



FMC Presentation

May 27, 2021



Agenda

- ✓ GASB's Updates
- ✓ BCR Reminders
- ✓ Capital Projects Funds
- ✓ ACFR Forms
- ✓ Single Audit
- ✓ Post-Closing Adjustments (PCA) Tips
- ✓ Other Items Noted from ACFR Process
- ✓ Chartfield Maintenance Form
- ✓ Miscellaneous Items

- Note – items in the purple font are new items added to the FY21 training

Upcoming GASBs

Upcoming GASB's

GASB Statement		Revised effective date (State of GA Implementation date)
No. 90	Majority Equity Interests	2021
No. 87	Leases	2022
No. 89	Accounting for Interest Cost Incurred before the End of a Construction Period	2022
No. 91	Conduit Debt Obligation	2023
No. 92	Omnibus 2020	2022
No. 93	Replacement of Interbank Offered Rates	2022
No. 94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	2023
No. 96	Subscription-Based Information Technology Arrangements (SBITA)	2023
No. 97	Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32	2022

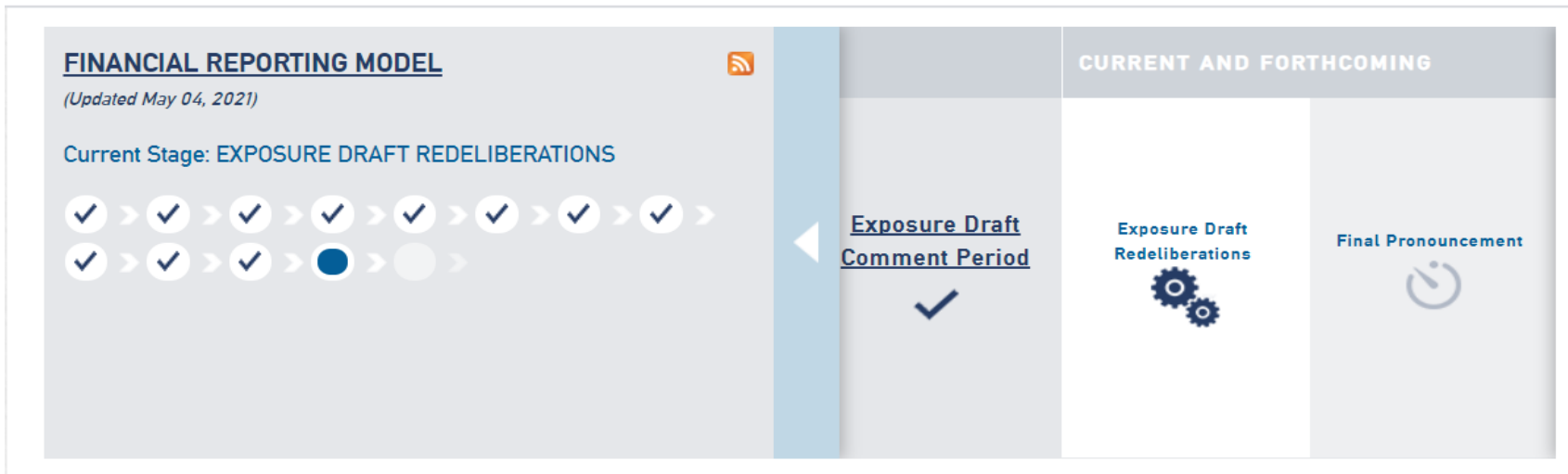
GASB's Comprehensive Projects

FINANCIAL REPORTING MODEL

- ✓ **Reexamination of Statements 34, 35, 37, 41, and 46 and Interpretation 6**
 - ✓ The objective of this project is to make improvements to the financial reporting model.
 - ✓ The objective of these improvements would be to enhance the effectiveness of the model in providing information that is essential for decision-making and enhance the ability to assess a government's accounting and to address certain application issues, based upon the results of the pre-agenda research on the financial reporting model.
- ✓ Current Developments: An Exposure Draft of a proposed Statement was approved in June 2020. The comment period ended February 26, 2021. Public hearings and user forums were scheduled for March and April 2021.

GASB's Comprehensive Projects

FINANCIAL REPORTING MODEL



✓ Work Plan:

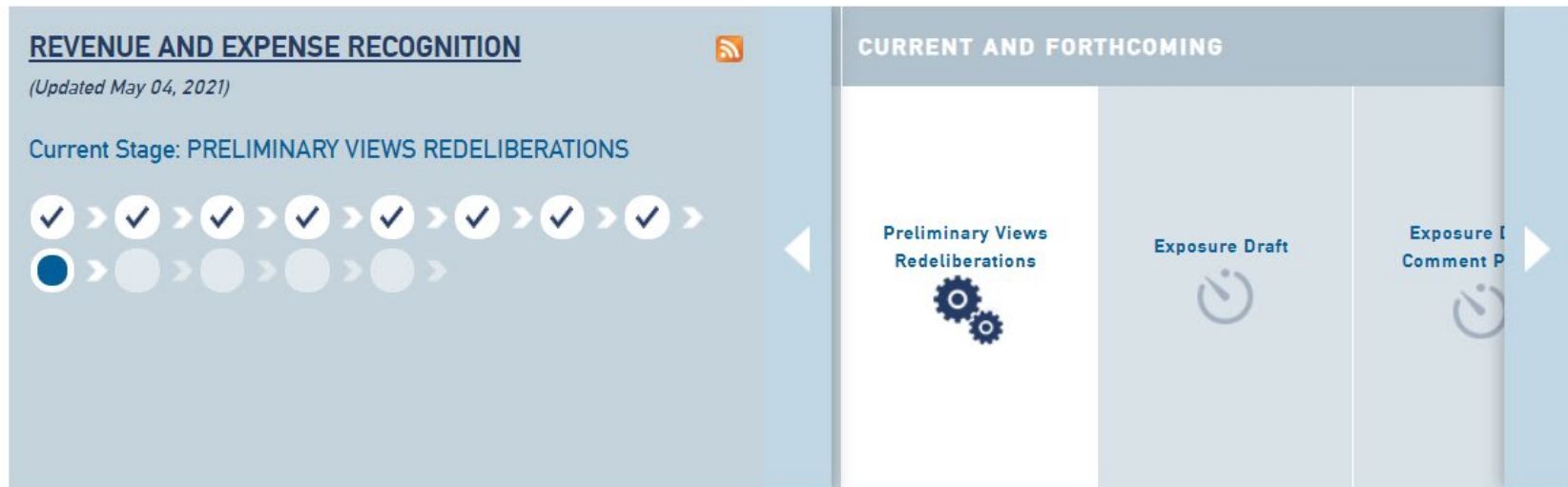
- ✓ May 2021: Review redeliberation plan.
- ✓ June/July 2021–Jan. 2022: Redeliberate issues based upon due process feedback.
- ✓ March 2022: Discuss first draft of a final Statement.
- ✓ April 2022: Discuss preballot draft of a final Statement.
- ✓ May 2022: Discuss ballot draft of a final Statement and consider for approval.

REVENUE AND EXPENSE RECOGNITION

- ✓ The overall objective of this project is to develop a comprehensive, principles-based model that would establish categorization, recognition, and measurement guidance applicable to a wide range of revenue and expense transactions. Achieving that objective will include:
 - ✓ development of guidance applicable to topics for which existing guidance is limited.
 - ✓ improvement of existing guidance that has been identified as challenging to apply.
 - ✓ consideration of a performance obligation approach to the GASB's authoritative literature.
 - ✓ assessment of existing and proposed guidance based on the conceptual framework.
- ✓ The expected outcome of the project is enhanced quality of information that users rely upon in making decisions and assessing accountability.
- ✓ Current Developments: In June 2020, the Board issued a Preliminary Views, Revenue and Expense Recognition. The comment period ended February 26, 2021. Public hearings and user forums were scheduled for March and April 2021. A redeliberation plan will be developed after the conclusion of public hearings on April 21 and discussed at the May 2021 meeting.

