

**Generally Accepted Accounting
Principles**

(GAAP)

Closing Manual

For Non-Component Units

OFFICE OF MANAGEMENT AND BUDGET

600 East Boulevard Avenue, Fourth Floor – Bismarck, North Dakota 58505-0400

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PEOPLESOFT YEAR END AND QUERY INFORMATION

OMB has developed additional reports and queries to assist agencies with the fiscal year end. A trial balance by fund will be run for every agency as of June 30 and at the end of the apply back period. In addition to the trial balance by fund, trial balances will be run for an agency's total federal funds rolled into one trial balance. Also, all the regular monthly reports that agencies have been receiving from the PeopleSoft system will be run as of June 30 and at the end of the apply back period as well. You will find all of these reports, including trial balances in PeopleSoft Report Manager. You will need to save the reports you need.

Several different queries have been developed to assist agencies in verifying the transactions they processed in July and applied back to June. The queries will help agencies identify the transaction they applied back when completing closing packages. The queries have been broken down based on the source of the transaction. This was done to limit the size of the queries and to identify cash that was applied back. Some of the transactions applied back in PeopleSoft not only apply back the revenue or expenditure, but also apply back cash.

The following are the various sources in the General Ledger that are used depending on the type of transaction:

ALO: cost allocation transactions. Cost is always applied back and that includes cash applied back.

AP: for expenditures and journal vouchers. When expenditures are applied back, only the accounts payable is applied back. Cash is not recorded until the day the expenditure is paid. However, for journal vouchers done in the Accounts Payable module, cash would be applied back if the journal was applied back and cash was moved from one fund to the other.

BI: these are from the Accounts Receivable module. When billing is done, accounts receivable is used and when the receivable is paid, the cash is recorded. The receivable will be applied back if the billing is applied back. Cash is not recorded until paid.

DEP: for deposits. If revenue is applied back, the cash is also applied back.

IDB: for IDB revenues. When revenues are applied back, only the interdepartmental receivable is applied back, not the Cash.

ONL: for journal vouchers done in General Ledger and for system interest allocation. For journal vouchers that change the fund for revenues or expenditures, the cash account is used also in the transaction. Journals to record interest revenue will record cash also. If these journals are applied back, the cash, along with the revenue or expenditure is applied back.

PEOPLESFT QUERIES FOR THE CAFR

The following is a list of queries available for agencies to run for June transactions processed in July:

Query							
Customize Find View All First 1-18 of 18 Last							
Select	Query Name	Descr	Owner Folder	Edit	Run to HTML	Run to Excel	Schedule
<input type="checkbox"/>	NDSCAFR_AP	AP Trans Applied Back	Public	Edit	HTML	Excel	Schedule
<input type="checkbox"/>	NDSCAFR_AR	AR Trans Applied Back	Public	Edit	HTML	Excel	Schedule
<input type="checkbox"/>	NDSCAFR_CA	Cost Alloc Trans Applied Back	Public	Edit	HTML	Excel	Schedule
<input type="checkbox"/>	NDSCAFR_DEP	Deposit Trans Applied Back	Public	Edit	HTML	Excel	Schedule
<input type="checkbox"/>	NDSCAFR_IDBREV	IDB Revenue Trans Applied Back	Public	Edit	HTML	Excel	Schedule
<input type="checkbox"/>	NDSCAFR_JVAP	AP Journals Applied Back	Public	Edit	HTML	Excel	Schedule
<input type="checkbox"/>	NDSCAFR_ONL	On-line Trans Applied Back	Public	Edit	HTML	Excel	Schedule
<input type="checkbox"/>	NDSCAFR_PAY	Payroll Trans Applied Back	Public	Edit	HTML	Excel	Schedule
<input type="checkbox"/>	NDSCAFR_PYM	One-Time Payments Applied Back	Public	Edit	HTML	Excel	Schedule

Agencies need to run these queries after the apply back period in order to have all apply back information.

There are additional queries for agencies to run in order to complete the closing packages Accounts Payable Accrual Summary Form, Journal Voucher Accrual Summary Form, and Payments to Other State Agencies Form. The queries are set up to run transactions over \$1000 recorded in July and August not applied back to June. You can run them at the end of July, mid-August, etc to get a start on your closing packages. But you will need to run a final query the first working day in September. All transactions for July and August will show up on the queries whenever you run them. You can just sort by date to pick up later ones if you have run the queries prior to September. You need to run each query for **EACH** of your accounts payable Business Units.

Query							
Customize Find View All First 1-2 of 2 Last							
Select	Query Name	Descr	Owner Folder	Edit	Run to HTML	Run to Excel	Schedule
<input type="checkbox"/>	NDSCAFR_PYMTSADJ_OVER_1000	Adjust in July and Aug > \$1000	Public	Edit	HTML	Excel	Schedule
<input type="checkbox"/>	NDSCAFR_PYMTS_OVER_1000	Pymts in July and Aug > \$1000	Public	Edit	HTML	Excel	Schedule
<input type="checkbox"/>	NDSCAFR_STATE_PYMTS_OVER_1000	Pymts in July and Aug > \$1000	Public	Edit	HTML	Excel	Schedule

There is also a query that agencies can run to find payments made under the accounts for rental/lease payments for a certain time period. This may be useful when completing the Lease Summary Closing Package.

<input type="checkbox"/>	NDSCAFR_LEASE_PAYMENTS	Payment to Lease/Rent Accts	Public	Edit	HTML	Excel	Schedule
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GAAP CLOSING PROCEDURES MANUAL

INTRODUCTION	ISSUE DATE: <u>6/1/2015</u>	SECTION <u>01</u>
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GENERAL INFORMATION

This section includes overview information for agencies regarding Generally Accepted Accounting Principles (GAAP) closing procedures for the State of North Dakota.

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ACCOUNTING STANDARDS

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GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

Generally Accepted Accounting Principles (GAAP) for governments consist of written authoritative standards issued by officially designated standard-setting organizations. Currently in the United States, the designated organizations are:

- The Governmental Accounting Standards Board (GASB) created in 1984.
- The Financial Accounting Standards Board (FASB) created in 1973.

The industry audit guides, issued by the American Institute of Certified Public Accountants (AICPA) are also part of GAAP. The AICPA has played a key role in setting accounting standards for the last one hundred years.

THE CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers' Association (GFOA) has been involved for many years in encouraging governments to adhere to high standards of financial reporting. The GFOA awards its prestigious Certificate of Achievement for Excellence in Financial Reporting (Certificate) to governments who meet its standards.

To apply for the Certificate, a government must issue an audited Comprehensive Annual Financial Report no later than six months after the end of its fiscal year. Recipient governments must meet many other stringent reporting standards as well.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of North Dakota for its Comprehensive Annual Financial Report (CAFR) for the previous fiscal year ended June 30. We believe our current CAFR continues to conform to the Certificate of Achievement program requirements.

AUTHORITATIVE SOURCES OF GAAP

Many of the accounting and reporting standards that apply to governments appear in:

- 2005 Governmental Accounting, Auditing and Financial Reporting (Blue Book). The Blue Book is the most comprehensive and understandable reference for governmental GAAP reporting. To obtain a copy of this or any other GFOA publication, call (312) 977-9700, visit GFOA website at www.gfoa.org or write:

Government Finance Officers Association
203 N. LaSalle Street, Suite 2700
Chicago, IL 60601-1210

- Codification of Governmental Accounting and Financial Reporting Standards, GASB (current edition for 2007-2008). To obtain a copy of the Codification or any GASB statement, interpretation, or technical bulletin, call (800) 748-0659, visit GASB's website at www.gasb.org or write:

Governmental Accounting Standards Board

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401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

- Internal Reviewer's Checklist, Certificate of Achievement for Excellence in Financial Reporting, GFOA (revised each year). To obtain a copy of this or any other GFOA publication, call (312) 977-9700, visit GFOA's website at www.gfoa.org or write:

Government Finance Officers Association
203 N. LaSalle Street, Suite 2700
Chicago, IL 60601-1210

The FASB sets accounting and reporting standards primarily for nongovernmental organizations. FASB statements, interpretations, and technical bulletins, however, apply to governments if they do not conflict with GASB standards. In addition, some GASB standards require that governments adopt certain FASB standards. To obtain any FASB publication, call (800) 748-0569, visit FASB's website at www.fasb.org or write:

Order Department
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

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THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)	ISSUE DATE: <u>6/1/2015</u>	SECTION <u>01</u>
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PURPOSE OF A COMPREHENSIVE ANNUAL FINANCIAL REPORT

GAAP requires that each government produce a Comprehensive Annual Financial Report (CAFR). GAAP prescribes the format and content of the CAFR in detail. CAFR's are:

- Comprehensive. A CAFR reports on all of the government's:
 - Component units.
 - Funds.
- Annual reports.
- Financial reports -- not just financial statements.
- Independently audited.

CAFR's include both budgetary and GAAP data. Specifically, a CAFR includes:

- A "budget and actual" statement that compares (on the budgetary basis of accounting):
 - Estimated revenues vs. actual revenues.
 - Adjustments to appropriations
 - Appropriations vs. expenditures.
- GAAP-basis financial statements.
- A note that reconciles the budgetary-basis and GAAP-basis figures.

CONTENTS OF A COMPREHENSIVE ANNUAL FINANCIAL REPORT

A CAFR includes three major sections:

- Introductory Section.
- Financial Section.
- Statistical Section.

The Introductory Section includes:

- A letter of transmittal.
- An organization chart.
- A list of principal government officials.

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The Financial Section includes:

- The Auditor's Report
- Management Discussion and Analysis
- Basic Financial Statements
 - Government-Wide Statement of Net Assets
 - Government-Wide Statement of Activities
 - Balance Sheet for Governmental Funds
 - Operating Statement for Governmental Funds
 - Statement of Net Assets for Proprietary Funds
 - Operating Statement Proprietary Funds
 - Statement of Cash Flows for Proprietary Funds
 - Statement of Fiduciary Net Assets for Fiduciary Funds
 - Statement of Changes in Fiduciary Net Assets for Fiduciary Funds
 - Combining Statement of Net Assets for Component Units
 - Combining Statement of Activities for Component Units
- Notes to the Financial Statements
- Budget and Actual Schedules for the General and Other Funds
- Combining financial statements for each detailed fund

The Statistical Section of the CAFR includes ten-year comparisons of certain financial and statistical data. GAAP specifies the data that governments must include in this section.

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LEGISLATION REQUIRING GAAP

North Dakota has had legislation since 1981 requiring that the Office of Management and Budget work toward preparing statewide GAAP-basis financial statements. The North Dakota Century Code, section 54-44-04(14.1) states "the Office of Management and Budget shall prepare on an annual basis comprehensive financial statements of the State of North Dakota."

A HISTORICAL PERSPECTIVE

Accounting in the business sector has conformed with GAAP since shortly after the stock market crash in the 1930's. Events of the 1970's and 1980's shook the confidence that the public and the financial markets once had in the financial reporting practices of governments. Some of these events are presented below:

- 1975--New York City came very close to defaulting on its bonds.
- 1984--The Washington Public Power Supply System (known as WPPSS-pronounced WHOOPS) defaulted on its bonds.
- 1985--ESM Government Securities, Inc., collapsed. Some governments had invested heavily in uncollateralized securities with ESM.

Today, the bond-buying public and the major bond-rating agencies want convincing, timely evidence of a government's financial health. Good financial management practices and audited financial statements are key factors in a government's financial health.

STANDARD & POOR'S POLICY STATEMENT

Standard & Poor's (S&P), one of the two major bond-rating agencies, issued a policy statement in 1980 urging all governments to move toward GAAP. Some excerpts are presented below:

All financial statements submitted to S&P, either in connection with a rating request for a bond sale or for a review, are expected to be prepared in accordance with Generally Accepted Accounting Principles (GAAP).

These statements should be independently audited, either by a certified public accounting firm, or by a qualified independent state or local agency, on a timely basis, (i.e., no later than six months after the fiscal year-end).

The absence of financial reports prepared in accordance with GAAP will be considered a negative factor. Where the report is not timely or is substantially deficient in terms of reporting, a rating will not be provided.

OTHER ADVANTAGES OF PRODUCING STATEWIDE GAAP REPORTS

Governments must be responsive to their citizens. Publication of an audited Comprehensive Annual Financial Report graphically demonstrates public accountability.

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A CAFR prepared in accordance with GAAP will also provide statewide data to our State's decision-makers. Decision-makers need this information to make informed decisions concerning our State's future.

WHAT IS A CLOSING PACKAGE?

North Dakota's Plan for Conversion to GAAP Reporting has resulted in preparation of this manual. The manual includes several "closing packages." Each closing package:

- Deals with a single area of accounting data.
- Requires that certain agencies complete forms to report year-end adjustments needed for GAAP.

At year-end, the Office of Management and Budget will post data from the completed forms to the State's GAAP-basis accounting system. Only then can the Office of Management and Budget close the State's GAAP-basis books. This is why we call the packages "closing packages."

Important features of closing packages include the following:

- Agencies complete closing packages for June 30 data only (including the effect of amounts Applied Back to June). That is, they report GAAP data only once a year.
- Agencies complete only the closing packages that apply to them--not all packages. A Closing Package Control Checklist makes it easy for agencies to determine which packages apply to them.
- All closing packages have a similar format. Once you become familiar with the format, it is easy to locate specific information quickly.

THE FORMAT OF A CLOSING PACKAGE

Each closing package includes most or all of the following sections in the following order:

- PURPOSE AND OBJECTIVES.
 - Defines the scope of the package.
- AGENCY ACTION REQUIRED.
 - Names the forms included within the closing package.
 - Lists due dates.
 - Briefly describes any action that agencies must take before they begin to complete this package.
- KEY TERMS
 - Lists technical accounting terms in alphabetical order with definitions.
 - Gives unusual or "local" definitions of words that apply only to the closing packages. (For this reason, it is important to read the definition of each key term--even if you already know the usual meaning of the term.)

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CLOSING PACKAGES—OVERVIEW

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- ACCOUNTING PRINCIPLES AND POLICIES.
 - Lists references to authoritative GAAP sources.
 - Describes State accounting and reporting policies.
 - Gives reasons why the forms summarize data in a particular way.
 - Includes much data of interest only to "interested readers."
- WORKING PAPERS
 - Suggests documents you should keep for audit purposes.
 - Suggests working papers you should prepare and keep to support information entered on closing package forms.

The following sections appear for each type of form:

- GENERAL INSTRUCTIONS.
 - Gives overview instructions.
 - Tells what to do before completing the form.
 - Gives other instructions that apply to the form as a whole.
- SAMPLE COMPLETED FORM.
 - Includes numbered circles beside each detailed data element.
 - Shows completed data for a comprehensive, realistic case example ("Agency 999, Fund 888, Sample Agency, and Operating Fund").
- COMPLETING THE FORM.
 - Gives specific instructions for completing each data element on the form.
 - Includes a reference number to the left of each instruction which matches a numbered circle on the sample completed form.

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THE FORMAT OF A CLOSING PACKAGE FORM

Like the closing packages themselves, the closing package forms all have a common format:

- Each form has a heading to identify:
 - Your agency.
 - The person who prepared the form.
 - The person who approved the form (the agency's Finance Director or Executive Director).

- Summary forms have columns for:
 - PeopleSoft Accounts
 - * The Office of Management and Budget has preprinted as many of accounts as possible. Agencies can ignore these preprinted accounts codes. They are for the use of the Office of Management and Budget.
 - * Agencies will complete some blank parts of the accounts.
 - Description.
 - Dollar amount.

YOUR VALUABLE INPUT

The staff in the Office of Management and Budget have tried to make the closing packages easy to read and consistent. The Office of Management and Budget has incorporated many agency suggestions into the closing packages. To propose additional improvements, please call the Office of Management and Budget.

CLOSING PACKAGE CONTROL CHECKLIST (CONTROL CHECKLIST)

Agencies complete only those closing packages that apply to their funds. No agency (except Sample Agency, our comprehensive case example) will complete all closing packages. Every agency, however, must complete the Closing Package Control Checklist for each fund (see Control Checklist section).

Completing the Closing Package Control Checklist will help each agency determine which closing packages it must complete for each fund. The completed Control Checklist will also help the Office of Management and Budget control the closing process.

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AGENCY TRAINING

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PURPOSE AND OBJECTIVES OF THE TRAINING

The quality of the State's financial statements depends on the quality of the data that agencies submit on closing package forms. A key component of the Office of Management and Budget's GAAP effort, therefore, is training for agency staff. The Office of Management and Budget will offer training courses, as needed, for most of the closing packages.

The objective of each course is to teach agency staff to accurately complete the closing package forms. The courses emphasize practical know-how with a bare minimum of theory.

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THE IMPORTANCE OF TIMELINESS IN FINANCIAL REPORTING

In May 1987, the Governmental Accounting Standards Board (GASB) issued Concepts Statements No. 1 of the Governmental Standards Board titled "Objectives of Financial Reporting". Paragraph 66 states:

If financial reports are to be useful, they must be issued soon enough after the reported events to affect decisions. Timeliness alone does not make information useful, but the passage of time usually diminishes the usefulness that the information otherwise would have had. In some instances, timeliness may be so essential that it may require sacrificing a certain amount of precision or detail. Sometimes a timely estimate is more useful than precise information that takes a long time to produce.

Timeliness is essential:

- Standard & Poor's policy statement encourages governments to issue audited financial statements no later than six months after the end of the fiscal year.
- The Government Finance Officers' Association Certificate of Achievement Program likewise emphasizes timeliness. Applications for the Certificate must be postmarked no later than six months after the end of the fiscal year. A copy of the government's published audited CAFR must accompany the application.

North Dakota's goal is to issue its published audited CAFR no later than December 31.

THE CLOSING PROCESS--AGENCIES

The annual GAAP closing process begins June 30 with the end of the fiscal year. The Office of Management and Budget will send blank closing package forms or provide online capabilities to agencies at that time. Agencies can begin to complete some of the closing packages soon after June 30. They may not be able to complete others until August and September.

Due dates of the closing package forms vary. The following schedule summarizes these due dates. The Office of Management and Budget suggests that agencies complete the packages in the order shown on the schedule.

Remember that each agency should complete only the forms that apply to their funds. The closing Package Control Checklist will help you determine which of the packages to read and complete.

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SCHEDULE OF CLOSING PACKAGE DUE DATES

NAME OF CLOSING PACKAGE	DUE DATE
<u>CLOSING PACKAGES</u>	
I. Closing Package Control Checklist	July 22
1. Miscellaneous Closing Package	July 29
2. Cash and Investments Closing Package	August 5
3. Compensated Absences Closing Package	August 5
4. Litigation Closing Package	August 5
5. Miscellaneous Loss Liabilities Closing Package	August 5
6. Inventory Closing Package	August 12
7. Prepaid Assets Closing Package	August 12
8. Loan and Refund Receivables Closing Package	August 12
9. Fixed Assets Checklist Closing Package	August 19
10. General Fixed Assets Closing Package	August 19
11. Construction In Progress Closing Package	August 19
12. Lease Closing Package	August 19
13. Miscellaneous & Interest Receivables/Revenues Closing Package	August 19
14. Insurance Claims Closing Package	August 19
15. GASB 34 Reporting Closing Package	August 26
16. Loans and Notes Payable Closing Package	August 26
17. Accounts Payable Closing Package	September 9
18. Tax Revenues Closing Package	September 16
19. Grant Revenue Closing Package	September 16

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NAME OF CLOSING PACKAGE	DUE DATE
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SPECIAL GOVERNMENT UNIT CLOSING PACKAGES

A.	For funds submitting audited financial reports	September 30
B.	For the following Proprietary Funds:	
	- Central Services (Fund 790/927)	September 9
	- Fleet Services (Fund 700/918)	September 9
	- Information Technology Department (Fund 780/929)	September 9
	- ITD HIT Planning Loan Fund (Fund 987)	September 9
	- Roughrider Industries (Fund 926)	September 9
	- State Lottery Fund (Fund 292/966)	September 9
	- Risk Management (Fund 288 & 275/912)	September 16
	- State Bonding (Fund 210/924)	September 16
	- Fire and Tornado (Fund 211/923)	September 16
C.	Other Special Government Units	
	- Cash Bonds - Industrial Commission (944)	August 19
	- Commandants Fund (Fund 941)	August 19
	- Developmental Center Residents Funds (Fund 986)	August 19
	- Developmental Center Residents Welfare Fund (Fund 996)	August 19
	- Donor Implied Trust - HSC (Fund 931)	August 19
	- ITD Thordarson Scholarship Trust Fund (Fund 937)	August 19
	- Industrial School Student Accounts (Fund 993)	August 19
	- Insurance Company Deposits (Fund 945)	August 19

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NAME OF CLOSING PACKAGE	DUE DATE
- Judges Retirement Fund (Fund 922)	August 19
- District Court Collection Fund (Fund 946)	August 19
- District Court Bond Fund (Fund 947)	August 19
- Agriculture Cash and Investments (Fund 942)	August 19
- Prisoner Accounts (Fund 992)	August 19
- PSC Trustee Accounts (Fund 939)	August 19
- School for the Blind - Federal Quota (Fund 948)	August 19
- School for the Deaf Student Donation Trusts (Fund 988)	August 19
- School for the Deaf Student Scholarship Trust (Fund 989)	August 19
- School for the Deaf Students Personal Accts. (Fund 994)	August 19
- Five State Judicial Conference (Fund 935)	August 19
- State Hospital - Special Revenue Funds (Fund 938)	August 19
- State Hospital - Patient Funds (Fund 991)	August 19
- Veteran's Home - Custodial (Fund 990)	August 19
- Water Commission Debt Service Fund (Fund 962)	September 16
- Dept. of Transportation Debt Service Fund (Fund 949)	September 16

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MASTER CLOSING PACKAGE MATRIX

The Master Closing Package Matrix, which follows, summarizes the requirements for each business unit/fund. Determine which sections from the Non-Component Unit and/or Component Unit Closing Manual that are applicable to your business unit/fund by reviewing this Master Closing Package Matrix. Across the top of the matrix is a columnar list of requirements. On the left hand side, is a list of all funds by business unit. Locate your business unit/fund(s) and move across the columns left to right. An "X" indicates those sections that are applicable to your business unit. You must complete each section with an "X".

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MASTER CLOSING PACKAGE MATRIX
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					NON	SPECIAL		
					SPECIAL GOV.	GOVERNMENT	AGENCY	
	Business			GAAP	UNIT	UNITS	STMT	FUND
	Unit	FUND	NAME	FUND	CLOSING	CLOSING	ASSETS AND	CROSS
				CATEGORY	MANUAL	MANUAL	LIABILITIES	REFERENCE
	10100	001	GENERAL FUND	GOVERNMENTAL	X			
	10800	001	GENERAL FUND	GOVERNMENTAL	X			
	10800	002	FEDERAL FUND	GOVERNMENTAL	X			
	10800	263	SEC. OF STATE GENERAL SERVICES FUND	GOVERNMENTAL	X			
	10800	283	ELECTION FUND	GOVERNMENTAL	X			
	10800	302	SEC. OF STATE DEPT FUND	GOVERNMENTAL	X			
	11000	001	GENERAL FUND	GOVERNMENTAL	X			
	11000	237	INDIGENT CIVIL LEGAL SVCS FUND	GOVERNMENTAL	X			
	11000	251	CAPITAL GROUNDS PLANNING FUND	GOVERNMENTAL	X			
	11000	275	RISK MANAGEMENT WORKERS COMPENSATION FUND	PROPRIETARY	SEE FUND 912			912
	11000	288	RISK MANAGEMENT FUND	PROPRIETARY	SEE FUND 912			912
	11000	392	INS RECOVERIES PROPERTY FUND	GOVERNMENTAL	X			
	11000	407	TOBACCO SETTLEMENT TRUST FUND	AGENCY	x			
	11000	440	STATE TUITION FUND	GOVERNMENTAL	X			
	11000	460	PRELIMINARY PLANNING REVOLVING FUND	GOVERNMENTAL	X			
	11000	461	OMB UNEMP/PAYROLL CL FUND	AGENCY	X			
	11000	495	PROPERTY TAX RELIEF FUND	GOVERNMENTAL	X			
	11000	496	FOUNDATION AID STABILIZATION FUND	GOVERNMENTAL	X			
	11000	498	BUDGET STABILIZATION FUND	GOVERNMENTAL	X			
	11000	499	LEGACY FUND	GOVERNMENTAL	X			
	11000	701	POSTAGE REVOLVING FUND	GOVERNMENTAL	X			
	11000	730	CP TRAINING FUND	GOVERNMENTAL	X			
	11000	790	CENTRAL SERVICES	PROPRIETARY	SEE FUND 927			927
	11000	902	CAPITOL RENOVATION FUND	GOVERNMENTAL	X			
	11000	912	RISK MANAGEMENT & RISK WC FUND	PROPRIETARY		X		288 & 275
	11000	927	CENTRAL SERVICES	PROPRIETARY		X		790
	11000	952	GENERAL FIXED ASSETS (CAFR USE ONLY)	N/A	N/A			
	11000	953	GENERAL L/T DEBT (CAFR USE ONLY)	N/A	N/A			
	11200	001	GENERAL FUND	GOVERNMENTAL	X			
	11200	002	FEDERAL FUND	GOVERNMENTAL	X			
	11200	274	INDEPENDENT STUDY OPERATING FUND	GOVERNMENTAL	X			
	11200	300	POWER SCHOOL FUND	GOVERNMENTAL	X			
	11200	325	HIE FUND	GOVERNMENTAL	X			
	11200	408	Edutech	PROPRIETARY		X		
	11200	780	INFORMATION SERVICES DIVISION	PROPRIETARY	SEE FUND 929			929
	11200	929	INFORMATIONAL SERVICES DIVISION	PROPRIETARY		X		780
	11200	937	THORDARSON SCHOLARSHIP FUND	PRIVATE-PURPOSE		X		
	11200	987	HIT Planning Loan Fund	PROPRIETARY		X		
	11700	001	GENERAL FUND	GOVERNMENTAL	X			

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					NON	SPECIAL		
				GAAP	SPECIAL GOV.	GOVERNMENT	AGENCY	
Business				FUND	UNIT	UNITS	STMT	FUND
Unit	FUND	NAME	CATEGORY	CLOSING	MANUAL	MANUAL	ASSETS AND	CROSS
							LIABILITIES	REFERENCE
11700	002	FEDERAL FUND	GOVERNMENTAL	X				
11700	246	STATE AUDITOR'S OPERATING FUND	GOVERNMENTAL	X				
12000	001	GENERAL FUND	GOVERNMENTAL	X				
12000	203	HWY RAIL GRADE CROSSING SAFETY	GOVERNMENTAL	X				
12000	235	DISPLACED HOMEMAKERS FUND	GOVERNMENTAL	X				
12000	237	INDIGENT CIVIL LEGAL SVCS FUND	GOVERNMENTAL	X				
12000	247	OIL AND GAS RESEARCH FUND	GOVERNMENTAL	X				
12000	255	SR. CITIZEN SRVCS & PROGRAMS	GOVERNMENTAL	X				
12000	256	BICENTENNIAL TRUST FUND	GOVERNMENTAL	X				
12000	299	ENERGY CONSERVATION GRANT FUND	GOVERNMENTAL	X				
12000	303	JOB SERVICE/OASIS	GOVERNMENTAL	SEE FUND 967				
12000	320	COMMUNITY SERVICE SUPERVISION	GOVERNMENTAL	X				
12000	384	JOBS TRAINING FUND	GOVERNMENTAL	X				
12000	396	FEDERAL MINERAL ROYALTIES FUND	GOVERNMENTAL	X				
12000	400	HIGHWAY TAX DISTRIBUTION FUND	GOVERNMENTAL	X				
12000	401	STATE AID DISTRIBUTION FUND	GOVERNMENTAL	X				
12000	405	FINANCIAL INSTITUTION TAX DISTRIBUTION FUND	GOVERNMENTAL	X				
12000	410	VETERANS POSTWAR TRUST FUND	GOVERNMENTAL	X				
12000	411	PREPAID WIRELESS 911 FEE FUND	GOVERNMENTAL	X				
12000	412	COAL SEVERANCE TAX DISTR FUND	GOVERNMENTAL	X				
12000	414	POLITICAL SUB ALLOCATION FUND	GOVERNMENTAL	X				
12000	416	FEDERAL TAX REPLACEMENT FUND	GOVERNMENTAL	X				
12000	419	CHILDRENS TRUST FUND	GOVERNMENTAL	X				
12000	420	CIGARETTE TAX DISTRIBUTION FUND	GOVERNMENTAL	X				
12000	424	TELECOMMUNICATIONS CARRIERS TAX FUND	GOVERNMENTAL	X				
12000	427	OIL AND GAS PRODUCTION TAX DISTRIBUTION FUND	GOVERNMENTAL	X				
12000	430	STATE TAXES DISTR FUND	GOVERNMENTAL	X				
12000	431	TRANSMISSION LINE TAX DISTR FUND	GOVERNMENTAL	X				
12000	432	PERMANENT OIL TAX TRUST FUND	GOVERNMENTAL	X				
12000	434	CITY LODGING TAX SUSPENSE	AGENCY	X				
12000	435	CITY SALES TAX	AGENCY	X				
12000	437	CITY MOTOR VEHICLE RENTAL TAX	AGENCY	X				
12000	438	CITY RESTAURANT & LODGING TAX FUND	AGENCY	X				
12000	440	STATE TUITION FUND	GOVERNMENTAL	X				
12000	444	TOWNSHIP ROAD & BRIDGE FUND	GOVERNMENTAL	X				
12000	449	RAIL SAFETY FUND	GOVERNMENTAL	X				
12000	454	COAL CONVERSION TAX TRUST FUND	GOVERNMENTAL	X				
12000	455	ELEC GENERATION & TRANSMISSION	GOVERNMENTAL	X				
12000	458	OIL EXT TAX DEV TRUST FUND	GOVERNMENTAL	X				

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					NON	SPECIAL		
					SPECIAL GOV.	GOVERNMENT	AGENCY	
	Business			GAAP	UNIT	UNITS	STMT	FUND
	Unit	FUND	NAME	FUND	CLOSING	CLOSING	ASSETS AND	CROSS
				CATEGORY	MANUAL	MANUAL	LIABILITIES	REFERENCE
	12000	462	DOMESTIC VIOLENCE PREV FUND	GOVERNMENTAL	X			
	12000	468	ESTATE TAX DISTRIBUTION FUND	GOVERNMENTAL	X			
	12000	469	OIL TAX RESOURCES TRUST FUND	GOVERNMENTAL	X			
	12000	494	AIR TRANSPORTATION FUND	GOVERNMENTAL	X			
	12000	495	PROPERTY TAX RELIEF FUND	GOVERNMENTAL	X			
	12000	499	ND LEGACY FUND	GOVERNMENTAL	X			
	12500	001	GENERAL FUND	GOVERNMENTAL	X			
	12500	002	FEDERAL FUND	GOVERNMENTAL	X			
	12500	204	ATTY GEN ASSET FORFEITURE FUND	GOVERNMENTAL	X			
	12500	250	ATTORNEY GENERAL REFUND FUND	GOVERNMENTAL	X			
	12500	239	INSURANCE REGULATORY TRUST FUND	GOVERNMENTAL	X			
	12500	285	COMPULSIVE GAMBLING PREVENTION & TREATMENT FUND	GOVERNMENTAL	X			
	12500	292	LOTTERY OPERATING FUND	PROPRIETARY	SEE FUND 966			966
	12500	310	ND SOBRIETY PROGRAM FUND	GOVERNMENTAL	X			
	12500	311	SPECIAL OPERATIONS TEAM REIMBURSEMENT FUND	GOVERNMENTAL	X			
	12500	322	ATTORNEY GENERAL FUND	GOVERNMENTAL	X			
	12500	367	MULTIJUR. DRUG TASK FORCE FUND	GOVERNMENTAL	X			
	12500	374	REDUCE CIG IGNITION PROPENSITY	GOVERNMENTAL	X			
	12500	386	FIRE PREVENTION & PUBLIC SAFE	GOVERNMENTAL	X			
	12500	407	TOBACCO SETTLEMENT TRUST FUND	GOVERNMENTAL	X			
	12500	446	GAMING AND EXCISE TAX ALLOCATION FUND	GOVERNMENTAL	X			
	12500	966	STATE LOTTERY FUND	PROPRIETARY		X		292
	12700	001	GENERAL FUND	GOVERNMENTAL	X			
	12700	002	FEDERAL FUND	GOVERNMENTAL	X			
	12700	200	HIGHWAY FUND	GOVERNMENTAL	X			
	12700	203	HWY RAIL GRADE CROSSING SAFETY	GOVERNMENTAL	X			
	12700	216	NON-GAME WILDLIFE FUND	GOVERNMENTAL	X			
	12700	224	AGRICULTURAL PRODUCTS UTILIZATION FUND	GOVERNMENTAL	X			
	12700	257	ORGAN/TISSUE TRANSPLANT FUND	GOVERNMENTAL	X			
	12700	287	INTEGRATED TAX SYSTEM FUND	GOVERNMENTAL	X			
	12700	324	AERONAUTICS COMMISSION SPECIAL FUND	GOVERNMENTAL	X			
	12700	355	PROVIDER ASSESSMENT FUND	GOVERNMENTAL	X			
	12700	384	JOBS TRAINING FUND	GOVERNMENTAL	X			
	12700	400	HIGHWAY TAX DISTRIBUTION FUND	GOVERNMENTAL	X			
	12700	401	STATE AID DISTRIBUTION FUND	GOVERNMENTAL	X			
	12700	402	SALES AND USE TAX DEPOSIT FUND	AGENCY	X			
	12700	403	MOTOR FUEL CASH BOND DEP. FUND	AGENCY	X			
	12700	405	FINANCIAL INSTITUTION TAX DISTRIBUTION FUND	GOVERNMENTAL	X			
	12700	412	COAL SEVERANCE TAX DISTRIBUTION FUND	GOVERNMENTAL	X			

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					NON	SPECIAL		
				GAAP	SPECIAL GOV.	GOVERNMENT	AGENCY	
	Business			FUND	UNIT	UNITS	STMT	FUND
	Unit	FUND	NAME	CATEGORY	CLOSING	CLOSING	ASSETS AND	CROSS
					MANUAL	MANUAL	LIABILITIES	REFERENCE
	12700	420	CIGARETTE TAX DISTRIBUTION FUND	GOVERNMENTAL	X			
	12700	421	GAS TAX REFUND RESERVE FUND	GOVERNMENTAL	X			
	12700	422	AVIATION TAX REFUND RESERVE FUND	GOVERNMENTAL	X			
	12700	423	CORPORATE INCOME REFUND RESERVE FUND	AGENCY	X			
	12700	424	TELECOMMUNICATIONS CARRIERS TAX FUND	GOVERNMENTAL	X			
	12700	425	INDIVIDUAL INCOME REFUND RESERVE FUND	AGENCY	X			
	12700	426	SPECIAL FUELS TAX REFUND RESERVE FUND	GOVERNMENTAL	X			
	12700	427	OIL AND GAS PRODUCTION TAX DISTRIBUTION FUND	GOVERNMENTAL	X			
	12700	431	TRANSMISSION LINE TAX DISTRIBUTION FUND	GOVERNMENTAL	X			
	12700	434	CITY LODGING TAX SUSPENSE	AGENCY	X			
	12700	435	CITY SALES TAX	AGENCY	X			
	12700	437	CITY MOTOR VEHICLE RENTAL TAX	AGENCY	X			
	12700	438	CITY RESTAURANT & LODGE TAX SUSPENSE	AGENCY	X			
	12700	439	CONTRIBUTIONS REFUND RESERVE FUND	GOVERNMENTAL	X			
	12700	442	NATIVE AMERICAN FUEL TAX REFUND	GOVERNMENTAL	X			
	12700	444	TOWNSHIP ROAD AND BRIDGE FUND	GOVERNMENTAL	X			
	12700	447	ETHANOL PRODUCTION INCENTIVE FUND	GOVERNMENTAL	X			
	12700	452	AGRICULTURAL LAND VALUATION	GOVERNMENTAL	X			
	12700	454	COAL CONVERSION TAX TRUST FUND	GOVERNMENTAL	X			
	12700	455	ELEC GENERATION & TRANSMISSION	GOVERNMENTAL	X			
	12700	458	OIL EXTRACTION TAX DEVELOPMENT TRUST FUND	GOVERNMENTAL	X			
	12700	468	ESTATE TAX DISTRIBUTION FUND	GOVERNMENTAL	X			
	12700	494	AIR TRANSPORTATION FUND	GOVERNMENTAL	X			
	14000	266	ADMINISTRATIVE HEARING FUND	GOVERNMENTAL	X			
	15000	001	GENERAL FUND	GOVERNMENTAL	X			
	16000	001	GENERAL FUND	GOVERNMENTAL	X			
	16000	239	INSURANCE REGULATORY TRUST FUND	GOVERNMENTAL	X			
	16000	259	LEGISLATIVE SERVICES FUND	GOVERNMENTAL	X			
	18000	001	GENERAL FUND	GOVERNMENTAL	X			
	18000	002	FEDERAL FUND	GOVERNMENTAL	X			
	18000	235	DISPLACED HOMEMAKERS FUND	GOVERNMENTAL	x			
	18000	237	INDIGENT CIVIL LEGAL SVCS FUND	GOVERNMENTAL	x			
	18000	268	RESTITUTION COLLECTION ASSISTANCE FUND	GOVERNMENTAL	X			
	18000	279	COURT FACILITIES IMPROVEMENT FUND	GOVERNMENTAL	X			
	18000	282	INDIGENT DEFENSE ADMINISTRATION FUND	GOVERNMENTAL	X			
	18000	312	STATE COURTS	GOVERNMENTAL	X			
	18000	320	COMMUNITY SERVICE SUPERVISION	GOVERNMENTAL	X			
	18000	328	JUDICIAL CONDUCT COMMISSION FUND	GOVERNMENTAL	X			
	18000	417	JUDGES RETIREMENT FUND	PROPRIETARY	SEE FUND 922			922

