Learning Objective

- Be familiar with the new accounting pronouncements and understand its effect to the California State University System financial statements
New GASB Pronouncements

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68 and Amendment to certain provisions of GASB Statements 67 and 68*, Issued June 2015

New GASB Pronouncements (cont.)

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, June 2015
New GASB Pronouncements (cont.)

• GASB Statement No. 80, *Blending Requirements for Certain Component Units*, January 2016

Statement No. 73

• Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68 and Amendment to certain provisions of GASB Statements 67 and 68*

• Issued June 2015

• Effective dates: for fiscal years beginning after June 15, 2015 (*effective June 30, 2016*), except for:
  • Pensions that are not within the scope of Statement 68: for periods beginning after June 15, 2016 (*effective June 30, 2017*)
Statement No. 73 (cont.)

- establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees that are not within the scope of GASB 68
- establishes requirements for governments that hold assets accumulated for purposes of providing pensions through defined benefit pension plans that are not administered through trusts

Statement No. 74 and No. 75

- Statement No. 74, Financial Reporting for Postemployment Benefit Plans other than Pensions Plan, June 2015
  - Effective date: for fiscal years beginning after June 15, 2016 (effective June 30, 2017)

  - Effective date: for fiscal years beginning after June 15, 2017 (effective June 30, 2018)
Statement No. 75

**Scope and Applicability**: for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local government employers through OPEB plans that are administered through trusts and equivalent arrangements in which:

a. Contributions from employers and noncontributing entities to the OPEB plan and earnings on those are irrevocable

b. OPEB plan assets are dedicated to providing benefits to plan members in accordance with the terms

c. OPEB assets are legally protected from the creditors of employers, noncontributing entities and Plan administrator

*Note: OPEB does not include termination benefits or termination payments for sick leave*

Statement No. 75 (cont.)

- Also applies for employers that provide OPEB that are not administered through trusts

*Cost-sharing multiple-employer defined benefit OPEB Plan* – OPEB obligations to the employees of more than one employer are pooled and OPEB plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan
Statement No. 75 (cont.)

• Accounting and financial reporting
  • Recognize a liability for the employer’s proportionate share of the collective net OPEB liability as of measurement date
  • OPEB expense and deferred outflows or resources and deferred inflows of resources should be recognized for the following:
    a. Employer’s proportionate shares of collective OPEB expense and collective deferred outflows and deferred inflows of resources
    b. Change in proportion of the collective net OPEB liability
    c. Contributions during the measurement period
    d. Employer contributions subsequent to the measurement date
• Required disclosures

Statement No. 76

• GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, June 2015
• Effective date: for fiscal years beginning after June 15, 2015 (effective June 30, 2016)
• This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP
Statement No. 76 (cont.)

- GAAP Hierarchy:
  a. GASB Statements (Category A)
  b. GASB Technical Bulletins, Implementation Guides and literature of the AICPA cleared by GASB (Category B)

*** If not specified above, consider accounting principles for similar transactions or other events with source of authoritative GAAP and then consider nonauthoritative literature from other sources (i.e. GASB Concepts Statements, pronouncements and other FASB, among others)

Statement No. 77

- GASB Statement No. 77, Tax Abatement Disclosures, August 2015
- Effective date: for fiscal years beginning after December 15, 2015 (effective June 30, 2017)

- Tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which, (a) one or more governments promise to forgo tax revenues (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the government or the citizens of those government
Statement No. 77 (cont.)

Required Disclosures:

• Various information about the tax abatement agreements
• If the government chooses, only individual tax abatement agreements the meet quantitative threshold should be presented
• Consideration for agreements entered into by discretely presented component units

Statement No. 78

• GASB Statement No. 78, *Pension Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, December 2015
• Effective date: for fiscal years beginning after December 15, 2015 (*effective June 30, 2017*)
• Amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state and local governmental employers that is (1) not a state or local governmental pension plan, (2) is used to provide defined health benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers and (3) has no predominant state or local governmental employer
Statement No. 79

• GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, December 2015

• Effective date: for fiscal years beginning after December 15, 2015 (*effective June 30, 2017*)

• The Statement establishes accounting and financial reporting standards to qualifying external investments pools that elect to measure for financial reporting purposes all of their investments at amortized cost. Also applies to governments that participate in qualifying external investments pool that measures investments at amortized cost.

Statement No. 79 (cont.)

Amortized cost criteria for external investment pool:

a. Transacts with its participants at a stable net asset value per share

b. Meets the following requirements per the Standards:
   • Maturity
   • Quality
   • Diversification
   • Liquidity
   • Pricing
Statement No. 80

- GASB Statement No. 80, *Blending Requirements for Certain Component Units*, January 2016
- Effective date: for fiscal years beginning after June 15, 2016 *(effective June 30, 2018)*
- The statement established additional blending requirement.
- A component unit should be included in the reporting entity financial statements using the blending method if the component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member

Questions and Answers
Learning Objectives

• Identify new PBC schedules and templates
• Identify PBCs that are no longer needed
• Identify which PBC templates are required vs. recommended
• Understand how to track Not Applicable PBC items
• Understand the enhancements on certain PBC schedules or templates
• Understand the supporting documentations required on certain PBCs
New PBCs

<table>
<thead>
<tr>
<th>PBC</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>127a</td>
<td>FY2015/16 Tuition and fees detail by transaction (which is reconciled to the GAAP reporting package). KPMG will make selections for review.</td>
</tr>
<tr>
<td>133b</td>
<td>FY2015/16 sales and services details by transaction (which is reconciled to the GAAP reporting package). KPMG will make selections for review.</td>
</tr>
<tr>
<td>138</td>
<td>FY2015/16 scholarship and fellowship details by transaction (which is reconciled to the GAAP reporting package). KPMG will make selections for review.</td>
</tr>
</tbody>
</table>

