

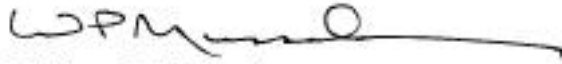
THE CALIFORNIA STATE UNIVERSITY  
Office of the Chancellor  
401 Golden Shore, 5<sup>th</sup> Floor  
Long Beach, California 90802-4275  
(562) 995-4610

Date: May 3, 1999

Code: AD 99-08

To: Vice Presidents for Administration

PLEASE RESPOND BY:  
May 7, 1999

  
From: William P. Musselman  
Acting Director of Accounting  
Business and Finance

Subject: GASB 99-1 Implementation

On March 29, 1999 the Governmental Accounting Standards Board issued Technical Bulletin 99-1 (TB 99-1). TB 99-1 modifies the previous pronouncement on the year 2000 issue by allowing the issuance of an unqualified financial statement opinion if certain required supplementary information (RSI) is disclosed. The RSI is essentially the same information that was included as the year 2000 footnote. A separate report on the RSI would be prepared and presented in front of the RSI section and following the notes to the financial statements. The report language, in draft form is attached.

Campuses may elect to adopt TB 99-1 retroactively for their fiscal year 1997/98 financial statements to obtain an unqualified opinion. The estimated costs of implementation, based on contracted KPMG's hourly rates, are shown below for both campuses that have or have not already issued their FY 1997/98 financial statements. Costs associated with travel and custom report covers would be in addition to those shown below.

<u>TB 99-1 Implementation Costs</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Cost</u>
Partner	8	\$160	\$1,280
Manager	16	116	1,856
In-Charge	16	54	864
Word Processing (approximate)	-	-	<u>400</u>
<b>Campus Cost - unissued financial statements</b>			<b>\$4,400</b>
Printing Costs (approximate)	-	-	<u>800</u>
<b>Campus Cost - previously issued financial statements</b>			<b>\$5,200</b>

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The cost when compared to the \$10,000 cost of the campus stand-alone audit may appear excessive. However, this \$10,000 represents only a small portion of the cost of a campus stand-alone audit. The majority of the cost is absorbed at the systemwide level at the Chancellor's Office since the cost structure of the stand-alone audit was based on the incremental increase in costs between the systemwide audit threshold and the lower campus threshold.

AD 99-08

Please inform me of your decision to adopt or not adopt TB 99-1 no later than May 7, 1999. Campuses adopting TB 99-1 can expect their financial statements to be issued/reissued by May 31, 1999. If you have any questions, please contact me at (562) 951-4610 or via e-mail at [wmusselman@calstate.edu](mailto:wmusselman@calstate.edu).

WPM:tp AD 99-08

Attachment

c: Mr. Richard West

### Report on Required Supplementary Information

We have audited the combined financial statements of Campus as of and for the year ended June 30, 1998, and have issued our report thereon dated November 20, 1998, except as to Note X, which is as of May XX, 1999. Our audit was conducted for the purpose of forming an opinion of the combined financial statements taken as a whole. The year 2000 supplementary information on page XX is not a required part of the general purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that Campus is or will become year 2000 compliant, that Campus's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Campus does business are or will become year 2000 compliant.