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					NON	SPECIAL		
					SPECIAL GOV.	GOVERNMENT	AGENCY	
	Business			GAAP	UNIT	UNITS	STMT	FUND
	Unit	FUND	NAME	FUND	CLOSING	CLOSING	ASSETS AND	CROSS
				CATEGORY	MANUAL	MANUAL	LIABILITIES	REFERENCE
	18000	440	STATE TUITION FUND	GOVERNMENTAL	X			
	18000	922	JUDGES RETIREMENT FUND	PROPRIETARY		X		417
	18000	935	FIVE STATE JUDICIAL CONFERENCE	GOVERNMENTAL		X		
	18000	946	DISTRICT COURT COLLECTION FUND	AGENCY		X	X	
	18000	947	DISTRICT COURT BOND FUND	AGENCY		X	X	
	18800	001	GENERAL FUND	GOVERNMENTAL	X			
	18800	282	INDIGENT DEFENSE ADMINISTRATION FUND	GOVERNMENTAL	X			
	19000	207	TEACHERS RETIREMENT FUND	PROPRIETARY	SEE FUND 964			964
	19000	950	CITY OF FARGO-RIO	PROPRIETARY		X		
	19000	911	ND ASSOC. OF COUNTIES RIO INVESTMENTS	PROPRIETARY		X	X	
	19000	913	CITY OF BISMARCK RIO INVESTMENTS	PROPRIETARY		X	X	
	19000	936	STATE INVESTMENT BOARD FUND	PROPRIETARY		X		227
	19000	964	TEACHERS' FUND FOR RETIREMENT	PROPRIETARY		X		207
	19200	470	PERS FUND	PROPRIETARY	SEE FUND 983			983
	19200	472	FLEXCOMP PLAN	PROPRIETARY	SEE FUND 932			932
	19200	473	RETIREE HEALTH INS. CREDIT	PROPRIETARY	SEE FUND 933			933
	19200	475	JOB SERVICE RETIRE - TRAVELERS	PROPRIETARY	SEE FUND 920			920
	19200	480	DEFINED CONTRIBUTION RET. PLAN	PROPRIETARY	SEE FUND 930			930
	19200	481	DEFERRED COMPENSATION PLAN	PROPRIETARY	SEE FUND 981			981
	19200	482	HIGHWAY PATROLMEN RETIREMENT	PROPRIETARY	SEE FUND 982			982
	19200	483	PUBLIC EMPLOYEE RETIREMENT SYS	PROPRIETARY	SEE FUND 983			983
	19200	920	JOB SERVICE RETIREMENT FUND	PROPRIETARY		X		
	19200	930	DEFINED CONTRIBUTION	PROPRIETARY		X		
	19200	932	FLEXCOMP BENEFIT PLAN	PROPRIETARY		X		
	19200	933	PREFUNDED RETIREE HEALTH PROGRAM	PROPRIETARY		X		
	19200	980	PERS GROUP INSURANCE	PROPRIETARY		X		
	19200	981	DEFERRED COMPENSATION	PROPRIETARY		X	X	
	19200	982	HIGHWAY PATROLMEN RETIREMENT	PROPRIETARY		X		
	19200	983	PERS (FINANCIAL STATEMENT INPUT)	PROPRIETARY		X		470
	20100	001	GENERAL FUND	GOVERNMENTAL	X			
	20100	002	FEDERAL FUND	GOVERNMENTAL	X			
	20100	235	DISPLACED HOMEOWNERS FUND	GOVERNMENTAL	X			
	20100	391	PUBLIC INSTRUCTION FUND	GOVERNMENTAL	X			
	20100	702	DPI - PRINTING REVOLVING FUND	GOVERNMENTAL	X			
	22600	001	GENERAL FUND/COAL & OIL DEVELOPMENT INMPACT	GOVERNMENTAL	SEE FUND 925			925
	22600	206	STATE LAND MAINTENANCE FUND	GOVERNMENTAL	SEE FUND 959			959
	22600	238	ENERGY DEVELOPMENT IMPACT FUND	GOVERNMENTAL	SEE FUND 925			925
	22600	418	ABANDONED AND UNCLAIMED PROP FUND	PRIVATE-PURPOSE	SEE FUND 957			957
	22600	493	LANDS AND MINERALS TRUST FUND	GOVERNMENTAL	SEE FUND 955			955

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					NON	SPECIAL		
					SPECIAL GOV.	GOVERNMENT	AGENCY	
	Business			GAAP	UNIT	UNITS	STMT	FUND
	Unit	FUND	NAME	FUND	CLOSING	CLOSING	ASSETS AND	CROSS
				CATEGORY	MANUAL	MANUAL	LIABILITIES	REFERENCE
	22600	501	PERMANENT COMMON SCHOOL FUND	PROPRIETARY	SEE FUND 957			957
	22600	504	PERMANENT CAPITOL BUILDING FUND	GOVERNMENTAL	SEE FUND 997			997
	22600	515	PERM COAL DEVELOPMENT FUND	PROPRIETARY	SEE FUND 956			956
	22600	530	SCHOOL CONSTR. ASSIST LOAN	GOVERNMENTAL	SEE FUND 961			
	22600	925	LAND DEPT- ENERGY DEVELOPMENT INPACT FUND	GOVERNMENTAL		X		238 - 001
	22600	955	LAND DEPT - LAND & MINERALS TRUST FUND	GOVERNMENTAL		X		493
	22600	956	LAND DEPT - COAL SEVERANCE TAX TRUST FUND	GOVERNMENTAL		X		515
	22600	957	LAND DEPT - PERMANENT FUND	GOVERNMENTAL		X		501 - 514 & 418
	22600	959	LAND DEPT - MAINTENANCE FUND	GOVERNMENTAL		X		206
	22600	961	LAND DEPT - SCHOOL CONSTR. ASSIST LOAN	GOVERNMENTAL		X		
	22600	997	LAND DEPT - CAPITAL BUILDING FUND	GOVERNMENTAL		X		504
	22700	387	BISMARCK STATE COLLEGE FUND	UNIVERSITY SYST		X		
	22800	388	UND - LAKE REGION FUND	UNIVERSITY SYST		X		
	22900	389	UND - WILLISTON CENTER FUND	UNIVERSITY SYST		X		
	23000	341	UND FUND	UNIVERSITY SYST		X		
	23200	343	MEDICAL CENTER FUND	UNIVERSITY SYST		X		
	23500	331	18TH STREET DEVELOPMENT FUND	UNIVERSITY SYST		X		
	23500	344	NDSU FUND	UNIVERSITY SYST		X		
	23800	347	SCIENCE SCHOOL FUND - NDSCS	UNIVERSITY SYST		X		
	23800	847	SCH OF SCIENCE DORMITORY FUND	UNIVERSITY SYST		X		
	23900	348	DICKINSON STATE UNIV. FUND	UNIVERSITY SYST		X		
	24000	349	MAYVILLE STATE UNIV. FUND	UNIVERSITY SYST		X		
	24100	350	MINOT STATE UNIV. FUND	UNIVERSITY SYST		X		
	24200	351	VALLEY CITY STATE UNIV. FUND	UNIVERSITY SYST		X		
	24200	851	VALLEY CITY DORMITORY FUND	UNIVERSITY SYST		X		
	24300	345	NDSU - BOTTINEAU FUND	UNIVERSITY SYST		X		
	24300	845	SCH OF FORESTRY DORMITORY FUND	UNIVERSITY SYST		X		
	24400	326	FOREST SERVICE FUND	UNIVERSITY SYST		X		
	24400	346	SCHOOL OF FORESTRY-SEEDLING RESERVE	UNIVERSITY SYST		X		
	25000	001	GENERAL FUND	GOVERNMENTAL	X			
	25000	002	FEDERAL FUND	GOVERNMENTAL	X			
	25000	390	LIBRARY COMMISSION FUND	GOVERNMENTAL	X			
	25200	001	GENERAL FUND	GOVERNMENTAL	X			
	25200	002	FEDERAL FUND	GOVERNMENTAL	X			
	25200	353	SCHOOL FOR THE DEAF FUND	GOVERNMENTAL	X			
	25200	988	SCHOOL FOR THE DEAF SCHOLARSHIP TRUST	PRIVATE-PURPOSE		X		
	25200	989	SCHOOL FOR THE DEAF DONATION TRUSTS	PRIVATE-PURPOSE		X		
	25200	994	SCHOOL FOR THE DEAF STUDENTS PERSONAL ACCOUNTS	AGENCY		X	X	
	25300	001	GENERAL FUND	GOVERNMENTAL	X			

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					NON	SPECIAL		
					SPECIAL GOV.	GOVERNMENT	AGENCY	
	Business			GAAP	UNIT	UNITS	STMT	FUND
	Unit	FUND	NAME	FUND	CLOSING	CLOSING	ASSETS AND	CROSS
				CATEGORY	MANUAL	MANUAL	LIABILITIES	REFERENCE
	25300	271	VISUAL AIDS AND APPLIANCES FUND	GOVERNMENTAL	X			
	25300	354	SCHOOL FOR THE BLIND FUND	GOVERNMENTAL	X			
	25300	948	FEDERAL QUOTA - SCHOOL FOR BLIND	GOVERNMENTAL		X		
	27000	001	GENERAL FUND	GOVERNMENTAL	X			
	27000	002	FEDERAL FUND	GOVERNMENTAL	X			
	27000	212	CONFERENCE FUND	GOVERNMENTAL	X			
	27000	393	CAREER & TECHNICAL ED FUND	GOVERNMENTAL	X			
	30100	001	GENERAL FUND	GOVERNMENTAL	X			
	30100	002	FEDERAL FUND	GOVERNMENTAL	X			
	30100	202	ABANDONED VEHICLE FUND	GOVERNMENTAL	X			
	30100	212	CONFERENCE FUND	GOVERNMENTAL	X			
	30100	240	INSURANCE TAX DISTRIBUTION FUND	GOVERNMENTAL	X			
	30100	257	ORGAN/TISSUE TRANSPLANT FUND	GOVERNMENTAL	X			
	30100	258	QUALITY RESTORATION FUND	GOVERNMENTAL	X			
	30100	313	EHPL ADMINISTRATORS FUND	GOVERNMENTAL	X			
	30100	315	ND HEALTH CARE TRUST FUND	GOVERNMENTAL	X			
	30100	316	COMMUNITY HEALTH TRUST FUND	GOVERNMENTAL	X			
	30100	370	HEALTH & CONSOLIDATED LAB FUND	GOVERNMENTAL	X			
	30100	371	WASTEWATER OPERATORS CERT. FUND	GOVERNMENTAL	X			
	30100	376	ENVIRONMENT AND RANGELAND PROTECTION	GOVERNMENTAL	X			
	30100	419	CHILDRENS TRUST FUND	GOVERNMENTAL	X			
	30100	462	DOMESTIC VIOLENCE PREV FUND	GOVERNMENTAL	X			
	30100	943	MANDAN REMEDIATION TRUST	FIDUCIARCY		X		
	30500	369	TOBACCO PREVENTION & CONTROL	GOVERNMENTAL	X			
	31300	001	GENERAL FUND	GOVERNMENTAL	X			
	31300	289	MELVIN NORGARD MEMORIAL FUND	GOVERNMENTAL	X			
	31300	380	SOLDIERS HOME FUND	GOVERNMENTAL	X			
	31300	941	COMMANDANTS FUND	GOVERNMENTAL		X		
	31300	990	VETERAN'S HOME - CUSTODIAL	AGENCY		X	X	
	31600	001	GENERAL FUND	GOVERNMENTAL	X			
	31600	364	INDIAN AFFAIRS COMMISSION PRINTING FUND	GOVERNMENTAL	X			
	32100	001	GENERAL FUND	GOVERNMENTAL	X			
	32100	002	FEDERAL FUND	GOVERNMENTAL	X			
	32100	368	VETERANS AID FUND	GOVERNMENTAL	X			
	32100	410	VETERANS POSTWAR TRUST FUND	GOVERNMENTAL	X			
	32500	001	GENERAL FUND	GOVERNMENTAL	X			
	32500	002	FEDERAL FUND	GOVERNMENTAL	X			
	32500	254	EMPLOYMENT OF PEOPLE WITH DISABILITIES FUND	GOVERNMENTAL	X			
	32500	285	COMPULSIVE GAMBLING PREVENTION & TREATMENT FUND	GOVERNMENTAL	X			

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					NON	SPECIAL		
					SPECIAL GOV.	GOVERNMENT	AGENCY	
	Business			GAAP	UNIT	UNITS	STMT	FUND
	Unit	FUND	NAME	FUND	CLOSING	CLOSING	ASSETS AND	CROSS
				CATEGORY	MANUAL	MANUAL	LIABILITIES	REFERENCE
	32500	315	ND HEALTH CARE TRUST FUND	GOVERNMENTAL	X			
	32500	316	COMMUNITY HEALTH TRUST FUND	GOVERNMENTAL	X			
	32500	355	PROVIDER ASSESSMENT FUND	GOVERNMENTAL	X			
	32500	360	HUMAN SERVICES DEPARTMENT FUND	GOVERNMENTAL	X			
	32500	392	INSURANCE RECOVERY PROPERTY FUND	GOVERNMENTAL	X			
	32500	419	CHILDRENS TRUST FUND	GOVERNMENTAL	X			
	32500	463	CHILD SUPPORT DISBURSEMENT UNIT FUND	AGENCY	X			
	32500	931	DONOR IMPLIED TRUST - H S C	GOVERNMENTAL		X		
	32500	938	STATE HOSPITAL-SPECIAL REVENUE FUNDS	GOVERNMENTAL		X		
	32500	986	DEVELOPMENTAL CENTER RESIDENTS' FUND	AGENCY		X	X	
	32500	991	STATE HOSPITAL PATIENT FUNDS	AGENCY		X	X	
	32500	996	DEVELOPMENTAL CENTER RESIDENTS WELFARE	GOVERNMENTAL		X		
	36000	001	GENERAL FUND	GOVERNMENTAL	x			
	36000	002	FEDERAL FUND	GOVERNMENTAL	x			
	38000	001	GENERAL FUND	GOVERNMENTAL		X		
	38000	921	JOB SERVICE - FEDERAL	GOVERNMENTAL		X		
	38000	920	JOB SERVICE - TRAVELERS PENSION FUND	PROPRIETARY		X		
	38000	967	JOB SERVICE - UNEMPLOYMENT COMPENSATION	PROPRIETARY		X		
	38000	968	JOB SERVICE - SPECIAL REVENUE	GOVERNMENTAL		X		
	40100	001	GENERAL FUND	GOVERNMENTAL	X			
	40100	002	FEDERAL FUND	GOVERNMENTAL	X			
	40100	209	UNSATISFIED JUDGMENT FUND	GOVERNMENTAL	X			
	40100	210	STATE BONDING FUND	PROPRIETARY	SEE FUND 924	X		924
	40100	211	STATE FIRE & TORNADO FUND	PROPRIETARY	SEE FUND 923	X		923
	40100	233	PETROLEUM REL. COMP. FUND	GOVERNMENTAL	X			
	40100	239	INSURANCE REGULATORY TRUST FUND	GOVERNMENTAL	X			
	40100	240	INSURANCE TAX DISTRIBUTION FUND	GOVERNMENTAL	X			
	40100	910	CHAND	CU		x		
	40100	923	STATE FIRE & TORNADO FUND	PROPRIETARY		X		211
	40100	924	STATE BONDING FUND	PROPRIETARY		X		210
	40100	945	INSURANCE CO DEPOSITS	AGENCY		X	X	
	40100	249	FIREFIGHTERS DEATH BENEFIT FND	GOVERNMENTAL	X			
	40500	001	GENERAL FUND	GOVERNMENTAL	X			
	40500	002	FEDERAL FUND	GOVERNMENTAL	X			
	40500	234	FOSSIL EXCAVATION AND RESTORATION FUND	GOVERNMENTAL	X			
	40500	243	RENEWABLE ENERGY DEVELOP. FUND	GOVERNMENTAL	X			
	40500	247	OIL AND GAS RESEARCH FUND	GOVERNMENTAL	X			
	40500	252	CARBON DIOXIDE STOR FACILITY ADMIN FUND	GOVERNMENTAL	X			

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					NON	SPECIAL		
					SPECIAL GOV.	GOVERNMENT	AGENCY	
	Business			GAAP	UNIT	UNITS	STMT	FUND
	Unit	FUND	NAME	FUND	CLOSING	CLOSING	ASSETS AND	CROSS
				CATEGORY	MANUAL	MANUAL	LIABILITIES	REFERENCE
	40500	281	CARBON DIOXIDE STOR FACILITY TRUST FUND	GOVERNMENTAL	X			
	40500	286	PIPELINE AUTHORITY ADMINISTRATIVE FUND	GOVERNMENTAL	X			
	40500	294	ND OUTDOOR HERITAGE FUND	GOVERNMENTAL	X			
	40500	305	INDUSTRIAL COMMISSION FUND	GOVERNMENTAL	X			
	40500	314	LIGNITE RESEARCH FUND	GOVERNMENTAL	X			
	40500	317	OIL & GAS RESERVOIR DATA FUND	GOVERNMENTAL	X			
	40500	319	GEO DATA PRESERVATION FUND	GOVERNMENTAL	X			
	40500	428	GEO PHYSCIAL, THERMAL, SUBS. MINERAL & COAL EXPLOR	GOVERNMENTAL	X			
	40500	440	STATE TUITION FUND	GOVERNMENTAL	X			
	40500	448	ABANDONED OIL & GAS RECL. FUND	GOVERNMENTAL	X			
	40500	919	BUILDING AUTHORITY	PROPRIETARY		X		
	40500	944	CASH BONDS - INDUSTRIAL COMM	AGENCY		X	X	
	40600	001	GENERAL FUND	GOVERNMENTAL	X			
	40600	002	FEDERAL FUND	GOVERNMENTAL	X			
	40800	001	GENERAL FUND	GOVERNMENTAL	X			
	40800	002	FEDERAL FUND	GOVERNMENTAL	X			
	40800	200	HIGHWAY FUND	GOVERNMENTAL	X			
	40800	248	PSC VALUATION FUND	GOVERNMENTAL	X			
	40800	277	STATE RAIL FUND	GOVERNMENTAL	X			
	40800	280	PERFORMANCE ASSURANCE FUND	GOVERNMENTAL	X			
	40800	301	SITING PROCESS RECOVERY FUND	GOVERNMENTAL	X			
	40800	395	CREDIT SALE CONTRACT INDEMITY FUND	GOVERNMENTAL	X			
	40800	445	ABANDONED MINE RECLAMATION SET ASIDE FUND	GOVERNMENTAL	X			
	40800	449	RAIL SAFETY FUND	GOVERNMENTAL	X			
	40800	939	PSC TRUSTEE ACCOUNT	AGENCY		X	X	
	41200	001	GENERAL FUND	GOVERNMENTAL	X			
	41200	002	FEDERAL FUND	GOVERNMENTAL	X			
	41200	324	AERONAUTICS COMM. SPC FUND	GOVERNMENTAL	X			
	41300	242	FINANCIAL INSTIT. REGULATORY FUND	GOVERNMENTAL	X			
	41400	001	GENERAL FUND	GOVERNMENTAL	X			
	41400	244	INVESTOR EDUCATION AND TECHNOLOGY FUND	GOVERNMENTAL	X			
	41400	262	INVESTORS RESTITUTION FUND	GOVERNMENTAL	X			
	47100	916	PARTNERSHIP IN ASSISTING COMMUNITY EXP FUND	GOVERNMENTAL		X		
	47100	917	AGRICULTURE PACE FUND	GOVERNMENTAL		X		
	47100	940	BND COLLEGE SAVE	PROPRIETARY		X		
	47100	969	GUARANTEED STUDENT LOAN	PROPRIETARY		X		
	47100	971	DEVELOPMENTALLY DISABLED FACILITY LOAN FUND	PROPRIETARY		X		
	47100	973	BEGINNING FARMER REVOLVING LOAN FUND	PROPRIETARY		X		
	47100	974	COMMUNITY WATER FACILITY LOAN FUND	PROPRIETARY		X		

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					NON	SPECIAL		
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	Business			GAAP	UNIT	UNITS	STMT	FUND
	Unit	FUND	NAME	FUND	CLOSING	CLOSING	ASSETS AND	CROSS
				CATEGORY	MANUAL	MANUAL	LIABILITIES	REFERENCE
	47100	975	STUDENT LOAN TRUST	PROPRIETARY		X		
	47100	999	REBUILDERS LOAN FUND	PROPRIETARY		X		
	47100	999	BANK OF NORTH DAKOTA	PROPRIETARY		X		
	47200	520	PUBLIC FINANCE PAYROLL FUND	GOVERNMENTAL		X		
	47200	976	MUNICIPAL BOND BANK	PROPRIETARY		X		
	47300	958	HOUSING INCENTIVE FUND	GOVERNMENTAL		X		
	47300	998	HOUSING AND FINANCE AGENCY	PROPRIETARY		X		
	47500	970	MILL AND ELEVATOR	PROPRIETARY		X		
	48500	213	WORKMENS COMPENSATION FUND	PROPRIETARY	SEE FUND 965			965
	48500	965	WORKER'S COMPENSATION - ENTERPRISE	PROPRIETARY		X		213
	50400	001	GENERAL FUND	GOVERNMENTAL	X			
	50400	002	FEDERAL FUND	GOVERNMENTAL	X			
	50400	200	HIGHWAY FUND	GOVERNMENTAL	X			
	50400	276	MOTOR CARRIER FUND	GOVERNMENTAL	X			
	50400	356	HP ASSET FORFEITURE FUND	GOVERNMENTAL	X			
	50400	361	HWY PATROL SPECIAL FUND	GOVERNMENTAL	X			
	50400	400	HIGHWAY DISTRIBUTION FUND	GOVERNMENTAL	X			
	53000	001	GENERAL FUND	GOVERNMENTAL	X			
	53000	002	FEDERAL FUND	GOVERNMENTAL	X			
	53000	321	PROBATIONER VIOLATION TRANSPORTATION FUND	GOVERNMENTAL	X			
	53000	366	PEN ITENTIARY LAND REPLACEMENT FUND	GOVERNMENTAL	X			
	53000	372	CRIME VICTIMS GIFT FUND	GOVERNMENTAL	X			
	53000	379	DEPT OF CORRECTIONS OPERATING	GOVERNMENTAL	X			
	53000	926	ROUGH RIDER INDUSTRIES	PROPRIETARY		X		
	53000	992	PRISONER ACCOUNTS	AGENCY		X	X	
	53000	993	INDUSTRIAL SCHOOL STUDENT ACCOUNTS	AGENCY		X	X	
	54000	001	GENERAL FUND	GOVERNMENTAL	X			
	54000	002	FEDERAL FUND	GOVERNMENTAL	X			
	54000	214	NATIONAL GUARD EMERGENCY FUND	GOVERNMENTAL	X			
	54000	352	STATE DISASTER RELIEF FUND	GOVERNMENTAL	X			
	54000	373	RADIO COMMUNICATIONS FUND	GOVERNMENTAL	X			
	54000	375	EMERGENCY MANAGEMENT FUND	GOVERNMENTAL	X			
	54000	378	STATE HAZARDOUS CHEMICALS FUND	GOVERNMENTAL	X			
	54000	383	NATIONAL GUARD FUND	GOVERNMENTAL	X			
	54000	385	NAT. GUARD MILITARY GROUNDS FUND	GOVERNMENTAL	X			
	54000	433	VETERANS CEMETERY	GOVERNMENTAL	X			
	54000	491	VETERAN'S CEMETERY TRUST FUND	GOVERNMENTAL	X			
	60100	001	GENERAL FUND	GOVERNMENTAL	X			
	60100	002	FEDERAL FUND	GOVERNMENTAL	X			

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					NON	SPECIAL		
					SPECIAL GOV.	GOVERNMENT	AGENCY	
	Business			GAAP	UNIT	UNITS	STMT	FUND
	Unit	FUND	NAME	FUND	CLOSING	CLOSING	ASSETS AND	CROSS
				CATEGORY	MANUAL	MANUAL	LIABILITIES	REFERENCE
	60100	224	AGRICULTURAL PRODUCTS UTILIZATION FUND	GOVERNMENTAL	X			
	60100	269	CENTERS OF EXCELLENCE RESEARCH FUND	GOVERNMENTAL	X			
	60100	284	INTERNSHIP FUND	GOVERNMENTAL	X			
	60100	296	WORKFORCE ENHANCEMENT FUND	GOVERNMENTAL	X			
	60100	299	ENERGY CONSERVATION GRANT FUND	GOVERNMENTAL	X			
	60100	330	ECONOMIC DEVELOPMENT COMM. FUND	GOVERNMENTAL	X			
	60100	342	COMMUNITY SERVICES FUND	GOVERNMENTAL	X			
	60100	365	CENTERS OF EXCELLENCE FUND	GOVERNMENTAL	X			
	60100	382	RESEARCH NORTH DAKOTA FUND	GOVERNMENTAL	X			
	60100	394	UNMANNED AIRCRAFT SYSTEMS PROGRAM FUND	GOVERNMENTAL	X			
	60100	443	TOURISM FUND	GOVERNMENTAL	X			
	60100	447	ETHANOL PRODUCTION INCENTIVE FUND	GOVERNMENTAL	X			
	60100	915	NORTH DAKOTA DEVELOPMENT FUND	PROPRIETARY		X		
	60200	001	GENERAL FUND	GOVERNMENTAL	X			
	60200	002	FEDERAL FUND	GOVERNMENTAL	X			
	60200	221	TURKEY FUND	GOVERNMENTAL	X			
	60200	223	HONEY PROMOTION FUND	GOVERNMENTAL	X			
	60200	236	STATE WATERBANK FUND	GOVERNMENTAL	X			
	60200	260	MINOR USE PESTICIDE FUND	GOVERNMENTAL	X			
	60200	308	AGRICULTURE DEPARTMENT FUND	GOVERNMENTAL	X			
	60200	376	ENVIRONMENT AND RANGELAND PROTECTION	GOVERNMENTAL	X			
	60200	409	FEDERAL ENVIRONMENTAL LAW IMPA	GOVERNMENTAL	X			
	60200	942	LIVESTOCK CASH AND INVESTMENTS - BNK OF ND	AGENCY		X	X	
	60300	309	DAIRY PRODUCTS PROMOTION FUND	GOVERNMENTAL	X			
	60500	273	ETHANOL FUND	GOVERNMENTAL	X			
	60600	241	EDIBLE BEAN FUND	GOVERNMENTAL	X			
	60700	219	MILK MARKETING FUND	GOVERNMENTAL	X			
	60800	245	OILSEED FUND	GOVERNMENTAL	X			
	61000	220	SPUD FUND	GOVERNMENTAL	X			
	61100	208	SOYBEAN COUNCIL FUND	GOVERNMENTAL	X			
	61300	227	DRY PEA AND LENTIL COUNCIL	GOVERNMENTAL	X			
	61400	270	CORN COUNCIL FUND	GOVERNMENTAL	X			
	61600	329	SEED DEPARTMENT FUND	GOVERNMENTAL	X			
	61800	307	VETERINARY MED EXAM FUND	GOVERNMENTAL	X			
	61900	306	ND STOCKMEN'S ASSOCIATION FUND	GOVERNMENTAL	X			
	62400	229	BEEF COMMISSION FUND	GOVERNMENTAL	X			
	62500	228	WHEAT COMMISSION FUND	GOVERNMENTAL	X			
	62600	231	BARLEY GROWERS CHECK-OFF	GOVERNMENTAL	X			
	63000	357	EXTENSION DIVISION FUND	UNIVERSITY SYST		X		

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					NON	SPECIAL		
					SPECIAL GOV.	GOVERNMENT	AGENCY	
	Business			GAAP	UNIT	UNITS	STMT	FUND
	Unit	FUND	NAME	FUND	CLOSING	CLOSING	ASSETS AND	CROSS
				CATEGORY	MANUAL	MANUAL	LIABILITIES	REFERENCE
	64000	358	MAIN EXPERIMENT STATION FUND	UNIVERSITY SYST		X		
	64100	359	DICKINSON EXPER. STATION FUND	UNIVERSITY SYST		X		
	64200	323	CNTRL GRASSLAND EX. STATION FUND	UNIVERSITY SYST		X		
	64300	332	HETTINGER EXP STATION FUND	UNIVERSITY SYST		X		
	64400	333	LANGDON EXPERIMENT STATION FUND	UNIVERSITY SYST		X		
	64500	335	NORTH CENTRAL EXP SATION FUND	UNIVERSITY SYST		X		
	64600	336	WILLISTON EXPER. STATION FUND	UNIVERSITY SYST		X		
	64700	337	CARRINGTON EXP STATION FUND	UNIVERSITY SYST		X		
	64900	226	AGRONOMY SEED FARM FUND	UNIVERSITY SYST		X		
	66500	001	GENERAL FUND	GOVERNMENTAL	SEE FUND 977			977
	66500	601	STATE FAIR ENTERPRISE FUND	PROPRIETARY	SEE FUND 977			977
	66500	977	STATE FAIR (FINANCIAL STATEMENT INPUT)	PROPRIETARY		X		001 & 601
	67000	001	GENERAL FUND	GOVERNMENTAL	X			
	67000	278	BREEDERS FUND	GOVERNMENTAL	X			
	67000	290	PURSE FUND	GOVERNMENTAL	X			
	67000	334	HORSE RACING OPERATING FUND	GOVERNMENTAL	X			
	67000	339	PROMOTION FUND	GOVERNMENTAL	X			
	70100	001	GENERAL FUND	GOVERNMENTAL	X			
	70100	002	FEDERAL FUND	GOVERNMENTAL	X			
	70100	253	HISTORICAL IMPACT EMERG FUND	GOVERNMENTAL	X			
	70100	327	STATE HIST. REVOLVING FUND	GOVERNMENTAL	X			
	70100	392	INSURANCE RECOVERY PROPERTY FUND	GOVERNMENTAL	X			
	70100	415	HISTORICAL SOC GIFT & REQ. FUND	GOVERNMENTAL	X			
	70100	603	CONCESSION FUND	GOVERNMENTAL	X			
	70900	001	GENERAL FUND	GOVERNMENTAL	X			
	70900	002	FEDERAL FUND	GOVERNMENTAL	X			
	70900	293	CULTURAL ENDOWMENT FUND	GOVERNMENTAL	X			
	70900	399	ARTS & HUMANITIES FUND	GOVERNMENTAL	X			
	72000	002	FEDERAL FUND	GOVERNMENTAL	X			
	72000	216	NON-GAME WILDLIFE FUND	GOVERNMENTAL	X			
	72000	222	GAME & FISH DEPARTMENT FUND	GOVERNMENTAL	X			
	72000	488	HABITAT AND DEPREDATION FUND	GOVERNMENTAL	X			
	75000	001	GENERAL FUND	GOVERNMENTAL	X			
	75000	002	FEDERAL FUND	GOVERNMENTAL	X			
	75000	261	SNOWMOBILE FUND	GOVERNMENTAL	X			
	75000	265	STATE PARKS GIFT FUND	GOVERNMENTAL	X			
	75000	398	PARKS & RECREATION FUND	GOVERNMENTAL	X			
	75000	441	TRAIL TAX TRANSFER FUND	GOVERNMENTAL	X			
	75000	602	STATE PARKS CONCESSION FUND	GOVERNMENTAL	X			

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					NON	SPECIAL		
					SPECIAL GOV.	GOVERNMENT	AGENCY	
	Business			GAAP	UNIT	UNITS	STMT	FUND
	Unit	FUND	NAME	FUND	CLOSING	CLOSING	ASSETS AND	CROSS
				CATEGORY	MANUAL	MANUAL	LIABILITIES	REFERENCE
	77000	001	GENERAL FUND	GOVERNMENTAL	X			
	77000	002	FEDERAL FUND	GOVERNMENTAL	X			
	77000	267	WATER DEVELOPMENT FUND	GOVERNMENTAL	X			
	77000	381	NAWS OPERATION AND MAINTENANCE	GOVERNMENTAL	X			
	77000	397	WATER COMMISSION FUND	GOVERNMENTAL	X			
	77000	413	WATER COMMISSION - NAWS PROJECT RESERVE FUND	GOVERNMENTAL	X			
	77000	465	INFRASTRUCTURE REVOLVING LOAN FUND	GOVERNMENTAL	X			
	77000	469	OIL TAX RESOURCES TRUST FUND	GOVERNMENTAL	X			
	77000	961	WATER COMMISSION - CAPITAL PROJECTS FUND	GOVERNMENTAL		X		
	77000	962	WATER COMMISSION - DEBT SERVICE FUND	GOVERNMENTAL		X		
	80100	001	GENERAL FUND	GOVERNMENTAL	X			
	80100	002	FEDERAL FUND	GOVERNMENTAL	X			
	80100	200	HIGHWAY FUND	GOVERNMENTAL	X			
	80100	201	MOTOR VEHICLE FUND	GOVERNMENTAL	X			
	80100	202	ABANDONED VEHICLE FUND	GOVERNMENTAL	X			
	80100	203	HWY RAIL GRADE CROSSING SAFETY	GOVERNMENTAL	X			
	80100	205	MOTORCYCLE SAFETY FUND	GOVERNMENTAL	X			
	80100	217	DEALER ENFORCEMENT FUND	GOVERNMENTAL	X			
	80100	225	STATE INFRASTRUCTURE BANK	GOVERNMENTAL	X			
	80100	230	SPECIAL ROAD FUND	GOVERNMENTAL	X			
	80100	232	PUBLIC TRANSPORTATION FUND	GOVERNMENTAL	X			
	80100	254	EMPLOYMENT OF PEOPLE WITH DISABILITIES FUND	GOVERNMENTAL	X			
	80100	261	SNOWMOBILE FUND	GOVERNMENTAL	X			
	80100	277	STATE RAIL FUND	GOVERNMENTAL	X			
	80100	400	HIGHWAY TAX DISTRIBUTION FUND	GOVERNMENTAL	X			
	80100	401	STATE AID DISTRIBUTION FUND	GOVERNMENTAL	X			
	80100	406	DRIVERS LICENSE TRUST FUND	AGENCY	X			
	80100	433	VETERANS CEMETERY	GOVERNMENTAL	X			
	80100	441	TRAIL TAX TRANSFER FUND	GOVERNMENTAL	X			
	80100	700	FLEET SERVICES	PROPRIETARY	SEE FUND 918			918
	80100	918	FLEET SERVICES	PROPRIETARY		X		700
	80100	949	DOT DEBT SERVICE FUND	GOVERNMENTAL		X		218

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OVERVIEW OF THE ANNUAL GAAP CLOSING PROCESS

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OVERVIEW OF THE ANNUAL GAAP CLOSING PROCESS

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THE CLOSING PROCESS--OFFICE OF MANAGEMENT AND BUDGET

The Office of Management and Budget will use PeopleSoft to compile the statewide financial statements. During July through mid-November, the Office of Management and Budget staff will prepare the financial statements and the related notes. They will:

- Prepare PeopleSoft input forms for:
 - Agency closing package amounts.
 - Special government agency financial statement amounts.
 - Other adjusting journal entries.
- Key the input and post it to PeopleSoft
- Prepare and make adjustments to the fund financial statements for the government-wide statements.
- Compile notes to the financial statements.
- Update CAFR statistical tables with current-year data.
- Compile other required information for the CAFR.
- Prepare the CAFR for printing.

AUDIT OF THE STATE'S CAFR

Meanwhile, the audit of the CAFR will be in progress. This audit will not replace the annual audit of individual component unit financial statements. The auditors of the State's CAFR will review the data and procedures within the Office of Management and Budget. They will also review closing package forms and the supporting working papers. AGENCIES ARE RESPONSIBLE FOR MAINTAINING WORKING PAPERS TO SUPPORT DATA ON CLOSING PACKAGE FORMS. The State Auditor's Office will be auditing the statewide financial statements.

THE FINISHED PRODUCT

The final CAFR should be ready to go to the printer in early December.

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SUMMARY OF AGENCY RESPONSIBILITIES

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GENERAL RESPONSIBILITIES

Each agency's Executive Director and Finance Director are responsible for submitting to the Office of Management and Budget closing package forms and/or financial statements that are:

- Accurate
- Complete
- Completed in accordance with instructions
- Timely

If your agency is unable to submit data by the required date, call the Office of Management and Budget as soon as possible.

IMPORTANCE OF APPROVALS

All closing packages are electronic. After the closing package is completed, the Preparer will forward on to the agency's Finance Director or Executive Director, who is the approver. The Approver needs to review and approve the form by typing their name on the Approver line. It is important that the completed closing package be e-mailed by the Approver to cafr@nd.gov.

WORKING PAPERS

Preparation and maintenance of working papers is a primary responsibility of each agency.

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WORKING PAPERS

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PURPOSE OF WORKING PAPERS

Agencies should keep working papers to support each amount they enter on each closing package form. Auditors may review some or all of your working papers.

GENERAL SUGGESTIONS

- Working papers should be neat, legible, complete, accurate, logically organized, and self-supporting.
- Each working paper should indicate the purpose for which it was prepared.
- Your working papers should clearly support the conclusion(s) you reached and the amounts you entered on the closing package forms.
- Each working paper should bear the name or initials of the preparer and the preparation date.
- The agency's Finance Director is responsible for keeping all working papers until the audit of the statewide financial statements is complete. Include a copy of each completed closing package form with the working papers.

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NAMES AND NUMBERS

Contact the Financial Reporting/GAAP Compliance staff in the Office of Management and Budget on comments relating to this manual.

Telephone: 328-2680

Mailing Address: CAFR Reporting
Office of Management and Budget
600 East Boulevard, Dept. 110
Bismarck, ND 58505-0400

Physical Location: Fourth Floor, State Capitol Building

STATE OF NORTH DAKOTA
GAAP CLOSING PROCEDURES MANUAL

CLOSING PACKAGE CONTROL CHECKLIST

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PURPOSE AND OBJECTIVES

The purpose of this closing package is to help each agency determine which of the other closing packages it must complete by fund. It also tells the Office of Management and Budget what closing packages to expect from each agency by fund. [Note: Fixed Asset Closing Packages (Checklist, Summary, Construction In Progress), Miscellaneous Summary, GASB 34 Reporting, Loans and Notes Payable, Litigation and Lease Closing Packages all should be completed on an agency level rather than by fund].

AGENCY ACTION REQUIRED

- Read this closing package before you begin work on any other closing package.
- Complete the Closing Package Control Checklist on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.

KEY TERMS

Cash. PeopleSoft includes much of the data the Office of Management and Budget needs regarding cash. For purposes of this closing package, therefore:

- Cash excludes accounts shown on the PeopleSoft General Ledger Trial Balance by Dept/Fund, as of June 30 (not including amounts processed in July and applied back to June).
- Cash includes:
 - Cash on hand (petty cash, for example)
 - Cash collected prior to July
 - Deposits with financial institutions (checking account balances, for example); and
 - Cash or deposits your agency holds in a trustee capacity or as an agent for others.

Fixed Assets. Fixed assets are significant assets the State plans to hold or use for a long time. Short-lived assets costing a small amount are not fixed assets. Any asset costing \$5,000 or more that will be used by your agency for more than one year is a Fixed Asset. Examples of fixed assets include: Land and Land Improvements, Building and Building Improvements, Infrastructure, Equipment, and Construction in Progress.

Financing Agreement. Agreement, other than a lease agreement, to make future payments for money received or work completed for your agency in lieu of money received (although funds are normally in an escrow account for your agency).

Grant. A grant consists of cash or other assets that a grantor contributes to the State. The grantor usually specifies that the State must use or expend the assets for particular programs, activities, or facilities.

Grantor. A grantor is an organization that provides grant funds to others. An example of a grantor who provides funds to State agencies is the Federal government.

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CLOSING PACKAGE CONTROL CHECKLIST

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Grant Revenues. Grant revenues are revenues your agency receives from a grantor as the primary recipient. Do not report grant amounts you receive from other state funds or State agencies as grant revenues. (These receipts are interfund transactions. Also see the definitions of Grant, Grantor, and Revenues).

Insurance Claim. An insurance claim is an application for payment that an insured, reinsured, or other covered party files with a State insurance claim-paying program. Some insurance claims are valid, some are partially valid, and others are not valid.