PBCs: Required Format

<table>
<thead>
<tr>
<th>PBC</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>54</td>
<td>Detail balance sheet (by CSU fund and investment type) of investment income and accrued interest receivable as of end of the year ended 6/30/16 that agree to the SSECP and SNP, respectively. Detail should include income and unrealized realized gains and losses that tie to investment third-party statements (to be provided by the CO). Note this is a worksheet which contains tabs that summarize the monthly/quarterly investment income in order to derive the YTD amount per the lead sheet. Also, provide third party statements that support the amounts listed in the schedule.</td>
</tr>
<tr>
<td>55</td>
<td>CSU Consolidated Fund Investment Legal to GAAP Rollforward. Include CSU Fund.</td>
</tr>
<tr>
<td>126</td>
<td>Tuition and fees ledger.</td>
</tr>
<tr>
<td>126a</td>
<td>Tuition and fees ledger. Note: Indicate &quot;N/A&quot; on column J if no change from the version submitted on 8/29/16.</td>
</tr>
<tr>
<td>127</td>
<td>FY2015/16 Tuition and fees detail by transaction (which is reconciled to the GAAP reporting package). KPMG will make selections for review.</td>
</tr>
</tbody>
</table>
### PBCs: Required Format (cont.)

<table>
<thead>
<tr>
<th>No.</th>
<th>Source</th>
<th>Format</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>133</td>
<td>Exhibit 16</td>
<td>CEAP</td>
<td>Y* Sales and services of auxiliary enterprise revenues less credit.</td>
</tr>
<tr>
<td>133a</td>
<td>Exhibit 16</td>
<td>CEAP</td>
<td>Y* Sales and services of auxiliary enterprise revenues less credit by types of housing and types of parking. Note: Indicate “N/A” on column if no change from the version submitted on 8/29/16.</td>
</tr>
<tr>
<td>133b</td>
<td>DW Report</td>
<td>CEAP</td>
<td>Y* FY2015/16 sales and services details by transaction (which is reconciled to the GAAP reporting package). KPMG will make selections for review.</td>
</tr>
<tr>
<td>59</td>
<td>Exhibit 48</td>
<td></td>
<td>Y* Listing of all students and customers with their respective outstanding balances at 6/30/16 (aging reports). The ending balance on this report must be the amount presented on the accounts receivable less credit. If amounts do not balance to the report, a reconciliation must be prepared with explanation of differences. (Note: This detail report should only include debits made to student accounts if your conversion procedures map the debits to a receivable and the credits to unearned revenue [formerly deferred revenue]. KPMG will request support if deemed material. Include CSU Fund.</td>
</tr>
</tbody>
</table>

### PBC’s: Required Format (cont.)

<table>
<thead>
<tr>
<th>No.</th>
<th>Source</th>
<th>Format</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>137</td>
<td>DW Report</td>
<td>CEAP</td>
<td>Y* Detail listing of expenditures made during FY 2015-16. The listing of expenditures should agree to the legal basis. Management to agree the listing of legal basis expenditures to PBC from Systemwide PBC (Cyl. 722064 supplies and other services in FS report 160). Management also to agree the GAAP basis supplies and other services expenditures by natural classification (per Systemwide PBC (CTA of 722064 supplies and other services in FS report 169) with Note 13 of the reporting package (per Systemwide PBC PS report 167). KPMG will make selections from the legal basis expenditure detail and test the legal to GAAP conversion journal entries and reconcile the GAAP basis supplies and other services natural classification to Note 13 of the reporting package. Testing will cover expenditures requiring bids and those that do not. Selected items will require entire AP package to be provided to KPMG (bid, if applicable, invoice, PO, check requisition, check copy, receiving document). Include CSU Fund.</td>
</tr>
<tr>
<td>139</td>
<td>DW Report</td>
<td>CEAP</td>
<td>Y* Detail listing of the components of auxiliary enterprise expenses for FY2015-2016. Include CSU Fund.</td>
</tr>
<tr>
<td>138</td>
<td>DW Report</td>
<td>EAP</td>
<td>Y* FY2015/16 scholarships and fellowship details by transaction (which is reconciled to the GAAP reporting package). KPMG will make selections for review.</td>
</tr>
</tbody>
</table>
PBC’s: Required Format (cont.)

<table>
<thead>
<tr>
<th>Item</th>
<th>CEAP</th>
<th>Y*</th>
</tr>
</thead>
<tbody>
<tr>
<td>148</td>
<td>Exhibit 45</td>
<td>CEAP</td>
</tr>
<tr>
<td>148a</td>
<td>Exhibit 45</td>
<td>CEAP</td>
</tr>
<tr>
<td>152</td>
<td>Exhibit 47</td>
<td>CEAP</td>
</tr>
</tbody>
</table>

Tracking for Year-End PBC Submission

- Starting FY 2015-16, campus and SW are required to upload the Year-end Campus PBC list (from CH.9.1.4) as PBC000 BK PBC List Tracker in the PBC SharePoint site.
- Campus must indicate the date of the submission of the PBC item or “NA” (if not applicable) in the dedicated column.
- KPMG will use this to keep track of the submissions to be reported in the weekly audit update with SW reporting team. Avoid follow-ups on NA items.
- No need to upload a document stating that a PBC item is not applicable.
Submission of Confidential PBCs

- Secured FTP site dedicated for confidential PBC items
- Link: https://csusftp.calstate.edu/
- Access (and removal) request should be emailed to SFSR_GAAP@calstate.edu
- Login ID is your email address
- To reset password click on the “recover password” icon on the lower left corner of the login page. A temporary password will be emailed to you.
- After the audit, campuses will be asked to delete all files in the FTP site.

Exhibit 50: Capital Asset Impairment Survey

- KPMG used to confirm via email from the campuses on whether they have identified any capital asset impairments. No assigned PBC item #.
- Starting FY 2015-16, Exhibit 50, Capital Asset Impairment Survey, in GAAP Manual Ch. 9.02.16 is available as a tool to assist the campus in complying with the requirements of GASB No. 42.
Exhibit 50: Capital Asset Impairment Survey

- Upload the completed survey as PBC 88b. This will replace the annual email confirmation from KPMG.
- This survey will also be used in completing the annual management representation letter to the State Controller’s Office. This is signed by the Assistant Vice Chancellor/Controller (Mary Ek).
- Survey questions cover the following:
  a. Identify Potential Impairment (indicators)
  b. Testing for Impairment
  c. Disclosure Requirement

PBC 127, 133a, 138: Data Warehouse Reports

- Starting last year, the audit approach is geared towards substantive testing. Auditors will test samples from total population of the following account balances:
  a. Student Tuition and Fees
  b. Sales and Services of Auxiliary Enterprise
  c. Scholarship and Fellowships
- GAAP Manual Ch. 9.3.10 will assist campuses in generating the detailed listing of transactions from Data Warehouse. SDSU can follow the same parameters in generating its own report.
PBC 127, 138, 139 Support (Cash)

Details

Sub-selection
PBC 127, 138, 139 Support (Cash) (cont.)

