

Chart of Accounts Project Update

Central Florida FGFOA

October 11, 2013

Agenda

- ▶ Current Situation
- ▶ Statutory Requirements and Deadlines
- ▶ Reporting Entities
- ▶ Activities to Date
- ▶ Draft Chart of Accounts
- ▶ Cost Estimate Survey
- ▶ Upcoming Activities
- ▶ Questions
- ▶ Contact Information

Current Situation

Current Situation – State Agencies

- ▶ Section 215.93, F.S., establishes DFS as the functional owner for the state accounting system, Florida Accounting Information Resource (FLAIR) Subsystem
- ▶ FLAIR is a component of the Florida Financial Management Information System (FFMIS).
- ▶ The agencies in the executive branch are required to use the FFMIS
- ▶ Section 215.93, F.S. authorizes the CFO to establish a uniform chart of accounts for use by FFMIS

Current Situation – Local Gov't

- ▶ Section 218.33(2), F.S., requires each local governmental entity to follow uniform accounting practices and procedures per DFS rules. The law requires DFS to include a uniform classification of accounts. DFS is responsible for:
 - Creating an Annual Financial Report Format
 - Collecting AFR and Audit (if required) annually
 - Validating certain AFR information based on Audit
 - Submitting the compiled financial data to Legislature
- ▶ Section 218.32 (1), F.S. requires that local governments submit to DFS an Annual Financial Report covering their operations no later than 9 months after the end of their fiscal year

Current Situation – Local Gov't

- ▶ Section 218.39, F.S. requires an annual financial audit by an independent CPA be completed within 9 months after the end of the fiscal year for:
 - District School Boards, Charter Schools, Counties
 - Municipalities with revenues or the total of expenditures and expenses in excess of \$250,000
 - Municipalities with revenues or the total of expenditures and expenses between \$100,000 and \$250,000 that have not been subject to a financial audit for the 2 preceding fiscal years
 - Special districts with revenues or the total of expenditures and expenses in excess of \$100,000
 - Special districts with revenues or the total of expenditures and expenses between \$50,000 and \$100,000 that have not been subject to a financial audit for the 2 preceding fiscal years

Current Situation – Educational Entities

- ▶ Section 1010.01, F.S., requires the financial records and accounts of each school district, and community college to be prepared and maintained as prescribed by law and rules of the **State Board of Education**
- ▶ Each school district must account for expenditures of all state, local, and federal funds on a school-by-school and a district-aggregate basis in accordance with the manual developed by the **Department of Education (DOE)**
- ▶ The financial records and accounts of each state university must be prepared and maintained as prescribed by law and rules of the **Board of Governors**

Statutory Requirements and Deadlines

Statutory Requirements and Deadlines

SB1292 was introduced by Senator Alexander during the 2011 Legislative Session and eventually adopted into Chapter 2011-44, Laws of Florida. Intent of the law is:

“that a mechanism be provided for obtaining detailed, uniform reporting of government financial information to enable citizens to view compatible information on the use of public funds by governmental entities”

“that uniform reporting requirements be developed specifically to promote accountability and transparency in the use of public funds”

Statutory Requirements and Deadlines

Chapter 215.89, Florida Statutes requires DFS to propose a Draft Uniform Chart of Accounts (COA) to establish uniform reporting requirements for all units of government.

The statutory timeline to be followed is as follows:

- **July 1, 2013** – Publish the Draft COA
- **November 1, 2013** – Comments on COA are due from reporting entities
- **January 15, 2014** – Submit recommended COA and estimated costs of adopting and implementing to Governor and Legislature

Reporting Entities

Reporting Entities

Reporting entities effected by the provision in 215.89 F.S. are:

- State Agencies
- Local Governments
 - Cities
 - Counties
 - Water Management Districts
 - Municipalities
 - Special Districts
- Educational Entities
 - School Districts
 - State Universities
 - State Colleges

Activities to Date

Activities To Date

- ▶ Established Project website:
<http://www.myfloridacfo.com/aadir/COA/>
- ▶ Project concept and timelines presented to Cities, Counties, Universities, and Colleges
 - Presented at 19 meetings/conferences
- ▶ Reviewed Comprehensive Annual Financial Reports (CAFR) and audit reports of reporting entities
- ▶ Met with Legislative, DOE, DEO, and Auditor General staff
- ▶ Established an Advisory Workgroup. Workgroup reviewed recommended COA and provided feedback on challenges for implementation and the differences across the reporting entities