Insurance Claim-Paying Program. State insurance claim-paying programs accept risks instead of paying insurance companies to accept these risks. Insurance claim-paying programs do one of the following:

- Contract with private insurance carriers to process and/or pay insurance claims
- Pay insurance claims directly

The State Unemployment Compensation Program, however, is not an insurance claim-paying program for closing package purposes.

Inventory. Inventory includes all materials, supplies, and other goods held for future use or sale. Inventories are short-lived assets. Agencies normally use or sell inventory items within one year. Land, buildings, construction in progress, and equipment (fixed assets) are not inventory. Any asset costing more than \$5,000 that will be used by your agency for more than one year is a fixed asset, not inventory. Report the following as inventories:

- Materials and supplies your agency plans to issue to other sections within your agency. (For this closing package, inventory includes only items in central storage areas. Once items are issued to individual departments for use in operations, the items are no longer inventory).
- Merchandise for sale to the public, other agencies, or other governments.
- Manufacturing inventories of raw materials, work in progress, and finished goods.
- Harvested crops and livestock.

Funds are not required to complete the Inventory Closing Package unless they have an inventory greater than \$20,000 at June 30.

Investment. The Cash and Investments Closing Package addresses both investments on and off of PeopleSoft. Such investments may include marketable securities, certificates of deposit, money market certificates, or other financial instruments.

Liability. A liability is an obligation resulting from past transactions that will (or is likely to) result in future payments and/or reductions in future revenues.

Litigation. Litigation includes disputes or legal contests carried out and resolved through the judicial process. In everyday language, litigation and lawsuits mean nearly the same thing. The Litigation Closing Package concentrates on:

- Only cases not being handled by the Attorney General

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- Litigation matters that at June 30 will or may result in claims against the State's current or future resources. This includes lawsuits that at June 30 are:
 - Settled but not yet paid
 - In-progress
 - Threatened
- Settled and in-progress lawsuits of the State against others at June 30 that probably will result in a gain to the State.
- Major changes in lawsuit status that occur in the six months after June 30 (July 1 through December 31).

Loans and Notes Payable. Loan received from another entity or Bank of North Dakota to be repaid in the future.

Miscellaneous Loss Contingency. Loss contingencies are situations involving uncertainty as to possible loss. The uncertainty will be resolved when certain events occur or fail to occur. Loss contingencies may result from litigation, claims, grant disallowances, threatened property loss, and uncollectible receivables. Specific closing packages, however, cover these situations. An example of a miscellaneous loss contingency is the potential loss resulting from guarantees of others' debts (loan guarantee programs).

Miscellaneous Loss Liability. Loss situations that represent known liabilities at June 30 are loss liabilities. Loss liabilities may result from litigation and claims. Specific closing packages, however, cover these situations. Also, some losses (such as property losses and uncollectible receivables) cause decreases in assets rather than increases in liabilities. Do not report these situations as miscellaneous loss liabilities. An example of a miscellaneous loss liability is a known loss resulting from guarantees of others' debts.

Miscellaneous Receivables/Revenues. Any receivables that are not tax receivables, grant receivables, loan receivables, refund receivables, interest receivables, or due from other state Funds are miscellaneous receivables for purposes of this closing package. This category includes receivables generated from the following types of activity:

- Licenses and fees
- Charges for goods and services
- Fines and forfeitures
- Sales of fixed assets
- Agricultural commodities assessments
- Contributions, donations, and awards

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Prepaid Assets / Prepaid Expenditures. Prepaid assets are types of services that are commonly paid for in advance. Prepaid assets are short-lived assets and may include such items as insurance premiums and rent.

Funds are not required to complete the Prepaid Assets Closing Package unless they have prepaid assets greater than \$20,000 at June 30.

Primary Recipient. Agency who receives grant monies from the non-state grantor and who is accountable to the grantor for those grant monies (i.e. agency receiving grant monies from the federal government and accountable to the federal government).

Revenues. Revenues are increases in net assets. For purposes of this closing package, the following items are not revenues:

- State Appropriations.
- Amounts you received from other state funds or agencies within State government.
- Bond or note proceeds.

(Also see definitions of Tax Revenues, Grant Revenues, and Miscellaneous Receivables/Revenues.)

Short-Term Debt. A debt instrument, such as a loan or note payable, that is due within one year from the time of the issuance.

Tax Revenues. Tax revenues are revenues you collect from non-State parties and deposit using PeopleSoft revenue accounts 41100 through 418010. Some examples of tax revenues include:

- Individual and corporate income taxes
- Sales and use taxes
- Business license taxes
- Gasoline and motor vehicle taxes
- Alcoholic liquors, beer, and wine taxes
- Insurance taxes

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WORKING PAPERS

All working papers are subject to audit. The agency should keep copies of the completed Closing Package Control Checklist (Control Checklist). In addition, the agency should keep any working papers that support answers to questions on the Control Checklist. Appropriate documentation and the level of detail will vary according to the circumstances.

GENERAL INSTRUCTIONS--CLOSING PACKAGE CONTROL CHECKLIST (CONTROL CHECKLIST)

- Every State agency must complete the Control Checklist by fund.
- Read and complete the Control Checklist before you begin work on any other closing package.
- Work through the questions and instructions on the Control Checklist one at a time, from top to bottom. Agencies must carefully answer every question on the Control Checklist.
- Answer each question on the Control Checklist only after you read and understand the related definitions of Key Terms. Careful reading of these definitions is essential.
- The Control Checklist should be completed on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section. The person who completes and signs the Control Checklist should keep a copy. The Office of Management and Budget will telephone this person if there are any questions.
- Detailed instructions for completing the Form follow. A sample completed Checklist follows the instructions.

**STATE OF NORTH DAKOTA
CLOSING PACKAGE CONTROL CHECKLIST
For the Fiscal Year Ended June 30, 20XX**

Business Unit #:	<u>99900</u> ¹	Business Unit Name:	<u>Sample Agency</u>
State Fund #:	<u>888</u> ²	State Fund Name:	<u>Operating Fund</u>
Prepared:	<u>7/9/20XX</u> ³	By: <u>J.P. Junior</u>	<u>Acct. I 328-5555</u>
	Date	Name/Signature	Title/Phone
Approved:	<u>7/11/20XX</u> ³	By: <u>I.M. Senior</u>	<u>Dir. Of Acctg. 328-5555</u>
	Date	Name/Signature	Title/Phone

NOTES: The Closing Package Control Checklist must be completed for each State Fund unless your State Fund, per the Master Closing Package Matrix (Introduction Section), is a special government unit. For special government units refer to the Closing Manual for Special Government Units under a separate cover.

- 1a. Every Agency must complete the Miscellaneous Closing Package. Yes
- 1b. Every Agency must complete the GASB 34 Closing Package. Yes
2. Does your State Fund have any cash not included on Peoplesoft or any investments on or off Peoplesoft as of June 30? Yes
- If YES: a. Your State Fund must complete the Cash and Investments Closing Package.
3. Does your State Fund have payroll for any employees other than what is on the Peoplesoft Payroll System at June 30? Yes
- If YES: a. Your State Fund must complete the Compensated Absences Closing Package.
- 4a. Has your State Fund been involved in any litigation, that has been settled but not yet paid at June 30, that is not being handled by the Attorney General's Office (See Key Terms)? Yes
- If YES: a. Your State Fund must complete the Litigation Closing Package (Settled Litigation Form).
- 4b. Has your State Fund been involved in any threatened, pending, or in progress litigation during the fiscal year that is not being handled by the Attorney General's Office (See Key Terms)? Yes
- If YES: a. Your State Fund must complete the Litigation Closing Package (Litigation Contingency Form).
- 5a. Did your State Fund incur any miscellaneous loss liabilities during the fiscal year (See Key Terms)? No
- If YES: a. Your State Fund must complete the Miscellaneous Loss Liabilities Closing Package (Miscellaneous Loss Liability Form).

**STATE OF NORTH DAKOTA
CLOSING PACKAGE CONTROL CHECKLIST
For the Fiscal Year Ended June 30, 20XX**

Business Unit #: 99900 Business Unit Name: Sample Agency
 State Fund #: 888 State Fund Name: Operating Fund

- 5b. Did your State Fund incur any miscellaneous loss contingencies during the fiscal year (See Key Terms)? Yes
- If YES: a. Your State Fund must complete the Miscellaneous Loss Liabilities Closing Package (Miscellaneous Loss Contingency Form).
- 6a. Did your State Fund have inventory greater than \$20,000 at June 30 (See Key Terms)? Yes
- If YES: a. Your Agency must complete the Inventory Closing Package by fund.
- 6b. Did your State Fund have prepaid expenditures greater than \$20,000 at June 30 (See Key Terms)? Yes
- If YES: a. Your Agency must complete the Prepaid Assets Closing Package by fund.
- 7a. Do non-State parties owe your State Fund money at June 30 for loans or notes? Yes
- If YES: a. Your State Fund must complete the Loan and Refund Receivables Closing Package (Loan Receivables Summary Form.)
- 7b. Did your State Fund have more than \$25,000 of expenditure refunds receivable at June 30? Yes
- If YES: a. Your State Fund must complete the Loan and Refund Receivables Closing Package (Refund Receivables Summary Form).
- 8-11. Did your Agency have any fixed assets during the fiscal year that are not recorded on PeopleSoft (See Key Terms)? Yes
- If YES: a. Your agency must complete the Fixed Asset Closing Packages. That closing package will direct you to additional fixed asset closing packages that your agency may complete.
12. Did your agency have Construction in Progress at June 30? Yes
- If YES: a. Your agency must complete the Construction in Progress Closing Package.
13. Did your Agency lease land, building or equipment during the fiscal year? Yes
- IF YES: a. Your Agency must complete the Lease Closing Package.

**STATE OF NORTH DAKOTA
CLOSING PACKAGE CONTROL CHECKLIST
For the Fiscal Year Ended June 30, 20XX**

Business Unit #: 99900 Business Unit Name: Sample Agency
 State Fund #: 888 State Fund Name: Operating Fund

14a. Does your State Fund have any taxes receivable at June 30 (See Key Terms)? Yes

If YES: a. Your State Fund must complete the Tax Revenues Closing Package (Taxes Receivable Summary Form).

14b. Does your State Fund have any tax refunds payable at June 30 (See Key Terms)? Yes

If YES: a. Your State Fund must complete the Tax Revenues Closing Package (Tax Refunds Payable Summary Form).

15a. Does your State Fund have more than \$10,000 in miscellaneous receivables at June 30 (See Key Terms)? Yes

If YES: a. Your State Fund must complete the Miscellaneous Receivables/Revenues Closing Package (Miscellaneous Receivables Summary Form).

15b. Does your State Fund have interest receivable at June 30? Yes

If YES: a. Your State Fund must complete the Miscellaneous Receivables/Revenues Closing Package (Interest Receivable Summary Form).

16. Did your State Fund handle any claims-paying programs that are not component units during the fiscal year (See Key Terms)? Yes

If YES: a. Your State Fund must complete the Insurance Claims Closing Package.

17. Did your State Fund have any Peoplesoft expenditures (other than salaries, wages, fringe benefits) and/or contract retentions during the fiscal year? Yes

If YES: a. Your State Fund must complete the Accounts Payable and Journal Voucher Closing Packages.

18. Did your State Fund receive more than \$100,000 of grant revenues as the primary recipient during the fiscal year ? (See Key Terms) Yes

If YES: a. Your State Fund must complete the Grant Revenue Closing Package.

19. Did your Agency have any loans or notes payable or other other financing agreements, other than leases, that require future payments or any short-term debt during the fiscal year, even if not outstanding at year end? (See Key Terms) Yes

If YES: a. Your Agency must complete the Notes and Loans Payable, including Other Financing Agreements, Closing Package.

You have now answered all questions that apply to your State Fund. Keep a copy for yourself so you will know which closing packages your State Fund must complete this year.

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PURPOSE AND OBJECTIVES

The State plans to prepare its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that the financial statements contain certain footnote disclosures.

The purpose of this closing package is to gather the information needed for the required disclosures that are not included in the other closing packages. Also, this closing package will be used to gather other miscellaneous information.

AGENCY ACTION REQUIRED

- All agencies receiving the closing manual are required to complete the Miscellaneous Closing Package Form. This Form contains a series of questions.
 - If a question is not applicable to your agency, indicate this with a NO and proceed to the next question.
 - If a question is applicable to your agency, provide the required data in the space provided and proceed to the next question.
- Forms should be completed on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.

KEY TERMS

Advance Refunding/Defeasance Bonds issued to refinance an outstanding bond issue before the date the outstanding bond becomes due. Proceeds of the advance refunding bonds are deposited in a trust, or with a fiscal agent and are used to redeem the underlying bonds at their maturity, or to pay interest on the bonds.

Debt Issuance Cost All costs incurred to issue the bonds, including but not limited to insurance costs (net of rebates from the old debt, if any), financing costs (such as rating agency fees), and other related costs (such as printing legal, administrative, and trustee expenses).

Fair Market Value 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.

Fiscal Agent. A fiduciary agent, usually a bank, who performs the function of paying debt principal and interest when due.

Gain Contingency. Gain contingencies are situations involving uncertainty as to possible gain that will be resolved when certain events occur or fail to occur.

Government-Mandated These transactions occur when a government at one level provides resources to another government and requires that government to use the resources for a specific purpose. The principal characteristics of these transactions are that the provider government requires the recipient government to perform a program, or to pass the resources to another entity (subrecipient) to perform the program, and requires the fulfillment of certain eligibility requirements. Eligibility requirements include time requirements (when the resources are allowed to be used), reimbursements requirements (resources provided after certain costs incurred), and contingencies (certain events must occur before resources are provided)

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Impaired Asset. An asset may be considered impaired due to physical damage; new laws, regulations or environmental factors making the asset partially or totally unusable; technology or other circumstances making the asset obsolete; construction stopping before fully complete, or using the asset in a different manner at less than full capacity or the estimated useful life of the asset decreased.

Imposed Non-Exchange Financial Transaction

This type of transaction occurs when a government imposes an assessment on a non-governmental entity without an exchange of services, benefits, or goods. Fines, penalties, and forfeitures are examples of this type of transaction.

Investment Asset GASB 72 defines an investment asset as “a security or other asset that a government holds primarily for the purpose of income or profit and its present service capacity is based solely on its ability to generate cash or to be sold to generate cash. The investment designation would be made at acquisition and would remain for the life of the asset, even if usage changes over time. Such investments need to be recorded at Fair Market Value and would include:

- Intangible assets meeting the proposed definition of investments
- Land and land rights, including oil and gas properties, classified as investments
- Real estate meeting the definition of an investment asset
- Debt securities reported as assets
- Alternative investments reported by endowments
- Securitized debt obligations
- Invested securities lending collateral
- Equity Securities
- Commingled investment pools that are not government sponsored
- Life settlement contracts (when there is no insurable interest, the purpose of the instrument is solely to generate cash and should be measured at fair value)

Nonexchange Financial Guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third-party obligation holder under specified conditions.

Non-Exchange Financial Transactions In a non-exchange transaction, the government either gives value or a benefit to a non-governmental entity without directly receiving equal value in exchange or receives value or benefit from another party without directly giving equal value in exchange. The groups of non-exchange transactions include Imposed Non-Exchange Financial Transaction, Voluntary Non-Exchange Financial Transaction, and Government-Mandated.

Off-Balance-Sheet Risk. Financial instruments off-balance-sheet risk is the risk that an entity may incur an accounting loss that exceeds the amount recognized in its financial statements.

Organizations or Foundations that are Component Units: Certain legally separate, tax-exempt organizations will be considered component units of the State and will need to be included in the CAFR if the following criteria are met:

1. The resources received or held by the organization are entirely or almost entirely for the benefit of the state agency or its constituents.
2. The state agency is entitled to or can access the majority of the economic resources of the organization.
3. The economic resources of the organization are significant to the state.

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Pollution Remediation Obligation. An obligation to address the detrimental effects of existing pollution by participating in pollution remediation activities, such as obligations to clean up hazardous wastes or to remove contamination such as asbestos.

Probable. A future event is probable if the event is likely to occur.

Questioned Costs. Those costs for which a governmental agency has previously been reimbursed or will be reimbursed with federal monies and are subsequently disallowed. The disallowance results in a liability for the reimbursed agency.

Reasonably Possible. A future event is reasonably possible if the chance of its occurrence is greater than remote but less than probable.

Receivership Management Management by a receiver (such as a state agency with regulatory authority over certain businesses) of a business or property that is involved in a legal process such as bankruptcy.

Related Parties. Entities outside of the State's reporting entity that are affiliated with the reporting entity. Includes parties with which the reporting entity can influence or be influenced by the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Remote. A future event is remote if the event has only a slight chance of occurring.

Sale or Pledge of Receivables or Future Revenues. Transactions in which an entity receives or is entitled to proceeds in exchange for future cash flows from receivables or from specific future revenues. The transferring entity's continuing involvement with these receivables or revenues determines whether there has been a sale or pledge.

Sale-Leaseback Transactions Sale-leaseback transactions involve the sale of property by the owner and a lease of the property back to the seller. A sale of property by the owner and a lease of the property back to the seller.

Service Concession Arrangements (SCA). An arrangement between a government (the transferor) and an operator in which all of the following criteria are met:

- The transferor conveys to the operator the right and related obligation to provide public services through the use and operation of a capital asset (referred to here as a "facility") in exchange for significant consideration, such as an up-front payment, installment payments, a new facility, or improvements to an existing facility.
- The operator collects and is compensated by fees from third parties.
- The transferor determines or has the ability to modify or approve what services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services.

Sinking Fund. A fund established to account for the accumulation of resources and the payment of, general long-term debt principal and interest. Also referred to as a Debt Service Fund.

Termination Benefits. Termination benefits are benefits provided by employers to employees as an inducement to hasten the termination of services or as a result of voluntary or involuntary early termination. Benefits include early-retirement incentives, severance benefits, and other related benefits.

Unasserted Claims. Potential exposure to lawsuits for which a claim has yet to be filed by the complaining party.

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Voluntary Non-Exchange Financial Transaction These transactions result from legislative or contractual agreements entered into willingly by two or more parties. The principal characteristics of these transactions are they are not imposed or mandated by the provider of the fund and fulfillment of eligibility requirements is essential. Examples of this type of transaction include certain grants and private donations. Eligibility requirements include time requirements (when the resources are allowed to be used), reimbursements requirements (resources provided after certain costs incurred), and contingencies (certain events must occur before resources are provided)

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COMPLETING THE MISCELLANEOUS SUMMARY FORM QUESTIONNAIRE

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
To Submit:	After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov .

**STATE OF NORTH DAKOTA
MISCELLANEOUS SUMMARY FORM QUESTIONNAIRE
For the Fiscal Year Ended June 30 , XXXX**

Business Unit # 1	99000	Business Unit Name: <u>Sample Agency</u>	
Prepared: 2	<u>7/15/XX</u>	By: <u>J.P. Junior</u>	<u>Acct. I 328-2345</u>
	Date	Name/Signature	Title/Phone
Approved: 2	<u>7/16/XX</u>	By: <u>I.M. Senior</u>	<u>Dir. Of Acctg. 328-2345</u>
	Date	Name/Signature	Title/Phone

NOTE: COMPLETE ONE FORM PER AGENCY. (SEE KEY TERMS)

1. Did your agency have any newly defeased debt as a result of advance refunding (See Key Terms)? **Yes**

If YES: Indicate the nature of the transaction, any economic gain/loss, and the amount of defeased debt in-substance outstanding at June 30.

During the current year our agency issued \$89 million in expansion bonds to advance r \$12 million of existing bonds. The new bonds bear an interest rate of 7.8%, while the original bonds averaged 9.3%. Our agency advance refunded these bonds to reduce o total debt service payments over the next 36 years by approximately \$10 million and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$1.5 million.

2. Does your agency maintain any sinking or reserve funds (See Key Terms)? **No**

If YES: Indicate the nature and amount of each sinking or reserve fund.

3. Does your agency have any guaranteed debt, moral obligation debt or no-commitment debt? **Yes**

If YES: Indicate the nature and amount for each debt.

private facilities deemed to be in the public interest. The State assumes no liability or responsibility for this debt. Thus, no amounts are accrued for in the financial statemen No-commitment debt amounts to \$2,000,000 at June 30, 20XX.

4. Does your agency have any authorized, unissued debt? **Yes**

If YES: Indicate the purpose and amount of any authorized, unissued debt.

Revenue bonds authorized and unissued at June 30, 20XX, total \$15,150,000. The pu of the bonds is for building improvements, but these bonds are not expected to be issu

5. Has your agency spent any federal monies that are considered "questioned costs" as a result of recent audits (See Key Terms)? **Yes**

If YES: Indicate the nature and amount in the space provided below.

Our agency currently faces disallowances of federal funds for Medicaid and Emergenc Management. The total amount in question is \$6.5 million as a result of federal audits state reviews. Additional audits and reviews are pending. All amounts are being or wil contested by the State. We are unable to determine the effect on the State, if any, of e resulting liabilities.

STATE OF NORTH DAKOTA
MISCELLANEOUS SUMMARY FORM QUESTIONNAIRE
For the Fiscal Year Ended June 30 , XXXX

Business Unit # 99000 Business Unit Name: Sample Agency

6. Are you aware of any unasserted claims against your agency existing at June 30 or up to the date this Form was completed (See Key Terms)?

No

If YES: Describe the situation below.

7. Are you aware of any violations of finance related legal or contractual provisions affecting your agency?

No

If YES: Describe the situation below.

8. Was your agency involved in any related party transactions during the fiscal year (See Key Terms)?

No

If YES: Describe the situation below.

9. Does your agency have any significant commitments at June 30 other than those reported on the Construction In Progress Closing Package?

Yes

If YES: Describe the situation (including amounts) below.

Our agency has committed to acquire various agricultural equipment under four long-te contracts, with terms extending from three to fourteen years, beginning in 20XX. Base current prices, the purchase commitment approximates \$1.1 billion.

10. Does your agency have any gain contingencies greater than \$150,000 at June 30, not being handled by the Attorney General's Office (See Key Terms)?

Yes

If YES: Describe the situation and any related information including:

A. The probability of the gain is best described as (check one):

X Probable ___ Reasonably Possible ___ Remote

B. Amount or range of amounts of estimated gains to the State:

\$ 160,000 to \$ 200,000

STATE OF NORTH DAKOTA
MISCELLANEOUS SUMMARY FORM QUESTIONNAIRE
For the Fiscal Year Ended June 30 , XXXX

Business Unit # 99000 Business Unit Name: Sample Agency

11. Are you aware of any accounting activity/funds that are not on PeopleSoft and are not included in a closing package?

No

If YES: Indicate the nature and amount of the activity/fund not included on PeopleSoft or the closing packages.

12. Does your agency have any financial instruments that have off-balance-sheet risk and financial instruments or concentrations of credit risk?

No

(Examples of financial instruments with off-balance-sheet risk are commitments to lend, financial guarantees, options, recourse obligations on receivables sold, obligations to repurchase securities sold, commitments to purchase or sell other financial instruments at predetermined prices, futures contracts, interest rate and foreign currency swaps, and obligations arising from financial instruments sold short.)

If YES: Describe the situation below.

13. Does your agency have any affiliated tax-exempt organizations or foundations that may be component units (See Key Terms) which have either annual revenues, annual expenses, assets or liabilities of \$1 million or more?

No

If YES: Describe the situation below.

14. Is your agency obligated to provide termination benefits (see Key Terms), other than normal retirement benefits, to any employees at fiscal year end June 30?

No

If YES: Explain the type of benefits to be provided.

STATE OF NORTH DAKOTA
MISCELLANEOUS SUMMARY FORM QUESTIONNAIRE
For the Fiscal Year Ended June 30 , XXXX

Business Unit # 99000 Business Unit Name: Sample Agency

15. Does your agency have any companies under receivership (see Key terms) or other trustee arrangement at fiscal year end June 30?

No

If YES: Describe the situation below.

16. Does your agency have any individual assets with original costs of \$1 million or more that are impaired or potentially impaired (see Key Terms)?

Yes

If YES: Provide a brief description of each asset, the asset ID number if on Peoplesoft, and a brief description of the circumstances surrounding each asset.

Our Administration building is structurally unsound and has been abandoned. Original cost was \$1.5 million. Peoplesoft ID is 1234.

17. Has your agency sold or pledged its receivables or future revenues to another agency or third party?

Yes

If YES: Describe the situation below.

Future fishing license revenues have been pledged to repay \$2.8 million in revenue bond in August of 2003 to build new boat ramps on the Missouri River. The bonds are payable so from fishing license revenue. Annual principal and interest payments on the bonds are expected to require less than 50 percent of revenues. Total principal and interest paid and total fishing license revenue were 385,000 and 400,000, respectively.

18. Does your agency have any pollution remediation obligations? (see Key Terms)

No

If YES: Describe the situation below.

19. Does your agency have any Service Concession Arrangements (SCA's)? (see Key Terms)

No

If YES: Describe the situation below.

**STATE OF NORTH DAKOTA
MISCELLANEOUS SUMMARY FORM QUESTIONNAIRE
For the Fiscal Year Ended June 30 , XXXX**

Business Unit # 99000 Business Unit Name: Sample Agency

20. Did your agency **extend or receive** a nonexchange financial guarantee to a legally separate entity or individual, including a blended or discretely presented component unit, which requires the agency (the guarantor) to indemnify a third-party obligation holder under specified condition: (See Key Terms)

Yes

If YES: Describe the situation below.

Commerce guaranteed a 10 year, \$5 million bonds issued by a discretely presented component unit, with a nonexchange financial guarantee. Annual principal payments are due November 1 each year; semiannual interest payments due November 1 and May 1. The discretely presented component unit made all required payments through May 2014. In 2014, Commerce determined that the discretely presented component unit will be unable to make the required remaining principal and interest payments; . As June 30, 2014, Commerce calculated the discounted present value of the remaining \$3,360,000 debt service payments (principal and interest) to be \$3,060,000.

21. Does your agency receive resources from a government-mandated or voluntary non-exchange transaction where all eligibility requirements, except time requirements, have been met?

No

If YES: Describe the situation below.

22 Does your agency, acting as a lender, receive any payments for points?

No

If YES: Describe the situation below.

23 Did your agency enter into a sales-leaseback transaction where a gain or loss is recorded? (See Key Terms)

No

If YES: Describe the situation below.

24 Did your agency purchase or own any investment assets? (See Key Terms)

Yes

If YES: Provide a brief description of each asset, the asset ID number if on Peoplesoft, and the fair market value of the asset at June 30th.

Land was purchased for the purpose of renting for a profit. Fair market value of the land at June 30th is 120,000. The land is recorded on Peoplesoft as an asset. The asset ID number is 000001234

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CASH AND INVESTMENTS CLOSING PACKAGE

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PURPOSE AND OBJECTIVES

Most cash is on PeopleSoft and most investments are accounted for by the State Treasurer's Office. There are, however, some exceptions. Examples of such exceptions include petty cash and some investments held by agencies (see cash definition).

The State plans to prepare its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that the State's balance sheet show the amount and credit risk categorization of cash and investments under State control at midnight on June 30.

The Office of Management and Budget will obtain most of the needed cash data from PeopleSoft and certain investment data specifically required by the North Dakota Century Code to be accounted for by the State Treasurer's Office. This closing package will provide the remaining data.

AGENCY ACTION REQUIRED

Complete the Cash and Investments Summary Form on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.

KEY TERMS

Bank Balance - Cash. The balance reported on your bank statement as of June 30. If your bank statement cycle end date is other than June 30 use the statement ending in June closest to June 30.

Book Balance - Cash. The book balance of a bank account is the balance on your accounting records or in your checkbook on June 30. Your agency should reconcile the book balance with the statement the bank provides on a monthly basis.

Cash. PeopleSoft includes much of the data the Office of Management and Budget needs regarding cash. For purposes of this closing package, therefore:

- Cash and cash equivalents excludes accounts shown on the PeopleSoft General Ledger Trial Balance Report at June 30.
- Cash and cash equivalents includes:
 - Cash on hand (petty cash, for example).
 - Cash collected before July 1 that is posted to PeopleSoft or deposited in a financial institution account after June 30.
 - Wire Transfers received by the Bank of North Dakota before July 1 but posted to PeopleSoft after June 30. This cash is reported as cash at the Bank of North Dakota. Agencies may need to check with the State Treasurer's Office to verify the date received by the Bank.
 - Cash at the Bank of North Dakota at June 30 received from credit card sales.

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- Deposits with financial institutions (i.e. checking account balances, passbook savings for example).
- Cash or deposits your agency holds in a trustee capacity or as an agent for others.
- Petty cash balances and external bank accounts authorized by the State Auditor and the State Treasurer under NDCC 54-06-08.1.
- Other agency cash accounts not on PeopleSoft (authorized and unauthorized).
- Certificates of Deposit and investments with an original maturity of 3 months or less.

Collateral. Security pledged by a financial institution to a governmental entity for its deposits.

Counterparty. Issuers of a security, a broker-dealer selling securities or a third party holding securities or collateral.

Depository Insurance. Insurance on deposits with financial institutions. For our purposes, insurance includes:

- Federal depository insurance funds, such as those maintained by the Federal Deposit Insurance Corporation (FDIC currently insures up to \$250,000 per deposit).

Investment. The Cash and Investment Closing Package addresses both investments on and off PeopleSoft. Such investments may include marketable securities, U.S. Treasury Bonds, certificates of deposit, money market certificates, or other financial instruments. Report your agency's investments as well as any investments your agency holds as a trustee or agent for others.

Investment Asset GASB 72 defines an investment asset as a security or other asset that a government holds primarily for the purpose of income or profit and its present service capacity is based solely on its ability to generate cash or to be sold to generate cash. Investment Assets should be reported on the miscellaneous closing package.

Fair Value. The value assigned to an asset, based on the amount for which the asset would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, certificates of deposits are normally valued at cost, which is the amount paid for the certificate.

Fair Value Hierarchy Valuation inputs are assumptions that market participants use in pricing an asset or liability. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories – level 1, level 2, and level 3- considering the relative reliability of the inputs.

- **Level 1** – Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets
- **Level 2** – Level 2 inputs are quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means. Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets
 - Quoted prices for identical or similar assets or liabilities in inactive markets
 - Inputs other than quoted prices that are observable for the asset or liability

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- Market-corroborated inputs
- **Level 3** – These are unobservable inputs for the asset or liability; they should be used only when relevant Level 1 and Level 2 inputs are unavailable. Agencies may use their own data to develop unobservable inputs if there is no information available without undue cost and effort.

Original Maturity Period. Original maturity period means the original maturity period to the agency holding the investment. Original maturity period is the period from the original purchase of the investment by the agency holding the investment to the date the investment matures.

Registered Security. A security that has the name of the owner written on its face.

Valuation Technique There can be many ways to determine the fair value of an asset or liability, and the standard allows for many possible valuation techniques using one or more of three approaches: market, cost or income approach.

- Market Approach – The market approach uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities or a group of assets and liabilities.
- Cost Approach – The cost approach reflects the amount currently required to replace the present service capacity of an asset, adjusted for obsolescence.
- Income Approach – The income approach converts future amounts, e.g., cash flows or revenues and expenses, to a single current amount such as discounted present value, reflecting current market expectations about those future amounts.

ACCOUNTING PRINCIPLES AND POLICIES

The Treasurer's Office will provide data to the Office of Management and Budget regarding balances accounted for by the State Treasurer's Office. Agencies will provide data regarding cash **NOT** on PeopleSoft at June 30 and investments **BOTH** on and off PeopleSoft at June 30.

GASB Statement 40, which was effective for fiscal years after June 15, 2004, requires that note disclosures for investments include custodial credit risk, credit quality ratings, interest rate risk and foreign currency risk. GASB Statement 72, which was effective for fiscal years after June 15, 2015, requires that note disclosures for all investments include Valuation technique and Fair Value Hierarchy. The majority of the state's governmental funds' investments are accounted for by the Retirement and Investment Office (RIO) or the State Treasurer Office. The information needed for these new disclosures will be provided by those offices. For agencies that handle their own investments, OMB will contact the agencies that need to provide additional information on their investments.

WORKING PAPERS

All working papers may be subject to audit. The agency should keep a copy of the completed Cash and Investments Summary Form. In addition, the agency should keep any documents that support data on that Form. For example:

- June 30 bank and investment account statements from financial institutions and brokers.
- Reconciliations between bank statements and book balances shown on the Cash and Investments Summary Form for all bank accounts.

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- Listing of securities in investment portfolios.
- Correspondence authorizing petty cash funds and clearing accounts.
- Other related documents.

GENERAL INSTRUCTIONS--CASH AND INVESTMENTS SUMMARY FORM

- Carefully read the special definitions that apply to this closing package. (See the Key Terms section).
- Prepare two or more Forms if there is not enough space on one Form.
- The Form(s) should show balances as of June 30.
- Complete the Cash and Investments Summary Form on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- Call the Office of Management and Budget for guidance if needed. It is important to include all cash and investments that meet the definitions of cash or investments in the Key Terms section.
- The person who completes and signs the Form should keep a copy. OMB will telephone this person if there are any questions.
- Round all dollar amounts on the form to the nearest whole dollar.
- Prepare a separate closing package form for each fund.
- Detailed instructions for completing the Form follow. A sample completed Cash and Investments Summary Form follows the instructions.

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COMPLETING THE CASH AND INVESTMENTS SUMMARY FORM - 1

NOTE: See definitions to Key Terms contained in this section.

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Select the state fund code from the drop down list, the fund's name will automatically populate.
(3)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(4)	Enter the book balance of cash not posted to PeopleSoft that applies to deposits held at the Bank of North Dakota (BND), along with BND Certificates of Deposit with an original maturity period of three months or less and BND Money Market Demand Accounts (MMDA). These amounts must be as of the calendar month ended June 30.— This includes wire transfers received by BND before July 1 but posted on PeopleSoft after June 30. State Treasurer's Office can provide the date received by BND.
(5)	Enter the book balance of cash not posted to PeopleSoft including non-BND deposits, along with non-BND Certificates of Deposit with an original maturity period of three months or less and non-BND/Money Market Demand Accounts and Daily Cash Accumulation Accounts (DCAA). These amounts must be as of the calendar month ended June 30.
(6)	This represents Total Cash not posted to PeopleSoft along with Certificates of Deposit with an original maturity period of three months or less and/or other instruments (i.e., MMDA, DCAA) reclassified to cash for CAFR purposes.
(7)	Answer question [B] for all cash. See [B] on Summary Form-1.
(8)	Enter the amount of cash related to revenue entered in July (PeopleSoft) and applied back to June. Report only the cash applied back using account 105251, Cash and Cash Equivalents at BND. If you applied back funds using a different cash or investment account, OMB will run a query of those apply back amounts and request further information from you. The cash applied back to June, should be verified with the Query for deposits recorded in July and applied back to June, NDSCAFR_DEP.
(9)	Enter the difference between the "Book Balance June 30" and the "Amount Applied Back To June" here.
(10)	Enter the fair value of actual investments for your fund that are investments of the BND as of the fiscal year ended June 30. Do not include any BND Certificates of Deposit with an original maturity period of three months or less or BND MMDAs, as they are classified as cash.

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REF	EXPLANATION
(11)	Enter the fair value of actual investments for your fund excluding investments of the BND as of the fiscal year ended June 30. Do not include any non-BND Certificated of Deposit with an original maturity period of three months or less and MMDA or DCAAs, as they are classified as cash.
(12)	This represents the Total Actual Investments for your fund at June 30, excluding any Certificates of Deposit with an original maturity period of three months or less, and MMDAs or DCAAs that have been classified as cash.
(13)	Select Yes or No from the drop down list to indicate whether or not the Investment is handled by RIO or STO.
(14)	Total cash not applied back to June for cash deposits at the BND (9), provide the detail amounts by account that were used to deposit the cash in PeopleSoft after June 30.
(15)	Total cash not applied back to June for cash and cash equivalents (9), provide the detail amounts by account that were used to deposit the cash in PeopleSoft after June 30.

Note: Enter amounts in whole dollars.

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

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COMPLETING THE CASH AND INVESTMENTS SUMMARY FORM - 2

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.
(1)	The business unit number will automatically populate based on the information from Form – 1.
(2)	The state fund code will automatically populate based on the information from Form – 1.
(3)	The information regarding preparation of this Form will automatically populate based on the information from Form – 1.
(4)	Enter the total investments for your fund as reported on <u>PeopleSoft only</u> at June 30, 20xx. Include the sum of accounts 113000 and 115000.
(5)	Include the accounts to debit and credit for each amount that should be adjusted to reconcile PeopleSoft to your June 30, 20xx Cash and Investments Summary Form-1. Include a description for each reconciling amount. You will need to report any investments with original maturities of less than 90 days as reconciling items as well as any investments off of PeopleSoft. NOTE - Adjustments will be made by OMB. The agency is, however, responsible for indicating which accounts are to be used in making the adjustments.
(6)	The total investments should equal your current year (June 30, 20xx) total investments reported on Cash and Investment Summary Form-1 (item 12).
Note:	Enter amounts in whole dollars.

**STATE OF NORTH DAKOTA
CASH AND INVESTMENTS SUMMARY FORM - 2
At June 30, 20XX**

Business Unit #: <u>①</u> _____ 99000	Business Unit Name: <u>Sample Agency</u> _____	
State Fund #: <u>②</u> _____ 888	State Fund Name: <u>Operating Fund</u> _____	
Prepared: <u>③</u> <u>08/5/XX</u> _____ Date	By: <u>J.P. Junior</u> _____ Name/Signature	Acct. I 328-1555 _____ Title/Phone
Approved: <u>③</u> <u>08/6/XX</u> _____ Date	By: <u>I.M. Senior</u> _____ Name/Signature	Dir of Acctg. 328-1555 _____ Title/Phone

INVESTMENT RECONCILIATION

Closing Package And Peoplesoft Reconciliation At June 30, 20XX

<u>Description</u>	<u>Account DR</u>	<u>Account CR</u>	<u>Amount</u>
Total Investments Per Peoplesoft (Accounts 113000 plus 115000) at June 30, 20XX			\$ <u>④</u> 56,000
Reconciling Items:			
<u>CD with maturity less than 90 days.</u> _____	<u>105251</u> _____	<u>115000</u> _____	<u>⑤</u> (10,000)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total Investments Per Cash and Investments Summary Form-1 At June 30, 20XX			\$ <u>⑥</u> 46,000

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COMPLETING THE CASH AND INVESTMENTS SUMMARY FORM - 3

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.
(1)	The business unit number will automatically populate based on the information from Form – 1.
(2)	The state fund code will automatically populate based on the information from Form – 1.
(3)	The information regarding preparation of this Form will automatically populate based on the information from Form – 1.
(4)	Enter the name of the financial institution. See [A] on this Summary Form.
(5)	Enter the bank account number or the Certificate of Deposit number.
(6)	Indicate if the Certificate of Deposit has a maturity date of more than 90 days (i.e. reported as investments).
(7)	Briefly describe the purpose of the account.
(8)	Categorize the total <u>bank</u> balance according to the following three categories of custodial credit risk: Category (1) - Insured or collateralized by securities held by the State or by its agent in the State's name. (2) - Collateralized with securities held by the pledging financial institution's trust department or agent in the State's name. (3) - Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the State's name). If the <u>bank</u> balance belongs in more than one category, indicate the dollar amount applicable to each category on separate lines.
(9)	Enter the bank balance as of the fiscal year ended June 30 for the account.
(10)	Enter the book balance as of the fiscal year ended June 30 for the account.
Note:	Enter amounts in whole dollars.