- Payment support:

<table>
<thead>
<tr>
<th>WPII AMOUNT</th>
<th>TYPE</th>
<th>VARIANCE</th>
<th>CASHNET DATE</th>
<th>CASHNET AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>15,11,00</td>
<td>Extended Education</td>
<td>0.00</td>
<td>04/22/15</td>
<td>15,111.00</td>
</tr>
<tr>
<td>147,085.12</td>
<td>Main Cashiers</td>
<td>0.00</td>
<td>01/22/15</td>
<td>147,085.12</td>
</tr>
</tbody>
</table>

- Financial Aid Award Notification

**FINANCIAL AID AWARD NOTIFICATION**

The Cost of Attendance and Financial Aid Offered in this notification are based on information currently available. Once federal and state budgets are finalized it may be necessary to update these figures. If this happens, you will receive a revised award notification.

This award offer reflects your current financial aid eligibility for the 2016-2017 academic year. REVISION: Your award has been revised to reflect your enrollment as of census date. [p]

Award amounts are based on full-time enrollment. Disbursements will be greater according to your actual units of enrollment. You must be enrolled in at least 6 units (6 graduate 200 series units) to receive the aid awarded to you. At Census Date of each semester your enrollment will be reviewed and any awards revised accordingly.

<table>
<thead>
<tr>
<th></th>
<th>Fall 2014</th>
<th>Spring 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Direct Unsubsidized Loan-1</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>State University Grant</td>
<td>3,369.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>
PBC 095 – July and August Check Registers

• CSU delivered query name “CSU_AP_CHK_DISB_BY_CSU_FUND”

• Query instruction in GAAP Manual, Chapter 9 CH_09.03.06_PBC_Schedule_095

• NEW – Added record field “Use Tax”

• Downloadable to Excel

• Insert Pivot Table

PBC 095 – July and August Check Registers (cont.)

• Pivot Table
  1. Choose the following fields
PBC 095 – July and August Check Registers (cont.)

- Pivot Table (cont.)
  2. Vouchers (B) - Use Tax (C) = Check Amount (D)
  3. If not, Difference (E) is withholding tax, discount, etc.
  4. IGNORE Check Amount Total as it is an average.

![Table Image]

PBC 081/087 – Capital Assets Addition & Sales/Disposal

- CSU delivered query name “CSU_AM_ADDS RETIRES”
- Query instruction in GAAP Manual, Chapter 9 CH_09.03.07_PBC_Schedule_081_087
- Includes CSU Funds
- Downloadable to Excel
- Tie to Reporting Package Note 5
- Make selection (except CWIP)
### NEW – Added GAAP adjustments and totals

<table>
<thead>
<tr>
<th>Category</th>
<th>Adjusted Total</th>
<th>New GAAP</th>
<th>Total</th>
<th>Ending GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEW – Added GAAP adjustments and totals</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NEW – Added Ending GAAP Balance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### SRB Required Lead-sheets

- Investment Income Lead-Sheet (Exhibit 18)
- Legal to GAAP RF of CSU Pool Investments (Exhibit 32)
- Unearned revenue reasonableness test (Exhibit 12)
- Student Tuition and fees (Exhibit 33)
- Sales & services of auxiliary enterprise revenues (Exhibit 16)
- Liability Lead-Sheet (Exhibit 36)
- Detail of Transfers – PBC 152 (If Applicable)
PBC 55 – Investments Legal to GAAP Rollforward (Exhibit 32)

- In FY 2014-15 columns were added for breakdown of ST and LT Investments.
  - 711102
  - 711206

Please ensure you complete those columns.
PBC 145 – SRB Liability Leadsheet (Exhibit 45)

• Used for SRB purposes only.

• In FY 2014-15 a section was added for Other Liabilities Current.
  • 712109

• Please ensure you complete this section.

• Accounts Payable should not include Prior Year Reversals.
PBC 145 – SRB Liability Leadsheet (Exhibit 45)

• PY Reversal should **not** be included

<table>
<thead>
<tr>
<th>Natural Class</th>
<th>Nature Class Description</th>
<th>CSU Fund</th>
<th>CSU Fund Name</th>
<th>Journal ID</th>
<th>Legal Balance</th>
<th>Journal Entry Amt</th>
<th>Adjusted GAAP Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>221</td>
<td>Accounts payable</td>
<td>221</td>
<td>Diff_Housing</td>
<td>0002598318</td>
<td>6,646.36</td>
<td></td>
<td></td>
</tr>
<tr>
<td>221</td>
<td>Accounts payable</td>
<td>221</td>
<td>Diff_Housing</td>
<td>0002359971</td>
<td>(23,088.20)</td>
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<tr>
<td>221</td>
<td>Accounts payable</td>
<td>221</td>
<td>Diff_Housing</td>
<td>000665440</td>
<td>(2,216.56)</td>
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<tr>
<td><strong>Total CSU Fund 221</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(9,298,215.41)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Natural Class</th>
<th>Nature Class Description</th>
<th>CSU Fund</th>
<th>CSU Fund Name</th>
<th>Journal ID</th>
<th>Legal Balance</th>
<th>Journal Entry Amt</th>
<th>Adjusted GAAP Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>441</td>
<td>TF-CERP-Extended Education</td>
<td>441</td>
<td>TF-CERP-Extended Education</td>
<td>000385443</td>
<td>49,790.30</td>
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<td>TF-CERP-Extended Education</td>
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<td>TF-CERP-Extended Education</td>
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<td>000594210</td>
<td>21,034.47</td>
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<td>75,033.90</td>
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<td>TF-CERP-Extended Education</td>
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<td>TF-CERP-Extended Education</td>
<td>000665440</td>
<td>(2,064.22)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total CSU Fund 441</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(9,529.30)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Student Union Program – Return of Surplus**