Activities To Date

- ▶ Awarded contract to KPMG to collect, validate, and summarize cost estimates
- ▶ Developed a crosswalk of current to proposed COA to assist reporting entities
- ▶ Distributed over 2,300 emails/letters to reporting entities regarding upcoming survey
- ▶ Developed material for webinars to educate reporting entities on the cost estimate process
- ▶ Launched cost estimate survey on September 16th
- ▶ Conducted 3 webinars that included live Q&A Sessions

Draft Chart of Accounts

Draft Chart of Accounts

Chapter 215.89 (2)(a) F.S., “Charts of account” means a compilation of uniform data codes that are to be used for reporting governmental assets, liabilities, equities, revenues, and expenditures to the Chief Financial Officer.

Uniform data codes shall capture specific details of the assets, liabilities, equities, revenues, and expenditures that are of interest to the public.

Draft Chart of Accounts

Reporting requirements are currently divided into two components:

- **Assets, Liabilities, and Equity** – reported annually at a level that can be validated with Financial Statements, may include accounts that are of specific interest to the public or Legislator
- **Revenue , Expenditures, and Other Sources & Uses** – reported monthly at a lower level of detail in order to provide transparency to the public on funds received and expended by each reporting entity (aka “check book” reporting). There is no intent to reconcile this information with financial statements.

Draft Chart of Accounts

- Reporting Entities may not utilize all accounts and are required to report only on the accounts applicable to their operations
- The amount reported for each account will need to be broken down to a specific level for the organization and fund
- Frequency of reporting will be either annually or monthly depending on the type of account

Draft Chart of Accounts

Account Type	Reporting Level	Reporting Frequency	Basis of Accounting
Assets	Entity and Fund Level	Annual	Modified or Full Accrual
Liabilities	Entity and Fund Level	Annual	Modified or Full Accrual
Equities	Entity or Fund Level	Annual	Modified or Full Accrual
Revenues	Lowest operational level recorded for the organization and fund	Monthly	Cash, Modified, or Full Accrual (determined by reporting entity's accounting system)
Expenditures	Lowest operational level recorded for the organization and fund	Monthly	Cash, Modified, or Full Accrual (determined by reporting entity's accounting system)
Other Sources and Uses	Lowest operational level recorded for the organization and fund	Monthly	Cash, Modified, or Full Accrual (determined by reporting entity's accounting system)

Draft Chart of Accounts

- The Draft Chart of Accounts is available on the Chart of Accounts Project's website
- The proposed Chart of Accounts lists each account with a definition that should ensure there is no overlapping of financial information reported in other accounts
- The Chart of Accounts are presented in alphabetical order within the account grouping – Assets, Liabilities, Equities, Revenues, Expenditures, and Other Sources and Uses

Chart of Accounts Crosswalk

- The Department has also posted a crosswalk of the reporting entities' current accounts to the proposed Chart of Accounts.
- The crosswalk was developed based on review of the reporting entities financial statements.

Chart of Accounts Crosswalk

Proposed Chart of Account	Chart of Accounts as reported on Financial Statements	<u>Counties</u>	<u>Cities</u>	<u>Special Districts</u>	<u>Univ.</u>	<u>Colleges</u>	<u>School Districts</u>	<u>WM Districts</u>	<u>State</u>
EXPENDITURES									
Employee Salaries and Benefits - Salaries	Executive Salaries	X	X	X					
Employee Salaries and Benefits - Salaries	Regular Salaries and Wages	X	X	X	X				X
Employee Salaries and Benefits - Salaries	Other Salaries and Wages	X	X	X					
Postage, Freight, and Delivery Sv	Mailing and Delivery Services				X				X
Postage, Freight, and Delivery Sv	Freight and Postage Services	X	X	X					
Postage, Freight, and Delivery Sv	Postage, Overnight and Next-Day Delivery				X				X
Postage, Freight, and Delivery Sv	Freight				X				X
Contracted Services - Printing and Reproduction	Printing and Binding	X	X	X					
Contracted Services - Printing and Reproduction	Printing and Reproduction				X				X
Contracted Services - Repairs and Maintenance	Repairs and Maintenance Services	X	X	X					
Contracted Services - Repairs and Maintenance	Repairs and Maintenance - Commodities				X				X
Contracted Services - Repairs and Maintenance	Repairs and Maintenance - Contracted Services				X				X
Property - Buildings and Fixed Equipment	Buildings	X	X	X					
Property - Buildings and Fixed Equipment	Modular Building Structures				X				X
Property - Buildings and Fixed Equipment	Buildings and Fixed Equipment				X				X