GASB's Comprehensive Projects

REVENUE AND EXPENSE RECOGNITION



✓ Work Plan:

- ✓ May 2021: Review redeliberation plan.
- ✓ June/July 2021–Jan. 2022: Redeliberate issues based upon due process feedback.
- ✓
- ✓ January 2025: Review preballot draft of a final Statement.
- ✓ March 2025: Review ballot draft of a final Statement and consider for approval.

GASB's Practice Issues

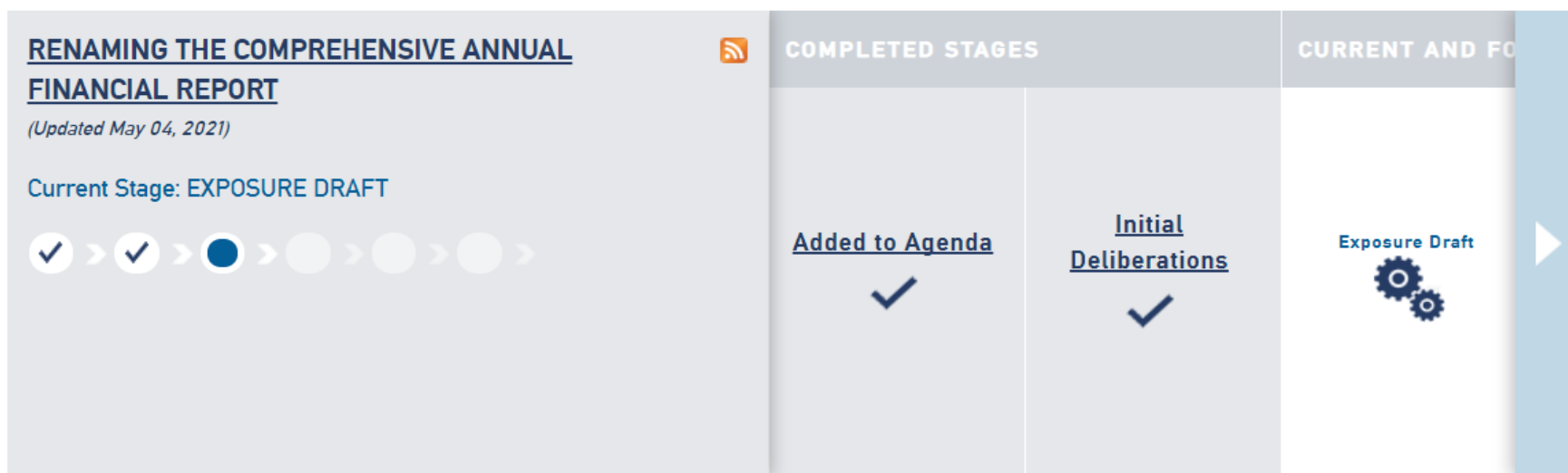
COMPENSATED ABSENCES

<p><u>COMPENSATED ABSENCES—REEXAMINATION OF STATEMENT 16</u> (Updated May 04, 2021)</p> <p>Current Stage: EXPOSURE DRAFT COMMENT PERIOD Estimated Completion: JUNE 4, 2021</p> <p>✓ > ● > ✓ > ● > ○ > ○ ></p>	COMPLETED STAGES		CURRENT AND FORTHCOMING STAGES
	<p><u>Added to Agenda</u></p> <p>✓</p>	<p>Initial Deliberations</p> <p>⚙️</p>	<p><u>Exposure Draft</u></p> <p>✓</p>

PRIOR PERIOD ADJUSTMENTS

<p><u>PRIOR-PERIOD ADJUSTMENTS, ACCOUNTING CHANGES, AND ERROR CORRECTIONS—REEXAMINATION OF STATEMENT 62</u> (Updated May 04, 2021)</p> <p>Current Stage: INITIAL DELIBERATIONS</p> <p>✓ > ● > ○ > ○ > ○ > ○ ></p>	COMPLETED STAGES	CURRENT STAGES	FORTHCOMING STAGES
	<p><u>Added to Agenda</u></p> <p>✓</p>	<p>Initial Deliberations</p> <p>⚙️</p>	<p>Exposure Draft</p> <p>⌚</p>

RENAMING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT



- New name:

Annual Comprehensive Financial Report (ACFR)

Process of Implementation:

- ✓ **May 2020 – GASB issues Statement No. 95 – Postponement of Effective Dates**
- ✓ **New Effective Date – July 1, 2021**
- ✓ **Training and Implementation activities**
 - SAO held GASB 87 Workshop on 6/6/19 & Survey Workshop on 6/16/20
 - Both trainings available on SAO's website
 - FY20 Confirmation of Lease Reporting completed this spring
 - Survey of current leases to determine GASB 87 implications was due back to SAO in April
 - SPC Prolease vs EZLease comparison – Due back to SAO mid June
- **Key differences between current guidance and GASB 87**
 - The 4 criteria to determine operating vs capital is removed
 - No more operating leases
 - Intent is a key factor in determining the length of a lease

Process of Implementation:

- ✓ **Training and Implementation activities continued...**
 - SAO to update lease policy on SAO's website
 - Upcoming changes to the lease agreement data form for FY22
 - For FY21, Lease Agreement Data form will be same as prior year
 - Lessor reporting changes – SAO to follow up separately since few agencies report having lease receivables on the YE Questionnaire
 - Once FY21 year end reporting is complete, SAO to confirm true beginning balances for GASB 87
 - This means any lease that does not meet GASB 87 requirements will need to be removed
 - For example, SAO will review items such as intent to renew the lease.

Process of Implementation:

- ✓ **Training and Implementation activities continued...**
 - Once FY21 year end reporting is complete, SAO to confirm true beginning balances for GASB 87:
 - SAO to send out confirmations as done in prior years
 - SAO to survey existing leases once confirmation is complete to ensure leases being reported meet definition under GASB 87

- As a reminder, definition under GASB 87:
 - A lease is defined as 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.
 - To determine whether a contract conveys control of the right to use the underlying asset, a government should assess whether it has both of the following:
 - a. The right to obtain the present service capacity from use of the underlying asset as specified in the contract
 - b. The right to determine the nature and manner of use of the underlying asset as specified in the contract.

GASB 87 - Leases

- ✓ Lease term –
- ✓ Period during which a lessee has a noncancelable right to use an underlying asset
 - Plus the following periods if applicable:
 - Lessee's option to extend if it is reasonably certain
 - Lessee's option to terminate the lease if it is reasonably certain
 - Lessor's option to extend the lease if it is reasonably certain
 - Lessor's option to terminate the lease if it is reasonably certain
 - Reassess term only if:
 - the reasonably certain conclusion on options were wrong
 - An event that requires an extension or termination takes place
 - **Fiscal Funding Clause** - only affect the lease term if it is reasonably certain that the clause will be exercised
 - **Most importantly - Is lease term in compliance with GASB 87?**

✓ Multiple Components:

- Contract with lease and nonlease components
 - Separate lease component from nonlease component. Ex:
 - Allocate cost of vehicle vs oil changes or maintenance costs
 - Treat as separate contracts

Copiers— due to the smaller dollar value of copiers, SAO will not require splitting out cost of supplies (toner, etc.) from the cost of the equipment

✓ Multiple underlying assets in same lease and assets have different lease terms

- Each underlying asset treated as separate component (lessee and lessor)
- Allocate contract price to each component using reasonableness and professional judgment
 - Prices for each component in the contract (if available)
 - Stand-alone prices for similar assets

✓ If cannot determine allocation, treat as a single-lease unit

- ✓ **Variable Payments**
 - ✓ **Payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate), initially measured using the index or rate as of the commencement of the lease term.**
- ✓ **Variable payments based on future performance of the lessee or usage of the underlying asset should NOT be included in the measurement of the lease liability.**
 - Should be recognized as outflows of resources (for example, expense) in the period in which the obligation for those payments is incurred.
 - However, any component of those variable payments that is fixed in substance should be included in the measurement of the lease liability.