STATE OF NORTH DAKOTA
CASH AND INVESTMENTS SUMMARY FORM - 3
 At June 30, 20XX

Business Unit #: ① 99000 Business Unit Name: Sample Agency

State Fund #: ② 888 State Fund Name: Operating Fund

Prepared: ③ 08/5/XX By: J.P. Junior 0
 Date Name/Signature Title/Phone

Approved: ③ 08/6/XX By: I.M. Senior 0
 Date Name/Signature Title/Phone

DEPOSITS (CREDIT RISK DATA) [A]

④ Name of Financial Institution	⑤ Bank Account / CD Number	⑥ Is Certificate Maturity Date > 90 Days	⑦ Purpose of Account	⑧ Credit Risk Category (1, 2 or 3)	⑨ Bank Balance June 30	⑩ Book Balance June 30
FNB Bismarck	667-245-4013	--	Checking Account	1	7,600	6,900
MBNA America Co.	18078	Y	CD	1	10,000	10,000
CBD Bank	5112	N	CD	1	10,000	10,000
Petty Cash/Cash On Hand				N/A	N/A	2,000
Deposits In Transit				N/A	N/A	
Money Market Demand Accounts				N/A	N/A	500
Total:					<u>27,600</u>	<u>29,400</u>

[A] Do not credit risk Deposits at the Bank of North Dakota. Credit risk Non Bank of North Dakota Certificates of Deposit on this Summary Form regardless of maturity dates.

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COMPENSATED ABSENCES CLOSING PACKAGE

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PURPOSE AND OBJECTIVES

Compensated absences are employee absences, such as annual leave, sick leave, holidays, and compensatory time off, for which the State expects to pay. The State plans to prepare its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that the State show a liability on its financial statements at June 30 for the value of certain compensated absences.

The purpose of this closing package is to gather information needed to record the liability for compensated absences on the State's financial statements.

AGENCY ACTION REQUIRED

The Office of Management and Budget (OMB) will determine compensated absences amounts for those agencies that are on the PeopleSoft Payroll system.

Agencies not on the PeopleSoft Payroll System, and/or not reporting compensated absences on the PeopleSoft Payroll System, must complete the Compensated Absences Summary Form, and return it to OMB on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.

KEY TERMS

Annual Leave. Employees may accumulate and carry forward up to 240 hours of annual leave from one year to the next. Upon termination, employees receive payment for unused annual leave. To calculate the value:

- Compute the value for each applicable employee. If you record vacation in hours, multiply together the employee's:
 - Hourly pay rate at June 30. (Include any July 1 compensation increase).
 - Hours of accumulated annual leave (vacation) at June 30.
 - Plus employer's share of social security and Medicare taxes.
- Then add all employee amounts to obtain the total.

Compensated Absence. Compensated absences are employee absences, such as annual leave, sick leave, holidays, and compensatory time off for which the State expects to pay.

FLSA Exempt and FLSA Nonexempt Employees. The Federal Fair Labor Standards Act (FLSA) specifies overtime rules for certain State employees. "FLSA nonexempt" employees are those covered by the Act. "FLSA exempt" employees are those not covered by the Act. The employee's Personnel Action Form (PAF Form) shows the present FLSA status in the block marked "E/N." An N means that the employee is FLSA nonexempt; an E means that the employee is FLSA exempt.

Liability. A liability is an obligation resulting from past transactions that will (or is likely to) result in future payments and/or reductions in future revenues.

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COMPENSATED ABSENCES CLOSING PACKAGE

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Overtime Compensatory Time. State agency policies vary regarding overtime work. Some agencies pay employees for overtime worked while others give compensatory time off. FLSA nonexempt employees who do not receive overtime pay receive 1-1/2 hours of compensatory time for each hour worked. Upon termination, FLSA nonexempt employees must receive payment for any unused compensatory time. To calculate the value:

Compute the value for each FLSA nonexempt. If you record compensatory time in hours, multiply together the employee's:

- Hourly pay rate at June 30. (Include any July 1 compensation increase).
- Hours of accumulated unused compensatory overtime at June 30.
- Plus employer's share of social security and Medicare taxes.

Then add all employee amounts to obtain the total.

Sick Leave. Employees may accumulate and carry forward sick leave indefinitely. Upon termination, employees with at least 10 years of continuous service receive payments for 10% of their unused sick leave. For reporting purposes we will assume that if someone works at least 5 years, then they will end up meeting the 10 year requirement. To calculate the value:

First compute the value for each employee with at least 5 years of continuous service as of June 30. If you record unused sick leave in hours, multiply together the employee's:

- Hourly pay rate at June 30. (Include any July 1 compensation increase.)
- Hours of accumulated unused sick leave at June 30.
- Plus employer's share of social security and Medicare taxes.
- Total unused sick leave amount plus the employer's share of social security and Medicare taxes times 10 percent.

Then add all employee amounts to obtain the total.

ACCOUNTING PRINCIPLES AND POLICIES

Generally Accepted Accounting Principles relating to compensated absences are defined by:

- Governmental Accounting Standards Board (GASB) Codification Sections C60.103 through C60.113, "Compensated Absences."
- GASB Statement No. 16, "Accounting for Compensated Absences."

Based on these GAAP requirements, the State's policy is to record a liability on the Government-Wide Financial Statements for the value at June 30 of:

- Accumulated unused annual leave.
- One-tenth of accumulated unused sick leave for employees with at least 5 years of continuous service.
- Accumulated unused overtime compensatory time for FLSA nonexempt employees if the amount is material.

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COMPENSATED ABSENCES CLOSING PACKAGE

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- The employer's share of social security and Medicare taxes related to the above compensated absences.

In addition, the State records in a note disclosure the additions (value of leave earned) and deletions (value of leave used) for compensated absences during the fiscal year.

It is the State's policy not to record a liability for the value of:

- Accumulated unused sick leave for employees with less than 5 years continuous service.
- Accumulated unused overtime compensatory time for FLSA exempt employees.
- Accumulated unused holiday compensatory time.

OMB will determine compensatory amounts for those agencies that are on the PeopleSoft Payroll system. Agencies not on the PeopleSoft Payroll system, and/or are not reporting compensated absences on the system, must complete the Compensated Absences Summary Form.

WORKING PAPERS

All working papers may be subject to audit. The agency should keep a copy of the completed Compensated Absences Summary Form. In addition, the agency should maintain working papers to support each figure on that Form. For each employee, the working papers should show:

- Accumulated unused annual leave at June 30 and annual leave earned during the fiscal year.
- Accumulated unused sick leave at June 30 for employees with at least 5 years of continuous service and sick leave earned during the fiscal year that could result in payment.
- Accumulated unused overtime compensatory time at June 30 (for FLSA nonexempt employees) and compensatory time earned during the fiscal year (for FLSA nonexempt employees).
- Daily or hourly pay rate (dollars and cents) at June 30.
- Whether the employee is FLSA exempt or nonexempt.
- Value of annual leave liability at June 30.
- Value of sick leave at June 30.
- Value of overtime compensatory time at June 30 for FLSA nonexempt employees.
- Employer's share of social security and Medicare taxes for the above compensated absences.

Working papers may show leave amounts in hours or in days.

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GENERAL INSTRUCTIONS--COMPENSATED ABSENCES SUMMARY FORM

- Carefully read the special definitions that apply to this closing package. (See the Key Terms section).
- Every agency that is not on the PeopleSoft Payroll system and/or is not reporting compensated absences on the system should complete the Compensated Absences Summary Form.
- Return the Form to the Office of Management and Budget on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- The Form will show the beginning compensated absences value, additions to the account, deductions from the account and the ending compensated absences balance as of June 30.
- Round all dollar amounts on the Form to the nearest whole dollar.
- Call the Office of Management and Budget for guidance if needed.
- The person who completes and signs the Form should keep a copy. OMB will telephone this person if there are any questions.
- Detailed instructions for completing the Form follow. A sample completed Compensated Absences Summary Form follows the instructions.

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COMPLETING THE COMPENSATED ABSENCES SUMMARY FORM

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(3)	Enter the beginning compensated absences amount as of July 1. This amount must agree to the amount reported as the ending balance in the prior year
(4)	Enter the amount of compensated absences earned during the year. This should be determined for each employee for each type of leave (all leave earned during the year times their June 30 pay rate), then added together for the total additions. (Be sure and include 10% of the accumulated sick leave balance for any employees who first met the 5 year requirement for sick leave during the year.) Include the employer's share of social security and Medicare taxes.
(5)	Enter the ending compensated absences amount as of June 30. This should include the value of accumulated annual leave, one-tenth of the sick leave balance (for employees with at least 5 years of continuous service at June 30), and overtime compensatory time for employees of your agency's funds at June 30.
(6)	Review the balance of the deletions. This should be the beginning balance plus additions, less the ending balance.
Note:	Enter amounts in whole dollars.
To Submit:	After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov .

**STATE OF NORTH DAKOTA
COMPENSATED ABSENCES SUMMARY FORM
At June 30, 20XX**

①
Business Unit #: 99900 Business Unit Name: Sample Agency

②
Prepared: 8 / 5 / XX By: J.P. Junior Acct. I 328-5555
Date Name/Signature Title/Phone

②
Approved: 8 / 6 / XX By: I.M. Senior Dir. Of Acctg. 328-5555
Date Name/Signature Title/Phone

Adjustment Code	Description	Dollar Amount
FOR OMB USE ONLY	AGENCY'S (GOVERNMENTAL) FUNDS	
	Compensated Absences at July 1	③ \$ 117,500
	Additions to Compensated Absences	④ 32,850
	Deletions in Compensated Absences	⑤ (29,720)
	Compensated Absences at June 30	⑥ \$ 120,630
A		

FOR OMB USE ONLY

A DR Amount to be provided for the retirement of long-term debt
CR 233002 Compensated Absences

NOTE: Include the employer's share of social security and medicare taxes related to the compensated absence

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LITIGATION CLOSING PACKAGE

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PURPOSE AND OBJECTIVES

In everyday language, litigation and lawsuits mean nearly the same thing. This closing package concentrates on:

- Litigation not being handled by the Attorney General's Office. Attorney General's Office refers to Attorney General or any Attorney General staff.
- Litigation matters that at June 30 will or may result in claims against the State's current or future resources. This includes lawsuits that at June 30 are:
 - Settled but not yet paid.
 - In-progress.
 - Threatened.

These lawsuits may be against the State, one or more of its agencies, or one or more of its officials.

- Settled and in-progress lawsuits of the State against others at June 30 that probably will result in a gain to the State.
- Major changes in lawsuit status that occur in the six months after June 30 (from July 1 through December 31).

The State plans to prepare its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires the State to record a liability for litigation that meets certain criteria. In other cases, GAAP requires summary disclosures in the notes to the State's financial statements relating to potential losses and gains.

This closing package will gather information from State agencies to identify all litigation, not being handled by the Attorney General's Office, that may affect the State's financial statements and notes.

AGENCY ACTION REQUIRED

- For each settled (but not yet paid) lawsuit greater than \$150,000 involving your agency at June 30 that is not being handled by the Attorney General's Office:
 - Complete a Settled Litigation Form.
 - Return it to the Office of Management and Budget on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- For each in-progress or threatened lawsuit estimated to be greater than \$150,000 at June 30 that is not being handled by the Attorney General's Office:
 - Complete a Litigation Contingency Form.
 - Return it to the Office of Management and Budget on or before the due date indicated in the

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Schedule of Closing Package Due Dates in the Introduction Section.

- To report major developments during the six months after June 30 (July 1 through December 31) relating to settled, in-progress, or threatened lawsuits not being handled by the Attorney General's Office:
 - Complete a Litigation Contingency Form.
 - Return it to the Office of Management and Budget as soon as possible.

Such developments include:

- Changes in previously reported cases.
- New cases.
- Settlement of a lawsuit.

KEY TERMS

Current Liability. In governmental funds, current liabilities are liabilities an agency expects to pay from "expendable available financial resources."

Gain Contingency. Gain contingencies are situations involving uncertainty as to possible gain that will be resolved when certain events occur or fail to occur.

Liability. A liability is an obligation resulting from past transactions that will (or is likely to) result in future payments and/or reductions in future revenues.

Litigation. Litigation includes disputes or legal contests carried out and resolved through the judicial process. In everyday language, litigation and lawsuits mean nearly the same thing. This closing package concentrates on:

- Litigation matters that at June 30 will or may result in claims against the State's current or future resources. This includes lawsuits that at June 30 are:
 - Settled but not yet paid.
 - In-progress.
 - Threatened.
- Settled and in-progress lawsuits of the State against others at June 30 that probably will result in a gain to the State.
- Major changes in lawsuit status that occur in the six months after June 30 (July 1 through December 31).

Long-Term Liability. Long-term liabilities are liabilities other than current liabilities.

Loss Contingency. Loss contingencies are situations involving uncertainty as to possible loss that will be resolved when certain events occur or fail to occur.

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Probable. A future event is probable if the event is likely to occur.

Reasonably Possible. A future event is reasonably possible if the chance of its occurrence is greater than remote but less than probable.

Remote. A future event is remote if the event has only a slight chance of occurring.

Subsequent Event. Subsequent events are events or transactions that both:

- Occur after June 30 but before the State issues its financial statements.
- Have a material effect on the statements and/or the auditor's report.

Governments must disclose subsequent events in their financial statements.

Subsequent Period. The subsequent period is the time after June 30 but before the State issues its financial statements. The State plans to issue its financial statements by December 31. For practical purposes, therefore, the subsequent period is July 1 through December 31. Governments must disclose on their financial statements any material events that occur during the subsequent period.

ACCOUNTING PRINCIPLES AND POLICIES

Settled lawsuits that require the State to make future payments or suffer other future losses are liabilities. GAAP requires the State to show liabilities existing at June 30 on its financial statements. In-progress and threatened lawsuits at June 30 are contingent losses/gains. Generally Accepted Accounting Principles (GAAP) for contingencies are defined in:

- Governmental Accounting Standards Board (GASB) Codification Sections 1500.110 and C50.101 through .118.
- Financial Accounting Standards Board (FASB) Statement 5, "Accounting For Contingencies" as revised and interpreted.

Major liabilities and contingencies that arise after June 30 but before the State issues its financial statements are subsequent events. GAAP relating to subsequent events includes:

- Governmental Accounting Standards Board (GASB) Codification Section 2300.106.
- Various Statements on Auditing Standards (SAS's) and related interpretations (issued by the American Institute of Certified Public Accountants).

Standards for professional relationships between auditors and attorneys appear in:

- Statements on Auditing Standards (Section AU 337) issued by the American Institute of Certified Public Accountants.

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- American Bar Association Statement of Policy Regarding Lawyers' Responses to Auditors' Requests for Information (approved by the American Bar Association's Board of Governors in December 1975).

Based on the above GAAP, the State will:

- Record a liability for settled lawsuits at June 30 that will result in future payments or losses to the State.
- Record a liability for in-progress and threatened lawsuits at June 30 if, in the attorney's opinion:
 - A loss to the State is probable.
 - It is practical to estimate the loss amount.
- Disclose data on in-progress and threatened lawsuits at June 30 that do not meet the conditions above, yet a loss to the State is reasonably possible or probable but the loss cannot be estimated.
- Disclose data on settled and in-progress lawsuits at June 30 where a gain to the State is probable.
- Disclose major changes in litigation that occur during the subsequent period.

The State will not:

- Disclose or record liabilities for lawsuits where the chance of loss to the State is remote.
- Record revenue in gain situations before the State actually receives the gain.

The State will record long-term liabilities related to litigation in the Government- Wide Statement of Net Assets.

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WORKING PAPERS

All working papers may be subject to audit. The agency should keep copies of the completed Settled Litigation Forms and Litigation Contingency Forms. In addition, the agency should keep any documents that support data reported on those Forms. Such documents may include:

- Copies of legal papers.
- Correspondence with attorneys.
- Internal agency memos.

Appropriate documentation and the level of detail will vary according to the circumstances.

GENERAL INSTRUCTIONS--SETTLED LITIGATION FORM

- Carefully read the special definitions that apply to this closing package. (See the Key Terms section).
- For each settled (but not yet paid) lawsuit greater than \$150,000 at June 30:
 - Complete a Settled Litigation Form.
 - Return it to the Office of Management and Budget on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- Round all dollar amounts on the Form to the nearest whole dollar.
- Use separate Settled Litigation Forms for separate lawsuits. Also use multiple Forms if multiple funds are responsible for payment in a case.
- The person who completes and signs the Form should keep a copy. OMB will telephone this person if there are any questions.
- Detailed instructions for completing the Form follow. A sample completed Settled Litigation Form follows the instructions.

**STATE OF NORTH DAKOTA
SETTLED LITIGATION FORM
At June 30, 20XX**

1 Business Unit #: 999 Business Unit Name: Sample Agency

2 Prepared: 8/5/20XX By: J.P. Junior Acct. I 328-5555
Date Name/Signature Title/Phone

2 Approved: 8/6/20XX By: I.M. Senior Dir. Of Acctg 328-5555
Date Name/Signature Title/Phone

GENERAL INFORMATION

3 Case name: City of Bismarck vs. State of North Dakota **4** Settlement Date: 5-25-XX

5 Name, address, and phone of the attorney handling the case: I.B. Legal, Dank and Wilson, PO Box 234,
Bismarck, ND 58502-0234 222-5555

6 Case description: The City of Bismarck alleged that Sample Agency wrongfully denied their
application for a state grant. The State Supreme Court ordered Sample Agency to pay the city
\$750,000 during fiscal year 20XX.

7 Reviewed: 7 / 29 / XX By: I.B. Legal Title: Asst. Attorney
Date Attorney Name

Description	Dollar Amount
FUND RESPONSIBLE FOR PAYMENT	
8 State Fund Code <u>888</u> 9 State Fund Name <u>Operating Fund</u>	
Settled Litigation payable at June 30	10 \$ <u>750,000.00</u>
Less:	
Amount expected to be paid by June 30, 1901	11 (<u>700,000.00</u>)
Settled Litigation payable after payments from FY 1901	12 \$ <u><u>50,000.00</u></u>

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LITIGATION CLOSING PACKAGE

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To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

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GENERAL INSTRUCTIONS--LITIGATION CONTINGENCY FORM

- For each in-progress or threatened lawsuit estimated to be greater than \$150,000 at June 30:
 - Complete a Litigation Contingency Form.
 - Submit it to the Office of Management and Budget on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- Carefully read the special definitions that apply to this closing package. (See the Key Terms section).
- To report major developments between July 1 and December 31 relating to settled, in-progress, or threatened lawsuits:
 - Complete a Litigation Contingency Form.
 - Return it to the Office of Management and Budget as soon as possible.

Such developments include:

- Major changes in previously reported cases.
- Major new cases.
- Settlement of a major lawsuit.
- Round all dollar amounts on the Form to the nearest whole dollar.
- Use a separate Litigation Contingency Form for each lawsuit.
- The person who completes and signs the Form should keep a copy. OMB will telephone this person if there are any questions.
- Detailed instructions for completing the Form follow. A sample completed Settled Litigation Form follows the instructions.

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COMPLETING THE LITIGATION CONTINGENCY FORM

REF _____ EXPLANATION _____

Note: The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.

- (1) Select the business unit number from the drop down list, the business unit's name will automatically populate.
- (2) Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.

GENERAL INFORMATION.

(3) Check one block to indicate whether the data is year-end data or subsequent period data. For year-end data, fill in the year. If the Form describes major changes that occurred between July 1 and December 31, enter the date that the change occurred.

(4) Enter the case name if you know it. Otherwise, describe the State's opponent as completely as possible.

(5) If you have consulted an attorney, enter:

- The attorney's name.
- The attorney's business address.
- The attorney's telephone number.

Otherwise, indicate that you have not yet consulted an attorney.

(6) Describe:

- The facts of the case.
- The case status as of the date shown in (3).
- Other information needed to understand the case and any potential gain or loss to the State. If a potential gain exists, enter the amount or range of the gain.

If the settlement date of the case was after June 30 but before the date shown in (3), describe the settlement terms.

(7) Check the block that best describes the probability that the situation will result in a loss. Please check one and only one block. (See Key Terms for definitions).

(8) The agency's attorney should sign this Form before sending the original to the State Auditors Office submitting a scanned copy to the Office of Management and Budget. The attorney's signature acknowledges awareness of the contingent litigation and confirms that the general information reported in (3), (4), (6) and (7) is accurate.

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LITIGATION CLOSING PACKAGE

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- (9) Answer this question only if settlement may result in a loss to the State. Enter the three-digit state fund code and name of the State fund(s) responsible for payment. If multiple state funds are responsible, list all funds and show the percentage split if possible. The total of the percentages must equal 100%.

CASE IN PROGRESS. Complete this section only if the case is in progress at the date shown in (3).

- (10) Show the date your agency became aware of the lawsuit.
- (11) Answer this question only if settlement may result in a loss to the State. Show the estimated loss. You may express this as a single amount or as a range of amounts (minimum and maximum).

THREATENED CASE. Complete this section only if the case is:

- Against the State.
- Threatened (not yet filed) at the date shown in (3).

- (12) Estimate the date the complaining party will file a case.
- (13) Enter your best estimate of the amount of loss. You may wish to express this as a range of amounts (minimum and maximum).

Note: Enter amounts in whole dollars.

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

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**STATE OF NORTH DAKOTA
LITIGATION CONTINGENCY FORM**

1 Business Unit #: 999 Business Unit Name: Sample Agency

2 Prepared: 7/ 23/ XXXX By: J.P. Junior Acct. I 328-2345
Date Name/Signature Title/Phone

2 Approved: 7/ 25 /XXXX By: I.M. Senior Dir. Of Acctg. 328-2345
Date Name/Signature Title/Phone

GENERAL INFORMATION

3 Information as of: 6/30/ / / (Between 7/1 and 12/31)

4 Case name: Harold Construction vs. State of North Dakota

Name, address, and phone of the attorney handling the case: **5** R.S. Donaldson, Attorney, Smith, Barnes & Co., PO Box 178, Bismarck, ND 58502-0178. (701) 222-5555.

6 Case description Harold is seeking the balance due of \$3.8 million on a \$10 million construction contract. Sample refuses to pay because of lack of adherence to contract specifications. The case has been filed in the ND Supreme Court is scheduled to be in March 20XX.

7 The probability that this situation will result in a loss to the State is best described as (check one):

Probable

Reasonably Possible

Remote

8 Reviewed: 8 / 13 / XX By: R.S. Donaldson Title: Asst. Attorney
Date Attorney Name

State Fund Code(s) responsible for payment if the State loses its case:

State Fund Code(s)	State Fund Name	Percent
9 <u>888</u>	<u>Operating Fund</u>	<u>100%</u> 9
_____	_____	_____

CASE IN PROGRESS

Date initiated: **10** 4 / 24 / XX **11**

Amount or range of amounts of estimated loss to the State: \$ 1,000,000 to \$3,800,000

THREATENED CASE

Estimated date case may be filed: **12** / / **13**

Amount or range of amounts of estimated loss to the State: \$ _____ to _____

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MISCELLANEOUS LOSS LIABILITIES CLOSING PACKAGE

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PURPOSE AND OBJECTIVES

Loss liabilities are loss situations for which the State knows at June 30 that it must make future payments. Loss contingencies are situations involving uncertainty as to possible loss. The uncertainty will be resolved when certain events occur or fail to occur.

The State plans to prepare its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires the State to record a liability for some known and potential losses. In other cases, GAAP requires disclosures in the notes to the financial statements.

This closing package will gather information from State agencies regarding miscellaneous loss liabilities and loss contingencies that exist at June 30. For example, loss liabilities or loss contingencies may arise from guarantees of others' debts (loan guarantee programs).

AGENCY ACTION REQUIRED

- Complete the forms in this closing package only for situations not reported in other closing packages.
- For each miscellaneous loss liability at June 30:
 - Complete a Miscellaneous Loss Liability Form.
 - Return it to the Office of Management and Budget on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- For each miscellaneous loss contingency at June 30:
 - Complete a Miscellaneous Loss Contingency Form.
 - Return it to the Office of Management and Budget on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- For each major miscellaneous loss situation that occurs during the six months after June 30 (July 1 through December 31) or changes to loss situations existing at June 30:
 - Complete a Miscellaneous Loss Contingency Form.
 - Return it to the Office of Management and Budget as soon as possible.

KEY TERMS

Current Liability. Current liabilities are liabilities that an agency expects to pay from expendable available financial resources in governmental funds.

Liability. A liability is an obligation resulting from past transactions that will (or is likely to) result in future payments and/or reductions in revenue.

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MISCELLANEOUS LOSS LIABILITIES CLOSING PACKAGE	ISSUE DATE:	SECTION
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Long-Term Liability. Long-term liabilities are liabilities other than current liabilities.

Miscellaneous Loss Contingency. Loss contingencies are situations involving uncertainty as to possible loss. The uncertainty will be resolved when certain events occur or fail to occur. Loss contingencies may result from litigation, claims, and uncollectible receivables. Other closing packages, however, cover these situations. An example of a miscellaneous loss contingency is the potential loss resulting from guarantees of others' debts (loan guarantee programs).

Miscellaneous Loss Liability. Loss situations that represent known liabilities at June 30 are loss liabilities. Loss liabilities may result from litigation and claims. Other closing packages, however, cover these situations. Also, some losses (such as property destruction and uncollectible receivables) cause decreases in assets rather than increases in liabilities. Other closing packages address these losses. An example of a miscellaneous loss liability is a known loss resulting from guarantees of others' debts. (Also see the definition of Liability).

Probable. A future event is probable if the event is likely to occur.

Reasonably Possible. A future event is reasonably possible if the chance of its occurrence is greater than remote but less than probable.

Remote. A future event is remote if the event has only a slight chance of occurring.

Subsequent Event. Subsequent events are events or transactions that both:

- Occur after June 30 but before the State issues its financial statements.
- Have a material effect on the financial statements and/or the auditor's report.

Governments must disclose subsequent events in their financial statements.

Subsequent Period. The subsequent period is the time after June 30 but before the State issues its financial statements. The State plans to issue its financial statements by December 31. For practical purposes, therefore, the subsequent period is the six months from July 1 through December 31. Governments must disclose on their financial statements any material events that occur during the subsequent period.

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MISCELLANEOUS LOSS LIABILITIES CLOSING PACKAGE	ISSUE DATE:	SECTION
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ACCOUNTING PRINCIPLES AND POLICIES

Loss situations that represent known liabilities at June 30 are loss liabilities. GAAP requires the State to show all liabilities existing at June 30 on its financial statements.

Generally Accepted Accounting Principles (GAAP) for loss contingencies appear in:

- Governmental Accounting Standards Board (GASB) Codification Sections 1500.110 and C50.101 through .118.
- Financial Accounting Standards Board (FASB) Statement 5, "Accounting For Contingencies" as revised and interpreted.

Major loss contingencies that arise after June 30 but before the State issues its financial Statements are subsequent events. GAAP for subsequent events is defined in:

- Governmental Accounting Standard Board (GASB) Codification Section 2300.106.
- Various Statements on Auditing Standards (SAS's) and related interpretations (issued by the American Institute of Certified Public Accountants).

Based on the above, the State's policy is to:

- Record a liability for loss liabilities at June 30.
- Record a liability for loss contingencies that exist at June 30 if it appears that:
 - A loss to the State is probable.
 - It is practical to estimate the amount of the probable loss.
- Disclose loss contingencies at June 30 that do not meet the conditions above, yet a loss is reasonably possible or probable and the amount cannot be determined.
- Disclose major loss situations that arise during the subsequent period.

Usually, the State will neither disclose nor record liabilities for situations where the chance of loss to the State is remote. The State will disclose guarantees of others' debts, however, even if the probability of loss is remote. This is a required disclosure.

For governmental funds, the State will record long-term liabilities related to known losses and loss contingencies in the Government-Wide Statement of Net Assets.

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MISCELLANEOUS LOSS LIABILITIES CLOSING PACKAGE

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WORKING PAPERS

All working papers may be subject to audit. The agency should keep copies of the completed Miscellaneous Loss Liability Forms and Miscellaneous Loss Contingency Forms. In addition, the agency should keep any documents that support data reported on those forms. Appropriate documentation and the level of detail will vary according to circumstances.

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GENERAL INSTRUCTIONS--MISCELLANEOUS LOSS LIABILITY FORM

- For each miscellaneous loss liability known at June 30:
 - Complete a Miscellaneous Loss Liability Form.
 - Return it to the Office of Management and Budget on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- Do not complete Miscellaneous Loss Liability Forms for situations you report in other closing packages.
- Round all dollar amounts on the Form to the nearest whole dollar.
- Use separate Miscellaneous Loss Liability Forms for separate loss situations. Also use multiple Forms if multiple funds are responsible for payment in a loss situation.
- The person who completes and signs the Form should keep a copy. OMB will telephone this person if there are any questions.
- Detailed instructions for completing the Form follow. A sample completed Miscellaneous Loss Liability Form follows the instructions.

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COMPLETING THE MISCELLANEOUS LOSS LIABILITY REPORT FORM

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(3)	Describe: <ul style="list-style-type: none">• The nature of the loss.• When the loss became known.• Name, business address, and telephone number of the State's attorney(s) or other expert(s).• Any other related information.

FUND RESPONSIBLE FOR PAYMENT.

- (4) Enter the state fund code.
- (5) Enter the state fund name.
- (6) Enter the total amount of Miscellaneous Loss payable at June 30.
- (7) Enter the amount of the payable your agency estimates it will pay by the end of the next fiscal year. (Include in this total the amounts received in July and NOT applied back to June. The way you choose to estimate it is left to your agency's discretion, but should have some reasonable basis as your auditors may review the calculation.)
- (8) Verify the amount of the miscellaneous loss payable at June 30, net of next fiscal year's payments.

Note: Enter amounts in whole dollars.

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

**STATE OF NORTH DAKOTA
MISCELLANEOUS LOSS LIABILITY FORM
At June 30, 20XX**

① Business Unit: 999 Business Unit Name: Sample Agency

② Prepared: 7 / 23 / XX By: J.P. Junior Title: Acct. I Phone: 328-2345
Date Employee Name

② Approved: 7 / 28 / XX By: I.M. Senior Title: Dir. Of Acctg. Phone: 328-2345
Date Employee Name

Description of situation ③

Sample Agency guarantees loans made by other agencies to small businesses. At June 30, 20XX, loans totaling \$55,000 were in default and are considered uncollectible. Sample Agency will be required to pay the \$55,000 in future years.

Description	Dollar Amount
GOVERNMENTAL FUND RESPONSIBLE FOR PAYMENT	
④ State Fund Code: <u>888</u> ⑤ State Fund Name: <u>Operating Fund</u>	
Miscellaneous Loss payable at June 30	⑥ \$ <u>75,000</u>
Less:	
Amount expected to be paid by June 30, 20XX.	⑦ (<u>50,000</u>)
Miscellaneous Loss payable (after FYXX payments).	⑧ \$ <u>25,000</u>

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GENERAL INSTRUCTIONS--MISCELLANEOUS LOSS CONTINGENCY FORM

- For each miscellaneous loss contingency as of June 30:
 - Complete a Miscellaneous Loss Contingency Form.
 - Return it to the Office of Management and Budget on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- For each major miscellaneous loss situation that arises between July 1 and December 31:
 - Complete a Miscellaneous Loss Contingency Form.
 - Return it to the Office of Management and Budget as soon as possible.
- Do not complete Miscellaneous Loss Contingency Forms for situations you report in other closing packages.
- Round all dollar amounts on the Forms to the nearest whole dollar.
- Use a separate Miscellaneous Loss Contingency Form for each loss contingency.
- The person who completes and signs the Form should keep a copy. OMB will telephone this person if there are any questions.
- Detailed instructions for completing the Form follow. A sample completed Miscellaneous Loss Contingency Form follows the instructions.

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MISCELLANEOUS LOSS LIABILITIES CLOSING PACKAGE	ISSUE DATE:	SECTION
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COMPLETING THE MISCELLANEOUS LOSS CONTINGENCY FORM

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(3)	Check one block to indicate whether this Form provides year-end or subsequent period data. For year-end data, fill in the year. If the Form describes subsequent period data, enter the date that the situation arose.
(4)	Describe: <ul style="list-style-type: none">• The nature of the loss contingency• When the potential loss became known• Name, business address, and telephone number of the State's attorney(s) or other expert(s)• Any other related information
(5)	Check the block that <u>best</u> describes the probability that the situation will result in a loss. Please check one and only one block. (See Key Terms for definitions).
(6)	Enter additional comments, if any, regarding the probability of loss.
(7)	Estimate the loss amount. Enter the estimated minimum and maximum dollar amounts. Note that these are <u>estimates</u> based on the best information available to your agency's management. If there is some reason why you <u>cannot</u> estimate the loss amount, please indicate the reason(s).
(8)	Enter the state fund code and the state fund name responsible for payment if the State suffers a loss. If multiple state funds are responsible, list all funds and show the percentage split if possible.
Note:	Enter amounts in whole dollars.
To Submit:	After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov .

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INVENTORY CLOSING PACKAGE

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PURPOSE AND OBJECTIVES

Inventory includes all materials, supplies, and other goods held for future use or for sale. Inventories are short-lived assets. Agencies normally use or sell inventory items within one year. Land, buildings, construction in progress and equipment (fixed assets) are not inventory. Any asset costing more than \$5000 that will be used by your agency for more than one year is a Fixed Asset, not inventory.

YOU ONLY NEED TO COMPLETE THIS CLOSING PACKAGE IF YOUR STATE FUND HAD INVENTORY GREATER THAN \$20,000 AT JUNE 30.

The State plans to prepare its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that the State record inventory on its financial statements at June 30.

AGENCY ACTION REQUIRED

- Take a physical count of inventories on hand at the end of the fiscal year. Do this as close to June 30 as possible. The date should not vary significantly from year to year. Notify the State Auditor's Office at least two weeks in advance of the date of the physical count. They may wish to send someone to observe the count.
- Compute the value of the inventory counted at the end of the fiscal year using an acceptable valuation method. Acceptable methods include LIFO, specific identification, average cost, and FIFO. The valuation method should be used consistently from year to year.
- Report the computed value of inventory on hand at the end of the fiscal year on the Inventory Summary Form.
- The Inventory Summary Form should be completed on or before the due date indicated in the Schedule of Closing Packages in the Introduction Section.

KEY TERMS

Average Cost. This is an acceptable method of valuing inventory items. Some computerized inventory systems use this method. The average cost method prices items in the inventory on the basis of the average cost of all similar goods available during the period.

First-In, First-Out (FIFO). FIFO is a method of valuing inventory items on hand. Most valuation methods require that we make assumptions. This method assumes that agencies use inventory items in the order in which they purchase them. That is, items on hand represent the most recent purchases.

Inventory. Inventory includes all materials, supplies, and other goods held for future use or sale. Inventories are short-lived assets. Agencies normally use or sell inventory items within one year. Land, buildings, construction in progress, and equipment (fixed assets) are not inventory. Any asset costing more than \$5000 that will be used for more than a year is a fixed asset, not inventory. Report the following types of inventory:

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- Materials and supplies your agency plans to issue to other sections within your agency.
- Merchandise for sale to the public, other agencies, or other governments.
- Manufacturing inventories of raw materials, work in progress, and finished goods.
- Harvested crops and livestock.

Last In, First Out (LIFO). LIFO is a method of valuing inventory based on the concept that the latest acquisition cost should be matched with current sales revenue. The units remaining in the ending inventory are costed at the oldest unit costs and the units in cost of goods sold, or issued, are costed at the newest unit costs available (the opposite of FIFO).

Merchandise Inventory. This inventory category includes items you purchase for resale to others.

Periodic Inventory System. Under a periodic inventory system, an agency updates its inventory account only periodically--perhaps just once each year. At that time, the agency would:

- Take a physical count of inventory on hand.
- Add the value of this inventory on hand to the Inventory account.
- Reverse the balance in the Inventory account at the end of the last fiscal year.

Perpetual Inventory System. Under a perpetual inventory system, an agency updates its record of inventory quantities on hand whenever it purchases or issues inventory items. The agency may even update the value of its Inventory account at the same time. Under a perpetual system, the agency would:

- Add quantities (and/or the associated dollar values) to its perpetual records whenever it purchases inventory items.
- Subtract quantities (and/or the associated dollar values) from its perpetual records whenever it issues or sells inventory items.
- Periodically take a physical count of inventory on hand at least annually at June 30.
- Adjust both its perpetual records and its Inventory account balance to reflect the results of the physical count.

Physical Count. "Taking a physical count" means physically counting and writing down the quantities of all inventory items actually on hand.

Specific Identification. Specific identification is an acceptable method of valuing inventory items on hand. To use this method:

- Match specific units of inventory on hand to specific purchase invoices.
- Value the units on hand at the costs shown on the invoices.

Supply Inventory. This inventory category includes items that will be used by the state.

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ACCOUNTING PRINCIPLES AND POLICIES

General

Generally Accepted Accounting Principles (GAAP) relating to inventory are defined by Governmental Accounting Standards Board (GASB) Codification Section 1600.123.

GAAP requires the State to report on its financial statements the value of its inventories on hand at June 30. Every agency should:

- Take a physical count of inventories on hand at the end of the fiscal year. Do this as close to June 30 as possible.
- Compute the value of the inventory on hand at the end of the fiscal year using an acceptable method. Acceptable methods include LIFO, specific identification, average cost, and FIFO.
- Report the computed value of year-end inventories to the Office of Management and Budget on the Inventory Summary Form.

Agencies may complete the Inventory Summary Form using either a periodic or a perpetual inventory system. However, perpetual systems provide better control than periodic systems.

Methods for Valuing Inventories

Agencies should value the items using an acceptable valuation method. Acceptable methods include LIFO, specific identification, average cost, and FIFO. Agencies may use different methods for different types of items.

Value donated items and those costing nominal amounts at fair market value on the date received. This is the price the State would have to pay if it purchased similar items from regular sources. United States Department of Agriculture food supplies are included in this category.

Identify obsolete and damaged inventory items. Value these items at \$0 or otherwise mark them down appropriately. (Valuation at \$0 assumes that these items are not significant).

Call the Office of Management and Budget if you have questions about appropriate methods for valuing manufacturing and other particular inventories.

Perpetual Inventory Systems

A perpetual inventory system can provide a list of items and quantities on hand at any date. It is very important, however, to conduct periodic physical counts to:

- Be sure that the perpetual system is working properly.
- Correct the perpetual records for any errors discovered.

Allocation of Inventory Values Among Funds

To complete the Inventory Summary Form, you normally must enter dollar amounts for each state fund that purchases inventory. You may need to distribute the total value of inventory on hand among two or more

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state funds if you purchased it using two or more state funds. To determine if such an allocation is necessary, determine which state funds have recorded expenditures for inventory items.

