

# FY2018 State Reporting Packets

May 23, 2018

# Mind set for today's training

“Don't be afraid  
to **fail.**

Be afraid  
**not** to **try.”**

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# Training Goals

- ▶ Provide highlights of each year end closing packet.
- ▶ Highlight areas within the closing packets that cause questions or potential audit findings.
- ▶ Show the relationship between the closing packets and information reported within the Statewide Comprehensive Annual Financial Report (CAFR).

# FY18 Agency Year End Reporting Packet Update

## General Information

### Highlights:

- ▶ Signature pages remain within the individual packets BUT this is the ONLY form from the packet that is submitted in PDF format. The packet will still be submitted in the excel format.
- ▶ Each packet is required to have the reviewer's checklist completed and submitted as part of the agency submission.
- ▶ All year end reporting packets are submitted to [CAFR@cg.sc.gov](mailto:CAFR@cg.sc.gov) .
- ▶ The website for year end packets, year end packet samples and the policy and procedure manual is:

<http://www.cg.sc.gov/guidanceandformsforstateagencies/Pages/agenciessubmitpackages.aspx>

# FY18 Agency Year End Reporting Packet Update

## 2.0 Master Reporting Package

### Due 7/06/2018

**Purpose:** To assist agencies with determining which reporting packages to complete and provide the Comptroller General's Office with a summary of reporting packages to be completed by each agency.

#### **Highlights:**

- ▶ Signature page worksheet should be completed first. Agency name and number will flow to other worksheets.
- ▶ Email completed file to [CAFR@cg.sc.gov](mailto:CAFR@cg.sc.gov) along with an scanned copy of the signed Signature Page.
- ▶ Answer questions in worksheet 2.0.1.
- ▶ Required package provides a summary of the packages that are required based on the answers from worksheet 2.0.1.
- ▶ Resources worksheet provides due dates, contact person, SCEIS report (if applicable), and date report will be sent.

# FY18 Agency Year End Reporting Packet Update

## 3.01 Cash and Investments

### Due 7/20/2018

**Purpose:** To report year ending cash and investment balances for accounts managed directly by the agencies.

#### **Highlights:**

- ▶ Report and reconciliation of outstanding balances for Petty Cash, Cash held in banks and Investments.
- ▶ A report detailing your agency's Petty Cash, Cash and Investments by fund in SCEIS will be sent to your GAAP contact via a secure email around July 13.

# FY18 Agency Year End Reporting Packet Update

## 3.10 Loan Receivables

### Due 7/20/2018

**Purpose:** To report year end balances of outstanding loan receivables, cash flows and the terms for the repayment for the loans.

#### **Highlights:**

- ▶ Report gross receivables, allowance, increases, decreases and current net receivable for each loan and fund number combination.

# FY18 Agency Year End Reporting Packet Update

## 3.02 Tax Revenues

### Due 8/10/2018

**Purpose:** To report year ending tax revenue receivable and payable balances in accordance with GAAP.

#### **Highlights:**

- ▶ Report gross receivables, allowance and current net receivable for each tax type and fund number combination.
- ▶ Choose tax type from drop down list.
- ▶ Status column on Form 3.02.1 will indicate when all relevant information has been entered for each tax type.



# FY18 Agency Year End Reporting Packet Update

## 3.20 Fund Balance

### Due 8/24/2018

**Purpose:** To properly classify fund balance.

#### **Highlights:**

- ▶ This Fund Balances packet is sent out as a pre-populated packet with the fund number, GAAP Individual Fund code, the fund balance from the last week of June and classifications from the prior year review.
- ▶ Each agency needs to confirm all funds with an ending fund balance are listed and the classification of the fund balance.
- ▶ Use the Year end Fund Balance report, to be sent to the GAAP contacts on 8/10/2018.

# FY18 Agency Year End Reporting Packet Update

## 3.20 Fund Balance (continued)

### Due 8/24/2018

- ▶ On form 3.20.1, there are five questions that need to be answered.
  - 1. Is the fund still being used for the year ending 6/30/2018?
    - If no and there is a fund balance, attach an explanation for the remaining fund balance.
  - 2. Is the classification of the fund still the same as last year?
  - 3. If so, is the classification is different from the previous year, please provide the current classification?
  - 4. Is any portion of this fund balance related to a grant?
  - 5. If so, provide the dollar amount of the fund balance that is related to grants.
  