- ✓ **Subleases - Treated as a separate transaction**
 - Lessee now also the lessor
 - No offset of transactions
 - Original lessee
 - Right to use asset and liability (original lease)
 - Receivable and deferred inflow of resources (sublease)
 - ✓ **Contracts that Transfer Ownership**
 - A contract that:
 - transfers ownership of the underlying asset to the lessee by the end of the contract
- AND**
- does not contain termination options (see paragraph 12), but that may contain a fiscal funding or cancellation clause that is not reasonably certain of being exercised (see paragraph 13), should be reported as a financed purchase of the underlying asset by the lessee or sale of the asset by the lessor.

GASB 87 - Leases

- ✓ Other Agreements that might meet the definition of a lease & are not being reported to SAO already in which agency has control of another entity's asset
- ✓ For example, if your organization “leases” hardware from a 3rd party, that would need to be reported to SAO
- ✓ COMPLETENESS is important!! Please think about other agreements which may meet this definition
- ✓ From SAO survey:

A	
1	GASB 87 paragraphs 4-6 discuss other agreements that might meet the definition of a lease. Please see excerpt from GASB 87.
2	4. For purposes of applying this Statement, a lease is defined as 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 ¹ transaction. 5. To determine whether a contract conveys control of the right to use the underlying asset, a government should assess whether it has both of the following: a. The right to obtain the present service capacity from use of the underlying asset as specified in the contract b. The right to determine the nature and manner of use of the underlying asset as specified in the contract. 6. Leases include contracts that, although not explicitly identified as leases, meet the definition of a lease. This definition excludes contracts for services except those contracts that contain both a lease component and a service component.
3	REQUIRED: Indicate in the drop down below whether or not your organization has any other agreements that meet this definition and are not already being reported to SAO. If other agreements exist, SAO to follow up separately.
4	
5	
6	
7	

Instructions examples & definitions Main Rent Other Agreements Tab A - CC Tab B - MC Tab C - V

GASB 87 - Leases

- ✓ Reminders:
 - ✓ Intergovernmental Agreements
 - ✓ Primary Government (PG) to PG leases should NOT be reported
 - ✓ Ex: agreements between Georgia Building Authority (GBA) and other organizations included in the State's primary government should not be reported as leases in the statewide ACFR.
 - ✓ PG to Component Unit (CU) should be reported
 - ✓ If any State organization enters into a lease agreement where the lessor is either a) a discretely presented component unit or b) a public organization that is not part of the governmental unit entity for financial reporting purposes, then the lease should be treated in the same manner as any other lease agreement of the State
 - ✓ Organization chart may be found on SAO's website
 - ✓ True Multi Year Leases are reported by SPC & should not be reported to SAO
 - ✓ A list was provided to agencies during the confirmation of fiscal year 2020 lease reporting

- ✓ **Subscription Based Information Technology Agreement:**
 - ✓ A SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.
 - ✓ There are multiple types of arrangements available—software as a service, infrastructure as a service and platform as a service.
 - ✓ SBITAs include contracts that, although not explicitly identified as a SBITA, meet the definition of a SBITA provided above.
 - ✓ The SBITA definition excludes contracts that solely provide IT support services but includes contracts that contain both a right-to-use IT asset component and an IT support services component.
- ✓ **Example of a SBITA? Any cloud computing agreement, such as the Wdesk software we use to produce the ACFR.**

✓ **This Statement does not apply to:**

- a. Contracts that convey control of the right to use another party's combination of IT software and tangible capital assets that meets the definition of a lease in Statement No. 87, Leases, in which the software component is insignificant when compared to the cost of the underlying tangible capital asset (for example, a computer with operating software or a smart copier that is connected to an IT system)
- b. Governments that provide the right to use their IT software and associated tangible capital assets to other entities through SBITAs
- c. Contracts that meet the definition of a public-private and public-public partnership in paragraph 5 of Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements
- d. Licensing arrangements that provide a perpetual license to governments to use a vendor's computer software, which are subject to Statement No. 51, Accounting and Financial Reporting for Intangible Assets, as amended

✓ Subscription Term:

- Similar to the new lease accounting standard, Statement GASB 87, agreements that are 12 months or less (including options to renew) are considered short-term agreements. Short-term agreements do not meet the definition of a SBITA and therefore should not be included.
- Periods for which both the government and the SBITA vendor have an option to terminate the SBITA without permission from the other party (or if both parties have to agree to extend) are cancellable periods and are excluded from the subscription term
- For example, a rolling month-to-month SBITA, or a SBITA that continues into a holdover period until a new SBITA contract is entered into, would not be enforceable if both the government and the SBITA vendor have an option to terminate and, therefore, either could cancel the SBITA at any time.

✓ **Subscription Term continued:**

- **INCLUDE** - Agreements with terms greater than 12 months (including renewal terms). This includes any agreements that have options to extend beyond 12 months, but in which the agreement also contains a fiscal funding clause.
 - **EXCLUDE** - Agreements with a term of 12 months or less (including options to renew).
- ✓ Although not effective until fiscal year 2023, impact of this standard is huge
- ✓ SAO will send out a survey via Wdesk in the near future

- ✓ State of Georgia Implemented GASB 84 in Fiscal Year 2020
- ✓ KEY AREAS TO REMEMBER
 - ✓ Funds Held for Others should NOT be used for fiduciary funds
 - ✓ Revenue and Expenditure accounts MUST be used
 - ✓ New account requests can be submitted as needed
 - ✓ Net Position will be reported
 - ✓ Custodial funds are NOT budget funds, therefore there is not a need to record carryover (492001) or reserves (337001/390110)

✓ Fund Source Request for Custodial Funds :

✓ When requesting new fund sources for custodial (formerly agency funds) activity. You must either:

1. Update a former survey to include new fund source
2. Or provide new evaluation for the new activity
3. **Funding Source must start with 06xxx**

✓ This must be submitted with the tree maintenance form.

✓ Fund source will not be approved until this is completed and reviewed.

✓ If an agency needs previous surveys to resubmit please contact SAO_Reporting@sao.ga.gov and enter in the subject line “(Agency number) XXX-Fiduciary Survey Request for Resubmission”.

✓ Evaluation form located on GASB 84 Implementation page Fiduciary Activities Evaluation

BCR Reminders

- ✓ PCA's may need to be submitted to tie in Appropriations Receivable, Appropriations Revenue, Return of Surplus and/or Early Return of Surplus to OST.
- ✓ Agencies should ensure that any further PCA's to change certain BCR line items do not impact these four line items once tied in.

Common BCR Issues

- ✓ Entries aren't being posted to tie in fund balance until files are received from SAO
- ✓ Entries posted to fund balance accounts after tied in (especially during 998)
- ✓ Budget variances not corrected prior to OPB budget system closing
- ✓ **Post Closing Adjustments (PCA) form does not match BCR form**
- ✓ **Reserve requests to OPB not matching what agencies provided as reserved fund balance on the BCR**

Tie in Beginning Fund Balance

Accounts are reviewed and reconciled by program and fund source

- ✓ Please refer to the Equity Policy on SAO's website:
<https://sao.georgia.gov/accounting-policy-manual>

State of Georgia – SAO

Statewide Accounting Policy & Procedure

- (390xxx) Unreserved – Undesignated Fund Balance – This summary-level category is the series of accounts used in the general ledger to represent the portion of fund balance not legally or contractually constrained. Organizations should use the specific subaccounts as described below for transactions involving prior year adjustments related to year-end reporting (reporting adjustments), prior period adjustments not related to year-end adjustments, return of surplus, and carry-over.
 - (390001) Unreserved – Undesignated – Beginning Fund Balance – The purpose of this account is to adjust the general ledger fund balance so that it agrees to the preceding fiscal year's *BCR* ending fund balance, by program and funding source. This account should be used to post all prior year adjustments related to the year-end *BCR*. Prior year reporting adjustments include **approved** post-closing adjustments and audit adjustments that were made to report ending fund balance in the prior year *BCR*.
 - (390002 to 390010) Unreserved – Undesignated – Beginning Fund Balance – Some organizations may use this account series for internal purposes. (Note: for *BCR* reporting purposes these accounts will be combined with 390001). The organization should consider the aggregate effect of these accounts for the *BCR* report and the overall goal to ensure the 390001 account series agrees with the preceding fiscal year's (*BCR*) ending fund balance, by program and funding source.

