FASTER CAFR...*is it possible*?
Agenda

☑ Survey Results
☑ GASB Trajectory
☑ Questions
**NASC Survey**

<table>
<thead>
<tr>
<th>State</th>
<th>Area 1</th>
<th>Area 2</th>
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<tr>
<td>Alabama</td>
<td>Increased Activity: Difficult to deal with one-districted problems. Need for developing QAP programs. This means that we need to develop QAP programs. We need to develop QAP programs.</td>
<td>Delaware</td>
<td>Nevada</td>
<td>North Carolina</td>
<td>Oregon</td>
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<td>Colorado</td>
<td>GBAS68 and GBAS75: Time required to implement GBAS.</td>
<td>General Fund Bridging Corporation: Involves only one component, with one exception: GBAS. We need to develop a new GBAS system.</td>
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**Notes:**
- **Cash Flow:** Not much of an issue.
- **Performance and cost:** Involves only one component, with one exception: GBAS. We need to develop a new GBAS system.
- **Implementation of new standards:** The continued implementation of the GBAS standards is stimulating important changes and adjustments to the financial reporting standards.
- **Pension Plan:** Difficult to understand and respond to changes in pension plans.
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**References:**
- California: California State University, 2003, "GAAP, not just another acronym."
- Colorado: Colorado Department of Revenue, 2003, "GAAP, not just another acronym."
- Delaware: Delaware Department of Revenue, 2003, "GAAP, not just another acronym."
- Georgia: Georgia State Auditor, 2003, "GAAP, not just another acronym."
- Hawaii: Hawaii Department of Revenue, 2003, "GAAP, not just another acronym."
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- Utah: Utah State Auditor, 2003, "GAAP, not just another acronym."
- Wisconsin: Wisconsin State Auditor, 2003, "GAAP, not just another acronym."
Areas of Concern

✓ Has your state found the secret sauce and solved concerns in any of the Top 6 areas?

- Pension and OPEB
- Investments
- Component Units
- New Standards
- Interfund Activity
- Auditor Delay/Timing

Purposefully did not ask about “other” category or “manual process”. Will explain why at conference.
Some examples of comments:

- Difficult to understand and reconcile to notes and statements.
- The sheer volume of information required for these notes/RSI has really made the audit much more difficult.
- Dependent on outside actuarial reports.
  - Requires significant work throughout the year to ensure the actuaries receive the census data required, assist with potential attestations or audits of the data, and compile.
- Processing the volume of F/S, notes and RSI for pension/opeb plans.
  - Automated way to calculate the state's share of Pension/OPEB balances (DI/DO, NPL, Exp, Future Pmts, Salary, etc.)?
Some examples:

- Extensive information reported from data not captured in accounting transactions.
- The Treasurer’s Office is responsible to maintain the records for these accounts and is not knowledgeable of the GASB requirements and the information provided requires correction or adjustments.
- Summarizing the fair value disclosures concisely, given that sometimes the pensions and component units disclosures within their own financial statements can vary in detail and in the way investments are broken out.
- The volume of information requested for disclosure in the notes for items valued at fair value (GASB 72). The information is unique and not our area of expertise.
Some examples:

- No control over timing of response; the amount of work is not the problem
  - Late receipt of CU financial statements is a significant blocker
  - OPEB/Pension standards have delayed the availability of component unit audited statements by two to four weeks.
- The Commonwealth has 46 discrete component units. Each entity is required to provide separate financial statement information that must be analyzed and incorporated into the CAFR.

Timeliness was definitely a theme here....has anybody solved this?
Some examples:

• Difficult to deal with one-sided entries which must be matched up
  – GAAP basis transfer doesn’t equal budget basis transfer; distinction between transfer and expenditure internally can be subtle.

• Agencies book their “Due from” amounts; however, there is no direct link between an Agency “Due from” accounting and the corresponding agencies “Due To”.
  – In most cases, we must allocate the current year “Due To” side based on the historical (5-yr average) collection amount from each Fund and Agency
Some examples:

- Reconciling, reporting and disclosures for all transfer transactions is time-consuming.
  - Transfers cannot always be identified when the transactions are initiated.
  - PeopleSoft based software cannot be configured to capture required information needed for reconciliations and disclosures. Budgetary and GAAP fund structures are different.
  - Reconciliation work cannot be completed until \textbf{ALL} GAAP funds are incorporated into the CAFR.
  - If GASB implements additional categories of reporting for current and noncurrent components, as discussed in the Reporting Model PV, the amount of time needed will increase greatly.
Questions