- ▶ If the classification changes, then provide the new classification and complete form 3.20.2 to explain why the change in classification.

# FY18 Agency Year End Reporting Packet Update

## 3.20 Fund Balance (continued)

Due 8/24/2018

- ▶ Form 3.20.1 (New) is used to provide information about any funds that are not listed on the prepopulated form 3.20.1.
- ▶ A form 3.20.2 is also needed for any funds reported on 3.20.1 (New) providing additional detail about the fund classification.

# FY18 Agency Year End Reporting Packet Update

## 3.20 Fund Balance (continued)

### Due 8/24/2018

#### Highlights:

- ▶ The following are the classifications and definitions of fund balance:

Restricted – the net residual of revenue resources for which constraint is established by external parties or by constitution or state statute **AND** the revenue source was established as unique and specific within the Act that constrains its use.

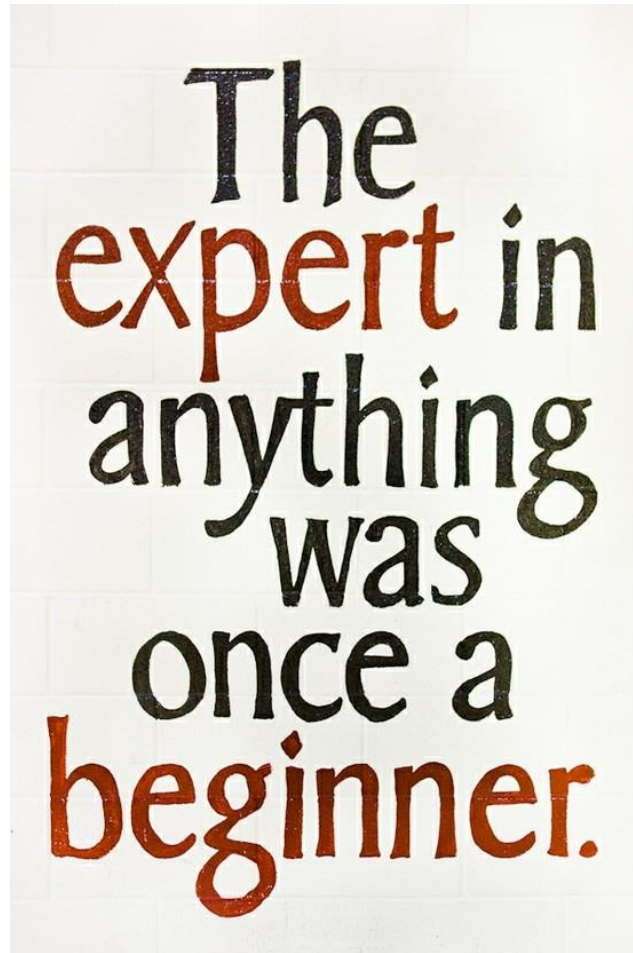
Committed – the net residual of revenue resources for which constraint is established by constitution or state statute and action taken **PRIOR TO** June 30 to commit these revenues.

Assigned – the net residual of revenue resources for which constraint on use is budgetary in nature or established by regulatory or agency policy and action taken **AFTER** June 30 to assign these revenues.

Non-spendable – the portion of fund balance which cannot be easily liquidated or available for expenditure.

Unassigned – the net residual of revenue resources for which no constraint of use exists.

# Looking on the bright side

A photograph of a white tiled wall with a motivational quote. The text is arranged in a vertical stack, with 'The' and 'anything' in black, 'expert in' and 'beginner.' in a reddish-brown color, and 'was once a' in black. The font is a casual, slightly irregular sans-serif style.

The  
expert in  
anything  
was  
once a  
beginner.

# FY18 Agency Year End Reporting Packet Update

## 3.14 Disallowances and Penalties

### Due 7/20/2018

**Purpose:** GAAP requires the reporting of liabilities resulting from non-compliance of regulations or the violation of rules or federal program requirements that occurred before year-end (June 30).

#### **Highlights:**

- ▶ The State has a liability if it agreed before year-end to make payments or accept reduced revenues after year-end.

# FY18 Agency Year End Reporting Packet Update

## 3.06 Inventory

### Due 8/10/2018

**Purpose:** The reporting package provides a means to adjust what is recorded in SCEIS as inventory to actual inventory.