Entries Posted to Fund Balance Accounts After Being Tied In to the PY BCR

- ✓ Once Beginning Fund Balance is tied in, NO entries should be posted to any of those accounts at any point during the year, except for account 337xxx, which establishes Current Fiscal Year reserves. Offset to reserve establishment is always 390110.
- ✓ Any entries posted to account 390001, 390104, or 492xxx will cause beginning fund balance to no longer tie to the prior year BCR.

Non-Compliance with Budget

- ✓ Be certain to review final budget amounts and enter final budget amendments in OPB budget system for Federal and Other funding sources to ensure budgetary compliance by funding source within program prior to OPB PBCS budget system closing (mid-August).
34
- Note: Budget amounts in SAO's Final BCR come from OPB's PBCS budget system, not TeamWorks.

Non-Compliance with Budget

✓ SAO will be sending draft BCRs as follows:

- Last week of period 12 close: Monday and Wednesday
- Week of 998 close: Monday and Thursday

✓ Goal of this exercise:

- (A) To avoid agencies having more expenditures than revenue and to give agencies a chance to review data in SAO format and make necessary adjustments in TeamWorks before 998 close
- (B) Reduce the number of PCAs

Purchase Order Reminders

- ✓ When organizations cancel a PY PO with State funding sources, these funds are to lapse to OST and not be respent
- ✓ As a reminder, organizations should be reviewing all PO's regularly and closing any old PO's or those with no future activity anticipated

Capital Projects Funds

Capital Projects Funds

- ✓ It is ok to post matching federal funds for GO projects as long as a federal fund source is used for the funds (and not the 9xxxx fund source used for the GO Bond funds from GSFIC).
- ✓ Capital Projects Fund accounting policy
 - <https://sao.georgia.gov/business-process-policies>
- ✓ Account 474002-OFS-Proceeds of General Obligation Bonds
 - Must be used to post GO bond proceeds from GSFIC and only GO bond proceeds can be posted here
- ✓ Agencies should be able to reconcile their transfers (revenue) from GSFIC, and identify timing differences. Still have issues:
 - Cannot tie agency transfers in to GSFIC
 - If an agency managed project, but funds are paid directly to the vendor, still need to record transfers in and expense on books (i.e. as if cash came through the agency)
 - Return of surplus in CPF (should not have ROS)

ACFR Forms

ACFR Forms (not an all inclusive list of forms)



- ✓ Appropriations Receivable Reconciliation (Tentatively planning to issue in Wdesk)
- ✓ Lease Agreement Data
- ✓ Capital Assets
- ✓ Inter-Organization Form (Due To/Due From)
- ✓ Pollution Remediation Obligations (Form in Wdesk)
- ✓ Asset Retirement Obligation (ARO) (Form in Wdesk)
- ✓ Unrecorded Receivables and Payables (URP)
- ✓ Cash Form Reminders
- ✓ Classification of Revenue
- ✓ Year-end forms collected via Wdesk
- ✓ SEFA Reconciliation Form
- ✓ Training Videos

Lease Form

- ✓ **Lease Agreement Form tips to ensure completeness and accuracy:**
 - Ensure all leases that **meet reporting requirements** are reported on the form
 - Form is for changes only – any lease previously reported to SAO does not need to be relisted on form
 - Ensure payment frequency is correct
 - No duplication of lease numbers – **lease number should match SPC's**
 - Ensure correct and logical date information is reported – **no partial months**
 - Ensure correct and logical economic life information is reported
 - Ensure rent steps information is reported correctly – **lease number must match number on main tab**
 - **Do not report information for leases with GBA and SPC – only lease agreements outside the Primary Government in the reporting entity are included in the ACFR**
 - Ensure form is submitted with all required data filled in – **no red in column A**

- ✓ **Lease Agreement Form tips to ensure completeness and accuracy:**
 - One-year lease with renewal periods need to be included as these are leases and not one-year contracts.
 - Report all **one-year leases for office space with renewal options** including those that may have been signed by the State Properties Commission (SPC) on behalf of your organization. SPC will only report true multi-year leases therefore, **one year leases with renewal options are to be reported by each organization regardless of who signed the lease.** If you have questions about these SPC leases, please contact SPC directly.
 - ***Intent of the lease term overrides the legal form of the lease term for financial reporting purposes.***
 - **Please refer to the Lease Policy on SAO's website:**
<https://sao.georgia.gov/accounting-policy-manual>

- ✓ **Some common things noted during the review of the capital asset forms**
 - Transfers
 - Transfers between agencies should be recorded at the same amounts at both agencies
 - Including Accumulated Depreciation
 - Review of Executive Order's will occur in FY20 for asset moves
 - Please refer to the *Transfer of Capital Assets* Policy at our website
 - <http://sao.georgia.gov/accounting-policy-manual>
- ✓ **If agency's have information on asset transfers within other State agencies, send the information to SAO (SAO_reporting@sao.ga.gov) as soon as you get them.**
- ✓ **That way we can communicate with the State agency that is involved in the transfer of assets to ensure that the asset transfers in and out match.**

Inter-Organization Form

- ✓ **Amounts reported on this form should match the amounts reported at the corresponding agency, ex: Agency A is showing a Due From Agency B equaling \$50,000. There should be a Due To Agency A recorded at Agency B for \$50,000**
 - To ensure completeness, reach out to the other agency and verify the amounts they are reporting
 - Pick up the phone and call each other
 - If identified differences between agencies are do to timing, a ACFR adjustment is required. An adjustment should be sent to SAO on the Unrecorded Receivables and Payables form for these timing differences. It is NOT ok for agencies to have A/R and A/P balances between each other that are not in sync.

Obligating Events

When a government knows or reasonably believes that a site is polluted, the government should determine whether one or more components of a pollution remediation obligation are recognizable as a liability when any of the following events occurs:

- ✓ a. The government is compelled to take remediation action because pollution creates an imminent endangerment to public health or welfare or the environment, leaving it little or no discretion to avoid remediation action.
- ✓ b. The government is in violation of a pollution prevention–related permit or license, such as a Resource Conservation and Recovery Act (RCRA) permit or similar permits under state law.

Pollution Remediation Obligations

Obligating Events (continued)

- ✓ c. The government is named, or evidence indicates that it will be named, by a regulator as a responsible party or potentially responsible party (PRP) for remediation, or as a government responsible for sharing costs.
- ✓ d. The government is named, or evidence indicates that it will be named, in a lawsuit to compel the government to participate in remediation.
- ✓ e. **The government commences, or legally obligates itself to commence, cleanup activities or monitoring or operation and maintenance of the remediation effort. If these activities are voluntarily commenced and none of the other obligating events have occurred relative to the entire site, the amount recognized should be based on the portion of the remediation project that the government has initiated and is legally required to complete.**

Pollution Remediation Obligations

- ✓ Agencies should be sure to report remediation of asbestos and lead based paint along with other forms of potential exposure.
- ✓ Purchase order line details can be searched for “asbestos” as a starting point to for identification.
- ✓ Contracts opened and closed within the same year must be reported!
- ✓ GSFIC will report on any pollution remediation for GSFIC managed projects!
- ✓ 2019 Performance audit report found there are still cases of pollution remediation, especially asbestos, that are not being reported to SAO.

Pollution Remediation Obligations

- ✓ **Agencies need to ensure any and all potential exposure for pollution remediation is reported on the form!**
 - Be sure to follow up with program managers/field staff, agency council, and leadership to ensure any potential litigation settlements are included on the form.
 - For existing litigation that has been reported in prior years, please provide as much update and the most current known status as possible.