WORKING PAPERS

All working papers may be subject to audit. The agency's finance department should keep a copy of the completed Inventory Summary Form. In addition, the agency should maintain working papers to support each figure on that Form. If the finance department does not maintain all supporting records, it should keep a written list showing who has these records. Working papers should include:

- Completed Inventory Count Control Log.
- Completed Inventory Count Sheets.
- All lists of items on hand after the physical count.
- Description of the method(s) used to value inventory on hand.
- A working paper showing the following for inventory on hand at the date of the physical count:
 - Description of each inventory item.
 - Identifying code, if any, for each item.
 - Quantity of each item.
 - Value per unit of each item.
 - The total value of each item.
 - The total value of all inventory reported on the Inventory Summary Form.
- Working papers fully describing the methods used to distribute inventory values among state funds.
- Working papers fully describing any adjustments you have made to perpetual inventory records.

Appropriate documentation may vary somewhat depending on the valuation methods, count procedures, and type of inventory system your agency maintains.

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INVENTORY CLOSING PACKAGE

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GENERAL INSTRUCTIONS--INVENTORY SUMMARY FORM

- Complete the Inventory Summary Form. **YOU ONLY NEED TO COMPLETE THIS CLOSING PACKAGE IF YOUR STATE FUND HAD INVENTORY GREATER THAN \$20,000 AT JUNE 30.**
- If you use a periodic inventory system, the Form will show values of inventories on hand at the date of the physical count.
- If you use a perpetual inventory system, the Form will show values of inventories on hand at June 30. You will obtain these values from your perpetual records at June 30 adjusted to the physical count.
- Round all dollar amounts to the nearest whole dollar.
- Complete more than one Form if your agency has inventory in several state funds.
- The person who prepares the Inventory Summary Form should keep a copy. OMB will telephone this person if there are any questions.
- Detailed instructions for completing the Form follow. A sample completed Inventory Summary Form follows the instructions.

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COMPLETING THE INVENTORY SUMMARY FORM

REF	<u>EXPLANATION</u>
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Select the state fund code from the drop down list, the fund's name will automatically populate.
(3)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(4)	Enter the date that the physical count was taken, if applicable.
(5)	Enter the inventory valuation method used.
(6)	Indicate if your inventory valuation method changed from last year. If yes, indicate the method used last year.
(7)	Enter the inventory value on hand at June 30 by account code. Complete only if total inventory is greater than \$20,000 per state fund.
(8)	The total will calculate. Please verify that the total is correct.
Note:	Enter amounts in whole dollars.
To Submit:	After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov .

**STATE OF NORTH DAKOTA
INVENTORY SUMMARY FORM
For the Fiscal Year Ended June 30, 20XX**

FOR OMB USE ONLY
1st review: _____
2nd review: _____

Business Unit #: 999 Business Unit Name: Sample Agency

State Fund #: 888 State Fund Name: Operating Fund

Prepared: 8/6/XX By: J.P. Junior Acct. I 328-5555
Date Name/Signature Title/Phone

Approved: 8/7/XX By: I.M. Senior Dir of Acctg. 328-5555
Date Name/Signature Title/Phone

Date of physical count: 6/28/XX

Inventory valuation method: Last In, First Out (LIFO)

Did your inventory valuation method change from last year? Yes No

If yes, indicate the method used last year: _____

Adjustment Code	Account	Description	Dollar Amount
FOR OMB USE ONLY	<u>625015</u>	Inventory	\$ <u>14,545</u>
	_____	Inventory	_____
		Total	\$ <u>14,545</u>

NOTE: Complete only if any of your state fund's inventory is greater than \$20,000 at June 30.

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PREPAID ASSETS CLOSING PACKAGE

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PURPOSE AND OBJECTIVES

Prepaid assets include types of services that are commonly paid for in advance such as insurance premiums, interest and rent. Prepaid assets are short-lived assets.

YOU ONLY NEED TO COMPLETE THIS CLOSING PACKAGE IF YOUR STATE FUND HAD PREPAID ASSETS THAT ARE GREATER THAN \$20,000 AT JUNE 30. ONCE THE \$20,000 THRESHOLD IS MET BY FUND, ONLY REPORT INDIVIDUAL PREPAIDS THAT EXCEEDS \$500.

The State plans to prepare its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that the State record prepaid assets on its financial statements at June 30.

AGENCY ACTION REQUIRED

- Review expenditures to determine if any are for charges or services that were paid for in advance.
- Determine the time period that the expenditures are for.
- The Prepaid Assets Summary Form should be completed on or before the due date indicated in the Schedule of Closing Packages in the Introduction Section.

KEY TERMS

Prepaid Assets. Prepaid assets include types of services that are commonly paid for in advance. Prepaid assets are short-lived assets. Report the following types of prepaid assets:

- Insurance premiums that are paid for in advance that are for a period of time that extends into the next fiscal year.
- Rent that is paid in advance to the public, other agencies, or other governments if the payment is for a period of time extending past the end of the fiscal year.
- Interest that is paid but not due until after the end of the fiscal year.

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PREPAID ASSETS CLOSING PACKAGE

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ACCOUNTING PRINCIPLES AND POLICIES

General

Generally Accepted Accounting Principles (GAAP) relating to prepaid assets are defined by:

- Governmental Accounting Standards Board (GASB) Codification Section 1600.127.

GAAP requires the State to report on its financial statements the value of its prepaid assets at June 30. Every agency should:

- Compute the value of newly purchased prepaid assets at the end of the fiscal year.
- Report the computed value of year-end prepaid assets to the Office of Management and Budget on the Prepaid Assets Summary Form. Report only new prepaids purchased during the fiscal year.

WORKING PAPERS

All working papers may be subject to audit. The agency's finance department should keep a copy of the completed Prepaid Assets Summary Form. In addition, the agency should maintain working papers to support each figure on that form. If the finance department does not maintain all supporting records, it should keep a written list showing who has these records.

Appropriate documentation may vary somewhat depending on the type of expenditure and the length of time that it pertains to.

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GENERAL INSTRUCTIONS—PREPAID ASSETS SUMMARY FORM

- Complete the Prepaid Assets Summary Form. **YOU ONLY NEED TO COMPLETE THIS CLOSING PACKAGE IF ANY OF YOUR STATE FUNDS HAVE PREPAID ASSETS EXCEEDING \$20,000 AT JUNE 30. ONCE THE \$20,000 THRESHOLD IS MET BY FUND, ONLY REPORT INDIVIDUAL PREPAIDS THAT EXCEEDS \$500.**
- Round all dollar amounts to the nearest whole dollar.
- Complete more than one Form if your agency has prepaid assets in several state funds.
- The person who prepares the Prepaid Assets Summary Form should keep a copy. OMB will telephone this person if there are any questions.
- Detailed instructions for completing the Form follow. A sample completed Prepaid Assets Summary Form follows the instructions.

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PREPAID ASSETS CLOSING PACKAGE

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COMPLETING THE PREPAID ASSETS SUMMARY FORM

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Select the state fund code from the drop down list, the fund's name will automatically populate.
(3)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(4)	Enter account.
(5)	Enter in a description of prepaid asset.
(6)	Enter the date acquired.
(7)	Enter the total price that was paid.
(8)	Enter the beginning and end date for which the prepaid covers. Example: If the prepaid runs from April 1, 2013 through January 31, 2014 you would enter 4/1/13 and 1/31/14.
(9)	This column is calculated based on the information that was entered in columns (7) and (8). This is the amount that will be recorded as the prepaid asset. Please review this number. If it is different than expected, please verify that all amounts were entered as a positive number.

Note: Enter amounts in whole dollars.

Note: **Report only new prepaid assets purchased during the current fiscal year.**

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

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LOAN AND REFUND RECEIVABLES CLOSING PACKAGE

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PURPOSE AND OBJECTIVES

In this closing package, agencies should report receivables from non-State parties that do not relate to revenues. For example, report the following receivables at June 30 from non-State parties:

- Loan/note receivables.
- Refund receivables (i.e. receivables that relate to PeopleSoft refunds of prior expenditures account 473120 (prior expenditures)).

The State plans to prepare its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that the State report loans, notes, and refund receivables outstanding at June 30.

AGENCY ACTION REQUIRED

- If any non-State parties owe your agency money on loans or notes at June 30, complete one or more Loan Receivables Summary Forms.
- Complete one or more Refund Receivables Summary Forms if your agency had \$25,000 or more in refunds (of expenditure) receivable at year end.
- Complete the forms on or before the due date in the Schedule of Closing Package Due Dates in the Introduction Section.

KEY TERMS

Allowance for Uncollectible Receivables. GAAP requires that the State record an Allowance for Uncollectible Receivables if you cannot reasonably expect to collect all of the receivable amount you report. The financial statements show net receivables (i.e. gross receivables less the allowance). Your agency must estimate the allowance amount. To do this:

- Gather historical data on revenue collectability.
- Evaluate the collectability of Receivables at June 30.

Loan Receivables. Outstanding principal balances at June 30 on loans that the State made to non-State parties are loan receivables. Loan receivables include balances for which the State holds collateral or security.

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Note Receivables. Note Receivables are a kind of Loan Receivables. In certain cases, the State may lend money to a non-State party under a note. A note is a written document in which a borrower promises to repay money:

- To the State or to a party that the State indicates.
- On demand or at a particular future time.

Principal amounts that borrowers have not yet repaid at June 30 on such notes are Note Receivables.

Refund Receivables. Refund receivables include amounts that non-State parties owe you at June 30 relating to past State overpayments. The State may have made overpayments during the current year or during some prior year. Examples include:

- Refunds of Medicaid overpayments from non-State service providers.
- Refunds that local entities owe the State as a result of:
 - Cost disallowances.
 - Failure to spend State grant amounts within the grant award period.
- Refunds due from vendors or other non-State parties.

Refund Receivables include amounts:

- For which you have issued a bill or statement showing payments due.
- Amounts that you can reasonably estimate. You may wish to use historical data or other reasonable means to make these estimates.

Eventually, you will deposit Refund Receivables amounts in PeopleSoft as a Deposit either:

- As refunds of expenditure (deposit using an expenditure account).
- Using a revenue account such as 473120, refund of prior biennium expenditures.

Reserve for Long-Term Loan/Note Receivables. The Reserve for Long-Term Loan/Note Receivables is a fund balance account. GAAP requires that we use this account to report net long-term loan/note receivables in governmental funds. This amount is reserved to indicate that it does not represent available expendable resources at June 30.

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LOAN AND REFUND RECEIVABLES CLOSING PACKAGE

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ACCOUNTING PRINCIPLES AND POLICIES

General

The State's policy is to report on its June 30 balance sheet, the following receivables by the State from non-State parties:

- Loan/Note Receivables. (See Key Terms).
- Refund Receivables for all agencies that have \$25,000 or more in refunds receivable at year end. (See Key Terms).
- A reservation of fund balance for net long-term loan/note receivables in governmental funds. (See Key Terms for the definition of Reserve for Long-Term Loan/Note Receivables.)

In addition, it is the State's policy to record in its GAAP-basis books both the gross receivable amounts and the related Allowances for Uncollectible Receivables. (See Key Terms).

Loan/Note Receivables

See the Key Terms section for definitions of Loan Receivables, and Note Receivables.

GAAP requires the State to record:

- Loan/Note Receivables outstanding at June 30.
- A Reserve for Long-Term Loan/Note Receivables.
- An Allowance for Uncollectible Loan/Note Receivables in each fund where applicable.
- Interest Receivable for related interest due on or before June 30 but not yet received as of June 30.
- Note Disclosure on Significant Receivable Balance not due within one year.

None of this information is available in PeopleSoft. In PeopleSoft, agencies record an expenditure when they lend money. Likewise agencies record revenue when borrowers repay loans. GAAP does not allow the reporting of expenditures or revenues in these situations. The State, therefore, must reverse the PeopleSoft revenue and expenditure amounts before it can properly record the related loan transaction in accordance with GAAP. Agencies that have loan receivables at June 30, therefore, must complete a Loan Receivable Summary Form to provide the Office of Management and Budget with data needed to record these adjustments.

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LOAN AND REFUND RECEIVABLES CLOSING PACKAGE

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Refund Receivables--General

Refund Receivables include amounts that non-State parties owe the State at June 30 relating to past State overpayments. The State may have made overpayments during the current year or during some prior year.

For example, Refund Receivables include refunds of Medicaid overpayments from non-State service providers. These Refund Receivables result from cost settlements with non-State Medicaid providers where:

- The State has overpaid the provider for services.
- At June 30, the provider still owes the State for these overpayments.

Refund Receivables also include amounts that non-State recipients of State grants owe the State at June 30 as a result of:

- Cost disallowances resulting from audits or reviews.
- Failure to spend State grant amounts within the grant period.

Refund Receivables also include amounts vendors or other payees owe your agency at June 30.

You should report amounts as Refund Receivables in this closing package if:

- A non-State or non-governmental party owes the amount to the State at June 30.

(NOTE: Intergovernmental receivables should be reported on the Miscellaneous Receivable Summary Form).

- When you receive payment, you will deposit it in PeopleSoft in the new fiscal year either:
 - As a refund of expenditure
 - As a revenue using a revenue account such as 473120, refund of prior biennium expenditures

This applies only to amounts a non-state party owes to the State at June 30.

Refund Receivables--Medicaid

Medicaid services may be administered by the state or through local governments on behalf of the states. In either event, health care providers are required to follow guidelines established by the state. Various methods and formulas are used to reimburse providers for services rendered.

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LOAN AND REFUND RECEIVABLES CLOSING PACKAGE

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- Hospitals and nursing homes may be reimbursed "costs" of rendering the services, with costs based on retrospective cost reports filed by the provider.
- Hospitals and other providers may be paid a predetermined (prospective) amount for each service rendered, based on the nature of the service, its complexity, or both.
- Non-hospital providers may be reimbursed based on the cost of the service (physician office visit, prescription, and so forth) up to a maximum cost per service.
- Other reimbursement methods may be used for various providers.

At times, the State may make interim payments to providers, particularly hospitals, during the year based on interim reports. Settlements may be made at year-end, based on audited cost reports. Those settlements can be either receivables from or payables to the providers.

Report amounts that represent payables to providers in the Accounts Payable Closing Package. Report amounts that represent receivables from non-State providers in this closing package.

For example, suppose that:

- Your agency pays Medicaid claims to providers.
- At year-end, your cost settlement records show that you overpaid non-governmental providers \$1,000,000 and that they still owe this amount to you.
- Based on experience, you expect to collect only \$950,000 of the \$1,000,000.

Your agency would then report the following amounts on a Refund Receivables Summary Form.

- \$1,000,000 as Refund Receivables under Expenditures.
- \$50,000 as the corresponding Allowance for Uncollectible Refund Receivables.

Refunds of Expenditures--Other

Refund Receivables may arise in other situations. For example, State grant recipients may owe the State money at June 30 as a result of:

- Cost disallowances.
- Failure to spend State grant amounts within the grant period.

Another example is where your agency has overpaid a vendor or other non-State party and is still awaiting payment at June 30.

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LOAN AND REFUND RECEIVABLES CLOSING PACKAGE

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WORKING PAPERS

All working papers may be subject to audit. The agency should keep copies of the completed closing package Forms. In addition, the agency should keep working papers to support each figure on the Forms. For example, agencies should thoroughly document:

- How you computed each amount.
- The source(s) of data for each amount.
- Methods you used to estimate amounts.

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LOAN AND REFUND RECEIVABLES CLOSING PACKAGE

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GENERAL INSTRUCTIONS--LOAN RECEIVABLES SUMMARY FORMS

- * Complete a separate Form for each fund that administers a loan/note program.
- * A sample completed Form and detailed instructions for completing this Form follow.
- Report only loans/notes to non-State parties.
- Round all dollar amounts to the nearest whole dollar.
- The person who completes and signs the Form(s) should keep a copy. OMB will contact this person if there are any questions.
- Detailed instructions for completing the Form follow. A sample completed Form follows the instructions.

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COMPLETING THE LOAN RECEIVABLES SUMMARY FORM

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Select the state fund code from the drop down list, the fund's name will automatically populate.
(3)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below
(4)	Enter a brief description of the loan program.
(5)	Review the start-of-year (July 1) balance of Loan Receivables for this state fund. This amount must be the same as the Ending Balance (June 30) on last year's Form.
(6)	Enter the loan write offs for the fiscal year. This amount must agree to the allowance write off amount below (see (13)).
(7)	Enter the PeopleSoft <u>expenditure</u> account where you recorded the loan expenditures.
(8)	Enter the total amount of additional money you lent to non-State parties under this particular loan program during the fiscal year.
(9)	Enter the PeopleSoft <u>revenue</u> account where you recorded the receipt of loan payments.
(10)	Enter the total loan principal repayments that you deposited during the fiscal year.
(11)	Verify the sum of 5, 6, 8, and 10. This is the principal amount outstanding at June 30.
(12)	Verify the start-of-year (July 1) balance of Allowance for Uncollectible Loan Receivables. This amount must agree to the total allowance for Uncollectible Loan Receivables placed on last year's form at June 30.
(13)	Enter the allowance write offs for the fiscal year. This amount must agree to the loan write off amount above (see (6)).
(14)	Enter the net additions (deletions) in the Allowance for Uncollectible Loan Receivables during the fiscal year ended June 30.
(15)	Verify the sum of 12, 13, and 14. This represents the allowance for uncollectible Loan Receivables at June 30.

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GAAP CLOSING PROCEDURES MANUAL

LOAN AND REFUND RECEIVABLES CLOSING PACKAGE	ISSUE DATE:	SECTION
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- (16) Verify the Subtraction of 15 from 11. This represents the Loan Receivables net of allowance for uncollectible amounts.
- (17) Enter the amount of Net Loan Receivables (16 above) that is due by the end of the next fiscal year.
- (18) Verify the Subtraction of 17 from 16. This represents the Net Long Term Loans Receivable.
- (19) OMB USE ONLY- Adjustment needed to properly classify the loan as Current or Non-Current.

Note: Enter amounts in whole dollars.

Note: **INCLUDE INTEREST RECEIVABLE RELATING TO LOANS RECEIVABLE ON THE INTEREST RECEIVABLE FORM.**

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

STATE OF NORTH DAKOTA
GAAP CLOSING PROCEDURES MANUAL

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**STATE OF NORTH DAKOTA
LOAN RECEIVABLES SUMMARY FORM
At June 30, 20XX**

1	Business Unit #: <u>999</u>	Business Unit Name: <u>Sample Agency</u>										
2	State Fund #: <u>888</u>	State Fund Name: <u>Operating Fund</u>										
3	Prepared: <u>8/7/20XX</u>	By: <u>J.P. Junior</u> Acct. I <u>328-5555</u>										
3	Date	Name/Signature Title/Phone										
	Approved: <u>8/8/20XX</u>	By: <u>I.M. Senior</u> Dir. Of Acctg. <u>328-5555</u>										
	Date	Name/Signature Title/Phone										
Type of Loan: <u>Sewage Treatment Projects Loan Program</u> 4												
Adjustment Code	Description	Dollar Amount										
	Loan Receivables - Gross											
	Beginning balance - Gross (July 1) 5	\$ <u>2,800,000</u>										
A	Write - Offs 6	(<u>20,000</u>)										
	Increases (new loans this fiscal year)	<u>150,000</u>										
B	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Account</th> <th style="width: 70%;">Amount</th> </tr> </thead> <tbody> <tr> <td>7 591125 8</td> <td style="text-align: right;">150,000</td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td style="text-align: right;">(<u>150,000</u>)</td> </tr> </tbody> </table>	Account	Amount	7 591125 8	150,000						(<u>150,000</u>)	
Account	Amount											
7 591125 8	150,000											
	(<u>150,000</u>)											
C	Decreases (loan repayments this fiscal year) <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Account</th> <th style="width: 70%;">Amount</th> </tr> </thead> <tbody> <tr> <td>9 420115 10</td> <td style="text-align: right;">150,000</td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Account	Amount	9 420115 10	150,000							
Account	Amount											
9 420115 10	150,000											
	Ending balance - Gross (June 30) 11	\$ <u>2,780,000</u>										
	Allowance For Uncollectible Loan Receivables											
	Beginning Balance - Allowance (July 1) 12	\$ <u>50,000</u>										
	Write - Offs 13	(<u>20,000</u>)										
D	Net Additions (Deletions) in Allowance 14	<u>15,000</u>										
	Ending Balance - Allowance (June 30) 15	\$ <u>45,000</u>										
	Net Loan Receivables (June 30) 16	\$ <u>2,735,000</u>										
	Amount of Loan Receivables due by June 30, 20XX 17	\$ <u>73,500</u>										
	Net Long Term Loans Receivable 18	\$ <u>2,661,500</u>										
OMB USE ONLY	Adjustment needed to get to Balance- CURRENT	\$ <u>2,661,500</u>										
E 19	Adjustment needed to get to Balance- NON- CURRENT	\$ <u>(2,661,500)</u>										

NOTE: Include interest receivable relating to Loans Receivable on the Interest Receivable Form.

FOR OMB USE ONLY

STATE OF NORTH DAKOTA
GAAP CLOSING PROCEDURES MANUAL

LOAN AND REFUND RECEIVABLES CLOSING PACKAGE

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GENERAL INSTRUCTIONS--REFUND RECEIVABLES SUMMARY FORM

- Report only refunds due from non-State parties.
- Do not report any amounts on these Forms that you entered in PeopleSoft during July and applied back to June.
- Complete a Form for each State fund that records either:
 - PeopleSoft refunds of expenditure.
 - Revenue under PeopleSoft revenue account 473120.
- Complete as many Forms as necessary to cover all accounts which have a refund receivable.
- The person who completes and signs the Form(s) should keep a copy. OMB will contact this person if there are any questions.
- Detailed instructions for completing this Form follow. A sample completed Form follows the instructions.

COMPLETING THE REFUND RECEIVABLES SUMMARY FORM

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Select the state fund code from the drop down list, the fund's name will automatically populate.
(3)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(4)	Enter the expenditure account where you recorded the original payment(s).
(5)	Enter the total Refund Receivables for each expenditure account (paid by June 30) that has been or will be refunded after June 30. Do not report any amounts on this Form for refunds of expenditures you deposited in July-in PeopleSoft and applied back to June.
(6)	Enter the amount of Refund Receivables you reported in (5) that you estimate are uncollectible.
Note:	Enter amounts in whole dollars.

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

**STATE OF NORTH DAKOTA
REFUND RECEIVABLES SUMMARY FORM
At June 30, 20XX**

1	Business Unit # 999	Business Unit Name Sample Agency
2	State Fund #: 888	State Fund Name: Operating Fund
3	Prepared: 8/6/20XX Date	By: J.P. Junior Name/Signature
3	Approved: 8/7/20XX Date	By: I.M. Senior Name/Signature
		Acct. Manager I 328-5555 Title/Phone
		Dir. Of Acctg 328-5555 Title/Phone

Adjustment Code/ Account	Description	Dollar Amount***
4 <u>536035</u> Account		
A	Refund Receivables	\$ 5 <u>180,000.00</u>
B	Allowance for Uncollectible Refund Receivables	\$ 6 <u>2,000.00</u>
<u>Account</u>		
A	Refund Receivables	\$ _____
B	Allowance for Uncollectible Refund Receivables	\$ _____
<u>Account</u>		
A	Refund Receivables	\$ _____
B	Allowance for Uncollectible Refund Receivables	\$ _____

*** DO NOT INCLUDE AMOUNTS ENTERED IN JULY (Peoplesoft) AND APPLIED BACK TO JUNE.

NOTE: Complete only if refunds receivable is greater than \$25,000 at June 30.

FOR OMB USE ONLY

- A DR 124001 (Accounts Receivable)
CR (Expenditures)
- B DR (Expenditures)
CR 124201 (Allowance For Uncollectible Accounts Receivables)

STATE OF NORTH DAKOTA
GAAP CLOSING PROCEDURES MANUAL

FIXED ASSETS CHECKLIST CLOSING PACKAGE

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PURPOSE AND OBJECTIVES

Generally Accepted Accounting Principles (GAAP) requires that the State record fixed assets on its financial statements, and that those fixed assets be depreciated. GAAP also requires disclosure of certain information about fixed assets in the notes to the financial statements.

In this closing package, you will also report construction commitments outstanding at June 30.

The Office of Management and Budget needs this information to prepare the notes to the State's financial statements.

AGENCY ACTION REQUIRED

If your agency's GAAP assets are not recorded on PeopleSoft:

- Read the Fixed Assets Checklist in this closing package before you begin work on any other fixed assets closing package.
- Complete the Fixed Assets Checklist on or before the due date in the Schedule of Closing Package Due Dates in the Introduction Section.

If your agency's GAAP assets are recorded on PeopleSoft, you do not need to complete the Fixed Asset Checklist.

KEY TERMS

Acquisition Value. 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.

Capitalization Criteria. The state's policies regarding the minimum useful life and minimum dollar value of fixed assets. Any asset costing \$5,000 (\$25,000 for intangibles other than computer software) or more that your agency will use for more than one year should be capitalized.

Construction Commitments Outstanding. Your agency may have construction projects that are only partially complete at June 30. Further, there may be signed contracts that commit the State to pay for completion of these projects.

The total amount of any such contract plus any change orders less payments made is the construction commitment outstanding.

Fixed Assets. Fixed assets are assets the State plans to hold or use for a long time. Short-lived assets and those costing a small amount are not fixed assets. Any asset costing \$5,000 (\$25,000 for intangibles other than computer software) or more that your agency will use for more than one year is a fixed asset. Examples of fixed assets include: Land and Land Improvements, Buildings and Building Improvements, Infrastructure, Equipment, Intangibles, and Construction in Progress.

Net Gain/Loss on Disposal of Assets. The amount computed when an asset is disposed of – it's the result of the capitalized amount of an asset, less accumulated depreciation, less any proceeds from the sale of the asset or trade-in allowance received.

STATE OF NORTH DAKOTA
GAAP CLOSING PROCEDURES MANUAL

FIXED ASSETS CHECKLIST CLOSING PACKAGE

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Proceeds from the Sale of Assets. The amounts received from Surplus Property or any other sources that were received in exchange for an asset that was disposed of.

Trade-In Allowance. The amount of the discount given on the purchase of a new asset due to exchanging an existing asset.

WORKING PAPERS

All working papers may be subject to audit. The agency should keep:

- A copy of the completed Fixed Assets Checklist.
- Working papers to support the amount of construction commitments outstanding at June 30.

STATE OF NORTH DAKOTA
GAAP CLOSING PROCEDURES MANUAL

FIXED ASSETS CHECKLIST CLOSING PACKAGE

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GENERAL INSTRUCTIONS--FIXED ASSETS CHECKLIST

- Every agency with fixed assets should complete the Fixed Assets Checklist.
- Read the Fixed Assets Checklist before you begin work on any other fixed assets closing package.
- Work through the questions and instructions on the Fixed Assets Checklist one at a time, from top to bottom.
- Complete the Fixed Assets Checklist on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- The person who completes and signs the Fixed Assets Checklist should keep a copy. OMB will telephone this person if there are any questions.
- Detailed instructions for completing this Form follow. A sample completed Fixed Assets Checklist follows the instructions.

STATE OF NORTH DAKOTA
GAAP CLOSING PROCEDURES MANUAL

FIXED ASSETS CHECKLIST CLOSING PACKAGE

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COMPLETING THE FIXED ASSETS CHECKLIST

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, <u>no</u> entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(3)	Report all expenditures made to purchase your asset additions. Include amounts that are reported on PeopleSoft including applybacks plus any amounts that will be included on the accounts payable closing package. Do not include any lease expenditures. Report a breakdown of these expenditures by fund.
(4)	Report the value of all trade-ins of existing assets.
(5)	Report the acquisition value of any donated items, as of the date of donation.
(6)	Report the total cash proceeds received on the sale/disposal of items disposed of in the current year. (Do not include any proceeds from assets disposed of in a prior year).
(7)	Report the net gain or loss on the disposal of all assets. This is calculated as the capitalized cost, less accumulated depreciation less proceeds from disposal or value of trade-in received. If the result is a positive number, you record a loss. If the result is a negative number you report a gain. Report whether you had a gain or loss and the total.
(8)	Explain any Net Corrections to Prior Year Balances. List the amount by asset class and briefly explain the reason for the correction.

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

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GAAP CLOSING PROCEDURES MANUAL

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STATE OF NORTH DAKOTA
GAAP CLOSING PROCEDURES MANUAL

GENERAL FIXED ASSETS CLOSING PACKAGE

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PURPOSE AND OBJECTIVES

Generally Accepted Accounting Principles (GAAP) requires that the State record fixed assets and depreciation in the government wide financial statements. GAAP also requires the State to include certain information on general fixed assets in the notes to its financial statements.

This closing package will gather information from State agencies regarding fixed assets. The information will allow the State to record fixed assets properly in its financial statements and notes.

AGENCY ACTION REQUIRED

If your agency's GAAP assets are not recorded on PeopleSoft:

- Read the Fixed Assets Checklist Closing Package before you read this closing package.
- Complete the General Fixed Assets Summary Form.
- Complete the Construction In Progress Summary Form, if necessary.
- Complete the Forms on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.

If your agency had Construction in Progress or construction commitments outstanding at June 30:

- Complete the Construction In Progress Summary Form.
- Complete the Form on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.

KEY TERMS

Accumulated Depreciation. The total amount of depreciation allocated to an asset since the asset was initially capitalized.

Acquisition Value. 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.

Book Value. Book value is the asset value that appears on the agency's (and the State's) financial statements and ledgers. It is normally the cost including trade-in for the asset when it was acquired.

Buildings and Building Improvements. Buildings are permanent structures housing persons or personal property. Building Improvements are long-lived attachments to buildings that significantly increase the building's life, usefulness, or value. One cannot move or separate Building Improvements from the building. Examples of Building Improvements include elevators, central air conditioners, and central heating systems. The Buildings and Improvements category also includes costs of major renovations or upgrades that significantly extend a building's life or usefulness. Ordinary repair and maintenance costs are not Building Improvements even though they could cost significant amounts. It is the State's policy to depreciate Buildings and Building Improvements.

STATE OF NORTH DAKOTA
GAAP CLOSING PROCEDURES MANUAL

GENERAL FIXED ASSETS CLOSING PACKAGE	ISSUE DATE:	SECTION
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Capital Lease. A capital lease is a lease that transfers substantially all the benefits and risks of asset ownership to the State. Agencies should report capital leased assets as fixed assets.

Capitalization Criteria. Short-lived assets and those costing small amounts are not fixed assets. All state departments, agencies, and institutions shall include all fixed assets under their control in their financial statements, except those having a value of less than \$5,000 (\$25,000 for intangibles other than computer software).

Construction Commitments Outstanding. Your agency may have construction projects that are only partially complete at June 30. Further, there may be signed contracts that commit the State to pay for completion of these projects. The total amount of any such contract plus any change orders less payments made is the construction commitments outstanding.

Construction in Progress. Construction in Progress includes costs of constructing fixed assets before construction is substantially complete. Fixed assets that are substantially complete and available for use on June 30 are not Construction in Progress. Classify completed assets as:

- Land and Land Improvements;
- Buildings and Building Improvements;
- Infrastructure; or
- Intangibles

Construction in progress will relate to projects that are incomplete at year-end. It is the State's policy to not depreciate Construction in Progress.

Contract Retentions. On some construction contracts, your agency may withhold part of each payment from the contractor until the project is complete. The amounts withheld are contract retentions.

Depreciation. The concept of allocating an asset's cost over their estimated useful lives using a rational systematic method.

Depreciation Expense. The amount of depreciation allocated to an asset during the current fiscal year.

Equipment. A fixed asset which reflects the acquisition of tangible property other than Land and Land Improvements, Buildings and Building Improvements, Infrastructure, and Construction in Progress. Equipment may be attached to a structure for purposes of securing the item, but unless it is permanently attached to, or an integral part of, the building or structure, it will be classified as Equipment and not Buildings and Building Improvements. It is the State's policy to depreciate Equipment.

Fixed Asset Additions. State agencies purchase and construct new fixed assets and receive donated fixed assets during the year. These are fixed asset additions. Assets purchased from OMB/Surplus Property Division are additions, if your purchase price was \$5,000 or more (\$25,000 for intangibles other than computer software).

Fixed Asset Deletions. Deleted fixed assets are fixed assets no longer actively used by the State. Sold, scrapped, destroyed, and stolen fixed assets are examples of deletions. Assets transferred to OMB/Surplus Property Division are deletions. If an asset with a book value of greater than \$25,000 was transferred to Surplus Property, contact OMB.

STATE OF NORTH DAKOTA
GAAP CLOSING PROCEDURES MANUAL

GENERAL FIXED ASSETS CLOSING PACKAGE	ISSUE DATE:	SECTION
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Fixed Assets. Fixed assets are significant assets the State plans to hold or use for a long time. Short-lived assets and those costing a small amount are not fixed assets. Any asset costing \$5,000 (\$25,000 for intangibles other than computer software) or more that will be used by your agency for more than one year is a Fixed Asset. Examples of fixed assets include: Land and Land Improvements, Buildings and Building Improvements, Infrastructure, Equipment, Intangibles, and Construction in Progress.

General Fixed Assets. General fixed assets are fixed assets that governmental funds use in their operations. Governmental funds include the general fund, special revenue funds, capital project funds and debt service funds. General fixed assets include all fixed assets not accounted for in proprietary funds, private purpose trust funds, or pension trust funds.

Infrastructure. Infrastructure is major State-wide public systems and items attached thereto such as freeways, freeway lighting systems, freeway drainage systems, freeway signs, bridges, bridge lighting systems, etc. Infrastructure is generally of value only to government and is immovable. It is the State's policy to capitalize infrastructure. It is the State's policy to depreciate Infrastructure.

Intangible Assets. Intangible assets are assets that lack physical substance, are nonfinancial in nature, and their initial useful life extends beyond a single reporting period. Examples of intangible assets include easements, water rights, patents, trademarks, and computer software.

Internally Developed Software. Internally developed software should be capitalized beginning with software development completed after June 30, 2003. The internally developed software should be capitalized if the capitalizable cost is \$5,000 or greater. The software should be amortized (depreciated) over the estimated useful life of the software. Many agencies use ITD to create software programs for them. For those projects, it has been determined that approximately 65% of the total project cost is capitalizable.

Land. Parcels of real estate owned by the State--either purchased or otherwise acquired. It is the State's policy to not depreciate Land.

Land Improvements. These improvements are long-lived attachments to land that increase the land's usefulness or value. Ordinary land maintenance costs are not Land Improvements. Examples of Land Improvements include trees and landscaping. It is the State's policy to capitalize Land Improvements for a complete project such as a landscaping project, however Land Improvements are not depreciated.

Operating Lease. An operating lease is a lease that does not transfer the risk of ownership to the agency or State. Operating leases are covered in the Lease Closing Package and should not be reported here.

Reclassifications of General Fixed Assets. Sometimes agencies move costs from one general fixed asset category to another. For example, agencies should move Construction in Progress costs to other fixed asset categories when construction projects are substantially complete.

ACCOUNTING PRINCIPLES AND POLICIES

Generally Accepted Accounting Principles (GAAP) for general fixed assets are defined in:

- Governmental Accounting Standards Board (GASB) Codification Sections 1100.105 through 1100.107, 1400.101 through 1400.143.

Accordingly, the State has adopted policies and procedures for recording general fixed assets on the State's financial statements. The Fixed Asset Policies are Appendix A of the Fiscal and Administrative Policy Manual. These policies can be found on the Internet at: <http://www.nd.gov/fiscal/docs/fiscaladmin2011.pdf>

STATE OF NORTH DAKOTA
GAAP CLOSING PROCEDURES MANUAL

GENERAL FIXED ASSETS CLOSING PACKAGE

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WORKING PAPERS

All working papers may be subject to audit. The agency should keep a copy of the completed General Fixed Assets Summary Form and Construction in Progress Summary form (if applicable). In addition, the agency should keep:

- Working papers to support each number on the General Fixed Assets Summary Form (and Construction in Progress Summary Form, if necessary).
- A detailed listing of all general fixed assets as of June 30.

Agencies should maintain full documentation for fixed asset corrections to prior year balances, additions, deletions, and reclassifications.

STATE OF NORTH DAKOTA
GAAP CLOSING PROCEDURES MANUAL

GENERAL FIXED ASSETS CLOSING PACKAGE

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COMPLETING THE GENERAL FIXED ASSETS SUMMARY FORM

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate. Complete one Form per <u>agency</u> .
(2)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(3)	Verify the Start-of-Year (July 1) balances. These balances must be the same as the "End-of-Year (June 30) Balances" on last year's Form. This field should populate when you select the Business Unit.
(4)	If there were any errors in the year-end balances on last year's Form, enter net corrections in this column. The <u>corrected</u> start-of-year (July 1) balances for this year should be the sum of: <ul style="list-style-type: none">• Amounts in this column; and• Amounts in the "Start-of-Year (July 1) Balances" column. Increases to asset accounts should be entered as positive numbers with the corresponding accumulated depreciation entered as a negative. Decreases to asset accounts should be entered as negative numbers with the corresponding accumulated depreciation entered as positive.
(5)	Enter general fixed asset additions for the current fiscal year. See Key Terms and the Fixed Asset Policy Manual for information on computing these figures. Enter these amounts as positive numbers.
(6)	Enter general fixed asset deletions for the current fiscal year. Also enter the accumulated depreciation amounts for the deleted assets. Enter asset deletion amounts as negative and accumulated depreciation amounts as positive numbers.
(7)	Enter general fixed asset reclassifications for the current fiscal year. Be sure to also reclassify the corresponding accumulated depreciation. Show net reclassification asset additions as positive numbers (and any corresponding accumulated depreciation as negative) and net asset deletions as negative numbers (with any corresponding accumulated depreciation as positive). <u>Because these are reclassifications, the column total must be zero.</u>
(8)	Enter the current year depreciation expense as negative amounts.
(9)	Add columns (3) through (8) for each row and verify the sum here. The resulting amounts should be the end-of-year (June 30) balances.