#### **Highlights:**

- ▶ The SCEIS Yearend Rptg – Inventory report will be e-mailed to the GAAP contact(s) for your agency in early August. The report is based on what is recorded in SCEIS for your agency and will be reported in the CAFR as inventory if no adjustments are made on the reporting package.
- ▶ Inventory includes commodities held for resale or use in operations (gas, tires, vehicle repair items, maps, t-shirts, etc.).
- ▶ Food supplies on hand is also reportable inventory.
- ▶ Inventory does not include office supplies or depreciable assets.

# FY18 Agency Year End Reporting Packet Update

## 3.05 Unearned Revenue

### Due 8/24/2018

**Purpose:** The reporting package provides a means to report any unearned revenue associated with the charges for services provided by the agency.

#### **Highlights:**

- ▶ Report amounts received from outside entities and entities within the State's reporting entity prior to the earnings process.
- ▶ Unearned Revenue: A liability representing an amount collected in advance of the earnings process.



# FY18 Agency Year End Reporting Packet Update

## 3.07 Prepaid Expenses

### Due 8/24/2018

**Purpose:** The form reports the summarized prepaid expenses by Fund and General Ledger account.

#### Highlights:

- ▶ Agencies should not report a prepaid expense if 12 months of expenditures have already been recorded in the current year for recurring items that have been in existence. If the prepaid expense relates to an item that has not existed in prior years or covers more than 12 months then the agency should report the prepaid expense.
- ▶ Agencies may exclude everything individually under \$10,000 up to \$100,000 in aggregate from this reporting package (i.e., small items do not need to be reported as long as the total amount of items excluded does not exceed \$100,000 for your agency).
- ▶ Agencies should review all prepaid expenses for exclusion annually, there is no roll forward of exclusions from the prior year.

# FY18 Agency Year End Reporting Packet Update

## 3.07 Prepaid Expenses (Continued)

### Due 8/24/2018

#### Highlights (Continued):

- ▶ Report amounts paid to outside entities and entities within the State's reporting entity prior to the receipt of the goods or services.
- ▶ SCEIS will provide a Yearend Rptg – Prepaid Expenditures report in mid-August based on the header text; actual prepaid expenses should be reported on this package regardless of what appears on the report.
- ▶ Key Terms:
  - Current Prepaid Expense: The portion that is expected to be used by June 30, 2019.
  - Non-Current Prepaid Expense: The portion with an expected usage period extending beyond one year (after June 30 2019).
  - Expensed: The amount that relates to the goods or services that have already been used. This is not considered prepaid but is used in determining the total amount paid.

# FY18 Agency Year End Reporting Packet Update

## 3.04 Other Receivables

### Due 8/10/2018

**Purpose:** To report year end balances of current receivables, non-current receivables and allowance for uncollectable receivables, current and non-current.

#### **Highlights:**

- ▶ This packet will be sent out as a pre-populated packet with the balances recorded in current receivables account 1300010000 for your agency by fund.
- ▶ New step by step format:
  - Start with existing current receivables then identify those to be reclassified to non-current.
  - Add any current receivables not yet accounted for in SCEIS or subtract any overstated current receivables
  - Identify current receivables that have been deemed uncollectible and reclassified to allowance for uncollectable
  - Subtract any invalid non-current receivables
  - Identify non-current receivables that have been deemed uncollectible and reclassified to allowance for non-current receivables.
- ▶ Report interfund receivables individually under \$100,000 if they are not already in SCEIS.
- ▶ Do not report amounts in account 1300020000 (ACCTS RECEIV – IDT) on any package. These amounts will be reclassified by the CG's office as part of the interfund procedures.

# FY18 Agency Year End Reporting Packet Update

## 3.04 Other Receivables (Continued)

### Due 8/10/2018

#### Highlights (Continued):

- ▶ Do not report interfund receivables individually over \$100,000 on this package, they will be reported on the interfund package (3.18).
- ▶ College and university receivables individually over \$100,000 should be listed under the “subtract” section since they should not be reported on this package but receivables under \$100,000 (except those in account 1300020000) should be included in the totals on this package.
- ▶ Key Terms:
  - Interfund Receivable: Amounts due from other entities within the State's Reporting entity or other funds within your agency. See Appendix D of the Reporting Policies and Procedures Manual for a list of entities within the State's reporting entity.
  - Current Receivable: The portion that is expected to be collected by June 30, 2019.
  - Non-Current Receivable: Amount owed to the state but expected to be collected after June 30, 2019.
  - Net Receivable: An amount owed to the State less the allowance for uncollectible accounts.
  - Allowance For Uncollectible Accounts: An estimated amount for which collection is not expected, questionable, or the probability of collection is uncertain. The estimate should be developed through a systematic evaluation that is well documented.
  - Allowance For Uncollectible Accounts Non-Current: Receivables expected to be deemed uncollectible after June 30, 2019.