- ✓ ARO – legally enforceable liability associated with the retirement of a tangible capital asset.
- ✓ A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.
- ✓ Link to Standard:
 - http://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176168670369&acceptedDisclaimer=true

Asset Retirement Obligation (ARO)

- ✓ Obligation arises from law, regulation, contract, court judgement, and occurrence of an internal or external event.
- ✓ An agency has an ARO if at the time of the asset being put into service, the agency knows with certainty that they will incur some cost to retire the asset in the future.
- ✓ ARO is different than Pollution Remediation (GASB 49). With PRO, it is not known at the beginning of the assets life that there is something to do upon retirement. It is only when something becomes polluted that the obligation arises.

- ✓ Agencies using a vendor to dispose of assets must have a contract stating that the agency is not responsible for remediating the asset to be exempt from ARO.
- ✓ Agencies using DOAS state surplus or GEFA to dispose of assets need to reach out to those agencies for information regarding cost of disposal.

Unrecorded Payables

✓ For BCR reporting

- Budget Fund substantially GAAP modified accrual with the following exceptions:
 - Expenditures and Payables:
 - Liabilities and expenditures are recorded when purchase orders or other contractual obligations to procure goods or services have been executed.
 - Expenditures for items not requiring purchase orders are recorded when the goods or services are received.
 - Agencies may record these expenditures when presented for payment as long as the application of this method is applied consistently and the appropriate number of occurrences is reflected each year.

Unrecorded Payables

✓ For ACFR reporting

- Encumbrances payable do *NOT* meet recognition requirements of expenditures/liabilities for GAAP modified and full accrual bases
 - These expenditures are reversed by SAO for ACFR reporting.
- Accounts payable must be recorded for any goods and/or services received as of year-end
 - Note: Recording expenditures based on purchase orders, while valid for BCR purposes, is not valid for ACFR and should be reported on form.

Unrecorded Payables

- ✓ **When SAO converts BCR financial statements to ACFR financial statements it is necessary to:**
 - Identify and accrue for goods & services received as of year-end but for which there is no corresponding expenditure and payable already recorded in ACFR (*Note: encumbrances are not included in ACFR balances*).

Unrecorded Payables

- ✓ **For goods and services that have been received prior to fiscal year end, the transaction could be:**
 - On GL in encumbrances payable
 - Must be reclassified to accounts payable through use of the form
 - On GL in accounts payable
 - Stay where they are, that is, do nothing
 - Not recorded on GL
 - May or may not be required to be reported on statutory basis, e.g., recurring payments. Regardless of whether or not reported on statutory basis (through BCR PCA), all goods and services received, but not on GL, must be included on form
 - Example: June 20 item received, while possibly booked in FY21 in BCR, needs to be reported in FY20 ACFR

Unrecorded Payables

Note on Queries:

- ✓ The same item may show on multiple queries, so the results of the queries need to be analyzed to ensure that they are only reported on the form once.

- ✓ **Revenue Recognition Criteria are different between statutory, modified and full accrual**
 - Statutory Basis (e.g. BCR) – Generally, for funds other than State and Federal Funds, revenue and receivables are recognized on cash basis.
 - GAAP Bases – Key concepts are:
 - Earned – a matrix has been included in the *Revenues, Receivables, Unearned Revenue and Unavailable Revenues – General* policy on SAO's website to assist in determining earning criteria for various types of revenue
 - Available – once it has been determined a revenue has been earned, it has to be determined if modified accrual availability criteria (defined on form) have been met

Unrecorded Receivables

This grid is included within the form's instructions to assist in determining what transactions need to be included on form

Type of Transaction			
Revenue reported on statutory basis (already recorded)			
	NOT required to be included on form	GAAP Modified accrual basis	GAAP Full accrual basis
	Earned and Received	Cash dr/Revenue cr	Same as Modified accrual
Revenues not yet reported on statutory basis			
	REQUIRED TO BE INCLUDED ON FORM	GAAP Modified accrual basis	GAAP Full accrual basis
	Earned and Available	Receivable dr/Revenue cr	Same as Modified accrual
	Earned and Not Available	Receivable dr/Deferred Inflow - Unavailable Revenue cr	Receivable dr/Revenue cr ⁽¹⁾
	NOT required to be included on form	GAAP Modified accrual basis	GAAP Full accrual basis
	Not Earned and Already Received ⁽²⁾	Cash dr/Unearned Revenue cr	Same as Modified accrual
	Not Earned and Not Received, but Available	Not Recorded	Same as Modified accrual
(1)	As availability is only an element of the revenue recognition criteria under the GAAP modified accrual basis, <i>unavailable revenues</i> on the GAAP modified accrual basis must be converted to <i>revenues</i> on the GAAP full accrual basis. For this reason, it is critical to determine whether revenues are received within the State's period of availability (defined below).		
(2)	These unearned revenues may have already been reported on the statutory basis.		

Unrecorded Receivables

- ✓ **When SAO converts BCR financial statements to ACFR financial statements it is necessary to:**
 - Identify and accrue for revenues that are earned on either the GAAP modified or full accrual basis, along with any related allowance for doubtful accounts, for such receivables

Unrecorded Receivables

- ✓ **Validate query results are legitimate expenses for accrual with purchasing or applicable agency personnel**
- ✓ **Meet with management/department heads**
 - Confirm all current FY expenditures have been reported (no non-PO A/P surprises)
 - Confirm all current FY revenue has been reported
- ✓ **Communication Is Key!!**
- ✓ **Some minor updates to the unrecorded receivables tab this year**

Cash Form Reminders

- ✓ Do not include PCAs affecting cash accounts – it will not reconcile to what SAO loads from TeamWorks
- ✓ SAO will account for PCAs affecting cash accounts
- ✓ No need to submit multiple cash forms (i.e. a separate form for each fund type)
- ✓ On Cash form total cash on the “B-Recon” tab (cell M15) ties to the total cash posted to the general ledger (and not to the bank balance)

Classification of Revenue Form

- ✓ SAO's long-term goal is to eliminate Classification of Revenue form
- ✓ Capital Grant and Contributions Revenue Accounts – accounts have been set up in TeamWorks for organizations to use to record any capital contribution (e.g. *Grants and contributions revenues that are primarily restricted for the purchase, construction or renovation of capital assets. Also, any investment income related to these funds.*) Please either use these accounts or reclass capital contribution revenue at year-end into these accounts.
 - 496010 – Capital Contributions-FED
 - 496020 – Capital Contributions-OTH
- ✓ Until SAO can confirm all organizations are properly using these accounts the Classification of Revenues form will still be required

Wdesk for year-end form collection

- ✓ SAO uses a software, called Wdesk, to issue the ACFR.
- ✓ Agency CFOs will be provided a login and will submit the following year end ACFR forms via a Wdesk reporting portal on the web for FY21:
 1. Year-end Reporting Package Confirmation
 2. Service Concession Arrangements
 3. Deferred Outflows, Inflows of Resources and Nonexchange Financial Guarantees
 4. Pollution Remediation
 5. Asset Retirement Obligation (ARO)
 6. Year-end Questionnaire
 7. Subsequent Events
 8. Subsequent Events – Single Audit
 9. Appropriations Receivable Reconciliation (Tentatively planning to issue in Wdesk –format may be different than the other Wdesk forms)
- ✓ Note: CFOs will be able to forward forms to delegate to complete. Forms will be available closer to the applicable deadlines on SAO's website.