• CSU Fund 534

• Revenue = Student Body Center Fees   Firms Object Code 504008

• Expense = Student Union Operating Expenses   Firms Object Code 660045

• Support Required to document expenditures:
  • Copies of Operating Expenditure Checks (aka Return of Surplus)
  • Budgets
  • Check Requests
  • Memorandums
  • Documentation should be uploaded to SharePoint.
Student Union Program

Resources

- Link to the PBC SharePoint Site
  https://csyou.calstate.edu/groups/fsaudit/PBC%20FY%202015/Forms/AllItems.aspx

- Link to GAAP Accounting and Reporting Manual (Ch. 9, Preparing for the Financial Statements Audit)
  http://www.calstate.edu/SFSR/Workshops/index.shtml

- PBC SharePoint Site Access requests for campus should be emailed to SFSR_GAAP@calstate.edu
Resources (cont.)

- PBC SharePoint Site Access requests for KPMG campus auditors should contact KPMG SW Lead Audit Senior for detailed instructions (expectation is they already have access to the site prior to fieldwork).

Questions and Answers
Learning Objectives

• Assess the financial statement impact of GASB No. 68 to CSU
• Understand the process of determining “proportionate share”
• Apply the lessons learned during implementation
• Understand the timing, scope and audit approach specific to net pension liability and related accounts
• Identify the required PBC items (SW and campus)
• Define the supporting documentation/information required for each PBC item
GASB 68 – Impact to CSU Financial Statements

• Effective FY14-15, the CSU implemented GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

• The Standard is designed to improve transparency regarding pension liability by requiring recognition of pension liability in the financial statements.

GASB 68 –Impact to CSU Financial Statements

• Below are the F/S impact of GASB 68 implementation:
  ➢ Restatement of beginning net position from $5.7 billion to ($438.6) million
  ➢ Net position, ending of ($175.7) million (vs. $5.8 billion without GASB No. 68 impact)
  ➢ Net pension liability of $5.5 billion at 6/30/15
  ➢ Deferred outflow of resources of $603 million
  ➢ Deferred inflows of resources of $1.1 billion
  ➢ Pension expense of $418.7 million
GASB 68 – Determining Proportionate Share

- Net pension liability of $5.5 billion is CSU’s proportionate share of the State of California’s net pension liability for the following defined benefit plans:
  a) Miscellaneous Tier
  b) State Peace Officers & Firefighters

- CSU’s proportionate share is based on the percentage of pensionable compensation which is considered a practical, systematic and rational approach.

![Pie chart showing proportionate share for Miscellaneous Tier Plan and State Peace Officers & Firefighters plan.](chart.png)
GASB 68 – Determining Proportionate Share

Key drivers in computing pension liability:
- Actuarial assumptions – Actuary certified
- Actuarial methodology – Actuary certified
- Employee census data – Audited by MGO
- Plan assets – Audited by MGO
Key drivers in allocating to State agencies:

- Pensionable compensation by Plan – audited by California State Auditors
- Pensionable compensation by Agency – audited by Agency’s Auditors

Key drivers in allocating to campuses:

- Pensionable compensation by campus – audited by KPMG
- Retirement contribution by CSU fund (legal-basis) – audited by KPMG

Employee census data in PIMS*:

- Accuracy – audited by KPMG

*PIMS – Payroll Information Management System
GASB 68 – Difficulties Encountered

A. Delays in getting GASB 68 pension allocation package from the SCO
B. Delays in getting the audit report from the California State Auditor
C. Revisions to the GASB 68 pension allocation package were provided late
D. KPMG’s audit approach was not well defined pending release of AICPA guidance
E. New PBC requests made towards the end of audit
F. No training on preparation of supporting documents
G. Difficulties in coordinating with HR personnel
H. Confusion in handling confidential information

GASB 68 – Lessons Learned and Action Plan

**Improve Coordination with SCO/CSA**
- Agree on a timeline
- Comprehensive list of deliverables
- Monitor timeline and submission of deliverables

**Improve Audit Process**
- Comprehensive PBC list (SW and Campus)
- Describe the required supporting documents
- Move timing of testing to interim

**Improve Internal Coordination**
- Identify a contact person in the HR department
- Communication line should be defined between GAAP coordinators and HR personnel
- Request access to secured FTP site in advance
GASB 68 Audit Support

• Pensionable Wages - FY14/15 PIMS listing of pensionable and non-pensionable wages
  • Agreed to financial statements
  • Agreed to pensionable wages per SCO

PBC support details:
1. Appointment letter or employee transaction form
2. Payroll transaction form
3. Verification of retirement code from Technical Letter or equivalent

GASB 68 Audit Support, cont’d.

• Census Data – FY13/14 PIMS listing of pensionable and non-pensionable employees
  1. Employee information (i.e. name, date of birth, hire date, employee class etc.)
  2. Employee eligibility
  3. Eligible compensation
  4. Service credits
Employee Information

New Employee Self Identification Form

Employee Action Request-Separation

PIMS History and Eligible Compensation

(A) SCO-Terminal - PASSPORT

(B) Passport - PASSPORT

Tuesday, November 24, 2015, 11:44:55 AM
Service Credits

<table>
<thead>
<tr>
<th>Summary</th>
<th>Service Credits Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name:</td>
<td>name</td>
</tr>
<tr>
<td>Date of Birth:</td>
<td>date_of_birth</td>
</tr>
<tr>
<td>Prior School Membership:</td>
<td>membership_date</td>
</tr>
<tr>
<td>Membership:</td>
<td>membership</td>
</tr>
<tr>
<td>Restrictions:</td>
<td>restrictions</td>
</tr>
<tr>
<td>Last Reporting Date:</td>
<td>reporting_date</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Communication</th>
<th>Undeliverable Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred Communication:</td>
<td>preferred_communication</td>
</tr>
<tr>
<td>Primary Phone Number:</td>
<td>primary_phone_number</td>
</tr>
<tr>
<td>Primary Email Address:</td>
<td>primary_email_address</td>
</tr>
<tr>
<td>Medical Address:</td>
<td>medical_address</td>
</tr>
</tbody>
</table>