# FY18 Agency Year End Reporting Packet Update

## 3.12 Accounts Payable

### Due 9/7/2018

**Purpose:** The package is needed to collect the information on payables (amounts related to goods or services received prior to June 30 that were not paid with that year's funds). A/P processing continues past June 30 so a payable does not exist if amounts due as of June 30 were paid with that year's funds i.e. paid during extended period 12 or period 13.

#### **Highlights:**

- ▶ Report payables due to outside entities
- ▶ Report interfund payables individually under \$100,000
- ▶ Do not report interfund payables individually over \$100,000 on this package, they should be reported on the interfund package (3.18)
- ▶ Two Prior Year Payables reports for this reporting package:
  - Payments made in July and August (periods 1 and 2)
  - Payments made in until the report is created in September (period 3-to-date).

# FY18 Agency Year End Reporting Packet Update

## 3.12 Accounts Payable (Continued)

### Due 9/7/2018

#### Highlights (Continued):

- ▶ The Prior Year Payables reports provided for this reporting package are separate from the Inter-Agency Prior Year Payables report that is provided for package 3.18 (Interfund Payables).
- ▶ College and university payables are considered interfund payables but are processed in SCEIS in the same manner as outside entities and will appear on the reports provided for this package.
- ▶ Actual payables should be reported on this closing package regardless of what appears on the Prior Year Payables reports.
- ▶ The classification threshold allows agencies to classify any payable individually under \$10,000 as a vendor payable.
- ▶ All payables need to be reported but only those payables individually over \$10,000 must be separated into the other categories.
- ▶ A liability does not have to be reported if 12 months of expenditures have been recorded in the current year for recurring items that have been in existence.

# FY18 Agency Year End Reporting Packet Update

## Capital Lease Update

### Due 7/27/2018 (No Package Required)

**Purpose:** The ensure all capital lease assets, payments and future lease obligations of the state are correctly accounted for. A capital lease is a lease that transfers substantially all the benefits and risks of asset ownership to the State.

#### **Highlights:**

- ▶ Leases through Presidio Technology Capital, LLC (state contract # 4400015301) contain a bargain purchase option, making them capital leases.
- ▶ A Capital lease exists if any **ONE** of the following criteria is a characteristic of the lease transaction:
  - The lease transfers ownership of the property to the lessee by the end of the lease term.
  - The lease contains a bargain purchase option.
  - The lease term equals 75 percent or more of the estimated economic life of the leased property.
  - The present value of the minimum lease payments at the inception of the lease, excluding executory costs, equals at least 90 percent of the fair value of the leased property.



# FY18 Agency Year End Reporting Packet Update

## Capital Lease Update

### Due 7/27/2018

#### Highlights (Continued):

- ▶ Capital lease payments must use the following general ledger accounts:
  - 5041810000 – Capital Lease Executory Cost
  - 5041820000 – Capital Lease Principal Payment
  - 5041830000 – Capital Lease Interest Payment
- ▶ GASB 87 will go into effect fiscal year 2021 making most leases, Capital. There will very few Operating leases to remain.
- ▶ A short-term lease is a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including and options to extend, regardless of their probability of being exercised. For a lease that is cancelable by either the lessee or the lessor, such as a rolling month-to-month lease or a year-to-year lease, the maximum possible term is the noncancelable period, including any notice periods.



# Think about it!



# FY18 Agency Year End Reporting Packet Update

## 3.13 Litigation

### Due 7/20/2018

**Purpose:** To report potential financial gains or losses to the state resulting from litigation.

#### **Highlights:**

- ▶ The reporting threshold remains at a meet or exceed a \$1,000,000 gain or loss to the state.
- ▶ For subsequent events reporting, the CG's office will accept a letter from the agency attorney or paralegal most familiar with the cases as an update instead of a full litigation packet being resubmitted.
- ▶ Litigation can be reported within the statements if there is a settlement that results in monies being received in future fiscal years or monies being paid in future fiscal years. Otherwise, it is just a note disclosure.