SEFA Reconciliation Form

✓ Recap:

- Reconciles Federal expenditures reported in SEFA webportal back to federal revenues reported in the ACFR, after considering GAAP adjustments
- Do not use “plug” numbers to reconcile
 - All differences must be fully explained
- If changes made to accounting records, year-end forms or SEFA data then must submit new Recon forms
 - Remember RBE and SEFA Recon need to be in sync
 - Remember URP and SEFA Recon need to be in sync
- If passing from/to another entity then need to communicate amongst yourselves
 - This ensures that both are using same CFDA number, same amount, same designation of research & development, etc.
- ✓ This data is part of the single audit report which is filed with the Fed Govt, so accuracy of information is important

- ✓ Training videos for the year end forms can be on SAO's website under "Training and Calendars"
 - Videos may be a little outdated but still provide helpful and relative information

<https://sao.georgia.gov/year-end-training-videos-presentations>

SAO Forms Open House




- ✓ SAO Forms Open House – August 4th, 2021
from 2 p.m.- 4 p.m.
- ✓ There is no agenda for this session. Please
bring your forms or email specific questions! 😊

Note – at this time we have not finalized our planning and will let everyone know if open house will be held in person, or via a web-based format (Teams)

Single Audit

Single Audit

- ✓ Carefully read instructions every year – there is a lot of important information in there (and changes are made to them)
- ✓ SEFA webportal has many sets of instructions built into as denoted by 
 - <https://sao.georgia.gov/federal-compliance-reporting>

Remember: all Federal money must be reported (some Agencies may receive Federal CARES Act/COVID-19 moneys, but may not have reported anything in past years)

✓ SEFA webportal submission:

- Properly identify if monetary vs. non-monetary
 - System limits monetary or non-monetary options by CFDA, but if needed reach out to SAO if you need to use a CFDA and the option is not available
- Properly identify research & development
 - Should find notation somewhere in grant award documents
- Use listing on SAO's website to identify proper State Organization
 - Use especially when receiving money from an Attached Organization as the System only allows for selection of the lead/parent organizations
- If passed-through make sure amount and ALL other information (CFDA number, R&D answer, etc.) agrees to organization who initially received the money.
- CARES Act/COVID-19 amounts must be separately reported
 - If a CFDA contains both COVID-19 and non COVID-19 amounts, must be separately reported in SEFA webportal

Single Audit

✓ SEFA webportal submission:

- Use CFDA number per grant award documents
 - Do not just use same CFDA number that was used in past years
- System will be updated to only allow active CFDA numbers to be used, but reach out to SAO if there is one needed to be used that is not valid in the System
 - Do not just pick a different CFDA

✓ Interagency pass thru:

- There are still issues with agencies not matching. Please remember “timing” is not an acceptable as both sides should match (may require URP adjustment).

Post-Closing Adjustments

PCA Tips

- ✓ **PCA entry form is filled out completely and correctly and entry is balanced. Make sure correct account, program, fund source and budget year data is provided.**
- ✓ **Program and fund source data on PCA form is reported properly on Fund Balance Appropriations form (FBAF) (e.g. PCA adjusts state funds but federal funds are adjusted on FBAF).**
- ✓ **Use one PCA form per entry, do not combine multiple PCAs onto one form.**
- ✓ **Do not add lines to PCA short form. If additional lines are needed, use PCA long form, or request assistance from SAO to add additional lines**

- ✓ **PCAs are processed in TeamWorks timely in subsequent fiscal year (do not wait for SAO's beginning fund balance recon exercise, PCAs should be posted prior).**
 - Use accounts indicated in the FY22 column of the form when posting FY21 PCAs to Teamworks in FY22 (as items recorded to a revenue/expense account on the FY21 PCA need to be posted to account 390001 in Teamworks in FY22).

- ✓ **Limit the number of PCAs submitted**
 - Non-recurring each year as recurring ones should be adjusted in the next year before 998 closes (e.g. PCAs should be non-routine and non-recurring)

Other Items Noted from ACFR Process

Other Items Noted

✓ Clearing Account

- Must be zero **by fund type** by end of year (ex: BCR, CPF, Agency, etc).
Refer to accounting policy: *Control/Clearing Accounts-Balancing Requirements* for travel related account exceptions

✓ Balances in accounts 196xxx should offset to zero at year end

- Excludes Travel Clearing accounts:
 - 196040
 - 196041
 - 196060
 - 196061

✓ Balances in accounts 296xxx should also offset to zero at year end

✓ Governance List

- Accounts Payable – Encumbrances Payable 200011 should be zero in General Ledger until year end when PO module closes to GL
 - Should only have balances from period 998 of CY
 - It is ok to post current year manual JVs for accrual of encumbrances to account 200011 in periods 12 and 998
 - In period 1 of the following year, manual JVs to account 200011 should be reversed and related adjustments should be made through the PO module
 - It is **not** ok to carry balances in account 200011 that resulted from prior year manual JVs

✓ Transfers

- Interfund transfers (accounts 471001/750001) are flows of assets without equivalent flows of assets in return and without a requirement for repayment (subsidies).
 - An example of a transfer would be where the Governor's office transfers emergency funds to an agency, however the agency does not need to provide goods and/or services back to the Governor's office. In this case, the Governor's office is spending funds without receiving a benefit in return; the benefit is received by the public who is being served by the agency who received the transfer in of funds.

- ✓ **In 2017 specific account numbers were established to record Accounts Receivable balances resulting from Revenue Based on Encumbrances accruals.**
 - 122003 – Fed Receivables-Direct-3-RBE
 - 122004 – Fed Receivables-Direct-4-RBE
 - 122502 – Fed Receivables-Indirect-2-RBE
 - 133010 – Other Receivables – RBE
 - 143073 – Inter Rec-RBE
 - 143075 – Inter Rec-DOT-GPDuefrGSFIC-RBE
 - 143078 – Interfund Rec – SRTA – RBE
 - 143080 – Interfund Rec –DOT-TIA Enc-RBE
- ✓ **SAO encourages all Agencies to use these accounts for FY21 to record their Revenues Based on Encumbrances. Using these accounts should assist in completing the Revenues Based on Encumbrances and SEFA forms.**

- ✓ **As noted above in the ACFR forms section, new specific account numbers have been established to record Capital Grants and Contributions – Federal and Other.**
 - 496010 - Cap Grants & Contrib - Capital Contributions - Federal
 - 496020 - Cap Grants & Contrib - Capital Contributions - Other

Funding Source Requests

Fund Source Tree Request Form



- ✓ It is recommended to download the form template from the SAO website for every new Fund Source request to ensure the integrity of the form. In case of a mistake while inputting the data, delete erroneous row(s). Begin again on the next row to allow all dropdown boxes, conditional formatting, and formulas to work properly.
- ✓ **Reminder**
"To expedite the approval process, please **COMPLETE ALL COLUMNS** of the form and verify that values to be added are entered into TeamWorks - Design Chart fields. For fund source requests, please include supporting documentation for restricted, committed, nonspendable and assigned fund balance categories. The form should not be submitted with any **red** cells. Old versions of this form are not being accepted and **WILL** be sent back for incompleteness or inaccuracies."