Pre-Retirement Benefit Information

<table>
<thead>
<tr>
<th>Account Type:</th>
<th>account_type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Deferral Contributions:</td>
<td>tax_deferral</td>
</tr>
<tr>
<td>Elected Service Credit:</td>
<td>elected_credit</td>
</tr>
<tr>
<td>Pre-Retirement Credit:</td>
<td>pre_retirement</td>
</tr>
<tr>
<td>Service Credit Total:</td>
<td>service_total</td>
</tr>
</tbody>
</table>

Questions and Answers
Learning Objectives

• Review requirements for completing capital asset reporting by state fund in Asset Management (AM)
• Provide GAAP reporting reminders
• Discuss key dates
SCO GAAP Capital Assets Reporting in AM

First Step

• Perform a data quality review of AM data
  ✓ Confirm entries tie to supporting documents and that all capital asset entries have been correctly entered and coded.
  ✓ Reconcile to GL control totals in state fund 0997, CSU fund 501.
  ✓ Confirm all current year beginning balances agree to last year’s ending balances.

This will be the last year that campuses will be able to make corrections to Prior Period Additions & Prior Period Deductions columns. Campuses must make sure that the information in AM is absolutely accurate.

SCO GAAP Capital Assets Reporting in AM (cont.)

• Refer to training manual provided to January AM workshop participants for reconciliation tips.
• If the campus has errors in the data that they cannot correct themselves, contact Carmen Arreguin for assistance prior to June.
SCO GAAP Capital Assets Reporting in AM (cont.)

Second Step

• Campuses must run the Load Capital Asset process for the fiscal year to populate the Prior Period Adjustment page in AM. Failure to do this will cause the campuses to not see any data.
• San Diego will have to run the upload process.

SCO GAAP Capital Asset Reporting in AM (cont.)

• The Prior Period Adjustment page in AM has been updated to rename the following columns:
  ✓ Transfers In - renamed CWIP/PWIP Transfers In; only to be used to record transfers from CWIP/PWIP to capital assets
  ✓ Transfers Out - renamed CWIP/PWIP Transfers Out, however, campuses can no longer enter data into the column (i.e. there are no transfers out from an asset category to CWIP/PWIP)
  ✓ Net Transfers - renamed to CWIP/PWIP Net Transfers
SCO GAAP Capital Asset Reporting in AM (cont.)

Prior Period Adjustment page updates (cont.)

- GAAP Adj Net Transfers - renamed CWIP/PWIP GAAP Adj Net Transfers; used only to record GAAP adjustments to CWIP/PWIP transfers
- No changes made to the CWIP or the PWIP screens

New Prior Period Adjustment Page
SCO GAAP Capital Asset Reporting in AM (cont.)

- Program automatically populates the following fields:
  - Beginning Balance - Campuses must validate that this equals prior year legal ending balance
  - Prior Period Adj Additions / Prior Period Adj Deductions - Data in PPA Additions derives from the prior year GAAP Adj Additions column; data in PPA Deductions derives from prior year GAAP Adj Deductions column

***Do not make any changes to the PPA Additions or PPA Deductions fields unless directed to by Carmen Arreguin or Nathanael Bryant***

---

<table>
<thead>
<tr>
<th>APRIL 2016</th>
<th>YEAR END GAAP TRAINING</th>
</tr>
</thead>
</table>

SCO GAAP Capital Asset Reporting in AM (cont.)

- Adjusted Beg. Balance - This is a calculated field that represents the beginning balances on a GAAP basis
- Additions / Deductions - Represents the total additions and deductions entered before the legal close
- Ending Balance – This is a calculated field that displays the legal ending balance; sums the Adj. Beginning Balance, Additions, Deductions and CWIP/PWIP Transfers In
SCO GAAP Capital Asset Reporting in AM (cont.)

- The CWIP/PWIP balances as of the legal close must be manually entered; this data is not stored in the AM module

**Data in the CWIP/PWIP Transfers In column must equal the Transfers columns in the CWIP & PWIP screens**

SCO GAAP Capital Asset Reporting in AM (cont.)

What are some of the changes made to the capital assets reporting input screen?

Question
SCO GAAP Capital Asset Reporting in AM (cont.)

**Third Step**

- To convert the data residing in AM to GAAP, for every state fund where capital assets have been recorded, populate appropriate cells in the GAAP Adj Additions, GAAP Adj Deductions & CWIP/PWIP GAAP Adj Net Transfers fields.

---

### Non-depreciable Capital Assets

<table>
<thead>
<tr>
<th>Account Title</th>
<th>ECO Acc</th>
<th>GAAP Adj Additions</th>
<th>GAAP Adj Deductions</th>
<th>CWIP/PWIP GAAP Adj Net Transfers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible asset &amp; land improvements</td>
<td>0461</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Tangible: Library &amp; Coll (non-degree)</td>
<td>0446</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Intangible: An intellectual property</td>
<td>0444</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Intangible: Copyrights &amp; designs</td>
<td>0472</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Intangible: Other intangible assets</td>
<td>0474</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

---

SCO GAAP Capital Asset Reporting in AM (cont.)

- GAAP Adj Additions / Deductions - These columns are where campuses will enter their GAAP adjustments to additions / deductions.
- CWIP/PWIP GAAP Adj Net Transfers - This is where campuses will enter their GAAP adjustments to CWIP/PWIP Transfers. In **This column is only for CWIP/PWIP transfers in, it is not to be used for inter-fund transfers**
SCO GAAP Capital Asset Reporting in AM (cont.)

- Adjusted GAAP Ending Balance – Calculated field displaying ending balance on a GAAP basis; sums the Ending Balance (on a legal basis) and all the GAAP adjusting entries

***Tie the Adjusted GAAP End Bal on the AM Prior Period Adjustment page to TM1 and the net capital assets in GAAP FIRMS***

SCO GAAP Capital Asset Reporting in AM (cont.)

Which columns are you not going to change without permission from myself or Carmen?