Reporting Challenges

- ▶ Effort required to report revenue and expenditures monthly. Today many counties accumulate financial information on an annual basis. To report monthly, each constitutional officer may need to report from their individual accounting systems
- ▶ Ability to report information at a lower level in the organization
- ▶ Reliance on direct support organizations and component units to provide their own financial reporting by the due dates

Revisions being Considered

- ▶ Require annual totals for Revenue and Expenditure amounts reported on the Financial Statements be included in the annual reporting requirements. DFS would validate these amounts for the local governments.

Note: Amounts reported monthly would not be audited or reconciled

- ▶ Municipalities and Special Districts that are not required to have a financial audit pursuant to Section 218.39, F.S. would be exempt from the monthly reporting requirements

Cost Estimate Survey

'Crosswalk' Cost Estimates

Manual Crosswalk

Internal Staff	Service Provider
<ul style="list-style-type: none"> • Job title and dept. • Compensation - hourly or salary amount • Full-time equivalency percentage • One-time and ongoing hours estimates (monthly and annual) • Description of responsibilities 	<ul style="list-style-type: none"> • Job title • Compensation - hourly rate • One-time and ongoing hours estimates (monthly and annual) • Travel expenses • Description of responsibilities

Automated Crosswalk

Internal Staff	Service Provider
<ul style="list-style-type: none"> • Job title and dept. • Compensation - hourly or salary amount • Full-time equivalency percentage • One-time and ongoing hours estimates (monthly and annual) • Description of responsibilities 	<ul style="list-style-type: none"> • Job title • Compensation - hourly rate • One-time and ongoing hours estimates (monthly and annual) • Travel expenses • Description of responsibilities

Technology (acquisition + licensing)

'Modify' Cost Estimates

- ▶ Costs associated with modification of:
 - Financial accounting system (simple)
 - Other financial and operational systems interfacing with financial accounting system (complex)
- ▶ Modification can be performed by internal staff and/or third-party service provider
- ▶ Similar cost estimate data as Crosswalk – hours, compensation, etc.

Component Units

- ▶ Component Unit (CU) or Direct Support Organization (DSO) UCOA reporting – separate from Reporting Entity
- ▶ Prior to survey completion, search Reporting Entity list to determine if your CU's or DSO's are considered a UCOA Reporting Entity
 - If yes, do NOT include in your survey cost estimates
 - If no, do include in cost estimates.
 - Note: If you do not report on CUs or DSO's, please forward the survey to your CU and/or DSO contacts

Local Government Electronic Reporting (LOGGER) System

AFR Login In Screen

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LOCAL GOVERNMENT FINANCIAL REPORTING

Reports Login

Login Page

Input your government's six digit Unit ID for the User Name and the Password assigned for your government from the Department of Financial Services. Upon your first successful login, you will be prompted to change the password to one of your choosing.

If you need to obtain your government's Unit ID or Password, contact the Department of Financial Services' Bureau of Local Government at (850) 413-5571 or e-mail your password request to localgov@fldfs.com.

Username:	<input type="text"/>
Password:	<input type="password"/>
<input type="button" value="Log In"/>	

AFR Main Menu

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Main Menu

User ID: **100001** Role: **LGE**
Unit ID: **100001** - **Alachua**

- **AFR Management**
View, Submit, or Modify AFRs & Update General Information
- **Reports**
Generate Canned & Ad-Hoc Reports

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AFR Selector Screen

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AFR Selector

User ID: **100001** Role: **LGE**
Unit ID: **100001 - Alachua**

Select An AFR

Start New or Continue Unsubmitted AFR

----- ▾

Modify ----- A Submitted AFR

2012
----- ▾

AFR Summary Screen

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AFR Summary for 2012

User ID: **100001** Role: **LGE**
Unit ID: **100001 - Alachua**

Original AFR

- **General Information**

Update location and contact information for your entity.

- **Revenues**

Enter revenue balances by account code and fund group.

- **Expenditures**

Enter expenditure balances by account code, object code, and fund group.

- **Debt**

Enter formal long-term debt balance.