**STATE OF NORTH DAKOTA
GENERAL FIXED ASSETS SUMMARY FORM
For the Fiscal Year Ended June 30, 20XX**

① Business Unit #: 99000 Business Unit Name: Sample Agency

② Prepared: 8/7/XX By: J.P. Junior Account I 328-2345
Date Name/Signature Title/Phone

② Approved: 8/9/XX By: I.M. Senior Director of Acctg. 328-2345
Date Name/Signature Title/Phone

NOTE: COMPLETE ONE FORM PER AGENCY.	③	④	⑤	⑥	⑦	⑧	⑨
	Start-of-Year Balance (July 1)	Net Corrections to Prior Yr Balances	Additions	Deletions	Net Reclassifi- cations	Current Year Depreciation Expense	End-of-Year Balance (June 30)
Land and Land Improvements - 151002	\$ <u>74,000</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>(7,000)</u>	\$ <u>22,600</u>	\$ <u> </u>	\$ <u>89,600</u>
Buildings and Building Improvements - 151052	<u>334,000</u>	<u>(6,000)</u>	<u> </u>	<u> </u>	<u>123,060</u>	<u> </u>	<u>451,060</u>
Accumulated Depreciation - Buildings - 152052	<u>(125,800)</u>	<u>5,400</u>	<u> </u>	<u> </u>	<u> </u>	<u>(11,450)</u>	<u>(131,850)</u>
Infrastructure - 151027	<u>89,000</u>	<u> </u>	<u> </u>	<u> </u>	<u>(22,600)</u>	<u> </u>	<u>66,400</u>
Accumulated Depreciation - Infrastructure-152027	<u>(27,400)</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>(2,714)</u>	<u>(30,114)</u>
Equipment - 151102	<u>127,800</u>	<u>20,000</u>	<u>27,823</u>	<u>(43,000)</u>	<u> </u>	<u> </u>	<u>132,623</u>
Accumulated Depreciation - Equipment - 152102	<u>(76,320)</u>	<u>(1,800)</u>	<u> </u>	<u>38,700</u>	<u> </u>	<u>(16,543)</u>	<u>(55,963)</u>
Intangible Assets - 151177 *	<u>115,000</u>	<u> </u>	<u>45,000</u>	<u> </u>	<u> </u>	<u> </u>	<u>160,000</u>
Accumulated Depreciation - Intangibles - 152177	<u>(54,687)</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>(10,425)</u>	<u>(65,112)</u>
Construction in Progress -151152	<u>29,375</u>	<u> </u>	<u>208,685</u>	<u> </u>	<u>(123,060)</u>	<u> </u>	<u>115,000</u>
TOTAL GENERAL FIXED ASSETS (NET OF ACCUMULATED DEPRECIATION) ⑩	\$ <u>484,968</u>	\$ <u>17,600</u>	\$ <u>281,508</u>	\$ <u>(11,300)</u>	\$ <u>0</u>	\$ <u>(41,132)</u>	\$ <u>731,644</u> ⑪

*Report your computer software intangible assets on this line. If have other intangibles see key terms. If you have any questions regarding what should be considered an intan

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CONSTRUCTION IN PROGRESS CLOSING PACKAGE

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COMPLETING THE CONSTRUCTION IN PROGRESS SUMMARY FORM

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(3)	Review your start of year Construction in Progress balance – this should be the same as the end of year reported in the prior year. This field should populate when you select your Business Unit.
(4)	Enter any additions to Construction in Progress during the year.
(5)	Enter any deletions to Construction in Progress during the year. Deletions must agree to newly added asset addition.
(6)	Review the calculated end of year Construction in Progress balance.
(7)	Report the funds and expenditures per fund for additions.
(8)	Report the funds and amounts per fund for deletions.
(9)	Identify the name of the construction project.
(10)	Enter the amount the project was authorized for as adjusted.
(11)	Enter the amount that has been spent on the project from its inception through June 30. (NOTE: The total amount spent on all projects must equal the balance for construction in progress on the General Fixed Assets Summary Form or in section I above at June 30).
(12)	Enter the remaining balance authorized.
(13)	Enter the outstanding construction commitments at June 30 (see key terms).

Note: Enter amounts in whole dollars.

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

**STATE OF NORTH DAKOTA
CONSTRUCTION IN PROGRESS SUMMARY FORM
At June 30, 20XX**

Business Unit #: 99000 Business Unit Name Sample Agency

Prepared: 8/3/XX By: J.P. Junior Acct. I 325-5555
Date Name/Signature Title/Phone

Approved: 8/4/XX By: I.M. Senior Dir. Of Acctg 328-5555
Date Name/Signature Title/Phone

I. Start of Year Balance - Construction in Progress \$ 29,375

Additions- Current Year CIP Expenditures 208,685

Deletions-Substantially Complete or Completed Assets being removed from (123,060)

End of Year Balance - Construction in Progress \$ 115,000

Please report the amount of expenditures per fund incurred for CIP additions this fiscal year:

Fund Code	Amount	Fund Code	Amount
<u>001</u>	<u>100,000</u>	<u>002</u>	<u>108,685</u>
_____	_____	_____	_____
_____	_____	_____	_____

Also report the funding source/sources for CIP deletions this fiscal year:

Fund Code	Amount	Fund Code	Amount
<u>001</u>	<u>23,060</u>	<u>002</u>	<u>100,000</u>
_____	_____	_____	_____
_____	_____	_____	_____

CONSTRUCTION PROJECT NAME	AMOUNT AUTHORIZED	AMOUNT EXPENDED ⁽¹⁾ THROUGH JUNE 30	BALANCE AUTHORIZED
Corrections --ABC	\$ <u>250,000</u>	\$ <u>95,000</u>	\$ <u>155,000</u>
XYZ State Project	<u>100,000</u>	<u>20,000</u>	<u>80,000</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
TOTAL	\$ <u>350,000</u>	\$ <u>115,000</u>	\$ <u>235,000</u>

III. Outstanding construction commitments at June 30 for the agency were (See Key Terms): \$ 475,000

(1) Amount of expenditures incurred and capitalized at June 30. Total of this column must equal the balance for construction in progress on the General Fixed Asset Summary form and above.

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LEASE CLOSING PACKAGE

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PURPOSE AND OBJECTIVES

The State plans to prepare its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that the State report leasing activities in its financial statements at June 30. The Office of Management and Budget must report information for all operating and capital leases with noncancellable lease terms. Note that fiscal funding clauses are not considered cancellable clauses.

AGENCY ACTION REQUIRED

- Complete the Lease Summary Form by agency not fund.
- Complete the Form on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.

KEY TERMS

Accrued Interest. Interest on debt that has been incurred, but has not yet been paid. (Generally, this is the interest that has been incurred since the date of the last payment.)

Capital Lease. A capital lease is a lease that transfers substantially all the benefits and risks of asset ownership to the State. If a lease of an asset with a value over \$5,000 meets any one of the following classification criteria, it is a capital lease (Also see the Fixed Asset Policy Manual):

- A. The lease transfers ownership of the asset to the State by the end of the lease term.
- B. The lease contains an option to purchase the leased asset at a “bargain” price. A “bargain” price represents a price that is sufficiently lower than the expected fair value of the asset at the date of option becomes exercisable.
- C. The lease term is equal to 75 percent or more of the estimated economic life of the asset.
- D. The present value at the beginning of the lease term of the minimum lease payments equals or exceeds 90 percent of the fair value of the asset to the lessor at the inception of the lease.

Capitalized Cost. The cost at which the asset is listed in your records. This amount should be the lesser of the present value of the minimum lease payments or the fair value of the asset.

Future Minimum Lease Payments. The payments that the lessee is obligated to make or can be required to make in connection with the leased property.

Lease. Any contract that commits the State to make periodic rental payments.

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LEASE CLOSING PACKAGE

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Operating Lease. Any lease that does not qualify as a capital lease.

Present Value of Minimum Lease Payments. The lump-sum amount that a series of future lease payments is worth right now.

Term. The length of the lease in months.

GENERAL INSTRUCTIONS

- Every agency that has any leases should complete one Lease Summary Form.
- The Form should report all leases in effect at June 30.
- Round all dollar amounts to the nearest whole dollar.
- Enter all negative numbers as positive numbers – the formulas will take care of the negative numbers.
- Run query NDSCAFR_LEASE_PAYMENTS which will show you payments that have been coded to these lease account codes; ('581000', '581010', '581050', '581055', '581065', '581070', '581075', '582000', '582015', '582020', '582060', '582065', '582070')
- Complete the Lease Summary Form on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- The person who completes the Lease Summary Form should keep a copy. OMB will telephone this person if there are any questions.
- Detailed instructions for completing the Form follow. A sample completed Lease Summary Form follows the instructions.

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- (16) Enter the total amount of assets currently being leased under capital lease, by major class of assets. Report amounts at which the assets are capitalized in your records and the accumulated depreciation.
- (17) Verify the beginning balance (prior year's ending amount for the Present Value of Minimum Lease Payments), enter the additions for the current fiscal year from **IV (C)**, the deletions for the current fiscal year from **1 (A)** , to arrive at the balance at the end of the current fiscal year, which needs to agree with **II (B)**.

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

**STATE OF NORTH DAKOTA
LEASE SUMMARY FORM
At June 30, 20XX**

1	Business Unit #:	99000	Business Unit Name:	Sample Agency
2	Prepared:	8/8/XX	By:	J.P. Junior
2	Approved:	8/9/XX	By:	I.M. Senior
		Date		Name/Signature
				Title/Phone
				Dir. Of Acctg. 328-5555
		Date		Title/Phone

I) Total operating lease expenditures for the fiscal year ended June 30, 2015: \$ 24,725 **3**
 Total capital lease principal expenditures by fund for the fiscal year ended June 30, 2015:

Fund Code	Amount	Fund Code	Amount	
001	5,300	002	4,400	4
288	4,050			(A)
				(A)
				(A)

Total capital lease interest expenditures for the fiscal year ended June 30, 2015: \$ 8,500 **4**

Total capital lease interest accrued but not paid as of June 30, 2015: \$ 225 **5**

II) Future minimum rental payments required under leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2015, are as follows:

Year Ending	6	Capital Lease	Operating Lease	8
June 30		Payments	Payments	
2016		26,700	22,090	
2017		26,700	18,670	
2018		26,700	14,930	
2019		26,700	12,110	
2020		4,450	12,110	
2021-2025			38,670	
2026-2030				
Total Future Minimum Lease Payments		111,250	118,580	
Less Amount Representing Interest		(21,715)		7
Present Value of Minimum Lease Payments		<u>89,535</u>		(B)

III) Indicate the portion of the capital lease payments for FY16 that represents interest: \$ 7,500 **9**

IV) Please provide the following information for any new capital leases.

10	11	12	13	14	15
Asset	Present Value of Lease Payments (C)	Amount of Down Payment	Included in I)? Y/N	Fund Making Payments	Lease Term (in months)
Dump Truck	40,000	10,000	N	888	60

V) Please report the total amount of assets currently under capital leases:

16	Capitalized Cost	Accumulated Depreciation (See the tips tab)
Land		
Buildings		
Equipment	105,000	7,875

VI) Please complete the following table for all capital leases:

Balance at July 1, 2014	17	Additions	Deletions	Balance at June 30, 2015
\$ 63,285.00		40,000	(13,750)	89,535

NOTE: Additions should agree to (C) above, deletion should agree to (A) above, and ending balance should agree to (B) above.

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MISCELLANEOUS RECEIVABLES/REVENUES
CLOSING PACKAGE

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PURPOSE AND OBJECTIVES

The State plans to prepare its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that the State report Miscellaneous Revenues for the fiscal year ended June 30. GAAP also requires that we record on the State's financial statements at June 30:

- Miscellaneous Receivables.
- Allowances for Uncollectible Accounts Receivable.
- Unearned Revenue.
- Interest Receivable.
- Allowance for Uncollectible Interest Receivable.

For our purposes, miscellaneous accounts receivable include all receivables that have not been reported in the Tax Revenue, Grant Revenue, and Loan and Refund Receivable and Interest Receivable Closing Packages.

AGENCY ACTION REQUIRED

- If your fund had \$10,000 or more in miscellaneous receivables at year-end, complete a Miscellaneous Accounts Receivable Summary Form.
- Complete the Interest Receivable Summary Form for each fund that has Interest Receivable at year-end.
- Complete the Forms on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.

KEY TERMS

Accrual Basis. GAAP requires use of the accrual basis of accounting for Proprietary Funds. However, **Governmental Funds** will record accounts receivable on the accrual basis of accounting also.

- Record revenues in the fiscal year in which we **earn** them, regardless of when we receive the payment. Revenues are considered earned depending upon the revenue type. Revenue generally occurs from either exchange or non-exchange transactions. The following explains these transaction types and when revenue is considered earned.

Exchange Transaction: In an exchange transaction, there is an exchange of services or goods for an amount of equal value. If your agency receives payment for providing services or selling goods to a third party, you have received revenue from an exchange transaction. Revenue from this type of transaction is **earned** when:

- An exchange transaction has occurred, or

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MISCELLANEOUS RECEIVABLES/REVENUES
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-- The earnings process is complete or almost complete.

Non-Exchange Transaction: In a non-exchange transaction, the government either gives value or a benefit to a non-governmental entity without directly receiving equal value in exchange or receives value or benefit from another party without directly giving equal value in exchange. There are four groups of non-exchange transactions. Two of these transaction types are explained below:

-- Imposed Non-Exchange Transaction: This type of transaction occurs when a government imposes an assessment on a non-governmental entity without an exchange of services, benefits, or goods. Fines, penalties, and forfeitures are examples of this type of transaction. Revenue from these transactions is **earned** when:

- (1) An enforceable legal claim has arisen, and
- (2) The amount can be reasonably estimated, if the exact amount is not known.

-- Voluntary Non-Exchange Transaction: These transactions result from legislative or contractual agreements entered into willingly by two or more parties. The principal characteristics of these transactions are they are **not** imposed or mandated by the provider of the funds and fulfillment of eligibility requirements is essential. Examples of this type of transaction include certain grants and private donations. Eligibility requirements include time requirements (when the resources are allowed to be used), reimbursement requirements (resources provided after certain costs incurred), and contingencies (certain events must occur before resources are provided). Revenue from voluntary non-exchange transactions is **earned** when:

- (1) Resources have been promised or pledged, if verifiable, and
- (2) All eligibility requirements have been met, and
- (3) The amount can be reasonably estimated, if the exact amount is not known.

• Record Accounts Receivable if at June 30 we have:

- Earned revenue (see above definitions of earned revenue for various types of transactions).
- Not yet collected the related cash.

• Record Unearned Revenue if at June 30 we have:

- Collected cash and not yet earned the related revenue.

Allowance for Uncollectible Accounts Receivable. GAAP requires that the State report an Allowance for Uncollectible Accounts Receivable if applicable. The financial statements show gross Miscellaneous Receivables less the allowance. Your agency must estimate the allowance. You may wish to base your estimate on historical data. That is:

- Gather historical data on revenue collectibility.
- Evaluate the collectibility of Miscellaneous Receivables at June 30 based on the historical data.

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Basis of Accounting. The basis of accounting determines when to recognize revenues (and expenditures/expenses) in the financial statements.

Unearned Revenue. Unearned revenue, a liability account, is recorded when cash has been collected while the revenue recognition criteria have not been met or when receivables will not be collected within the next 12 months. GAAP requires that we record Unearned Revenue for Miscellaneous Revenues if at June 30 your agency:

- Has collected Miscellaneous Revenue in advance of the fiscal year to which it applies.
- Has Miscellaneous Receivables where revenue recognition has not occurred yet.

Measurable. A revenue is measurable if you either:

- Know the exact amount (because the transaction is complete).
- Have enough information to estimate the revenue that you will receive.

Miscellaneous Receivables. Miscellaneous Receivables are amounts that parties outside State government owe your agency at June 30 that have not been included in other closing packages. As of June 30 you:

- Have billed these non-State parties already, or know that these parties owe you money (even though you have not yet billed them).
- Have earned the revenue on or before June 30. (See Accrual Basis under Key Terms for definitions of earned revenue.). **NOTE:** This includes revenue from credit card sales for which cash is not at the Bank of North Dakota at June 30.

Miscellaneous Revenues. Miscellaneous Revenues include all PeopleSoft revenues except:

- Tax revenues.
- Grant revenues.
- Bond/note proceeds.
- Refund proceeds.
- Interest and other investment income.
- State Appropriations and other revenues you receive from another State agency or another state fund.

Miscellaneous Revenues include, for example:

- Licenses, fees, and permits revenue.
- Charges for goods and services.
- Fine, penalty, and forfeiture revenue.
- Agricultural Commodities Assessments.
- Contributions, donations, and awards revenue.

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ACCOUNTING PRINCIPLES AND POLICIES

General

Generally Accepted Accounting Principles relating to Miscellaneous Revenues appear in:

- Governmental Accounting Standards Board (GASB) Codification Sections 1600.101 through 1600.108 and 1600.113 through 1600.115.

Governmental and Agency Funds--General Information

Requirements for recognizing Miscellaneous Revenue and Miscellaneous Receivables:

- The modified accrual basis to report Miscellaneous Revenues that are susceptible to accrual.
- The **accrual basis** (see Key Terms) for reporting Miscellaneous Receivables.

The State collects five major classes of Miscellaneous Revenues from non-State parties:

- Licenses, Fees, and Permits
- Charges for Services
- Intergovernmental Revenue
- Fines and Forfeits
- Other Miscellaneous Revenues

Our State policy is to report all of these miscellaneous receivables/revenues in Governmental and Agency Funds if receivables greater than \$10,000 exist at June 30.

WORKING PAPERS

All working papers are subject to audit. The agency should keep copies of the completed summary Forms. In addition, the agency should keep working papers to support each figure on those Forms. For example, agencies should thoroughly document:

- How you obtained each amount.
- The source(s) of data for each amount.
- Methods used to arrive at estimated amounts.

In addition, retain all Treasurer's receipts with related documentation.

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MISCELLANEOUS RECEIVABLES/REVENUES
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GENERAL INSTRUCTIONS--MISCELLANEOUS RECEIVABLES SUMMARY FORM

- Complete a Miscellaneous Receivables Summary Form for each state fund that has miscellaneous receivables at June 30 in excess of \$10,000.
- Review the Accounting Principles and Policies section of this closing package carefully before you attempt to complete the Forms. Do not enter amounts on the Forms for:
 - Resources you receive from other State agencies or other State funds.
- Summarize amounts on the Forms by:
 - PeopleSoft revenue account. Use a separate form for each account.
- Round all dollar amounts to the nearest whole dollar.
- Complete the Form(s) on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- The person who completes and signs the Form(s) should keep a copy. OMB will contact this person if there are any questions.
- Detailed instructions for completing the Forms follow. A sample completed Form follows the instructions.

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COMPLETING THE MISCELLANEOUS RECEIVABLES SUMMARY FORM

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, <u>no</u> entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Select the state fund code from the drop down list, the fund's name will automatically populate.
(3)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(4)	Select from the drop down list " AR " for Accounts Receivable (owed from non government entities) or " IR " for Intergovernmental Receivable (owed from other governments).
(5)	Enter the total miscellaneous receivables at June 30.
(6)	Enter the amount received in July and applied back to June, using PeopleSoft account 105251, Cash and Cash Equivalents at BND. Run the applicable apply back queries such as, NDSCAFR_DEP, NDSCAFR_ONL, etc to verify apply back amounts. (Check the information on your cash closing package for this fund, if any, to make sure you are not reporting the same deposit as cash at June 30 and as a receivable at June 30).
(7)	Enter the revenue account that will be used when payment is received.
(8)	Enter the amount the fund estimates it will receive by the end of the next fiscal year. (Include in this total the amounts received in July and NOT applied back to June. The way you choose to estimate it is left to your agency's discretion, but should have some reasonable basis as your auditors may review the calculation.)
(9)	Enter the miscellaneous receivables (after next year's receipts) which is equal to the sum of 5, 6, and 8
(10)	Enter the portion of (9) that is estimated to be uncollectible.

Note: Enter amounts in whole dollars.

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

STATE OF NORTH DAKOTA
MISCELLANEOUS RECEIVABLES SUMMARY FORM
At June 30, 20XX

1	Business Unit # <u>999</u>	Business Unit Name: <u>Sample Agency</u>	
2	State Fund #: <u>888</u>	State Fund Name: <u>Operating Fund</u>	
3	Prepared: <u>8/15/20XX</u>	By: <u>J.P. Junior</u>	Acct. I <u>328-5555</u>
3	Date: <u>8/15/20XX</u>	Name/Signature: <u>I.M. Senior</u>	Title/Phone: <u>Dir. Of Acctg. 328-5555</u>
	Date: _____	Name/Signature: _____	Title/Phone: _____

FOR OMB USE ONLY	Description	Rec. Type/ Account / Dollar Amount														
	<p><u>Miscellaneous Receivables</u></p> <p>Indicate if the receivable is an accounts receivable (AR) or an intergovernmental receivable (IR)</p>	IR 4 <hr/> FILL IN "AR" or "IR"														
A or E	Miscellaneous Receivables at June 30	\$ <u>113,250</u> 5														
	Less: Amount Received during July and applied back to June	(<u>22,500</u>) 6														
B or F	Less: Amount expected to be collected by June 30, 20XX	(<u>85,500</u>)														
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Account</th> <th style="width: 70%;">Amount</th> </tr> </thead> <tbody> <tr> <td>7 420270</td> <td style="text-align: right;">8 85,500.00</td> </tr> <tr><td> </td><td> </td></tr> </tbody> </table>	Account	Amount	7 420270	8 85,500.00											
Account	Amount															
7 420270	8 85,500.00															
C or G	Miscellaneous Receivables after receipts from FY 20XX	\$ <u>5,250</u> 9														
D or H	Allowance for Uncollectible Receivables	\$ 10 <u>3,000</u>														

NOTE: Complete only if miscellaneous receivables is greater than \$10,000 at June 30.

FOR OMB USE ONLY

- | | |
|---|--|
| <p style="text-align: center;">If Accounts Receivable</p> <p>A Not Applicable.</p> <p>B DR 124001 (Accounts Receivable)
CR (Revenue)</p> <p>C DR 124001 (Accounts Receivable)
CR 225002 (Unearned Revenue)</p> <p>D DR 225002 (Unearned Revenue)
CR 124201 (Allowance For
Uncollectible A/R)</p> | <p style="text-align: center;">If Intergovernmental Receivable</p> <p>E DR 130001 (Intergov'tal Receivable)
CR 124001 (Accounts Receivable)</p> <p>F DR 130001 (Intergov'tal Receivable)
CR (Revenue)</p> <p>G DR 130001 (Intergov'tal Receivable)
CR 225002 (Unearned Revenue)</p> <p>H DR 225002 (Unearned Revenue)
CR 130201 (Allowance for
Uncollectible I/R)</p> |
|---|--|

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INTEREST RECEIVABLE CLOSING PACKAGE

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COMPLETING THE INTEREST RECEIVABLE SUMMARY FORM

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, <u>no</u> entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Select the state fund code from the drop down list, the fund's name will automatically populate.
(3)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(4)	Enter the amount of interest collected during the fiscal year relating to outstanding loans receivable. (Include any amount received in July and applied back.)
(5)	Enter the portion of the total interest receivable (reported in 6b) on cash and investments that represents interest from cash and investments at the Bank of North Dakota.
(6)	Enter the amount of interest receivable at June 30 relating to loans your agency has made to outside parties (a) and relating to cash and investments (b).
(7)	Enter the amount of interest receivable that was received during July and applied back to June. Also report the cash or investment account used in PeopleSoft to record the interest. Note: If you used an entry event for the deposit, account 105251 would have been the cash account recorded. Run the applicable apply back queries such as, NDSCAFR_DEP, NDSCAFR_ONL, etc to verify apply back amounts (Check the information on your cash closing package for this fund, if any, to make sure you are not reporting the same deposit as cash at June 30 and as a receivable at June 30).
(8)	Enter the amount of interest estimated to be received during the next fiscal year for each column.
(9)	Enter the amount of interest receivable after next year's receipts.
(10)	Enter the portion of (9) estimated to be uncollectible.
Note:	Enter amounts in whole dollars.
To Submit:	After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov .

STATE OF NORTH DAKOTA
INTEREST RECEIVABLE SUMMARY FORM
 At June 30, 20XX

1	Business Unit #: <u>99900</u>	Business Unit Name: <u>Sample Agency</u>	
2	State Fund #: <u>888</u>	State Fund Name: <u>Operating Fund</u>	
3	Prepared: <u>8/15/20XX</u>	By: <u>J.P. Junior</u>	<u>Acct. I 328-5555</u>
3	Date	Name/Signature	Title/Phone
	Approved: <u>8/16/20XX</u>	By: <u>I.M. Senior</u>	<u>Dir. Of Acctg. 328-5555</u>
	Date	Name/Signature	Title/Phone

Amount of interest received on outstanding loans during the year ended June 30, 20XX	4	\$ <u>182,715</u> ¹
Amount of Interest Receivable on Cash and Investments that is due from the Bank of ND.	5	\$ <u>8,340</u>

Adjustment Code	Description	A Interest Receivable Relating to Loans	Interest Receivable on Cash & Investments B
FOR OMB USE ONLY	<u>Interest Receivable</u>	6	6
_____ A	Interest Receivable at June 30	\$ <u>77,450</u>	\$ <u>17,020</u>
_____ B or C	Less:	7	7
	Amount Received during July and applied back to June	(<u>14,720</u>)	(<u>1,642</u>)
	List Cash/Investment accounts used		<u>105251</u> (<u>1,642</u>)
			Cash/Investment Account 7
			<u>103200</u> (<u>1,000</u>)
			Cash/Investment Account 8
_____ D or E 476005 / 442025	Less:	8	8
	Amount Expected to be collected by June 30, 20XX	(<u>55,000</u>)	(<u>14,378</u>)
_____ F or G	Interest Receivable after receipts from FY 20XX	\$ <u>7,730</u>	\$ <u>-</u>
_____ H	Allowance for Uncollectible Interest Receivable	10 \$ <u>4,500</u>	10 \$ <u> </u>

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- | | |
|---|--|
| <p>A Not Applicable - PeopleSoft Interest Allocation</p> <p>B DR 127002 (Interest Receivable)
CR 124001 (Accounts Receivable)</p> <p>C DR 131100 (Interest Receivable from BND)
CR 124001 (Accounts Receivable)</p> <p>D DR 127002 (Interest Receivable)
CR (Revenue)</p> | <p>E DR 131100 (Interest Receivable from BND)
CR (Revenue)</p> <p>F DR 127002 (Interest Receivable)
CR 225002 (Unearned Revenue)</p> <p>G DR 131100 (Interest Receivable from BND)
CR 225002 (Unearned Revenue)</p> <p>H DR 225002 (Unearned Revenue)
CR 127202 (Allowance for Uncollectible Interest)</p> |
|---|--|

¹ Compare to account 476005 in "Actuals Ledger." Reclass material differences

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STATE OF NORTH DAKOTA
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INSURANCE CLAIMS CLOSING PACKAGE

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PURPOSE AND OBJECTIVES

The State is subject to many types of insurance claims. For this closing package, an insurance claim is an application for payment that a party files with a State claim-paying program. The filing party may be an insured, reinsured, or other covered party. Insurance claim-paying programs accept risks instead of paying insurance companies to accept these risks. Insurance claim-paying programs either:

- Contract with private insurance carriers to process and/or pay insurance claims.
- Pay insurance claims directly.

Examples of insurance claim-paying programs in State government include:

- Unsatisfied Judgment Fund
- Petroleum Release Compensation Fund

This closing package is only applicable to insurance claim-paying programs that are not component units. It does not apply to situations where the State pays insurance premiums to private insurers.

This closing package does not address lawsuits filed against the State. Agencies will report lawsuits in the Litigation Closing Package. Similarly, this closing package does not address leases, which are reported in the lease closing package.

The State plans to prepare its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that the State report liabilities for the estimated future costs of all events that occurred on or before June 30.

GAAP further requires the State to disclose events that may materially affect future claim costs.

AGENCY ACTION REQUIRED

- Complete an Insurance Claims Summary Form for each insurance claim-paying program that is not a component unit. Return it to the Office of Management and Budget on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- Complete the Additional Claims Information Form as of June 30 for each insurance claim-paying program that is not a component unit. Return this Form to the Office of Management and Budget on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- If something happens during the six months after June 30 (July 1 through December 31) that may materially change future insurance claim costs:
 - Complete an updated Additional Claims Information Form.
 - Submit it to the Office of Management and Budget as soon as possible.

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INSURANCE CLAIMS CLOSING PACKAGE

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Examples of such events are:

- New legislation.
- New agency policies.
- External events (such as natural or man-made disasters, epidemics, etc.) that will materially change:
 - o The dollar amount per valid insurance claim.
 - o The number of valid insurance claims.

KEY TERMS

Current Liability. In governmental funds, current liabilities are liabilities an agency expects to pay from "expendable available financial resources."

Incurred But Not Reported (IBNR). Incurred But Not Reported is the estimated cost of covered events that:

- Occurred on or before June 30.
- Will result in valid insurance claims against the State.
- Are unknown to the State at June 30 (the covered party has not yet filed an insurance claim).

Actuaries and accountants refer to this estimated cost as IBNR.

Insurance Claim-Paying Program. State insurance claim-paying programs accept risks instead of paying insurance companies to accept these risks. Insurance claim-paying programs do one or both of the following:

- Contract with private insurance carriers to process and/or pay insurance claims.
- Pay insurance claims directly.

The State Unemployment Compensation Program, however, is not an insurance claim-paying program for closing package purposes.

Insurance Claims Known But Not Paid. These are insurance claims that satisfy both of the following conditions:

- The State is aware that a covered event occurred on or before June 30. Example: A covered party filed an insurance claim on or before June 30.
- As of June 30, your agency either has made no payment or made only partial payment on the insurance claim.

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INSURANCE CLAIMS CLOSING PACKAGE

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The amount for Insurance Claims Known But Not Paid includes both:

- The known amount that the State must pay in the future for insurance claims settled on or before June 30.
- An estimate of amounts the State will pay in the future for insurance claims in process at June 30.

Liability. A liability is an obligation resulting from past transactions that will (or is likely to) result in future payments and/or reductions in future revenues.

Long-Term Liability. Long-term liabilities are liabilities other than current liabilities.

Subsequent Event. Subsequent events are events or transactions that:

- Occur after June 30 but before the State issues its financial statements.
- Have a material effect on the financial statements and/or the auditor's report.

Governments must disclose subsequent events in their financial statements.

Subsequent Period. The subsequent period is the time after June 30 but before the State issues its financial statements. The State plans to issue its financial statements by December 31. For practical purposes, therefore, the subsequent period is July 1 through December 31. Governments must disclose on their financial statements any material events that occur during the subsequent period.

ACCOUNTING PRINCIPLES AND POLICIES

Accounting Standards

Settled insurance claims that require the State to make future payments or suffer other future losses are liabilities. GAAP requires the State to record liabilities existing at June 30 on its financial statements.

Other GAAP requirements relating to claims appear in:

- Governmental Accounting Standards Board (GASB) Codification Sections 1500.108 and C50.101 through .118.
- Financial Accounting Standards Board (FASB) Statement 5, "Accounting For Contingencies" as revised and interpreted.

GAAP requires that the State report liabilities for the estimated future costs of insured events that occurred on or before June 30. GAAP further requires the State to report two components of this estimated cost:

- Cost of Claims Known But Not Paid at June 30.
- Estimate of Incurred But Not Reported Claims at June 30.

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INSURANCE CLAIMS CLOSING PACKAGE

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GASB Codification Section C50.101 states:

Liabilities may be estimated through, a case-by-case review of all insurance claims, the application of historical experience to the outstanding insurance claims, or a combination of these methods. Where historical experience is used, the outstanding insurance claims should be stratified by amount and the strata should be sufficiently refined to assure that the estimation is reasonable.

Events that will materially change future claims costs may occur after June 30 but before the State issues its financial statements. Such events are subsequent events. GAAP for subsequent events appears in:

- GASB Codification Section 2300.104.
- Various Statements on Auditing Standards (SAS's) and related interpretations issued by the American Institute of Certified Public Accountants.

State Policies--General

It is the State's policy to record insurance claim liabilities on its financial statements. These liabilities will include the estimated future costs of all covered events that occurred on or before June 30. The State will report this estimated cost in two components:

- Insurance Claims Known But Not Paid.
- Incurred But Not Reported.

These liabilities are estimates. Agencies may estimate liabilities through:

- A case-by-case review of all insurance claims.
- The application of historical experience to the outstanding insurance claims.
- A combination of these methods.

Where agencies use historical experience, they should stratify the outstanding insurance claims by amounts and type of insurance claim. Agencies should refine these strata enough to assure that the estimation is reasonable.

The State will disclose events occurring during the subsequent period that will materially affect future insurance claim costs.

State Policies--Insurance Claims Known But Not Paid

The amount for Insurance Claims Known But Not Paid includes both:

- Known amounts the State must pay in future years for insurance claims settled on or before June 30.
- An estimate of amounts the State will pay in future years for insurance claims in process at June 30.

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GAAP CLOSING PROCEDURES MANUAL

INSURANCE CLAIMS CLOSING PACKAGE

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There are many ways to estimate the amount the State will pay in future years for insurance claims in process at June 30. For example, the agency might compute:

- Total cost resulting from insurance claims filed during some previous fiscal year.
- Divided by the number of insurance claims filed during that year.

Times the total number of insurance claims in process at June 30 this year.

Or the agency may compute:

- Average cost per valid insurance claim over a recent period of time.
- Times the number of insurance claims in process at June 30 this year estimated to be valid.

The exact computation will depend on data available to the agency when it completes the Insurance Claims Summary Form.

State Policies--Incurred But Not Reported (IBNR)

The exact computation of IBNR will depend on data available. Computation of IBNR can be complex. The Office of Management and Budget prefers to use estimates of IBNR prepared by independent consulting actuaries. If this is not practical, the agency's staff should estimate IBNR.

The State will record:

- Long-term liabilities in the Government-Wide Statement of Net Assets for all insurance claims liabilities. These include:
 - Insurance Claims Known But Not Paid that the agency expects to pay from future financial resources.
 - Incurred But Not Reported.
- Additions and deletions to the insurance claims liability in the notes to the financial statements

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INSURANCE CLAIMS CLOSING PACKAGE

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WORKING PAPERS

All working papers may be subject to audit. The agency should keep copies of the completed Insurance Claims Summary Form. In addition, the agency should keep any documents that support data that appears on that Form. Such documents may include:

- Actuarial reports.
- Computations supporting estimates with full description of:
 - Any assumptions made.
 - Mathematical, actuarial, and/or statistical methods used.
 - Each component figure in the computation and any supporting source documents (such as claim forms).

Appropriate documentation and the level of detail will vary according to the circumstances.

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INSURANCE CLAIMS CLOSING PACKAGE

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GENERAL INSTRUCTIONS--INSURANCE CLAIMS SUMMARY FORM

- All agencies in the State that administer insurance claim-paying programs that are not component units must complete the Insurance Claims Summary Form.
- Use separate Insurance Claims Summary Forms for separate insurance claim-paying programs.
- Return the Form to the Office of Management and Budget on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- Round all dollar amounts to the nearest whole dollar.
- The person who completes and signs the Form should keep a copy. OMB will telephone this person if there are any questions.
- A sample completed Insurance Claims Summary Form and detailed instructions for completing the Form follow.

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GAAP CLOSING PROCEDURES MANUAL

INSURANCE CLAIMS CLOSING PACKAGE

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COMPLETING THE INSURANCE CLAIMS SUMMARY FORM

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Select the state fund responsible for the payment of insurance claims from the drop down list, the fund's name will automatically populate.
(3)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(4)	Enter the name of the insurance claim-paying program.
(5)	Enter the Insurance Claims payable at June 30.
(6)	Enter the amount of insurance claims your agency paid during July and applied back to June.
(7)	Enter the amount your agency estimates it will pay by the end of the next fiscal year. (Include in this total the amounts received in July and <u>NOT</u> applied back to June. The way you choose to estimate it is left to your agency's discretion, but should have some reasonable basis as your auditors may review the calculation.)
(8)	Enter the claims liability amount payable at June 30, net of next fiscal year's payments.
(9)	Enter the amount of claims that were added during the current fiscal year.
(10)	Enter the amount of claims that were paid during the current fiscal year.

Note: Enter amounts in whole dollars.

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

**STATE OF NORTH DAKOTA
INSURANCE CLAIMS SUMMARY FORM
At June 30, 20XX**

1	Business Unit #: <u>99900</u>	Business Unit Name: <u>Sample Agency</u>	
2	State Fund #: <u>888</u>	State Fund Name: <u>Operating Fund</u>	
3	Prepared: <u>8/15/XX</u>	By: <u>J.P. Junior</u>	<u>Acct. I 328-5555</u>
3	Date	Name/Signature	Title/Phone
	Approved: <u>8/16/XX</u>	By: <u>I.M. Senior</u>	<u>Dir. Of Acctg. 328-5555</u>
	Date	Name/Signature	Title/Phone

4
Insurance Claim Paying Program Name: _____

Adjustment Code	Description	Dollar Amount
FOR OMB USE ONLY	GOVERNMENTAL FUND RESPONSIBLE FOR PAYMENT (Complete only if the fund listed above is a governmental fund)	
_____	Insurance Claims payable at June 30	5 \$ <u>80,000</u>
_____	Liability for claims that the agency paid in July and applied back.	6 (<u>10,000</u>)
_____	Liability for Claims Known But Not Paid that the agency expects to pay by June 30, 20XX	7 (<u>60,000</u>)
_____	Insurance Claims payable after payments from FY XX	8 \$ <u>10,000</u>
_____	Amount of claims that were added during the fiscal year	9 \$ <u>210,000</u>
_____	Amount of claims that were paid during the fiscal year	10 \$ <u>140,000</u>

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A DR 201001 (Accounts Payable)
CR 215001 (Judgments Payable)

STATE OF NORTH DAKOTA
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INSURANCE CLAIMS CLOSING PACKAGE

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INSURANCE CLAIMS CLOSING PACKAGE

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GENERAL INSTRUCTIONS--ADDITIONAL CLAIMS INFORMATION FORM

- Complete the Additional Claims Information Form as of June 30 for each insurance claim-paying program that is not a component unit. Return this Form to the Office of Management and Budget no later than August 20.
- If anything happens during the six months after June 30 that could materially change future insurance claims costs:
 - Complete an updated Additional Claims Information Form.
 - Submit it to the Office of Management and Budget as soon as possible.

Examples of such events are:

- a. New legislation or
- b. New agency policies or
- c. An external event (such as a natural or man-made disaster, epidemic, etc.

That will materially change:

- a. The amount of future valid insurance claims or
- b. The number of insurance claims filed in the future.

- Use separate Additional Claims Information Forms for separate insurance claim-paying programs.
- The person who completes and signs the Form should keep a copy. OMB will telephone this person if there are any questions.
- A sample completed Additional Claims Information Form and detailed instructions for completing the Form follow.

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INSURANCE CLAIMS CLOSING PACKAGE

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COMPLETING THE ADDITIONAL CLAIMS INFORMATION FORM

REF	EXPLANATION
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Select the state fund code from the drop down list, the fund's name will automatically populate.
(3)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(4)	Enter the name of the insurance claim-paying program.
(5)	Check one block to indicate whether the data is year-end data or subsequent period data. For year-end data, fill in the year. If the Form describes major changes that occurred between July 1 and December 31, enter the date that the change occurred.
(6)	Briefly describe the way you estimate the liability for insurance claims in process at June 30.
(7)	Briefly describe the way you estimate the liability for Incurred But Not Reported (IBNR) claims at June 30.
(8)	Sometimes things happen that materially change: <ul style="list-style-type: none">○ The cost per valid insurance claim in future periods.○ The number of valid insurance claims filed in future periods. <p>For example, new legislation or new agency policies may affect the cost per valid insurance claim. Likewise, the number of valid insurance claims filed in future periods may increase if natural or man-made disasters or epidemics occur. State whether any such events occurred since the last time you submitted an Additional Claims Information Form.</p>
(9)	Describe the nature of event(s). Attach copies of new laws or policies if applicable. If possible, please estimate the dollar effect of the event(s) on future insurance claims costs.