Question
SCO GAAP Capital Asset Reporting in AM (cont.)

**CWIP/PWIP**

- The Beginning Balance and Prior Period Adjustments columns will be populated by the program.
- **DO NOT CHANGE THESE VALUES UNLESS DIRECTED TO BY CARMEN OR NATHANIEL**
- The only calculated fields on these sheets are the Ending Balance and the Adjusted GAAP Balance.
- The Transfers and the GAAP Adj Net Transfers columns represent the amounts that are moved into capital assets during the year or during the GAAP closing process, respectively.

**REMINDERS**

- There are NO entries for SCO Fund 0997 in the capital assets input screen.
- Depreciation expense is reported on an Excel spreadsheet and not in AM.
- **IMPORTANT:** The input screen is a reporting mechanism only and any entries made in the cells DO NOT adjust the data in the AM database.
- Use the proper signs when entering data in cells (e.g. additions carry a positive sign; deductions carry a negative sign).
SCO GAAP Capital Asset Reporting in AM (cont.)

What are the major tie points to the amounts on the Prior Period Adjustment page?

FIRMS GAAP Submission

- Covered in Ch. 7.02 of the GAAP Manual:
  - Provides overview of submission components.
  - Discusses both the automated edits and the manual review applied to the data.
  - Reminds campuses that the FIRMS GAAP submission is the only GAAP data source at the state/CSU fund levels and that data integrity at these levels is essential.
SCO GAAP Submission Reminders

• Regarding the legal-to-GAAP reconciliations:
  ✓ Use the standard descriptions of GAAP adjustments provided on the template as much as possible.
  ✓ Do not make compound entries (i.e. don’t merge multiple entries into a single entry). List entries individually with a clear and concise description.

SCO GAAP Submission Reminders (cont.)

• Chapter 18.09 of the GAAP manual describes the testing protocol that the CO team uses for the SCO GAAP submission. Campuses should perform these same tests to validate their data before executing the certification and sending their schedule to the CO.
SCO GAAP Submission Reminders (cont.)

• Use the templates provided by the CO to create your reports.
  ✓ Last year campuses used different versions of the templates. Old versions of templates do not always contain the same formatting.
  
  Old versions of templates make it more time-consuming for the CO to consolidate campus data.

SCO GAAP Submission Reminders (cont.)

• Requirements affecting all templates:
  ✓ Schedules must tie to each other and rounding issues must be resolved.
  ✓ All abnormal balances need to be explained in a footnote on the schedule reflecting the abnormal balance.
  ✓ Schedules MUST tie to FIRMS GAAP and TM1 entries as specified in the instructions for each schedule.
SCO GAAP Submission – New Requirement

• We are now asking campuses to round to the nearest dollar on all templates.
  ✓ Use the formula =round(A1,0), where A1 is the cell containing the number to be rounded.

Resources

• FIRMS GAAP Submission – GAAP Manual Ch. 7.02 -
  http://www.calstate.edu/SFSR/GAAP/2014-2015/GAAPManual/CH_07.00_YES_TM1_Report ing_Package_Final.docx

• SCO GAAP Submission – GAAP Manual Ch. 18 -
Key Dates

- **Legal to GAAP data derivation**
  07/20/2016 – GAAP data must be derived by the third business day after legal close

- **Preliminary GAAP FIRMS submission**
  08/26/2016 – To test the quality of FIRMS GAAP data and to reconcile FIRMS data to TM1 input

- **Final GAAP FIRMS submission**
  09/12/2016 – Campus to submit final version of the GAAP reporting package in FIRMS format

- **SCO GAAP templates submission**
  09/14/2016 – Completion of the three TM1 templates, the campus input in AM for capital assets & the templates for upload to the State Reporting SharePoint site

Contacts

- Nathanael Bryant, nbryant@calstate.edu or (562) 951-4549
- Roberta McNiel, rmcniel@calstate.edu or (562) 951-4668
SCO GAAP Submission

We expect the amounts on the submitted SCO GAAP schedules to be rounded to the nearest:
Learning Objectives:

• Know the key GAAP deliverables and due dates

• Know the GAAP Accounting and Reporting Manual updates and key changes

• Know the timing and implementation of new GASB Standards

• Know the key reminders specific to GAAP financial reporting
GAAP Manual Updates – Master Timeline

• Key GAAP Deliverables and Due Dates:
  ➢ Reporting Package Submissions
    1st version – August 25
    2nd version – September 12
    3rd version – September 23
  ➢ Year-End Audit Fieldwork – August 29
  ➢ Component Units’ Audited FS – September 19
  ➢ Issuance of CSU FS – October 14

• Master timeline is currently available in the SFSR website [http://www.calstate.edu/SFSR/Workshops/index.shtml](http://www.calstate.edu/SFSR/Workshops/index.shtml)

GAAP Manual Updates And Key Changes In FY 2015-16
GAAP Manual Updates: Key Changes

Chapter 1 GAAP Manual Overview
- Removed discussions on accounting policies and procedures (duplicate of Ch.4).
- Added GASB No. 68 and 71, Accounting for Pension, to the “History” section.

Chapter 4.1.1 Cash, Cash Equivalents, and Investments
- Incorporated impact of GASB No. 72, Fair Value Measurement and Application, that requires the disclosure of the fair value hierarchy categories.

Chapter 4.1.5 Capital Assets, Depreciation and Amortization
- Revised accounting basis for donated capital assets. GASB No. 72 requires donated assets to be valued using “acquisition value (entry price) vs. fair market value (exit price).
- Added illustrative example for CWIP additions and completed capital assets.

Chapter 4.6.1 Elimination
- NEW chapter in FY15-16
- Covers the different types and levels of eliminations of interfund activities (inter-agency and intra-agency) and nonexchange transactions between Campus/CO and Discretely Presented Component Units.

Chapter 6 Statement of Cash Flows (SCF)
- Updated the SCF worksheet template numbers to reflect transactions during FY14-15 (e.g., implementation of GASB No. 68).
- Added a variance column in the SNP tab.
- Updated cell references.
- Removed password on the sample worksheet template.
GAAP Manual Updates: Key Changes

Chapter 7 GAAP Reporting in YES (TM1) and FIRMS
- A few changes in the YES (TM1) input sheets (in-progress).