Miscellaneous Items

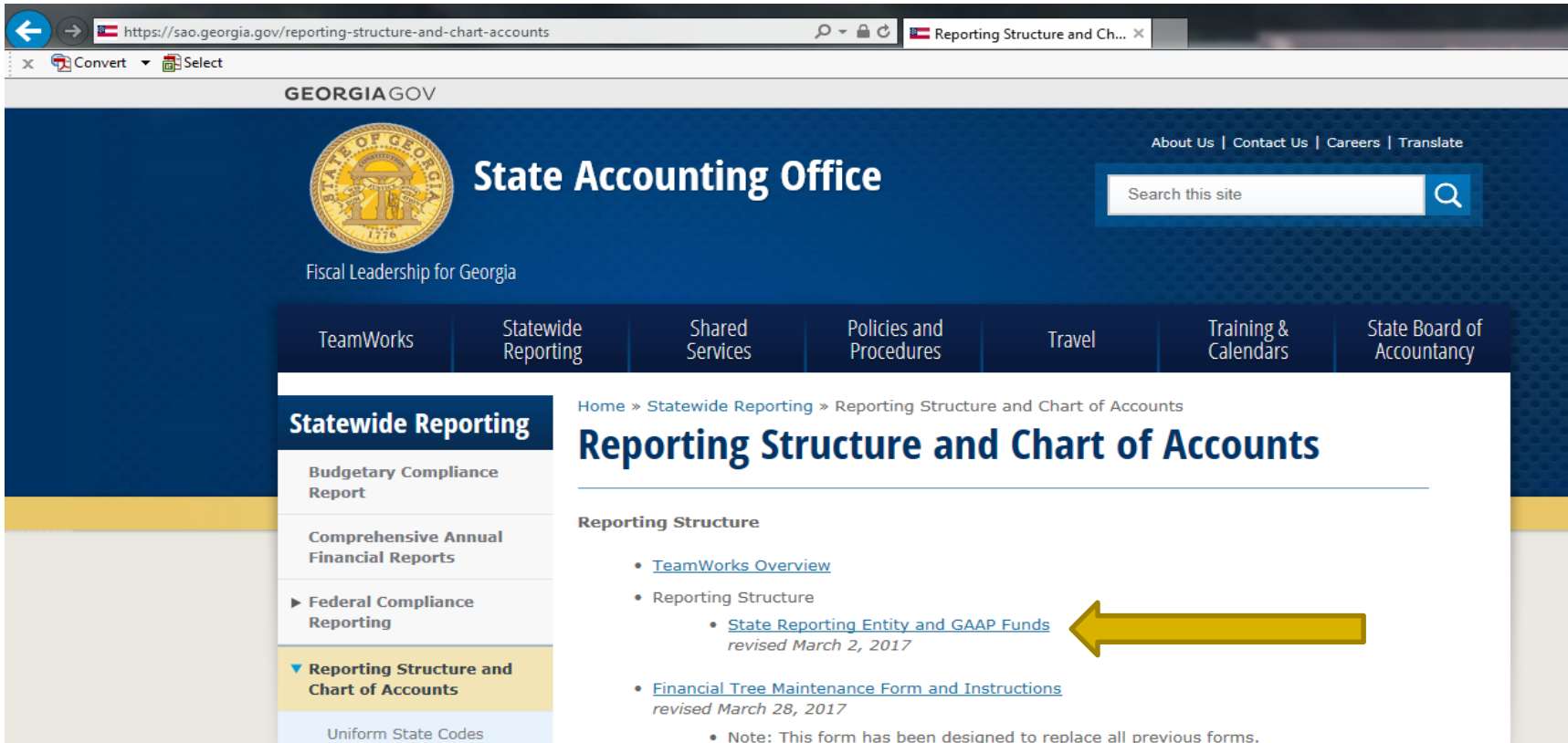
Covid Considerations for ACFR



- ✓ Organizations may need to review their calculations on allowance for doubtful accounts if they are aware that their uncollectible amounts may increase.
- ✓ For ACFR reporting we know we will need to discuss COVID-19 in MD&A, and that we can access the data in Teamworks on the COVID-19 Funding sources. At this time we are unsure of what additional information we may need to collect.
- ✓ American Rescue Plan: Coronavirus State and Local Fiscal Recovery Funds – overseen by OPB and additional accounting guidance will be provided in future, if needed
- ✓ Donations – any donations received related to Covid can be reported on the year-end questionnaire

Entity Listings

✓ Listings of other state agencies can be found on SAO's website here:



The screenshot shows a web browser window with the URL <https://sao.georgia.gov/reporting-structure-and-chart-accounts>. The page header includes the Georgia state seal and the text "State Accounting Office" and "Fiscal Leadership for Georgia". A navigation bar contains links for TeamWorks, Statewide Reporting, Shared Services, Policies and Procedures, Travel, Training & Calendars, and State Board of Accountancy. A search bar is located in the top right corner.

The main content area is titled "Reporting Structure and Chart of Accounts". It includes a breadcrumb trail: Home » Statewide Reporting » Reporting Structure and Chart of Accounts. A sidebar on the left lists various reporting categories, with "Reporting Structure and Chart of Accounts" highlighted. The main content area lists several links under the heading "Reporting Structure":

- [TeamWorks Overview](#)
- [Reporting Structure](#)
 - [State Reporting Entity and GAAP Funds revised March 2, 2017](#)
- [Financial Tree Maintenance Form and Instructions revised March 28, 2017](#)

A note at the bottom states: "Note: This form has been designed to replace all previous forms."

Entity Listings

- ✓ Be sure to find the current forms for the applicable fiscal year on SAO's website. Do not copy and paste or use forms from prior years.



The screenshot shows the SAO website's navigation bar with links for Statewide Reporting, Shared Services, Policies and Procedures, Travel, Training & Calendars, and Internal Control. Below the navigation bar, the 'Statewide Reporting' section is active, showing a breadcrumb trail: Home » Statewide Reporting » Year-End Forms. The main heading is 'Year-End Forms'. A subheading reads: 'The information on this page contains forms and additional information for use in preparation of the State level year-end reports.' Below this, a section titled '2019 Year - End Reporting Forms' is displayed. This section has two columns: 'Entire Year-End Package' and 'General Information'. The 'Entire Year-End Package' column contains a link to 'Entire Year-End Package (zip)'. The 'General Information' column contains links to 'Overview 2019 Year End Reporting Package', '2019 Fiscal Year End Reporting Calendar', and 'Forms Due by Entity List'. A large yellow arrow points from the right towards the 'Entire Year-End Package' link.

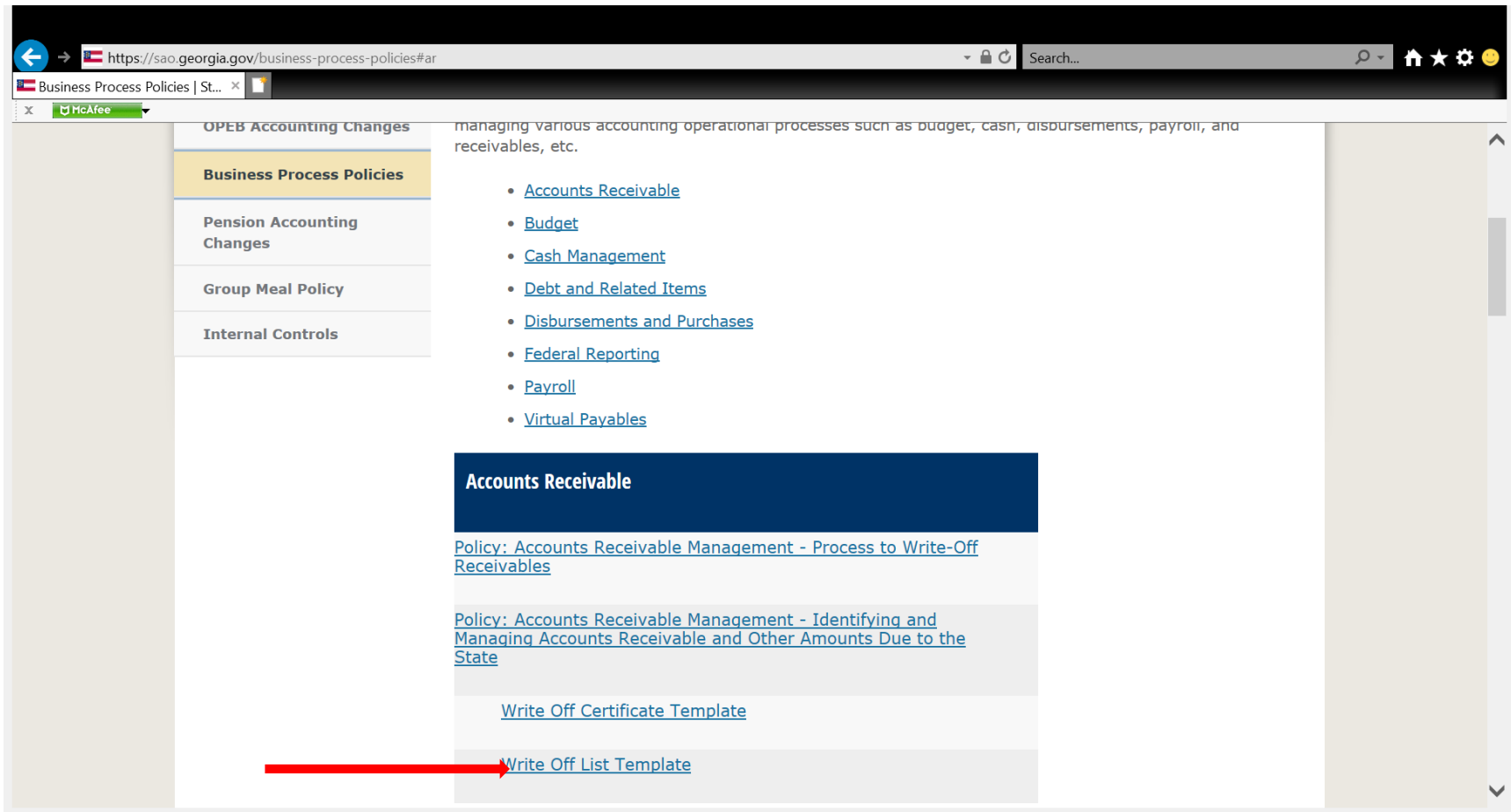
FY21 year-end forms should be posted to SAO's website by the end of May. An email will be sent out once they are available.