Note: Enter amounts in whole dollars.

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

**STATE OF NORTH DAKOTA
ADDITIONAL CLAIMS INFORMATION FORM**

1	Business Unit #:	<u>999</u>	Business Unit Name:	<u>Sample Agency</u>
2	State Fund #:	<u>888</u>	State Fund Name:	<u>Operating Fund</u>
3	Prepared:	<u>8/13/XX</u>	By: <u>J.P. Junior</u>	<u>Acct. I 328-2345</u>
		Date	Name/Signature	Title/Phone
3	Approved:	<u>8/18/XX</u>	By: <u>I.M. Senior</u>	<u>Dir. Of Acctg 328-2345</u>
		Date	Name/Signature	Title/Phone

4 Name of Claim-Paying Program: Example Claim Paying Program

5 Information as of: June 30 (Between 7/1 and 12/31) Date: 9/12/XX

6 Please briefly explain how you compute Claims Known But Not Paid for claims in process at June 30.
Estimated on a case-by-case basis.

7 Please briefly explain how you compute Incurred But Not Reported (IBNR) Claims at June 30.

Independent consulting firm computes IBNR. Please see attached copy.

8 If an actuary computes the IBNR figure for you, please attach a copy of the actuary's report.

Since the last Additional Claims Information Form you submitted, has anything happened that may materially change future claims costs?

Yes No

9 If "Yes," please explain:

Due to Insurance Legislation passed recently, the total claims payable at June 30 increased by \$65,000.

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GASB 34 REPORTING CLOSING PACKAGE

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PURPOSE AND OBJECTIVES

The State plans to prepare its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that government-wide financial statements be prepared and that the financial statements contain certain footnote disclosures and supplementary information.

The purpose of this closing package is to gather the information needed for some of the required adjustments for the government-wide statements and for other required disclosures that are not included in the other closing packages.

AGENCY ACTION REQUIRED

- All agencies receiving the closing manual are required to complete the GASB 34 Reporting Closing Package Form. This Form contains a series of questions.
 - If a question is not applicable to your agency, indicate this with a NO and proceed to the next question.
 - If a question is applicable to your agency, provide the required data in the space provided and proceed to the next question.
- Forms should be completed on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.

KEY TERMS

Advances To/From. Loans, either long-term or short-term, made by one fund to another fund.

Capital Grants and Contributions. Grants or contributions, including donated capital assets, restricted by the grantor or donor **solely** for the acquisition or construction of a capital asset.

Extraordinary Items. Extraordinary items are transactions or other events that are **both** unusual in nature and infrequent in occurrence.

Reimbursements. Reimbursements are payments from one state agency to another state agency for their share of an expense that the other agency paid on their behalf. For example, one agency needs to repair a road that goes to a boat ramp and a different agency needs to rebuild the boat ramp. They are using the same contractor and the contractor wants to be paid by one agency. So the agency that pays will bill the other one for their share of the bill. (The pass-through of federal funds between state agencies are transfers not reimbursements.)

Special Items. Special items are significant transactions or other events within the control of management that are **either** unusual in nature or infrequent in occurrence.

Unrestricted Grants and Contributions. Unrestricted grants and contributions are those that are not restricted for specific use or for a specific program, such as a grant award that can be used for any program in the state. Because the grant does not specify a use or a particular program, it is an unrestricted grant.

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GAAP CLOSING PROCEDURES MANUAL

GASB 34 REPORTING CLOSING PACKAGE

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COMPLETING THE GASB 34 REPORTING CLOSING PACKAGE

REF	EXPLANATION
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Note: The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.

(1) Select the business unit number from the drop down list, the business unit's name will automatically populate. Complete one Form per agency.

(2) Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

**STATE OF NORTH DAKOTA
GASB 34 REPORTING
For the Fiscal Year Ended June 30,XXXX**

Business Unit #:	①	999	Business Unit Name: <u>Sample Agency</u>
Prepared:	②	<u>8/25/XX</u> Date	By: <u>J.P. Junior</u> Name/Signature
			<u>Acct. I 325-2345</u> Title/Phone
Approved:	②	<u>8/26/XX</u> Date	By: <u>I.M. Senior</u> Name/Signature
			<u>Dir. Of Acctg. 328-2345</u> Title/Phone

NOTE: COMPLETE ONE FORM PER AGENCY. (SEE KEY TERMS)

1. Does your agency have any amounts due to other state funds or due from (including advances to/from) other state funds that are not expected to be repaid within one year after June 30? (See Key Terms)

Yes

If YES: Identify separately the amounts, and the fund each amount is due to and due from. Also, provide a description of each interfund balance.

Due to (Fund#)	Due from (Fund#)	Amount
<u>ABC</u>	<u>XYZ</u>	<u>400,000</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Purpose of each due to and due from:

A balance of \$500,000 is due from fund XYZ because of a loan made to the fund to establish working capital when the fund was first created. \$400,000 of this balance is not scheduled to be collected in the subsequent year

2. Did your agency receive any capital grants or contributions during the fiscal year ended June 30? (See Key Terms)

Yes

If YES: Describe below the purpose of the grant, the grantor, the amount received and the account and fund used for deposit of the funds.

Our agency received a \$200,000 grant from the federal government for the purchase of patrol cars. Funds were received and deposited in fund 002, using account 430040.

STATE OF NORTH DAKOTA
GASB 34 REPORTING
For the Fiscal Year Ended June 30,XXXX

Business Unit #: 999 Business Unit Name: Sample Agency

3. Did your agency receive any unrestricted grants or contributions during the fiscal year ended June 30? (See Key Terms) Yes

If YES: Describe below the purpose of the grant, the grantor, the amount received and the account and fund used for deposit of the funds.

Received \$800,000 from XYZ corporation for various state programs, to be allocated to state pr
at the discretion of the governor. Deposit was made into fund 123 using account code 443005.

4. Does your agency have a balance in any fund at June 30 that is restricted by a non-state party or grantor for a specific use? Yes

If YES: Describe below the fund with the restriction, the amount of the balance that is restricted, the third party invoking the restriction, and the purpose for the restriction.

We received \$500,000 from a private foundation to be used only for agricultural research.
\$200,000 of this amount remained in fund ABC at June 30.

5. Did your agency have any extraordinary or special items during the fiscal year ended June 30? (See Key Terms) Yes

If YES: Describe the circumstances creating the items, the amounts, and the funds involved in the transactions below.

Park land was sold for \$5,000,000 to reduce the deficiency in the general fund. Proceeds were
deposited in the general fund.

STATE OF NORTH DAKOTA
GASB 34 REPORTING
For the Fiscal Year Ended June 30,XXXX

Business Unit #: 999 Business Unit Name: Sample Agency

- 6. Has your agency received from or paid to another state agency a reimbursement payment in excess of \$50,000 during the fiscal year ended June 30? (See Key Terms) Yes

If YES: Please report below the amount received or paid, the other state agency involved in the transaction, a description of the reimbursement, the fund or funds your agency used for payment or receipt of the reimbursement, and the PeopleSoft account used in the transaction.

We paid \$75,000 to X agency for actual utility costs. X agency pays the utility costs for all the buildings in the complex. Then, they bill our agency for the actual utility costs for the building we occupy. We used general funds for this reimbursement, account 430040.

- 7. Has your agency entered into any operating lease agreements that have scheduled rent increases, either as the lessee or lessor? No

If YES: Explain the lease agreement below.

- 8. Did your agency have any significant changes in your programs or increases or decrease in revenues or expenditures during the fiscal year ended June 30 that may have a **significant** impact on the state's financial position or operations? Yes

If YES: Describe the situation (including amounts and state funds) below.

1. We received \$4 million from the federal government for a new program, Homeland Security. I were deposited into and expended from fund 002. 2. Federal funding for our mental health prog was reduced by \$5 million. Therefore, our federal fund revenues and expenditures decreased accordingly. This reduction significantly reduced the number of services we were able to provid
3. Oil and gas production tax collections were \$6 million lower than the prior fiscal year due deci
production and lower oil prices.

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TAX REVENUES CLOSING PACKAGE	ISSUE DATE: 6/1/2015	SECTION 17
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PURPOSE AND OBJECTIVES

Tax revenues are revenues your agency collects from non-State parties and deposits under PeopleSoft accounts:

- 411005 through 418025

Taxes that another State agency transfers to your agency are interfund transactions. These are not tax revenues for purposes of this closing package.

The State plans to prepare its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that the State report in its financial statements at June 30 certain:

- Tax Receivables.
- Tax Refunds Payable.
- Allowances for Uncollectible Taxes.

AGENCY ACTION REQUIRED

YOU DO NOT HAVE TO COMPLETE THIS CLOSING PACKAGE IF THE TAX DEPARTMENT COLLECTS ALL OF YOUR TAX REVENUE.

- If your agency collects tax revenues, complete the following Forms:
 - Taxes Receivable Summary Form.
 - Tax Refunds Payable Summary Form.
- Complete the Forms on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.

KEY TERMS

Allowance for Uncollectible Taxes Receivable. GAAP requires that the State report an Allowance for Uncollectible Taxes Receivable if applicable. The financial statements show gross Taxes Receivable less the allowance amount. Your agency must estimate the amount of the allowance. To do this:

- Gather historical data on revenue collectibility.
- Evaluate the collectability of Taxes Receivable at June 30. (See the definition of Taxes Receivable).

Available. GAAP states that a revenue is available at June 30 if your agency will collect it either:

- On or before June 30.
- Soon enough after June 30 to pay liabilities that exist at June 30.

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Our State policy is that tax revenues are available only if the State receives the cash within two months of the current fiscal year-end. Tax revenues, such as sales and income taxes, are available if the cash is received (or expected to be received) by August 31.

Basis of Accounting. The basis of accounting determines when to recognize revenues (and expenditures/expenses) in the financial statements. (Also see the definition of Modified Accrual Basis).

Unearned Revenue. Unearned Revenue is a liability account. GAAP requires that we record Unearned Revenue (rather than Revenue) if at June 30 we either:

- Have collected material amounts before their normal time of receipt.
- Have Taxes Receivable that are measurable but not yet available. (Also see the definitions of Measurable and Available).

Derived Tax Revenues. Derived tax revenues are assessments (taxes) imposed by the State on exchange transactions. An exchange transaction occurs when income is earned, sales are transacted, or resources are consumed. Examples include all sales and use taxes, personal and corporate income taxes, oil and gas taxes, and taxes based on business activities. Most of the taxes collected by the State are derived tax revenues.

Full Accrual Basis. The full accrual basis of accounting requires the State to report revenues in proprietary fund statements and the government-wide statements when they are earned, regardless of when the cash is received.

Imposed Non-Exchange Tax Revenue. Tax revenues are based on the valuation of property, such as estate and property taxes.

Liability. A liability is an obligation resulting from past transactions that will (or is likely to) result in future payments and/or reductions in future revenues.

Measurable. A revenue is measurable if your agency either:

- Knows the exact amount (because the transaction is complete).
- Has enough information to reasonably estimate the amount of revenue that you will receive.

Modified Accrual Basis. The modified accrual basis of accounting requires the State to report revenues in the governmental fund statements in the fiscal year in which they become susceptible to accrual. Amounts are susceptible to accrual only when they become both measurable and available (see above definitions).

The modified accrual basis also requires the State to report:

- Taxes Receivable at June 30 for certain taxes that meet both of the following:
 - They are measurable at June 30.
 - At June 30, the State has not yet collected the related cash.

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- Unearned Revenue for taxes that:
 - We collect in advance of the fiscal year to which the taxes apply.
 - Are measurable but not available at June 30.

(Also see the definitions of Available, Basis of Accounting, Unearned Revenue, Liability, and Measurable).

Taxes Receivable. Taxes Receivable are taxes that parties outside State government owe the State at June 30 that meet the following criteria:

- The taxes are derived tax revenues that occurred June 30 or prior;
- OR**
- The taxes are imposed non-exchange revenues on which the State has an enforceable legal claim on June 30;
- AND**
- They are measurable (reasonably estimable) at June 30, but the cash has not been received.

(See the definitions of Derived Tax Revenue, Imposed Non-exchange Tax Revenue, Measurable and Available).

Tax Refunds Payable. Tax Refunds Payable is a liability account. Report Tax Refunds Payable if at June 30 your agency has collected more taxes than taxpayers owe and your agency will refund these amounts to the taxpayers after June 30. (Also see the definition of Liability).

Tax Revenues. Tax revenues are revenues that your agency collects from non-State parties and deposits under certain PeopleSoft revenue accounts. Some examples of tax revenues include:

- Individual and corporate income taxes.
- Sales and use taxes.
- Business license taxes.
- Gasoline and motor vehicle taxes.
- Alcoholic liquors, beer, and wine taxes.
- Insurance taxes.

For purposes of this closing package, amounts that other State agencies transfer to you are not tax revenues.

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ACCOUNTING PRINCIPLES AND POLICIES

General

Generally Accepted Accounting Principles relating to tax revenues appear in:

- Governmental Accounting Standards Board (GASB) Codification, Sections 1600.106 through 1600.115.

In North Dakota, our governmental funds collect all tax revenues. For these funds, GAAP reports revenues on the modified accrual basis of accounting in the governmental fund statements. GAAP indicates, however, that application of the modified accrual basis requires "judgment, consideration of the materiality of the item in question, and due regard for the practicality of accrual, as well as consistency in application." (See Section 1600.106 of the GASB Codification).

Generally Accepted Accounting Principles relating to tax receivables appear in:

- Governmental Accounting Standards Board (GASB) Codification, N50.104 through N50.115.

GAAP requires the State to recognize receivables from derived tax revenue transactions in the period when the exchange transaction on which the tax is imposed occurs. The State is required to recognize receivables from imposed non-exchange tax revenue transactions in the period when an enforceable legal claim to the receivable arises. Recognition in the financial statements is required unless the transactions are not measurable (reasonably estimable) or are not probable of collection. Transactions that are not recognizable because they are not measurable need to be disclosed.

An outline of accounting principles and State policies for different types of taxes appears below:

Individual and Corporate Income Taxes, Sales Taxes, Gaming Taxes, and Similar Taxes (All Derived Tax Revenues)

General Rule for Receivables: The State's policy is to report taxes receivable when the exchange transaction being taxed occurs if the amount is known or can be reasonably estimated, as in the following examples:

Receivable is reported for the taxes imposed on personal and corporate income received or earned through June 30 if the tax has not been collected by June 30, the taxes are measurable, and the collection of the tax is probable.

Receivable is reported for sales and use taxes that are imposed on goods or services received on or prior to June 30 if the tax has not been collected by June 30, the taxes are measurable, and the collection of the tax is probable.

(See Key Terms for Measurable.)

- Allowance for Uncollectible Taxes. Estimate and report an appropriate amount for an Allowance for Uncollectible Taxes. Make your estimate based on past experience.
- Tax Refunds Payable. Taxes paid during the year to the State from employers, businesses, and others based on withholding tables or estimated taxes may result in excess taxes paid. For refunds not yet paid at June 30, the State's policy is to estimate and report Tax Refunds Payable. Estimates are to be based on historical data relating to refunds. In addition, there may be some

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tax refunds in process at June 30. The State's policy is to report Tax Refunds Payable for these amounts as well.

General Rule for Revenues: Taxes are reported on the modified accrual basis (see Key Terms).

The State will report:

- Revenue for the amounts that are available at June 30.
- Unearned Revenue for these amounts that are not available at June 30.

(See Key Terms for the definition of Available.)

Estate Taxes and Taxes Based on Value of Property (Imposed Non-Exchange Tax Revenues).

General Rule: The State's policy is to report taxes receivable when an enforceable claim to the receivable occurs if the amount is known or can be reasonably estimated as follows:

A receivable is reported for tax assessments on property made on or prior to June 30 if the tax has not been collected by June 30, the taxes are measurable, and the collection of the tax is probable.

(See Key Terms for Measurable.)

- Allowance for Uncollectible Taxes. Estimate and report an appropriate amount for an Allowance for Uncollectible Taxes. Make your estimate based on past experience.
- Tax Refunds Payable. The State's policy is to estimate Tax Refunds Payable based on historical data relating to refunds. In addition, Tax Refunds Payable will be reported for any tax refunds in process at June 30.

WORKING PAPERS

All working papers may be subject to audit. The agency should keep copies of the completed summary Forms. In addition, the agency should keep working papers to support each figure on those Forms. For example, agencies should thoroughly document:

- How you derived at each amount.
- The source(s) of data for each amount.
- Methods used to arrive at estimated amounts.

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GENERAL INSTRUCTIONS--TAXES RECEIVABLE AND DELINQUENT TAXES RECEIVABLE SUMMARY FORM

- All funds in the State that collect tax revenues must complete the Taxes Receivable Summary Form.
- Use a separate Form for each fund.
- Complete the Form on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- Round all dollar amounts to the nearest whole dollar.
- The person who completes and signs the Form should keep a copy. OMB will telephone this person if there are any questions.
- Detailed instructions for completing the Form follow. A sample completed Form follows the instructions.

COMPLETING THE TAXES RECEIVABLE SUMMARY FORM

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Select the state fund code from the drop down list, the fund's name will automatically populate.
(3)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(4)	Enter the amount for Taxes Receivable that others owe you at June 30.
(5)	Enter the amount of Taxes Receivable that others owe you at June 30 for which you received payment during July and applied it back to June. Run the applicable apply back queries such as, NDSCAFR_DEP, NDSCAFR_ONL, etc to verify apply back amounts (Check the information on your cash closing package for this fund, if any, to make sure you are not reporting the same deposit as cash at June 30 and as a receivable at June 30).
(6)	Enter the revenue account that will be used when payment is received.
(7)	Enter the amount of Taxes Receivable that others owe you at June 30 for which you expect to receive payment during the next two months. (Include in this total the amounts received in July and NOT applied back to June. The way you choose to estimate it is left to your agency's discretion, but should have some reasonable basis as your auditors may review the calculation.)
(8)	Verify the amount of Taxes Receivable that others owe you at June 30 net of the next two

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month's receipts.

(9) Enter the portion of the amount in (8) that is estimated to be uncollectible.

Note: Enter amounts in whole dollars.

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

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GENERAL INSTRUCTIONS--TAX REFUNDS PAYABLE SUMMARY FORM

- All funds in the State that owe non-state parties tax refunds at June 30 must complete the Tax Refunds Payable Summary Form.
- Use a separate Form for each fund.
- Complete the Form on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- Round all dollar amounts to the nearest whole dollar.
- The person who completes and signs the Form should keep a copy. OMB will telephone this person if there are any questions.
- Detailed instructions for completing the Form follow. A sample completed Form follows the instructions.

COMPLETING THE TAX REFUNDS PAYABLE SUMMARY FORM

REF	EXPLANATION
	Note: The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Select the state fund code from the drop down list, the fund's name will automatically populate.
(3)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(4)	Enter the amount of Tax Refunds Payable at June 30.
(5)	Enter the amount of Tax Refunds Payable at June 30 that were paid in July and applied back to June.
(6)	Enter the amount of Tax Refunds Payable after July applybacks by account.
(7)	Verify the total of Tax Refunds after July applybacks.

Note: Enter amounts in whole dollars.

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

**STATE OF NORTH DAKOTA
TAX REFUNDS PAYABLE SUMMARY FORM
At June 30, 20XX**

Business Unit # <u>① 99900</u>	Business Unit Name <u>Sample Agency</u>	
State Fund #: <u>② 888</u>	State Fund Name: <u>Operating Fund</u>	
Prepared: <u>③ 9/11/20XX</u> Date	By: <u>J.P. Junior</u> Name/Signature	<u>Acct. I 328-5555</u> Title/Phone
Approved: <u>③ 9/12/20XX</u> Date	By: <u>I.M. Senior</u> Name/Signature	<u>Dir. Of Acctg. 328-5555</u> Title/Phone

Adjustment Code	Account	Description	Dollar Amount
FOR OMB USE ONLY		<u>Tax Refunds Payable</u>	
		Tax Refunds Payable at June 30	④ \$ <u>230,000</u>
A		Less:	
		Amount paid in July and applied back to June	⑤ (<u>21,000</u>)
B	⑥ <u>415015</u>	Tax Refunds Payable (after July applybacks)	⑥ <u>100,000</u>
B	<u>415020</u>	Tax Refunds Payable (after July applybacks)	<u>109,000</u>
B	_____	Tax Refunds Payable (after July applybacks)	_____
B	_____	Tax Refunds Payable (after July applybacks)	_____
B	_____	Tax Refunds Payable (after July applybacks)	_____
B	_____	Tax Refunds Payable (after July applybacks)	_____
		Total	⑦ \$ <u><u>209,000</u></u>

FOR OMB USE ONLY

- A DR 201001 (Accounts Payable)
CR 202001 (Tax Refunds Payable)

- B DR (Revenue)
CR 202001 (Tax Refunds Payable)

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PURPOSE AND OBJECTIVES

Payables at June 30 are amounts owed for:

- Goods or services your agency received on or before June 30 and had not yet paid for as of June 30; or
- Reimbursements to subrecipients paid after June 30, where subrecipient received the goods or service on or before June 30.

This closing package does not concern itself with:

- Payroll and fringe benefits payable.
- Debt service payable.

This closing package focuses on Accounts Payable involving both State and non-State vendors.

The State plans to prepare its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that the State record a liability for Accounts Payable on its financial statements at June 30.

AGENCY ACTION REQUIRED

- Read and complete this closing package before you complete the Form in the Grant Revenue closing package.
- Determine which items to report on the Accounts Payable Accrual Summary Form and the Payments to Other State Agencies Form by:
 - Reviewing the decision tree which follows.
 - Reviewing expenditures/expenses paid in PeopleSoft for July and August.
 - Reviewing invoices your agency plans to pay in the new fiscal year.
 - Reviewing contract retentions (See Key Terms for definition).
 - Estimating amounts your agency owed vendors at June 30 for which the vendor has not yet issued an invoice and the amount is material.
 - Review to see if your agency is holding any funds for a third party including another state agency.
 - Reviewing computer printouts.
 - Reviewing supporting documentation for the items on the printouts.

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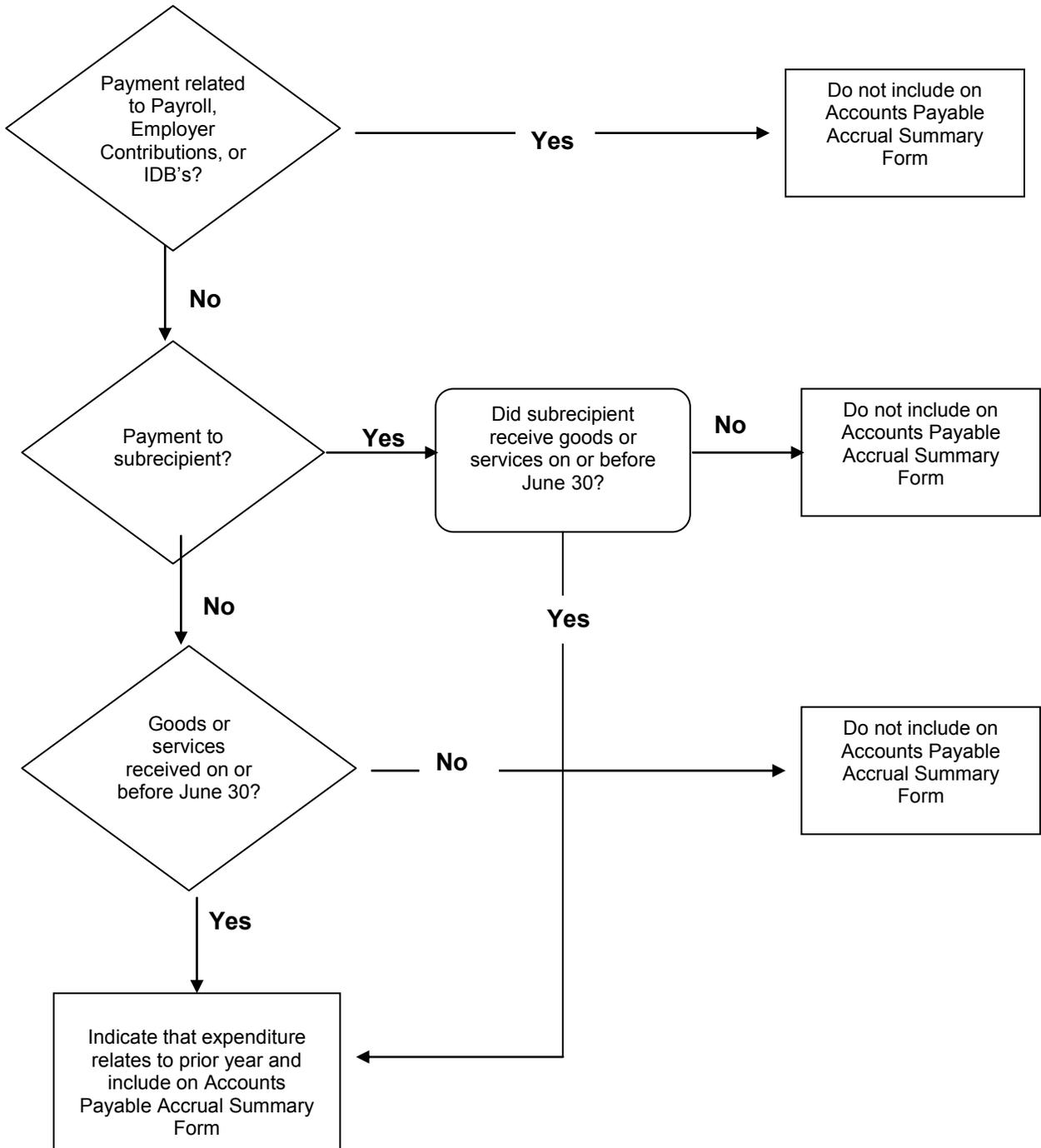
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- Determine which items to report on the Journal Voucher Accrual Summary Form by:
 - Reviewing any journals that were done to determine if they were done to correct payments made for June business.
- Determine whether the above review will identify almost all Accounts Payable. Do this by reviewing your other agency accounting records. Expand the scope of your review as necessary. For example, review a sample of September (and perhaps even October) vouchers from the last fiscal year. If several of these were Accounts Payable at June 30 of the previous fiscal year, you may need to estimate additional Accounts Payable.
- For each fund complete an Accounts Payable Accrual Summary Form.
- Complete only one Journal Voucher Accrual Summary Form and Payments Made to Other State Agencies Form for each business unit
- For each fund report contract retentions separately from other accounts payable.
- Complete all Forms on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.

STATE OF NORTH DAKOTA
ACCOUNTS PAYABLE ACCRUAL DECISION TREE

NOTE: This decision tree is used to determine if vouchers paid in the new year represent Accounts Payable from the prior year and need to be reported on the Accounts Payable Accrual Summary Form, Journal Voucher Accrual Summary Form or the Payments to Other State Agencies Form. Apply the logic in the decision tree to each item listed on the Accounts Payable Query and the Journal Query (for the first two months of the new fiscal year) your agency receives from the Office of Management and Budget.



Accounts Payable Transactions \$1,000 or Greater for First Two Months of the Fiscal Year

Pymts 8															
Unit	Acctg Date	Vendor	Vendor Name	Oper Unit	Class	Account	Voucher / Jrnl ID	Line	Invoice / Ref	Invoice Date	DeptID	Fund	Amount	Apply to FY 2008	Apply to FY 2009
99900	8/3/2008	0000000310	US POSTAL SERVICE	901	90170	541015	00003720	1	FY09-Postage Stamp Order F	8/3/2008	8900	701	7,900.00		7,900.00
99900	7/14/2008	0000000285	MONTANA-DAKOTA UTILITIES	200	20030	561015	00003726	1	FY08-April Utilities FMD	7/14/2008	8440	888	46,119.63	46119.63	
99900	7/18/2008	0000000589	WASTE MANAGEMENT INC	200	20030	561065	00003727	1	FY09-0178146/0178978 FMD	7/18/2008	8440	001	1,029.63		1029.63
99900	8/11/2008	0000001873	HUMAN SERVICES,ND DEPT OF	901	90170	516110	00003749	1	FY08-32500-0000187604-1	8/11/2008	3002	461	1,650.00	1,650.00	
99900	8/11/2008	0000001897	LEGISLATIVE COUNCIL	901	90170	516110	00003750	1	FY09-16000-0000187600-1	8/11/2008	3002	461	5,510.00		5,510.00
99900	7/20/2008	0000000615	INFORMATION TECHNOLOGY DE	200	20030	602065	00003736	3	FY08-TC042005.110.0	7/20/2008	8410	001	1,239.22	1239.22	
99900	8/25/2008	0000007834	CITIBANK PBP #34201707	901	90170	541015	00003789	1	Postage Meter Order FMD	6/24/2008	8900	888	10,000.00	10,000.00	
99900	8/15/2008	0000000677	BISMARCK,CITY OF	200	20030	561065	00003794	1	Utilities Bill FMD	6/29/2008	8440	888	4,400.94	4,400.94	

Journals and Journal Vouchers \$1,000 or Greater for First Two Months of the Fiscal Year

Adjust 6																
Unit	Acctg Date	Vendor	Vendor Name	Oper Unit	Class	Account	Voucher / Jrnl ID	Line	Invoice / Ref	Invoice Date	DeptID	Fund	Source	Amount	Apply to FY 2008	Apply to FY 2009
99900	7/12/2008			200	20030	552085	0000195931	3	FY08	7/12/2008	5500	790	ONL	(2,047.39)	(2,047.39)	
99900	8/30/2008			200	20030	463021	0000196226	1	FY08	8/30/2008	3002	288	ONL	4,500.00	4,500.00	
99900	8/30/2008			200	20070	463021	0000196226	3	FY08	8/30/2008	3002	001	ONL	(4,500.00)	(4,500.00)	
99900	8/31/2008			200	90170	516135	0000201386	2		8/31/2008	3002	461		1,233.30		
99900	7/12/2008			200	20030	552085	0000195931	1	FY08	7/12/2008	5500	001	ONL	2,047.39	2,047.39	
99900	8/1/2008			901	90170	623100	0000196236	4	FY08	8/1/2008	1040	288	DEP	(6,790.50)	(6,790.50)	
99900	8/10/2008			200	20030	611005	0000201972	5	FY09	8/10/2008	1050	288	DEP	(2,026.86)		(2,026.86)

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KEY TERMS

Accounts Payable. Payables at June 30 are amounts owed for:

- Goods or services your agency received on or before June 30 and had not yet paid for as of June 30; or
- Reimbursements to subrecipients paid after June 30, where subrecipient received the goods or service on or before June 30.

Accounts Payable are Current Liabilities. For this closing package, Accounts Payable involve payments to both State and non-State vendors. That is, Accounts Payable do not include amounts your agency owes:

- For payroll and employee fringe benefits (See the Compensated Absences Closing Package).
- On insurance claims (See the Insurance Claims Closing Package).
- For debt service.

Contract Retentions. On some construction contracts, your agency may withhold part of each payment from the contractor until the project is complete. The amounts you withhold are contract retentions. Determine contract retention amounts by reviewing Architect and Engineers Certificates of Payment. Report contract retentions separately from other Accounts Payable.

Current Liability. In governmental fund statements, current liabilities are liabilities an agency expects to pay from expendable available financial resources.

Encumbrance Accounting. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrances become Accounts Payable only when the State receives the related goods or services. Some governments and agencies record encumbrances when they issue purchase orders, sign contracts, or otherwise commit to future expenditures. Recording an encumbrance sets aside a portion of the applicable appropriation. Encumbrance accounting helps to prevent expenditures from exceeding appropriations. North Dakota State law does not require encumbrance accounting.

June 30. Whenever we say June 30, we mean the calendar date June 30 unless otherwise noted. June 30 is not necessarily the same as the end of PeopleSoft FM 12. (Some PeopleSoft FM 12 transactions post in July and apply back to June).

Liability. A liability is an obligation resulting from past transactions that will (or is likely to) result in future payments and/or reductions in future revenues.

Supporting Documentation. We use the term "supporting documentation" to describe the documents your agency files whenever it processes a PeopleSoft voucher.

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The supporting documentation for a vendor payment should include:

- A copy of the completed PeopleSoft voucher.
- A vendor invoice.
- A receiving report or other indication of when the agency received the goods or services.
- Any other related documents.

ACCOUNTING PRINCIPLES AND POLICIES

The State will record Accounts Payable at June 30 as current liabilities in individual state funds.

GAAP requires that different fund types report their expenditures or expenses in different categories. (See Governmental Accounting Standards Board (GASB) Codification Sections 1800.116-127). The accounting entries to record Accounts Payable also affect expenditures or expenses.

See Sections 1600.117-1600.122 of the GASB Codification for further information on rules for expenditure recognition. These rules require that agencies carefully document the date when they receive goods or services. Invoices do not always indicate delivery dates. Agencies should complete a "Receiving Report" or otherwise document the date they receive goods or services.

GASB Statement #33 requires liabilities and expenditures to be recognized when all applicable eligibility requirements have been met. The subrecipient incurring the expenditure is a valid eligibility requirement.

WORKING PAPERS

All working papers may be subject to audit. The agency should keep:

- Copies of the completed Closing Package Forms.
- Working papers that support each figure on the completed Forms.

The working papers also should include:

- A list of the miscellaneous claims/abstracts and other documents you reviewed. The list should indicate whether you reported each miscellaneous claims/abstracts or invoice amount on an Accounts Payable Summary Form.
- Copies of the vouchers or other documents.
- A description of the review steps you applied to each payment/abstract or other documents. These steps should include a review of:
 - The date (or planned invoice payment date).
 - The date the agency received the goods or services.

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GENERAL INSTRUCTIONS--ACCOUNTS PAYABLE SUMMARY FORM AND PAYMENTS TO OTHER STATE AGENCIES FORM

- Determine which items to report on the Accounts Payable Summary Form by:
 - Reviewing the Accounts Payable decision tree.
 - Reviewing vouchers or other documents paid in July and August of the new fiscal year. You will need to run the Queries **NDSCAFR_PYMTS_OVER_1000** and **NDSCAFR_STATE PYMTS_OVER_1000** for each of your Accounts Payable Business Units to review these amounts.
 - Reviewing invoices your agency plans to pay in the new fiscal year.
 - Consider reviewing vouchers paid in September and October of the last fiscal year.
 - Reviewing contract retentions (See Key Terms for definition). Contract retentions should be reported separately from Accounts Payable.
- Complete the Accounts Payable Summary Form and/or Payments to Other State Agencies Form.
- Please complete an Accounts Payable Summary Form for each fund. If amounts are zero for the fund, please submit the 'No Accounts Payable Accrual Summary Form', by doing this you certify that your review for Accounts Payable includes all funds. The Office of Management and Budget needs this certification for audit purposes.
- Complete one Payments to Other State Agencies Form but list only each fund with payments on the Form.
- Round all dollar amounts to the nearest whole dollar.
- Complete the Accounts Payable Summary Form on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- The person who prepares the Form should keep a copy. OMB will call this person if there are questions.

GENERAL INSTRUCTIONS--JOURNAL VOUCHER ACCRUAL SUMMARY FORM

- Determine which items to report on the Journal Voucher Accrual Summary Form by:
 - Reviewing any journals that were done in July and August, or later, to determine if they are correcting June business. You will need to run the Query **NDSCAFR_PYMTSADJ_OVER_1000** for each of your Accounts Payable Business Units to review July and August amounts recorded on PeopleSoft.
- Complete the Journal Voucher Accrual Summary Form.
- Round all dollar amounts to the nearest whole dollar.
- The person who prepares the Form should keep a copy as OMB will call if there are questions.

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ACCOUNTS PAYABLE CLOSING PACKAGE

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COMPLETING THE ACCOUNTS PAYABLE ACCRUAL SUMMARY FORM:

REF	EXPLANATION
	Run the PeopleSoft Query NDSCAFR_PYMTS_OVER_1000 for each of your Accounts Payable Business Unit.
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, <u>no</u> entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Select the state fund code from the drop down list, the fund's name will automatically populate.
(3)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(4)	Enter the Account.
(5)	Enter the Operating Unit.
(6)	Enter the Class.
(7)	Enter the accounts payable accrual amount. Please include each accounts payable greater than \$1,000 where the expenditure was incurred by June 30 and payment has been or will be made after June 30 and the expenditure was not applied back to June. You may need to estimate any material amounts incurred by June 30 and paid subsequent to August.
(8)	Please review this number. If it is different than expected, please check the numbers entered at (7). All amounts need to be entered as a positive number. (Amounts are to be entered in whole dollars)
NOTE:	If significant payments are made after you submit this closing package that are for expenditures that were incurred June 30 or prior, contact OMB to determine if another closing package needs to be submitted for those payments.
To Submit:	After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov .

**STATE OF NORTH DAKOTA
ACCOUNTS PAYABLE ACCRUAL SUMMARY FORM
At June 30, 20XX**

1 Business Unit #: <u>999</u>	Business Unit Name: <u>Sample Agency</u>	
2 State Fund #: <u>888</u>	State Fund Name: <u>Sample Fund</u>	
3 Prepared: <u>9/7/20XX</u> Date	By: <u>J.P. Junior</u> Name/Signature	<u>Acct. I 328-5555</u> Title/Phone
3 Approved: <u>9/8/20XX</u> Date	By: <u>I.M. Senior</u> Name/Signature	<u>Dir. Of Acctg 328-5555</u> Title/Phone

Adjustment Code	4 Account	5 Operating Unit	6 Class	7 Dollar Amount*
_____ (OMB)	<u>561015</u>	<u>200</u>	<u>20030</u>	\$ <u>46,120</u>
_____ (OMB)	<u>541015</u>	<u>901</u>	<u>90170</u>	\$ <u>10,000</u>
_____ (OMB)	<u>561065</u>	<u>901</u>	<u>20030</u>	\$ <u>4,401</u>
_____ (OMB)	_____	_____	_____	\$ _____
_____ (OMB)	_____	_____	_____	\$ _____
Total				\$ <u>60,521</u>

*Please include each accounts payable greater than \$1,000 where the expenditure was incurred by June 30 and payment has been or will be made after June 30 and the expenditure was not applied back to June.

Adjustment Description

- | | |
|--|---|
| <p>[A] DR (Expenditures)
 CR 201001 (Accounts Payable)</p> | <p>[C] DR (Expenditures)
 CR 210001 (Intergovernmental Payabl</p> |
| <p>[B] DR (Expenditures)
 CR 208101 (Retained Percentages Payable)</p> | |

**STATE OF NORTH DAKOTA
NO ACCRUAL ACTIVITY SUMMARY FORM
FOR ACCOUNTS PAYABLE, JOURNAL VOUCHERS, AND PAYMENTS TO OTHER STATE AGENCIES
At June 30, 20XX**

1 Business Unit # <u>99900</u>	Business Unit Name: <u>Sample Agency</u>	
2 Prepared: <u>8/25/20XX</u>	By: <u>J.P. Junior</u>	<u>Acct. I 328-2345</u>
2 Date	Name/Signature	Title/Phone
Approved: <u>8/26/20XX</u>	By: <u>I.M. Senior</u>	<u>Dir. Of Acctg. 328-2345</u>
Date	Name/Signature	Title/Phone

Accounts Payable Accrual Form

3 1) By checking the box you certify that your agency has no vouchers paid in the current fiscal year that represent accounts payable from the prior fiscal year for the funds listed below.