Chapter 9 Preparing for Financial Statements Audit
- Updated for the upcoming FY15-16 Financial Statements Audit (i.e. scope, approach, and PBC list)

Chapter 10 GAAP Preparation and Reporting Checklists
- Combined the GAAP Preparation and Reporting Checklists (previously in Chapter 11)
- More comprehensive checklists to include common errors identified in the past.
- Rearranged some items to coincide with the actual submission date.
- Modified the template (in excel) to identify whether the listed item has been performed, not been performed or not applicable. Also added a column for comments. Signatures are at the end of each section.

Chapter 11 GAAP Data Integrity Form
- Updated the GAAP Data Integrity Form to include a paragraph about the requirement on legal to GAAP reconciliation.
- NEW form to be used effective FY15-16.

Chapter 13 Capital Assets Guide
- Updated to change the basis for capitalization for donated capital assets in accordance with GASB No. 72.
GAAP Manual Updates: Key Changes

Chapter 14 GASB Updates and Other Information
- Includes the discussion of upcoming GASB pronouncements.

Chapter 15 Preparing for Single Audit
- Updated for the upcoming FY15-16 Single Audit (i.e. scope, approach, and PBC list).

Chapter 17 Preparation for IT Audit
- Updated for the upcoming FY15-16 IT Audit (i.e. scope, approach, and PBC list).

GASB Standards Implementation
**New GASB Standards Implementation Year**

**FY15/16**
- GASB No. 72 Fair Value Measurement and Application
- GASB No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68
- GASB No. 76 The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments
- GASB No. 79 Certain External Investment Pools and Pool Participants

**FY16/17**
- GASB No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans
- GASB No. 77 Tax Abatement Disclosures
- GASB No. 78 Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans
- GASB No. 79 Certain External Investment Pools and Pool Participants
- GASB No. 80 Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14

**FY17/18**
- GASB No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions

---

**GASB No. 72 – Fair Value Definition**

**Current GASB**
- The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**GASB No. 72**
- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
GASB No. 72 – Investments Valuation

- **Investments** generally is measured at fair value except:

<table>
<thead>
<tr>
<th>Investments</th>
<th>Accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in nonparticipating interest-earning investment contracts</td>
<td>Cost based measure per GASB No. 31</td>
</tr>
<tr>
<td>Investments in unallocated insurance contracts</td>
<td>Reported as interest-earning investment contracts per GASB No. 31 and 59</td>
</tr>
<tr>
<td>Money market inv. and participating interest-earning investment contracts with remaining maturity at time of purchase of one year or less</td>
<td>Amortized cost per GASB No. 31</td>
</tr>
<tr>
<td>Investments held by 2a7-like external investment pools</td>
<td>Amortized cost per GASB No. 31</td>
</tr>
<tr>
<td>Investments in 2a7-like external investment pools</td>
<td>Net asset value per share determined by the pool per GASB No. 59</td>
</tr>
<tr>
<td>Synthetic guaranteed investment contracts (GICs) that are fully benefit responsive</td>
<td>Contract value per GASB No. 53</td>
</tr>
<tr>
<td>Investments in life insurance contracts</td>
<td>Cash surrender value</td>
</tr>
</tbody>
</table>

GASB No. 72 – Assets other than Investments

- **Other Measurement Changes**

<table>
<thead>
<tr>
<th>Asset</th>
<th>Current GASB</th>
<th>GASB 72</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donated capital assets</td>
<td>Estimated fair value at acquisition plus ancillary charges, if any</td>
<td>Acquisition value</td>
</tr>
<tr>
<td>Donated works of art or historical treasures</td>
<td>Historical cost or fair value at date of donation</td>
<td>Acquisition value</td>
</tr>
<tr>
<td>Capital assets received in a service concession arrangements</td>
<td>Fair value</td>
<td>Acquisition value</td>
</tr>
</tbody>
</table>

- **Acquisition value** is the price that would be paid to acquire an asset with equivalent service potential or the amount for which a liability could be liquidated at the acquisition date. For the assets noted above, an **entry-price** measurement is more appropriate than an **exist-price** measurement because the transaction represents the government acquiring the asset.
### GASB No. 72 – Disclosure Requirements

<table>
<thead>
<tr>
<th>Current GASB</th>
<th>GASB No. 72</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methods and significant assumptions used to estimate the fair value of</td>
<td>No change.</td>
</tr>
<tr>
<td>investments, if fair value is based on other than quoted market prices.</td>
<td></td>
</tr>
<tr>
<td>Disclosure of credit risk, custodial credit risk, and interest rate risk</td>
<td>No change.</td>
</tr>
<tr>
<td>The disclosures generally should be made for the primary government,</td>
<td>The level of detail and disaggregation, and how much emphasis to place on</td>
</tr>
<tr>
<td>including its blended component units. Risk disclosures also should be</td>
<td>each disclosure requirement, should take into account the following</td>
</tr>
<tr>
<td>made for governmental and business-type activities, individual major</td>
<td>considerations:</td>
</tr>
<tr>
<td>funds, nonmajor funds in the aggregate or fiduciary fund types when the</td>
<td>• Nature, characteristics and risks of the asset or liability</td>
</tr>
<tr>
<td>risk exposures are significantly greater than the deposit and investment</td>
<td>• Level of the fair value hierarchy within which the fair value</td>
</tr>
<tr>
<td>risks of the primary government.</td>
<td>measurement is categorized</td>
</tr>
<tr>
<td></td>
<td>• Whether this statement or another statement specifies a type for an</td>
</tr>
<tr>
<td></td>
<td>asset or a liability</td>
</tr>
<tr>
<td></td>
<td>• Objective or the mission of the government</td>
</tr>
<tr>
<td></td>
<td>• Characteristics of the government</td>
</tr>
<tr>
<td></td>
<td>• Relative significance of assets and liabilities</td>
</tr>
<tr>
<td></td>
<td>• Whether separately issued financial statements are available</td>
</tr>
<tr>
<td></td>
<td>• Line items presented in the statement of net position</td>
</tr>
</tbody>
</table>

| None.                                                                     | Fair value measurement at the end of the reporting period.                |
| None.                                                                     | Level of fair value hierarchy (excluding any investments measured at NAV.)|
| None.                                                                     | A description of the valuation techniques used                           |
| None.                                                                     | For significant changes in valuation techniques, the changes and the      |
| None.                                                                     | reason for making them.                                                   |
| None.                                                                     | Additional disclosures regarding investments measured using net asset     |
|                                                                           | value per share (NAV).                                                    |
GASB No. 72 – Fair Value Hierarchy

1. Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.

