 - Call us! We love to talk!

46

BREAK

General Ledger (GL) Codes

- What is a GL code?
 - Assets
 - Liabilities
 - Equity
 - Budgetary controls
 - Revenues
 - Expenditures/expenses
 - Estimated revenues

48

General Ledger (GL) Codes

- State standard vs. agency unique
 - GL 112XX Cash in bank
 - GL 11207 Cash in Wachovia bank
- Varies by fund type
- Invalid GL's

49

General Ledger (GL) Crosswalks

- What is a GL crosswalk?
 - Classifies GL's and their balances for financial reporting

50

Adjustments

- Purpose
 - Post closing corrections
- Template
- Adjustment report available via:
 - Excel
 - PDF

51

Adjustment Types

- A – Audit adjustment
- B – Agency adjustment
- C – SFRS adjustment
- G – General revenue adjustment
- I – Investment adjustment
- L – Component unit adjustment
- N – Due to/due from adjustment
- W – Government-wide statement adjustment
(not posted in Statewide Master File)

52

Purpose of Forms

- Provide financial information to support GL balances
 - Masterfile vs. Forms
 - Used for:
 - Note disclosures
 - Financial statements
 - Certification of compliance
 - Audit

53

Interagency Balances

- Due to/from, transfers & advances
- Access database
- SWFS guidance

54

Forms

- Types/methods of forms
 - Forms database
 - Required forms (P-Forms)
 - Component unit forms

55

Forms Database

- Aggregates information needed for financial statements
- Uses trial balance downloaded from SFRS website
- Error report displays information that needs updating
- Demonstration

56

Required Forms

- Form P1 – Violations of finance-related legal and contractual provisions
- Form P2 – Certification of reconciliation and capital assets accounting
- Form P3 – Loss contingencies
- Form P4 – Subsequent events
- Form P5 – Construction and other significant commitments
- Form P6 – Operating leases
- Form P7 – Related party transactions
- Only Form P5 and P6 are entered in the forms database

57

Component Unit Forms

- Submitted as excel files
- Similar to those in the forms database
- Required forms:
 - CUR1 - Operating leases
 - CUR2 - Construction and other significant commitments
 - CUR3 - Related party transactions

58

Other CU Forms

- CU1 - Deposits
- CU2 - Other investments
- CU3 - Deficit ending equity
- CU4 - Changes in capital assets
- CU5 - Prior period adjustments
- CU6 - Changes in long-term liabilities
- CU7 - Bonds payable and certificates of participation
- CU8 - Installment purchase contracts and capital lease liability

59

Conclusion