# FY18 Agency Year End Reporting Packet Update

## 3.16 Miscellaneous Loss Liabilities and Commitments

### Due 8/10/2018

**Purpose:** GAAP requires that a liability be reported for all known losses and to disclose within the notes significant commitments.

**Highlights:**

- ▶ Significant commitments are typically those relating to grants that are issued by the state to other entities or other financial assistance the state has committed to providing to non-state entities.

# FY18 Agency Year End Reporting Packet Update

## 3.09 Operating Leases

### Due 8/24/2018

**Purpose:** To report lease activity and future lease obligations of the state.

#### **Highlights:**

- ▶ Reminder to start this reporting packet with the balance on the report that is provided to your agency.
- ▶ This year the adjustment block has been broken out into various details lines and then an area for adjustments. Adjustments should only be items that were incorrectly charged to a rental GL and need subtracted from the report or items identified that were not charged to a rental GL and need added to the report. Examples of some of the details lines include PO box rentals, month to month rentals and cancelable leases.
- ▶ Contingent rentals are defined as rentals being billed related to usage. For example: ABC Company billing for copier usage based upon number of copies or XYZ Rentals billing for use of a backhoe based upon hours utilized.
- ▶ The amount reported as Contingent Rentals in Section I must be detailed in Section II by vendor.
- ▶ Please make sure that the dates entered on tab 3.09.1a have the correlated future lease payments listed under the appropriate years. Again this year is a column titled "is lease prepaid". Please select yes or no. This will help in explaining why the fiscal year term and fiscal year future payments may not match.

# Something other than numbers

**“Your smile is your logo, your personality is your business card, how you leave others feeling after an experience with you becomes your trademark.”**

# FY18 Agency Year End Reporting Packet Update

## 3.03 Grants and Contribution Revenues

### Due 9/7/2018

**Purpose:** To report Grant/Contribution Receivables or Deferred Revenues balances at 6/30/xx.

#### **Highlights:**

- ▶ For each grantor's award number there should only be one line– resulting in either a receivable or deferred revenue. **Note: that if a grant has multiple years make sure that if a deferred revenue and a receivable are reported for each separate grant year that they are accurate and can be supported as such.**
- ▶ If the grant has a beginning & ending fund balance with NO current year activity, the balance **must be explained** on the bottom of the reporting form.
- ▶ Other Accrual Adjustments must be explained on the bottom of the packet.
- ▶ Tab 3.03.2 calculates the receivable or deferred revenue once the fund is entered. The worksheet is designed to place the receivable amount in the non-current column, please place amount in the current column that relates to the amount to be collected within the next 12 months. The non-current balance will adjust accordingly. The accounts payable activity from 3.03.1 will automatically populate when the fund is entered as well.

# FY18 Agency Year End Reporting Packet Update

## 3.08 Capital Assets

### Due 9/14/2018

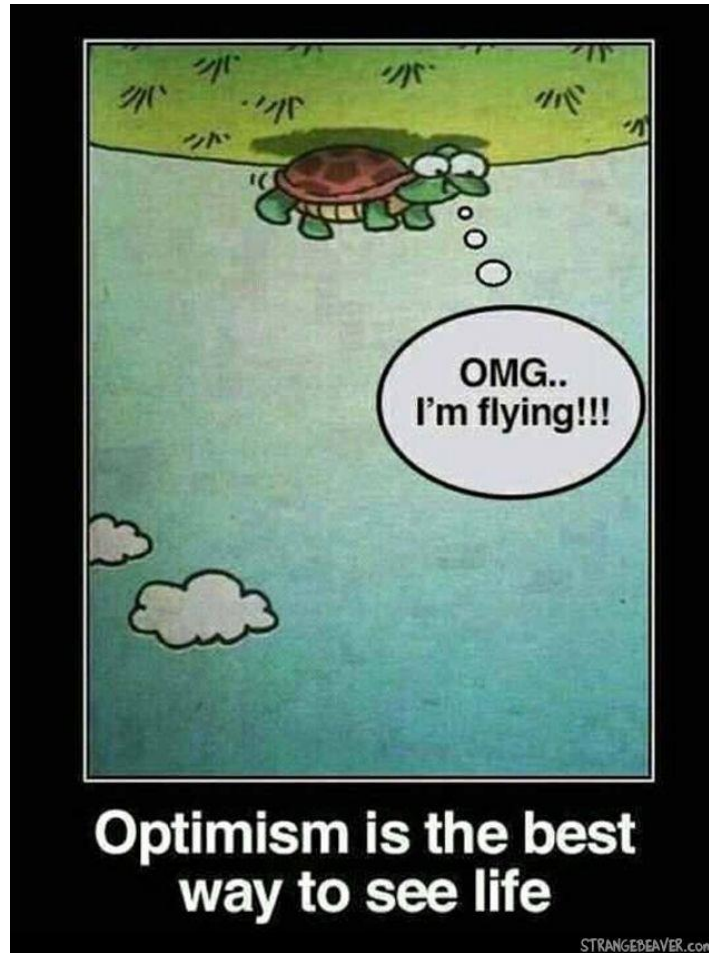
**Purpose:** To capture and report capital asset activity that is not reported within SCEIS or to record adjustments to SCEIS balances for specific situations.

