



State Controller's Division

STATEWIDE ACCOUNTING AND REPORTING SERVICES

Semi-Annual Update

For the Period Ending June 30, 2011

Who are we?

The Statewide Accounting and Reporting Services (SARS) team compiles and publishes the State's audited Comprehensive Annual Financial Report (CAFR). To ensure the information reported in the CAFR is presented in accordance with “generally accepted accounting principles,” SARS establishes statewide accounting policies that are published in the Oregon Accounting Manual and provides consulting and training services for agencies’ fiscal staff.

The SARS unit also manages the Datamart. The Datamart contains accounting and financial data extracted from the state’s central financial systems and is used by agencies for ad hoc reporting.

In addition to the CAFR and Datamart, SARS coordinates the state’s federally mandated reporting requirements, which include preparation of the Statewide Cost Allocation Plan, the Schedule of Expenditures of Federal Awards, the Federal Compliance Reporting Package, and the Cash Management Improvement Act (CMIA) Treasury-State Agreement and annual report. SARS also manages security access to the state's central financial systems and administers the statewide travel card program and the statewide travel policy.

SARS Statistics

- Number of years SARS has received the GFOA’s *Certificate of Achievement for Excellence in Financial Reporting*: **19 years (including the FY 2010 CAFR)**
- Number of training *hours* provided from January through June 2011 to agencies’ fiscal staff: **2,429 hours**
- Percentage of agencies that earned the Gold Star Certificate for accurate and timely reporting for FY 2010: **94%**
- Number of agencies and component units reported in the FY 2010 CAFR: **89 agencies**
- Number of Datamart users: **738 users**
- Number of pages of reference materials, training materials, etc. created or updated and published for agencies’ use from January through June 2011: **540 pages**

CAFR Compilation

Preparing Oregon’s *Comprehensive Annual Financial Report* (CAFR) and receiving a clean audit opinion is the single overriding performance objective of SARS and the primary focus of the team’s activities. The CAFR is an important document. It is required by federal and state law and is critical to the marketability of the state’s bond issues.

Each year, SARS splits its time between two major activities: planning for the year-end closing process and the actual preparation of the CAFR. During the planning period (from January through June), we update our CAFR procedures and other preparation tools and research financial reporting issues raised by the auditors, the GFOA, and financial statement users. Last, but certainly not least, we use the planning season to analyze the requirements of new accounting standards. This year, a substantial portion of SARS' time was devoted to the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The purpose of Statement No. 54 is to enhance how fund balance information is reported and improve its decision-usefulness. The Statement establishes a hierarchy of new fund balance classifications based on the spending constraints that control how a government can use amounts reported in the governmental funds balance sheet. In addition, Statement No. 54 clarifies certain parts of the definitions of governmental fund types that have led to confusion and may have adversely affected the interpretation of fund balance information in the past. For example, the new standard makes clear that special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in the fund.

To ensure consistent implementation statewide, SARS hosted nine small-group training sessions in 2010 and a final statewide training session in 2011. The time devoted to this training was well worth the effort. ***SARS is pleased to announce that nearly 100% of state agencies completed their GASB 54 assignments by the milestone dates!*** Thank you, CAFR accountants, for the work you did to make this happen. Here is a summary of your accomplishments:

- Using the step-by-step instructions, agencies researched the nature of the constraints and then determined the appropriate fund balance category for each of their governmental D-23 funds, assigned the corresponding 2-digit G54 code, and provided the information required for the description field.
- After completion of the "special revenue fund testing," agencies quickly responded when SARS' communicated the results. In fact, a few agencies determined that some special revenue funds failed the test before SARS had even begun the formal testing! In most cases, the non-qualifying special revenue funds were redirected to special GAAP General Fund 0054.
- Agencies also completed the reclassification of the FY 2011 beginning fund balances to the new GASB 54 GL fund balance accounts. Special reports were distributed to agencies to help determine whether to make a manual reclassification or to take advantage of an automated entry. The automated solution required the creation of an interface file that agencies released on the 530 screen.
- The last agency assignment involved reclassifying the beginning balances in the "reserved" fund balance GL accounts to the new GASB 54 nonspendable GL accounts. All agencies completed this task on time.

Last, but not least, SARS continued to co-chair the National Association of State Auditors, Controllers, and Treasurers (NASACT) GASB 54 Implementation Work Group. The monthly teleconferences certainly grew livelier as fiscal year-end moved closer.

Datamart

The SCD Datamart is a database of accounting data extracted from the Statewide Financial Management Application (SFMA) and payroll data from the Oregon State Payroll Application (OSPA) that agencies can access for ad hoc reporting needs or use to create their own custom reports. SARS has also developed a number of “standard reports” that are available to all agencies through the central Datamart Repository. Users experiencing difficulty with a query should send a request for assistance to this e-mail address: datamart.support@state.or.us

In March 2011, SARS introduced a new four-hour training class for beginners: *Datamart & Hyperion: Back to Basics*. This class highlights basic concepts, including how to set up an Open Catalog Extension (OCE), table information, how joins and filters work, sorting and formatting, plus how to use the Repository. Students also receive hands-on experience in building basic queries, using pivot tables, and manipulating the results. Since March, more than 125 state employees have participated in this training.

Plans are currently in the works to begin offering an intermediate-level class in September. We will send agencies a training announcement when the details are finalized. One note of interest – the location for the training has changed. For the foreseeable future, all Datamart classes will be held in the DAS Computer Lab at the General Services Building (DAS East) located at 1225 Ferry St SE, Salem, OR 97301. Look for us on *iLearn!*

Federal Compliance

SARS is responsible for several federally mandated reports and documents. To continue to be eligible to receive federal funding, it is important that Oregon comply with federal reporting requirements. During the past six months, SARS:

- Submitted the final FY 2012 Statewide Cost Allocation Plan to the US Department of Health and Human Services, as required by OMB Circular A-87, and is currently in the process of negotiation.
- Completed the FY 2012 Cash Management Improvement Act Treasury-State Agreement as required by 31 CFR 205 Final Rule. This document is submitted to the US Treasury Department.
- Submitted the FY 2010 Federal Reporting Package to the Federal Audit Clearinghouse. The Federal Reporting Package includes the most recent CAFR, Statewide Single Audit Report, Corrective Action Plan, and Data Collection Form.

Agency Support

SARS provides specialized training to ensure that agencies understand their accounting and reporting responsibilities and that accounting policies are consistently applied statewide.

In addition to the statewide training on GASB Statement No. 54, SARS hosted a two-day governmental accounting conference in April 2011. Eric Berman, MSA, CPA, a consultant and

partner with Brown Armstrong Accountancy Corporation of Pasadena, CA and former Deputy Comptroller of Massachusetts, was the instructor.

The first morning was devoted to governmental accounting basics, including refunding bonds. The afternoon, not surprisingly, was swallowed up by GASB Statement No. 54. The second morning started off with a refresher on GASB Statement No. 51, *Intangible Assets*, and ended with a discussion of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* (aka public-private or public-public partnerships). During the afternoon, Mr. Berman discussed pending GASB pronouncements and ended the session with an economic update.

Participation in this two-day event was high (91 attendees). SARS received very positive feedback.

Statewide Accounting and Reporting Services

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