2. Inputs (other than quoted market prices included within Level 1) that are observable for the asset/liability, either directly or indirectly (e.g., observable prices for similar assets/liabilities in active markets, prices for identical assets or liabilities in non-active markets, direct/indirect observable market inputs).

3. Unobservable inputs for the asset/liability; used to the extent that observable inputs are not available.

GASB No. 72 – Valuation Approaches

**Market Approach**
- Uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or a groups of assets and liabilities.

**Cost Approach**
- Reflects the amount that would be required currently to replace or rebuild an asset (e.g., current replacement cost).

**Income Approach**
- Discounts future amounts (e.g., cash flows) to a single current amount; the discount rate should reflect current market expectations about risks associated with those future cash flows.
GAAP Reporting Reminders For FY 2015-16

Reminders: Equipment Financing Agreements

• Equipment financing agreements must be reviewed carefully to differentiate a “purchase” vs. “lease” of asset.

• It was determined that a significant amount ($56M) of long-term debt obligations pertain to equipment financing agreements.

• These agreements are covered by a master financing agreement handled by Financing & Treasury at the CO.
Reminders: Equipment Financing Agreements

- Based on the terms of the agreement, this should be accounted for as capitalized lease obligations (rather than long-term debt obligations).

- Campus should to the following:
  a. Reclassify the beginning balance in GAAP ledger
  b. Current activities should be recorded as capitalized lease obligations
  c. Impacts Notes 6, 7, and 8 of the YES Reporting Package
  d. Explanation for significant fluctuation would be “due to reclassification of long-term debt obligations to capitalized lease obligations for equipment leases after further review of the terms of the agreement”.

Reminders: Passdown Schedules

- Passdown schedules will no longer be posted in the SFSR website.

- Starting FY15-16, the passdown schedules (including prior years) will be available in the PBC SharePoint site under a separate library.
**Reminders: Component Units (New/Dissolved)**

- Campus **must** inform SFSR if there are:
  - A. Newly formed component unit(s)
    - i. Brief description of the component unit(s)
    - ii. Submit GASB No. 61 questionnaire (blended vs. discrete)
    - iii. Submit Auxiliary External Auditor Qualification Questionnaire
    - iv. Contact person(s) to be included in email listserv
  - B. Dissolved component unit(s)
    - i. Timing and reason for the dissolution
    - ii. Last fiscal year to be audited

- The information will be used to update the YES (TM1) structure, disclosures and tracking of stand-alone audits.

**Reminders: Input Sheets–Auxiliaries in TM1**

- Common errors identified in the “Input Sheets–Auxiliaries” are due to the following:
  - a. Account balances are entered into the wrong F/S line item in TM1.
  - b. Account balances do not agree with the supplementary information of the audited F/S.
  - c. Unreconciled transactions between campus and discretely presented component units (Notes 3.3 and 14 in YES Input Sheets – Campus).
Reminders: Input Sheets–Auxiliaries in TM1

- Unresolved differences within “Notes” input sheet in YES.

- Note 11 Prior Period Adjustments are not properly completed (also included in Chapter 7)

<table>
<thead>
<tr>
<th>Note 11: Prior Period Adjustments</th>
</tr>
</thead>
<tbody>
<tr>
<td>II.1</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Reminders: Input Sheets–FN5.1 Composition of capital assets

- Do not enter any amount in the prior period adjustment column unless it is a systemwide entry instructed by CO. Any adjustment should be reflected as a current year transaction under additions, reductions or reclassification.
Reminders: Input Sheets–FN14 Transactions with Related Entities

• Minimize unreconciled differences with related entities like discretely presented component units.

• Prior to issuance of the component unit’s audited financial statements, campus should reconcile all account balances with component units. This will prevent potential reissuance of the component units’ financial statements if variances are significant.

• If possible, get a draft copy of the supplemental schedules of the component unit for advance review.

Reminders: Input Sheets–FN16 Elimination of Nonexchange Transactions

• The format of the journal entry to be input in this section should be in the format as referenced in Chapter 4.6.1 Elimination.

<table>
<thead>
<tr>
<th>Note 16.1</th>
<th>F/S Line Item</th>
<th>Dr. (Cr.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gifts, noncapital</td>
<td>70,000</td>
</tr>
<tr>
<td></td>
<td>Auxiliary enterprise expenses, ASI - GASB</td>
<td>(70,000)</td>
</tr>
<tr>
<td></td>
<td>To eliminate gifts received by the CSU from ASL</td>
<td></td>
</tr>
</tbody>
</table>
Reminders: Input Sheets–FN16 Elimination of Nonexchange Transactions

• Make sure that the amounts in this input sheet ties to the elimination column in SRECNP. Currently, these are separate input cells and is not linked.

• Added a new section this year to eliminate nonexchange transactions between campus and a component unit of another campus.

Reminders: Statement of Cash Flows

• Ensure that there are no abnormal balances in the cash flows (i.e., receipts should be positive, payments should be negative).

• Investments transaction should be input in the appropriate label (e.g., investment income reinvested, realized gains, change in unrealized gains/loss)
Reminders: Statement of Cash Flows

• A/R State Appropriations in CSU funds 310/322 are related to SPWB and should be placed under the A/R State appropriations – Capital (SPWB) line.

• Transactions with discretely presented component units in certain accounts should be input under the appropriate cells (e.g., lease receivable, long-term debt obligations, capitalized lease obligations, interest expense, etc.)
Question #1

What are the due dates for the submission of the reporting package?

Question #2

What is the name of the new chapter added in the GAAP Manual this year?
Question #3

Provide one common error identified in the “input sheets – auxiliaries”.