#### **Highlights:**

- ▶ A physical inventory of capital assets should be performed annually.
- ▶ Remember to review projects to determine if they should be capitalized at year end because they are substantially complete.
- ▶ Substantially complete is defined as 90% or greater of the project budget has been expended or the project is sufficiently complete to allow for use or occupancy for its intended use without undue interference. “Punch list items” or small components may still need to be completed but the use of the asset is permitted.
- ▶ Review for impairment of assets. An impairment is defined as an asset experiencing a significant or unexpected decline in the service life and the events or circumstances causing the decline are outside the normal life cycle.
- ▶ Remember when completing tab 3.08.4 (asset transfers) the amounts reported tie back to the asset addition or retirement report for full accrual.



# Matter of Perspective





# FY18 Agency Year End Reporting Packet Update

## 2.10 Subsequent Events

### Due 10/19/2018

**Purpose:** To report any additional activity that occurred after the various year end packet were submitted and related to the current reporting year.

#### **Highlights:**

- ▶ Any activity that has occurred since the various year end reporting packets had been submitted and expected through report issuance (typically late November).
- ▶ Word of caution– DO NOT USE this packet to report items that were available for reporting at the time the associated packets were due. For example: the accounts payable packet is due, if an invoice was entered into the system prior to 9/7/2018 then it should be reported on the AP packet. The subsequent events packet is only to capture data occurring after the associated packet date. An audit finding could be issued.

# Problem Solving Advice from an Accountant

When life shuts a door  
...open it again.  
It's a door.  
That's how they work.

# FY18 Agency Year End Reporting Packet Update

## 3.12 Claims

### Due 8/10/2018

**Purpose:** GAAP requires that a liability be reported for estimated future costs.

**Highlights:**

- ▶ In the past several years the claims reporting package has only applied to the Second Injury Fund. Please call David Starkey at 803-734-2542 if you have any questions about this reporting package.

# FY18 Agency Year End Reporting Packet Update

## 3.18 Interfund Payables and Receivables

### Due 8/24/2018

**Purpose:** GAAP requires the recognition of amounts owed from one agency to another and from one fund to another.

#### **Highlights:**

- ▶ Only report interfund payables and receivables over \$100,000 INDIVIDUALLY.
  - For example: 2 receivables of \$75,000 and \$25,000 totaling \$100,000 would not be considered for this reporting package.
- ▶ Please include the fund and account that your agency will use to pay or to receipt the monies and the fund and account the other agency will use to pay or to receipt their monies.
- ▶ Please consider individual interfund payables and interfund receivables under \$100,000 as payables or receivables from outside (non-State) parties.

# Final Thought



# FY18 Agency Year End Reporting Packet Update

## CG's CAFR Team Contact Information

- ▶ Kelly Ghent – [kghent@cg.sc.gov](mailto:kghent@cg.sc.gov) – 803-734- 0272
- ▶ John Morrison– [jmorrison@cg.sc.gov](mailto:jmorrison@cg.sc.gov) – 803-734-5043
- ▶ Laura Showe– [lshowe@cg.sc.gov](mailto:lshowe@cg.sc.gov) –803-734-4178
- ▶ David Starkey– [dstarkey@cg.sc.gov](mailto:dstarkey@cg.sc.gov) – 803-734-2542
- ▶ Year end packet submissions – [CAFR@cg.sc.gov](mailto:CAFR@cg.sc.gov)