AR Write-Off Form

- ✓ **Continual minor improvements are made to the AR Write-Off template to prevent errors and expedite the approval process.**
- ✓ **Information such as obligator's ID is a required field on all submissions.**
- ✓ **Conditional formatting added to verify compliance with write-off limits.**
- ✓ **The form is located on SAO website:**

**Home >> Policies and Procedures >> Business Process Policies >>
Accounts Receivable**

AR Write-Off template



The screenshot shows a web browser window with the URL <https://sao.georgia.gov/business-process-policies#ar>. The page has a sidebar with a menu containing the following items:

- OPEB Accounting Changes
- Business Process Policies**
- Pension Accounting Changes
- Group Meal Policy
- Internal Controls

The main content area displays a list of links under the heading "managing various accounting operational processes such as budget, cash, disbursements, payroll, and receivables, etc.":

- [Accounts Receivable](#)
- [Budget](#)
- [Cash Management](#)
- [Debt and Related Items](#)
- [Disbursements and Purchases](#)
- [Federal Reporting](#)
- [Payroll](#)
- [Virtual Payables](#)

Below this list, there is a section titled "Accounts Receivable" with the following links:

- [Policy: Accounts Receivable Management - Process to Write-Off Receivables](#)
- [Policy: Accounts Receivable Management - Identifying and Managing Accounts Receivable and Other Amounts Due to the State](#)
- [Write Off Certificate Template](#)
- [Write Off List Template](#)

A red arrow points to the "Write Off List Template" link.

- ✓ **Reminder: May FMC training presentations are out on SAO's website**
- ✓ **FY21 year-end timeline is not yet available, but will be similar to the FY20 timeline**
- ✓ **FY21 forms will be posted shortly**
- ✓ **Onspring Internal Controls RA/CA submission is due on June 30, 2021**

SAO Policies on Web

✓ SAO accounting policies can be found here:

<https://sao.georgia.gov/accounting-policy-manual>

CATEGORY 1 - GENERAL GUIDELINES		
State of Georgia Accounting Policy Structure	06/30/2009	06/30/2011
Accounting Manual Introduction		
Fiscal Management Objectives	06/30/2009	06/30/2009
Management Responsibilities	06/30/2009	06/30/2011
GAAP Hierarchy & Link to GASB	06/30/2016	06/30/2016
Laws and Regulations	07/01/1999	07/01/2004
Glossary	07/01/2009	06/15/2012
CATEGORY 2 - FINANCIAL REPORTING		
Materiality	07/01/2009	06/30/2011
Basis of Accounting and Reporting		
Overview	06/30/2009	06/30/2011
Legal Level of Budgetary Control	Not Available	Not Available
Elements of Financial Statements	07/01/2015	07/01/2015
Chart of Accounts (COA)		
Structure Overview	07/01/2009	04/30/2010
Fund Source Identifiers	07/01/1999	07/01/2004
Control/Clearing Accounts - Balancing Requirements	06/30/2012	03/01/2016
CATEGORY 3 - CLOSING PROCEDURES		
Monthly Reporting and Analysis Checklist	Not Available	
Fiscal Year-End Cutoff and Analysis Checklist	Not Available	
Documentation Requirements	05/31/2011	05/31/2011
CATEGORY 4 - FINANCIAL ACCOUNTING AND REPORTING POLICIES & PROCEDURES		
Inflows of Resources		
Revenues & Receivables Unearned Revenues and Unavailable Revenues - General	07/01/2015	07/14/2016
Uncollectible Accounts and Write-Offs	07/01/2011	07/01/2011
Other Financing Sources	07/01/1999	07/01/2004
Prior Year Carry-Over (Accounting)	07/01/2008	07/01/2008

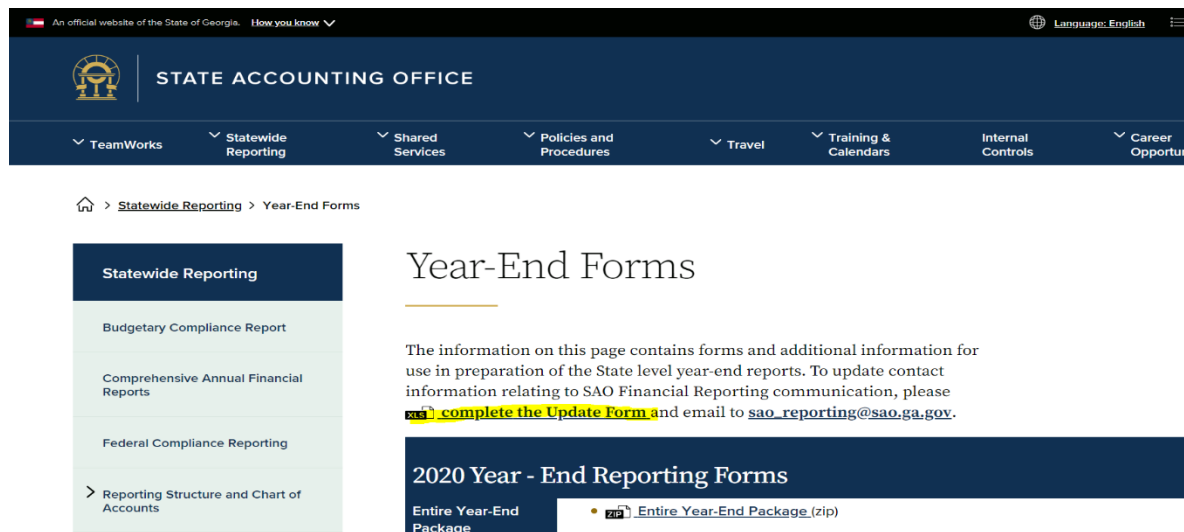
SAO Policies on Web



- ✓ The Accounting Policy Manual includes high-level policies and procedures to ensure that financial activity is recorded accurately and consistently across organizations within the state reporting entity (e.g. reported in the ACFR), so that government-wide financial statements will comply with authoritative GASB and legislative standards.
- ✓ The following slide is a snapshot of the revenue recognition matrix where guidance is given regarding when to recognize revenue and is included in the “Revenues & Receivables Unearned Revenues and Unavailable Revenues – General” policy.
- ✓ SAO is currently working on updating Accounting Policy Manual and will notify when updates are completed

Communications list

- ✓ SAO has a form for agencies to complete for updated agency contacts.



The screenshot shows the SAO website interface. At the top, there is a header with the SAO logo and the text "STATE ACCOUNTING OFFICE". Below the header is a navigation menu with links for TeamWorks, Statewide Reporting, Shared Services, Policies and Procedures, Travel, Training & Calendars, Internal Controls, and Career Opportunities. The main content area is titled "Year-End Forms" and contains a sidebar with links for Budgetary Compliance Report, Comprehensive Annual Financial Reports, Federal Compliance Reporting, and Reporting Structure and Chart of Accounts. The main text area provides information about the year-end reports and includes a link to the "2020 Year - End Reporting Forms" package, which is available as a zip file.

- ✓ SAO recently sent confirmations to agencies to validate their current contact information.
 - ✓ Note – this communication list is different than Financial News sign up available in TeamWorks.

Questions?