4	Funds:	Funds:	Funds:
1.	200	11.	
2.	201	12.	
3.	001	13.	
4.		14.	
5.		15.	
6.		16.	
7.		17.	
8.		18.	
9.		19.	
10.		20.	
		21.	
		22.	
		23.	
		24.	
		25.	
		26.	
		27.	
		28.	
		29.	
		30.	

JV Summary Accrual Form

5 2) By checking the box you certify that your agency has no journal vouchers in the current fiscal year that represent corrections for the prior fiscal year.

Payments to Other State Agencies

6 3) By checking the box you certify that your agency has no Payments to Other State Agencies in the current fiscal year that represent accounts payable from the prior fiscal year.

• When the box is not checked OMB will be expecting an Accounts Payable Accrual Summary Form, a JV Summary Accrual Form Other State Agencies Accrual Summary Form.

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COMPLETING THE JOURNAL VOUCHER ACCRUAL SUMMARY FORM

REF	EXPLANATION
	Run the PeopleSoft Query NDSCAFR_PYMTSADJ_OVER_1000 for each of your Accounts Payable Business Unit.
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, 20XX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(3)	Enter the Journal ID or Voucher #.
(4)	Enter the Fund Code.
(5)	Enter the Account.
(6)	Enter the Operating Unit.
(7)	Enter the Class.
(8)	Enter the journal/voucher line amount. Please include each journal/voucher line greater than \$1,000 where the expenditure was incurred by June 30 and the correction was made after June 30 and was not applied back to June.
(9)	Enter an explanation of the reason for the journal on each line.
(10)	Verify the total amount for all journal/voucher accruals. (Enter all amounts in whole dollars.)
NOTE:	If journals with significant amounts are made after you submit this closing package that are for revenues earned or expenditures that were incurred June 30 or prior, contact OMB to determine if another closing package needs to be submitted for those journal amounts.

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

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COMPLETING THE PAYMENTS TO OTHER STATE AGENCIES FORM

REF	EXPLANATION
	Run the PeopleSoft Query NDSCAFR_STATE PYMTS_OVER_1000 for each of your Accounts Payable Business Unit.
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(3)	Enter the Voucher #.
(4)	Enter the Fund Code.
(5)	Enter the Account.
(6)	Enter the Operating Unit.
(7)	Enter the Class.
(8)	Enter the Business Unit # for the agency that was paid.
(9)	Enter the amount of the payment made to the state agency. Please include each accounts payable greater than \$1,000 where the expenditure was incurred by June 30 and payment has been or will be made after June 30 and the expenditure was not applied back to June. You may need to estimate any material amounts incurred by June 30 and paid subsequent to August.
(10)	Verify the total amount for all accounts payable accruals. If it is different than expected, please check the number entered at (9). (Enter amounts in whole dollars.)
NOTE:	If significant payments are made after you submit this closing package that are for expenditures that were incurred June 30 or prior, contact OMB to determine if another closing package needs to be submitted for those payments.

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

**STATE OF NORTH DAKOTA
PAYMENTS TO OTHER STATE AGENCIES FORM
At June 30, 20XX**

1 Business Unit #: <u>99900</u>	Business Unit Name: <u>Sample Agency</u>	
2 Prepared: <u>9/7/20XX</u> Date	By: <u>J.P. Junior</u> Name/Signature	<u>Acct. I 328-2345</u> Title/Phone
2 Approved: <u>9/8/20XX</u> Date	By: <u>I.M. Senior</u> Name/Signature	<u>Dir. Of Acctg 328-2345</u> Title/Phone

3 Voucher #	4 Fund	5 Account	Operating 6 Unit	7 Class	Business Unit Paid 8	9 Dollar Amount*
<u>00003749</u>	<u>461</u>	<u>516100</u>	<u>901</u>	<u>90170</u>	<u>32500</u>	\$ <u>1,650</u>
<u>00003736</u>	<u>001</u>	<u>602065</u>	<u>200</u>	<u>20030</u>	<u>11200</u>	\$ <u>1,239</u>
_____	_____	_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	_____	_____	\$ _____
Total						\$ 10 <u>2,889</u>

*Please include each accounts payable greater than \$1,000 where the expenditure was incurred by June 30 and payment has been or will be made after June 30 and the expenditure was not applied back to June.

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COMPLETING THE ACCOUNTS PAYABLE ACCRUAL SUMMARY FORM- CONTRACT RETAINAGE SUMMARY FORM:

<u>REF</u>	<u>EXPLANATION</u>
	Run the PeopleSoft Query NDSCAFR_PYMTS_OVER_1000 for each of your Accounts Payable Business Unit.
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, <u>no</u> entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Select the state fund code from the drop down list, the fund's name will automatically populate.
(3)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(4)	Enter the Account.
(5)	Enter the Operating Unit.
(6)	Enter the Class.
(7)	Enter the contract retainage payable accrual amount. Please include each contract retainage payable greater than \$1,000 where the expenditure was incurred by June 30 and payment has been or will be made after June 30 and the expenditure was not applied back to June. You may need to estimate any material amounts incurred by June 30 and paid subsequent to August.
(8)	Please review this number. If it is different than expected, please check the numbers entered at (7). All amounts need to be entered as a positive number. (Amounts are to be entered in whole dollars)

NOTE: If significant payments are made after you submit this closing package that are for expenditures that were incurred June 30 or prior, contact OMB to determine if another closing package needs to be submitted for those payments.

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

STATE OF NORTH DAKOTA
ACCOUNTS PAYABLE ACCRUAL SUMMARY FORM - CONTRACT RETAINAGE
At June 30, 20XX

1	Business Unit #: <u>999</u>	Business Unit Name: <u>Sample Agency</u>	
2	State Fund #: <u>888</u>	State Fund Name: <u>Sample Fund</u>	
3	Prepared: <u>9/7/20XX</u>	By: <u>J.P. Junior</u>	<u>Acct. I 328-5555</u>
	Date	Name/Signature	Title/Phone
3	Approved: <u>9/8/20XX</u>	By: <u>I.M. Senior</u>	<u>Dir. Of Acctg 328-5555</u>
	Date	Name/Signature	Title/Phone

Adjustment Code	4 Account	5 Operating Unit	6 Class	7 Dollar Amount*
(OMB)	<u>591050</u>	<u>999</u>	<u>20030</u>	\$ <u>59,765</u>
(OMB)	<u>682015</u>	<u>999</u>	<u>90170</u>	\$ <u>726,212</u>
(OMB)	_____	_____	_____	\$ _____
(OMB)	_____	_____	_____	\$ _____
(OMB)	_____	_____	_____	\$ _____
Total				8 \$ <u><u>785,977</u></u>

*Please include each accounts payable greater than \$1,000 where the expenditure was incurred by June 30 and payment has been or will be made after June 30 and the expenditure was not applied back to June.

Adjustment Description

- | | |
|---|--|
| [A] DR (Expenditures)
CR 201001 (Accounts Payable) | [C] DR (Expenditures)
CR 210001 (Intergovernmental Payal) |
| [B] DR (Expenditures)
CR 208101 (Retained Percentages Payable) | |

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PURPOSE AND OBJECTIVES

Some State agencies receive assistance from the federal government, corporations, foundations, or others. Such assistance includes grants and entitlements to support specific programs such as education or Medicaid. Grantors may provide funds to agencies for:

- Operating expenses (operating grants).
- Acquisition or construction of fixed assets (capital grants).
- Indirect costs associated with administering the programs.

These revenues are Grant Revenues. Amounts that your agency receives from the Grantor are Grant Revenues. Only PRIMARY recipients (see definition of Primary Recipient in Key Terms Section) of grant funds within State government will report Federal Revenue Accrual and Unearned Revenue Adjustment amounts in this closing package.

Grantors fund State agency programs in different ways. For example:

- Some grants provide funds on a cost-reimbursement basis. That is, State agencies incur costs then bill the grantor for reimbursement.
- Some programs provide for advance payments or permit State agencies to draw against letters of credit as they incur eligible expenditures.
- Some grant programs provide for cost-sharing or matching funds or impose other requirements on the State.

Individual State agencies may:

- Distribute funds to other State agencies.
- Distribute funds to non-State organizations such as municipalities and counties.
- Expend grant program funds directly for supplies, etc., or pay indirect cost to the State's General Fund.

The State plans to use Generally Accepted Accounting Principles (GAAP) in preparing its financial statements. GAAP requires that the State record on its financial statements:

- Grant Revenue for the fiscal year ended June 30.
- Grant Receivables at June 30.
- Unearned Revenue for certain grants.
- Contributed Capital for certain capital grants.

GAAP also requires that the State account for certain grant funds in certain state funds.

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This closing package relates only to revenue from grants. For information about tax revenues, see the Tax Revenues Closing Package. For miscellaneous revenues see the Miscellaneous Receivables/Revenues Closing Package. For additional information related to Medicaid refer to Loan Refund Receivables.

AGENCY ACTION REQUIRED

- Complete all other Closing Package before you work on the Grant Revenue Closing Package because other closing packages may have an effect on what is being reported on this closing package, especially the Accounts Payable and Journal Voucher Accrual Summary closing package forms.
- If your agency received \$100,000 or more of grant funds last fiscal year as a primary recipient, complete or had not billed another state agency as of June 30 for federal pass-through funds:
 - Grant Receivables and Unearned Revenue Summary Form.
- Complete the Form on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.

KEY TERMS

Basis of Accounting for Grant Revenue. The basis of accounting determines when to recognize revenue, receivables, and unearned revenue in the financial statements. Governmental funds use the modified accrual basis of accounting. However, for Grant Receivables, the accrual basis of accounting will be used.

For Grant Revenues, however, there is no practical difference between the accrual and modified accrual basis. Specifically:

- Reimbursement Grants.
 - Recognize Grant Revenue when your agency and/or your subrecipient has:
 - * Incurred grant costs (including Accounts Payable).
 - * Met all related grant requirements (such as matching requirements).
 - Record Grant Receivables at June 30 if, at that date, your agency has:
 - * Met the revenue recognition criteria above.
 - * Not yet received the related reimbursement from the grantor.
- Cash Advance and Letter-of-Credit Grants.
 - Recognize Grant Revenue when you both:
 - * Have incurred grant costs (including Accounts Payable).

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- * Have met all related grant requirements (such as matching requirements).
- Record Grant Receivables at June 30 if at that date you:
 - * Have met the revenue recognition criteria above.
 - * Have not yet received cash from the grantor to cover the related expenditures and/or Accounts Payable.
- Record Unearned Revenue at June 30 if:
 - * You received cash on or before June 30.
 - * This cash does not yet represent grant expenditures or Accounts Payable at June 30.

NOTE: If your agency has unearned revenue in a grant as of June 30, any revenue received after year end **MUST** be applied to the next fiscal year.

NOTE: If the grantor (such as federal government) does not specify a time requirement (time period the grant can be used) and there are no other grant requirements, you will need to recognize a grant receivable and revenue for the entire amount of the award, beginning with the grantor's fiscal year.

Capital Grant. Capital grants are grants that you must use to purchase or construct fixed assets for State government use.

Unearned Revenue. GAAP requires that we record Unearned Revenue if, at June 30, we have grant funds on hand that as yet represent neither grant expenditures nor Accounts Payable. Unearned Revenue is a liability account.

Entitlement. An entitlement consists of cash or other assets that another government (usually the federal government) contributes to the State. Entitlement programs are similar to grants. Entitlement programs, however, base awards on allocation formulas contained in applicable laws. Entitlement programs award specific amounts for particular accounting periods and impose few real restrictions. Once the State receives an entitlement award, only the State's failure to follow prescribed regulations will cause loss of the funds. In this closing package the term Grant includes Entitlements.

Grant. A grant consists of cash or other assets that a grantor contributes to the State. The State must apply for grant funds. The grantor then decides whether or not to award a grant to the State. The grantor usually specifies that the State must use the grant proceeds for particular programs, activities, or facilities. The State earns grant funds by incurring eligible grant costs and by meeting all matching or other requirements.

Operating grants and capital grants are particular types of grants. (Also see the definitions of Operating Grant, Capital Grant, and Entitlement.)

Grantor. A grantor is an organization that provides grant or entitlement funds to others. Examples of grantors that provide funds to State agencies include the federal government.

Grant Receivables. Grant Receivables at June 30 are amounts that grantors owe the State at June 30. (Also see Accounting Principles and Policies Section.)

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Grant Revenue. Grant Revenues are amounts that the State receives from grantors. For this closing package:

- Grant Revenue includes amounts your agency receives from the grantor.
- Amounts that your agency receives from other state funds or agencies are not Grant Revenues for the purposes of this closing package.

Also see Accounting Principles and Policies Section.

Federal Fund Balance. Federal fund balance is the difference between your assets and liabilities in each federal fund. In reimbursement type grants, the fund balance should be \$0. Any amounts reported on closing packages for receivables and payables in the fund should be included in determining the federal fund balance.

Operating Grant. Operating grants include:

- Grants that you may use only to finance operations.
- Grants that you may use either to finance operations or to purchase/construct fixed assets.

(Also see the definitions of Grant and Capital Grant.)

"Passed-Through" Funds. To say that grant funds were "passed through" means that one State agency (i.e. primary recipient) distributed them to other State or non-State organizations (i.e. end-recipient), such as municipalities and counties.

Primary Recipient. The agency that initially receives funds from the grantor (i.e. federal government) and who is accountable to the grantor for the funds.

Revenues. Revenues are increases in net assets. (Also see the definition of Grant Revenue.)

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ACCOUNTING PRINCIPLES AND POLICIES

Generally Accepted Accounting Principles relating to recognition of grant revenue appear in:

- Governmental Accounting Standards Board (GASB) Codification Sections G60.505 and 1600.106 through 1600.115.

Theoretically, GAAP requirements for recognizing grant revenue differ for different GAAP fund categories. Specifically: Governmental funds use the modified accrual basis of accounting, however, for grant receivables, the accrual basis will be used.

For Grant Revenues, however, there is no practical difference between the accrual and modified accrual basis. (See Key Terms for definition of Basis of Accounting for Grant Revenues.)

GAAP requires that we recognize capital grants as revenues in Governmental funds. (See Key Terms for definition of Capital Grant.) Furthermore, GAAP requires that we recognize operating grants as Revenues in the appropriate state fund. (See Key Terms for definition of Operating Grant.)

The sections below outline specific State accounting and reporting policies for grant funds.

Grant Receivables (Also see new section “GASB 33 REQUIREMENTS” on page 6.)

Only primary recipients of grant funds within State government should report receivable amounts on the Grant Receivables and Unearned Revenue Summary Form.

Report Medicaid receivables in this closing package only if they represent revenue receivable from grantors. Examples of Medicaid activity that is not to be included in this closing package are presented below:

- Do not report Medicaid amounts receivable from or payable to other State agency service providers in closing packages. (The Office of Management and Budget will record all interfund receivables/payables based on data in PeopleSoft.)
- Report Medicaid amounts receivable from non-State service providers in the Refund Receivables and Miscellaneous Receivables Closing Packages.
- Report Medicaid amounts payable to non-State service providers in the Accounts Payable Closing Package.

The following information should help you determine amounts of Grant Receivables to report in this closing package.

- Reimbursement-Type Grants. Report Grant Receivables at June 30 if your agency:
 - Incurred direct/indirect grant costs during the fiscal year. That is, your agency either:
 - * Recorded allowable grant expenditures during the PeopleSoft fiscal year.
 - * Reported Accounts Payable that relate to grants on the Accounts Payable Summary Forms.

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- Has met all related grant requirements (such as matching requirements).
- Will receive the related reimbursement from the grantor after June 30.
- Grants Using Cash Advances and Letters of Credit. Report Grant Receivables at June 30 if your agency:
 - Incurred direct/indirect grant costs during the fiscal year. That is, your agency either:
 - * Recorded allowable grant expenditures during the PeopleSoft fiscal year.
 - * Reported Accounts Payable that relate to grants on the Accounts Payable Summary Forms.
 - Has met all related grant requirements (such as matching requirements).
 - Will receive the related reimbursement from the grantor after June 30.

Unearned Revenue

Report Unearned Revenue if you have drawn down or received grant cash at June 30 that represents neither PeopleSoft grant expenditures nor Accounts Payable.

Federal Fund Balance

The fund balance in a grant is the difference between the assets and liabilities in a grant, or the difference between the lifetime revenue and expenditures in a grant. All closing package adjustments for the grant should be included in determining the fund balance. For federal grants, the fund balance should always be \$0 once closing package adjustments are included (receivables and payables). In general, if your liabilities (or lifetime expenditures) are greater than your assets (or lifetime revenue) you should be reporting a larger receivable. If your assets (or lifetime revenues) are greater than your liabilities (or lifetime expenditures) you should be reporting a larger unearned revenue amount.

GASB 33 REQUIREMENTS

Governmental Accounting Standards Board (GASB) Statement #33 is effective as of fiscal year 2001. This statement addresses the reporting of receivables for non-exchange transactions. Those non-exchange transactions that would be reported as grants receivable are explained below.

Government-Mandated Non-Exchange Transaction: These transactions occur when a government at one level (i.e., federal government) provides resources to another government and requires that government to use the resources for a specific purpose. The principal characteristics of these transactions are that the provider government requires the recipient government to perform a program, or to pass the resources to another entity (subrecipient) to perform the program, and requires the fulfillment of certain eligibility requirements.

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Voluntary Non-Exchange Transaction: These transactions result from legislative or contractual agreements entered into willingly by two or more parties. The principal characteristics of these transactions are they are **not** imposed or mandated by the provider of the funds and fulfillment of eligibility requirements is essential. Examples of this type of transaction include certain grants and private donations. Eligibility requirements include time requirements (when the resources are allowed to be used), reimbursement requirements (resources provided after certain costs incurred), and contingencies (certain events must occur before resources are provided).

Eligibility requirements for both Government-Mandated and Voluntary Non-Exchange transactions include:

- **Required Characteristics:** The recipient and/or subrecipient are those whom the grantor specified should receive the grant award.
- **Time Requirements:** The provider requires the resources to be used during a specific time period.
- **Reimbursement:** Resources will only be provided on a reimbursement basis, and the recipient has incurred allowable costs.
- **Contingencies:** The resources will only be provided upon a specified action of the recipient.

If there are no eligibility requirements, including no time requirements, a receivable and revenue must be reported for the entire grant award, beginning with the first day of the provider's fiscal year.

The reporting of grant revenues and receivables for the non-exchange transactions explained above would not change the reporting for those grants that are awarded on a reimbursement basis. Follow the instructions for reimbursement grants. GASB 33 basically will effect the reporting for federal grant revenue and receivables if the award is not on a reimbursement basis, there are no contingency requirements, and there are no time requirements. Then, the entire federal grant award must be reported as revenue and receivable as of the first day of the federal fiscal year, for those awards where the federal fiscal year began prior to June 30 and the cash has not been received at June 30. If some of the award has been received in cash by June 30, only the portion not received at June 30 would be recorded as a receivable.

GASB 33 does affect the reporting of voluntary grants from private foundations or other private sources. Grant revenue from private grants must be reported at June 30 if your agency has received a pledge or promise of a grant from the private source on or prior to June 30, the promise is verifiable, the grant amount is measurable and probable of collection, and any grant requirements imposed by the grantor have been met. A grant receivable at June 30 must be reported for the cash not received at June 30 if all of the grant revenue requirements are met.

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WORKING PAPERS

All working papers are subject to possible audit. The agency should keep copies of the completed summary Forms. In addition, the agency should keep working papers to support each figure on the Forms. For example, agencies should thoroughly document:

- How you computed each amount.
- The source(s) of data for each amount.

In addition, you should retain:

- Copies of cost reports you file with grantors.
- Treasurer's receipts with related documentation.
- Correspondence or other documents relating to:
 - Grant awards.
 - Cash advances on grants.
 - Letter of credit draws.
 - Receipt of grantor reimbursement payments.

GENERAL INSTRUCTIONS--GRANT RECEIVABLE AND UNEARNED REVENUE SUMMARY FORM

- Complete the Grant Receivables and Unearned Revenue Summary Form if your fund received \$100,000 or more in grant revenue during the current fiscal year.
- Complete data on a Form for each state fund that receives \$100,000 or more grant revenue. (See the Master Closing Package Matrix for information about your agency's state funds.)
- Review the Accounting Principles and Policies section of this closing package carefully before you attempt to complete the Form.
- Only primary recipients of grant funds within State government should report amounts as Federal Revenue Accrual or Unearned Revenue Adjustment on the Form.
- Report Medicaid receivables on the Form only if they represent revenue receivables from grantors. (See Accounting Principles and Policies.)
- Report receivables for reimbursement grants if your agency met all of the following at June 30.
 - Recorded allowable grant expenditures during the fiscal year.
 - You met all related grant requirements (such as matching requirements).
 - You will receive the related reimbursement from the grantor after June 30.

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- Report receivables for cash advance and letter-of-credit grants if your agency meets all of the following:
 - You recorded allowable grant expenditures during the fiscal year.
 - At June 30 you had met all related grant requirements (such as matching requirements).
 - At June 30 you had not yet received cash from the grantor to cover these grant costs.
- Report Unearned Revenues for cash advance and letter-of-credit grants if you have cash on hand at June 30 that as yet represents neither PeopleSoft grant expenditures nor Accounts Payable.
- Report receivables from grant awards for which there are no time or other grant requirements for the portion of the award for which cash has not been received at June 30, and if the grantor's fiscal year began prior to June 30.
- Report receivables from voluntary private grants if the promise of a grant is made on or prior to June 30, the promise is verifiable, the grant is measurable and probable of collection, any specific grant requirements have been met at June 30, and the cash has not yet been received at June 30.
- Round all dollar amounts on the Form to the nearest whole dollar.
- Return the completed Form to the Office of Management and Budget on or before the due date indicated in the Schedule of Closing Package Due Dates in the Introduction Section.
- The person who completes and signs the Form should keep a copy. OMB will telephone this person if there are any questions.
- A sample completed Form and detailed instructions for completing the Form follows.

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COMPLETING THE GRANT RECEIVABLES AND UNEARNED REVENUE SUMMARY FORM

REF	EXPLANATION
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Note: The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.

- (1) Select the business unit number from the drop down list, the business unit's name will automatically populate.
- (2) Select the state fund code from the drop down list, the fund's name will automatically populate.
- (3) Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
- (4) Enter the amount due from the federal government as of June 30 including amounts entered on the Accounts Payable Accrual Summary Forms relating to the respective grants. (Also consider the effect of amounts on the Journal Voucher Summary Form and other Closing Packages relating to the respective grants).
- (5) Enter the amount received in July and Applied Back to June. Run the applicable apply back queries such as, NDSCAFR_DEP, NDSCAFR_ONL, etc to verify apply back amounts. **Do not include Cash received in June (this includes wire transfers that the Bank of ND received in June) but were not recorded on PeopleSoft until July and were applied back. These amounts are to be reported as Cash at BND on your cash closing package and not as a receivable.**
- (6) Enter the amount you estimate your agency will receive in the next 12 months (Include in this total the amounts received in July and NOT applied back to June. The way you choose to estimate it is left to your agency's discretion, but should have some reasonable basis as your auditors may review the calculation.)
- (7) The sum of (4), (5), and (6) will calculate. Please review this number. If it is different than expected, please check the number entered at (4), (5), and (6). All amounts need to be entered as a positive number.
- (8) Enter the amount received from the federal government but not spent at June 30.
- (9) Enter the amount spent during July and applied back to June including amounts entered on the Accounts Payable Accrual Summary Forms relating to the respective grants. (Also consider the effect of amounts on the Journal Voucher Summary Form and other Closing Packages relating to the respective grants).
- (10) The sum of (8) and (9) will calculate. Please review this number. If it is different than expected, please check the number entered at (8) and (9). All amounts need to be entered as a positive number.

Note: Enter amounts in whole dollars.

STATE OF NORTH DAKOTA
GRANT RECEIVABLES AND UNEARNED REVENUE SUMMARY FORM
At June 30, 20XX

1	Business Unit #: <u>99900</u>	Business Unit Name: <u>Sample Agency</u>
2	State Fund #: <u>888</u>	State Fund Name: <u>Operating Fund</u>
3	Prepared: <u>9 / 15 / XX</u> Date	By: <u>J.P. Junior</u> Name/Signature
3	Approved: <u>9 / 16 / XX</u> Date	By: <u>I.M. Senior</u> Name/Signature
		Acct. I <u>328-5555</u> Title/Phone
		Dir. Of Acctg. <u>328-5555</u> Title/Phone

Adjustment Code/Account	Description		Dollar Amount*
FOR OMB USE ONLY	<u>Grant Receivables</u>		
		Amount due from federal government as of June 30.	4 \$ <u>226,000</u>
	A	Less: Amount received during July and applied back to June.	5 (<u>73,000</u>)
	B	Less: Amount estimated to be received by June 30, 20XX.	6 (<u>153,000</u>)
	C	Remaining Federal Revenue Accrual	7 \$ <u>0</u>
	<u>Grant Unearned Revenue</u>		
		Amount received from federal government but not spent as of June 30.	8 \$ <u>95,000</u>
		Less: Amount spent during July and applied back to June. (Include amounts entered on the Accounts Payable Accrual Summary Form.)	9 (<u>37,500</u>)
	D	Unearned Revenue adjustment	10 \$ <u>57,500</u>

*The Grant Receivables and Unearned Revenue sections should be completed on a grant by grant basis with summary totals being placed on this form.

NOTE: Complete only if your State fund received more than \$100,000 of grant revenues as the primary recipient during the fiscal year.

FOR OMB USE ONLY

- | | |
|--|---|
| A DR 130001 (Intergov'tal Receivable)
CR 124001 (Accounts Receivable) | C DR 130001 (Intergov'tal Receivable)
CR 225002 (Unearned Revenue) |
| B DR 130001 (Intergov'tal Receivable)
CR 430040 (Revenue) | D DR 430040 (Revenue)
CR 225015 (Unearned Revenue) |

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Note: **The Grant Receivables and Unearned Revenue sections should be completed on a grant by grant basis with summary totals being placed on this form.**

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.

Grant Receivable/Deferred Revenue Closing Package Worksheet

This is meant to be for example only and not required to be completed in order to complete the Grants Receivable and Dererred Revenue closing package.

NOTE: Use the NDSALL01 project report, using the inception to date column for all amounts

If you did not covert your grant balances from SAMIS to Peoplesoft, you will need to add in any inception to date balances from prior SAMIS grant reports.

DO NOT INCLUDE PASS-THROUGH GRANTS AS GRANTS RECEIVABLE. ONLY REPORT RECEIVABLES FROM ANOTHER STATE AGENCY FORPASS THROUGH FUNDS NOT REQUESTED AS OF JUNE 30

Step 1

Grant Receivables/Deferred Revenue

Project #	A		Expenditures Applied Back on PSFT	Expenditures on Closing Packages	B		Other Expenses-See Note below	Other Revenue-See Note below	C	
	6/30/20XX Revenue	6/30/200X Expenditures			Revenue Received after 6/30 & Applied Back	Revenue				
Fed06-08	\$100,000	\$200,000	\$75,000	\$15,000	\$18,000	\$0	\$50,000	-\$122,000	GoTo Step2	
Fed06-09	\$150,000	\$100,000	\$80,000	\$6,000	\$5,000	\$0	\$0	-\$31,000	GoTo Step2	
Fed02-08	\$120,000	\$32,000	\$6,000	\$3,500	\$0	\$25,000	\$0	\$53,500	GoTo Step3	
Fed02-09	\$110,000	\$103,000	\$2,000	\$1,000	\$0	\$0	\$0	\$4,000	GoTo Step3	

A: Revenue at 6/30 includes all grant revenue at 6/30 plus any revenue JV'd in or out of a grant and applied back if revenue had been received by 6/30.

For ex.: Revenue at 6/30 for fund Fed06-09 is 100,000. Revenue of 50,000 was transferred in July from general fund to federal fund (Fed06-09) and applied back . The 50,000 revenue had been received prior to June 30th. The amount of Revenue then would be a total of 100,000 (100 + 50,000).

B: Do not include Cash received in June (this includes wire transfers that the Bank of ND received in June) but were not recorded on PeopleSoft until July and were applied back. These amounts are to be reported as Cash at BND on your cash closing package and not as a receivable.

C: If you receive a negative amount here you have a receivable (expenses greater than your revenue), positive numbers reflect Deferred Revenue and should be reported on the closing package accordingly.

NOTE:

Include any other transactions relating to your Federal grants that were not included in year end Reports nor in the Expenditures on Closing Packages Columns above. These could include expenditures or revenue reported on your Journal Voucher Accrual Summary Form, Miscellaeous Receivables, Refund Receivables, Prepaid Expenses or other closing packages. Also, include any significant amounts from journals you may have done or plan to do in September or later that relate to federal revenues or expenditures that relate to prior fiscal year business.

These steps are only to get the totals to input on the actual closing package. All numbers should come from step one except for the total columns.

Step 2

Grants Receivable

Project #	A		Expenditures Applied Back on PSFT	Expenditures on Closing Packages	Other Expenses	Difference Grants Receivable	B		C	
	6/30/20XX Revenue	6/30/200X Expenditures					Revenue Received after 6/30 & Applied Back	Other Revenue		
Fed06-08	\$100,000	\$200,000	\$75,000	\$15,000	\$0	\$190,000	\$18,000	\$50,000	\$122,000	
Fed06-09	\$150,000	\$100,000	\$80,000	\$6,000	\$0	\$36,000	\$5,000	\$0	\$31,000	
						<u>\$226,000</u>		<u>\$73,000</u>	<u>\$153,000</u>	

Step 3

Deferred Revenue

Project #	A		Deferred Revenue	Expenditures Applied Back on PSFT	Expenditures on Closing Packages	Other Expenses	Remaining Revenue
	6/30/20XX Revenue	6/30/200X Expenditures					
Fed02-08	\$120,000	\$32,000	\$88,000	\$6,000	\$3,500	\$25,000	\$53,500
Fed02-09	\$110,000	\$103,000	\$7,000	\$2,000	\$1,000	\$0	\$4,000
			<u>\$95,000</u>			<u>\$37,500</u>	<u>\$57,500</u>

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LOANS AND NOTES PAYABLE CLOSING PACKAGE

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PURPOSE AND OBJECTIVES

In this closing package, agencies should report long term debt payable to non-State parties and loans payable to the Bank of North Dakota and any short-term debt activity during the fiscal year. This does not include operating or capital leases, reported on the Lease Summary Closing Package form. Long term debt to include on this form include:

- Loans and Notes Payable
- Other long term Financing Agreements, such as Energy Lease Agreements
- Loans payable to the Bank of North Dakota (BND), including borrowings on Lines of Credit

Short-term debt includes activity on borrowings (including BND loans) they had during the fiscal year that was paid off prior to June 30.

The State plans to prepare its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that the State report proceeds from loans and notes payable and principal and interest payments in governmental fund statements and loans and notes payable outstanding as of June 30 as long term debt in the Government-Wide Statements. GAAP also requires that we report the effect of long-term debt related to the financing of Capital Assets in the Net Asset category, Invested in Capital Assets, net of Related Debt.

In addition, GAAP requires that all payables to other state agencies, which would include loans payable to the Bank of North Dakota be identified and reported.

GAAP requires that short-term debt needs to be disclosed in the Notes to the Financial Statements, even if the debt is not outstanding at fiscal year end.

AGENCY ACTION REQUIRED

- If you owe any non-State parties or the Bank of North Dakota money on loans or notes at June 30, complete a Loans and Notes Payable, Including other Financing Agreements, form.
- If you received a short-term loan or note during the year that was paid off by June 30, complete a Loans and Notes Receivable, Including other Financing Agreements, form.

KEY TERMS

Cash Held in Escrow: Funds held in a trust account on behalf of a specified party that is intended for future specific uses.

Financing Agreement: Agreement to repay a borrowed amount over a specific time period with interest. Principal and interest payments are normally due at specific intervals during the time period. With some agreements, cash is put in an escrow account to be used for expenditures incurred for the project the agreement is financing.

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Line of Credit: An arrangement in which a bank or other vendor extends a specified amount of unsecured credit to a specified borrower for a specified time period.

Loans or Notes Payable: Outstanding principal balances at June 30 on loans that the State owes to non-State parties or the Bank of North Dakota.

Long-Term Debt: Borrowings that will be repaid in future years.

Short-Term Debt: Borrowings that were received and paid off within the same fiscal year.

ACCOUNTING PRINCIPLES AND POLICIES

General

The State's policy is to report on its June 30 financial statements, the following:

On the Government-Wide Statements of Net Assets:

- Loans/Notes Payable, which includes other Financing Agreements. (See Key Terms). Reported on the Government-Wide Statement of Net Assets
- A reduction of Net Assets, Invested in Capital Assets, net of related Debt, for outstanding debt related to Capital Assets.

On the Governmental Fund Statements:

- Due to other funds for loans payable to the Bank of North Dakota on the Balance Sheet.
- Proceeds from loans/notes, cash held in escrow, and principal and interest payments on long-term debt on the operating statement.

Note disclosures on short-term and long-term debt.

Loans/Notes Payable

See the Key Terms section for definitions

GAAP requires the State to record:

- Loan/Note Payable outstanding at June 30.
- Net Assets, Invested in Capital Assets, Net of Debt
- Interest Payable for related interest incurred to June 30 but not yet paid as of June 30.
- Proceeds from Loans/Notes Payable
- Principal and Interest Payments on Long-term debt

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- Due to other funds for loans/notes or interest payable to other state agencies.
- Note Disclosure on changes in Long-Term Debt
- Note Disclosure on Short-term debt activity for the fiscal year.

WORKING PAPERS

All working papers may be subject to audit. The agency should keep copies of the completed closing package Forms. In addition, the agency should keep working papers to support each figure on the Forms. For example, agencies should thoroughly document:

- How you computed each amount.
- The source(s) of data for each amount.
- Methods you used to estimate amounts.

GENERAL INSTRUCTIONS--LOAN AND NOTES FORMS

A sample completed Form and detailed instructions for completing this Form follow.

- Round all dollar amounts to the nearest whole dollar.
- The person who completes and signs the Form(s) should keep a copy. OMB will contact this person if there are any questions.
- Detailed instructions for completing the Form follow. A sample completed Form follows the instructions.

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LOANS AND NOTES PAYABLE CLOSING PACKAGE

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COMPLETING THE LOAN RECEIVABLES SUMMARY FORM

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, XXXX' line.
(1)	Select the business unit number from the drop down list, the business unit's name will automatically populate.
(2)	Complete all information regarding preparation of this Form. To submit the completed closing package, please see instructions below.
(3)	Verify the loan/note balance at the beginning of the fiscal year (prior fiscal year ending balance).
(4)	Enter the amount of new loan/note borrowings during the current fiscal year, including short-term debt (loans/notes you borrowed and repaid within the current year).
(5)	Enter the principal payments made on the loan/note during the current fiscal year, including short-term debt (loans/notes you borrowed and repaid within the current year).
(6)	verify the sum of (3), (4), less (5).
(7)	Enter the amount of the year-end balance, (6), that is due by the end of the next fiscal year.
(8)	Enter the amount of interest payments you made on the loan/note during the current fiscal year.
(9)	Report the account and fund used to pay the principal and interest payments during the current fiscal year and the amount of each. (Include amounts paid on short-term debt.)
(10)	Report the amount of interest accrued through June 30 since your last interest payment.
(11)	Indicate if the loan/note was/or is from the Bank of North Dakota.
(12)	Enter the amount of cash held for your agency in an escrow account in accordance with your financing agreement. If none, enter a Zero.
(13)	If your agency has funds held in escrow for your project, report the name of the bank where the funds are held and the credit risk category. Credit Risk Categories can be found on page 8 of the Cash and Investments Closing Package section of this manual.
(14)	If the loan/note or other agreement financed capital assets, report the type of asset, original cost, accumulated depreciation amount, and net asset value.
(15)	Report if the Capital Asset has been recorded in the PeopleSoft Asset Module or reported on the Construction in Progress Closing Package.

Note: Enter amounts in whole dollars.

STATE OF NORTH DAKOTA
Loans and Notes Payable, including other Financing Agreements, Form
At June 30, 20XX

1 Business Unit #: 99900	Business Unit Name: Sample Agency	
2 Prepared: 08/10/XX	By: J.P. Junior	Acct. 328-5555
	Name/Signature	Title/Phone
2 Approved: 08/11/XX	By: I.M. Serior	Dir. Of Acct. 328-5555
	Name/Signature	Title/Phone

I. Start of Year Balance - Loan or Note Payable	3	\$	4,300,000
4 Additions			200,000
5 Deletions (principal payments)			(140,000)
Include additions and deletions for short-term debt activity during the year			
End of Year Balance - Loan or Note Payable	6	\$	4,360,000
Amount of year end balance due within one year	7	\$	160,000
Interest payments made during the current fiscal year ended June 30.	8	\$	200,000

Report the Fund or Funds used to make the principal and interest payments and the accounts used for those payments. (Include payments on short-term debt)

	Account	Fund	Amount	9
Principal Payments	621295	001	140,000	

	Account	Fund	Amount	9
Interest Payments	621465	001	200,000	

Report the amount of interest due at June 30, **10** \$ 50,000
 (Interest not yet paid but accrued to June 30 since the last interest payment made.)

Was or is this a loan from the Bank of North Dakota (included short-term **11** No

Cash held in Escrow for the Project **12** \$ 200,000

Report the name of the Bank where the escrow is being held and credit risk this account. Refer to page 8 of the Cash and Investment Section of the Closing Package Manual for Credit Risk Categories.

OMB Escrow Account **13** 3
 Bank Credit Risk (1,2 or 3)

Report the type and net value of the asset that is being financed with this **14**

Bldg Improvement	4,500,000	400,000	4,100,000
Asset Type	Cost	Accumulated Depreciation	Net Asset Value

Has this asset been reported on the Construction in Progress or Fixed Asset closing package or is it recorded in the PeopleSoft Asset Management Module? **15** Yes

If you are reporting a new financing agreement, send us a copy of your amortization schedule. If you are reporting an agreement that has been reported in the past, we either have or have developed an amortization schedule for your payable. However, if you have been making principal payments that differ from the amortization schedules, the balance of your notes payable could change. If the beginning balance of your payable does not agree to the amount sent to you by OMB, you will need to submit a current amortization schedule to our office.

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Note: **Submit a copy of your amortization schedule if the loan/note is new this fiscal year, or if the beginning balance of your loan/note does not agree to the amount sent to by OMB, submit your new amortization schedule.**

To Submit: After the closing package is completed, the Preparer will forward on to the Approver. The Approver needs to review and approve the form by typing their name on the Approver line. The completed closing package needs to be e-mailed by the Approver to cafr@nd.gov.