- **Component Units**

Enter Component Unit Reporting Type and total revenue, expenditure, and long-term debt balances if applicable based on Component Unit Reporting Type.

- **Audit**

Verify completion of audit or enter Data Element Worksheet Amounts

- **Certification**

Certify & submit AFR.

Summary	Comments	Unit Info	Amendments
Status:		In Progress	
AFR Received Date:		N/A	
Audit Received Date:		N/A	
Submission Type:		None	
Print AFR			

Revenue and Expenditure Data

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Revenues for 2011

User ID: **100001** Role: **LGE**
 Unit ID: **100001 - Alachua**

Use this screen to enter revenue balances by account code and fund group. Use the box to the right to add, delete, and import lines of revenue data. To update an existing line of revenue data, select the icon in the edit column beside the appropriate row. Fields will only allow whole numbers (no decimals).

[View Revenue Account Codes](#)
[Print All Listed Revenues](#)

Done Entering Revenues No Revenues

Before the system will allow you to submit your AFR, you must check the "Done Entering Revenues" checkbox. This is still true if you have checked the "No Revenues" checkbox. If the "Done Entering Revenues" checkbox is not checked at the time you submit the AFR, you will receive an error message and the AFR will not submit.

Account	General	Special Revenue	Debt Service	Capital Projects	Permanent	Enterprise	Internal Service	Pension Trust	Component Units	Total
311000 - Ad Valorem Taxes	97,373,387	17,269,974	2,906,504							117,549,865
312100 - Local Option Taxes		3,291,756								3,291,756
312300 - County Ninth-Cent Voted Fuel Tax			1,180,438							1,180,438
312410 - First Local Option Fuel Tax		3,422,512								3,422,512
312420 - Second Local Option Fuel Tax			1,026,238	1,503,995						2,530,233
312600 - Discretionary Sales Surtaxes		8,955,873	2,749,191	63,188						11,768,252
314100 - Utility Service Tax - Electricity		6,581,093								6,581,093
314300 - Utility Service Tax - Water		1,161,364								1,161,364
314700 - Utility Service Tax - Fuel Oil		34								34
314800 - Utility Service Tax - Propane		699,856								699,856
Page Total:	97,373,387	41,382,462	7,862,371	1,567,183	0	0	0	0	0	148,185,403

AFR – Component Unit

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Component Units for 2012

User ID: **100001** Role: **LGE**
Unit ID: **100001 - Alachua**

To input Component Unit information, select the icon in the edit column beside the appropriate row.

NOTE: Only those who are blended or discretely reported will be prompted to enter revenue, expenditure, and long-term debt amounts. Component Units with zero revenues and expenditures will still be required to enter long-term debt.

To set up a new Component Unit, contact the Department of Financial Services' Bureau of Local Government at (850) 413-5571 or email your request to localgov@fldfs.com.

Edit	Component Unit	Type	Total Revenues	Total Expenditures	Total Debt
	300500 - Alachua County Health Facilities Authority				
	300058 - Alachua County Housing Authority				
	300501 - Alachua County Housing Finance Authority				
	300502 - John A. H. Murphree Law Library				
	301947 - Sugarfoot Oaks/Cedar Ridge Preservation and Enhancement District				

AFR Audit Section

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Audit for 2011

User ID: **100001** Role: **LGE**
Unit ID: **100001 - Alachua**

Pursuant to Section [218.32\(d\)](#), Florida Statutes, governments that meet a revenue and expenditure balance threshold are required to submit an independently audited financial statement with their AFR. If an audit is completed, you will be prompted to supply firm and completion information. If an audit is not required, you will be prompted to the Auditor General's Data Element Worksheet which is required pursuant to Section [218.32\(e\)](#), Florida Statutes.

To successfully submit the AFR, either the audit information or the Data Element Worksheet must be completed.

Was an audit performed? Yes

**Completion date of
the financial audit:** 3/13/2012

Firm Name: Carr, Riggs & Ingram LLC

Firm Phone: (352) 372-6300

Firm Address: 4010 NW 25th Place
Gainesville, FL 32606

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Certification and Submission

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Certification for 2012

User ID: **100001** Role: **LGE**
Unit ID: **100001 - Alachua**

Pursuant to Section 218.32(1)(a), Florida Statutes, to successfully complete and submit the Annual Financial Report (AFR), "The chair of the governing body and the chief financial officer of each local governmental entity shall sign the annual financial report submitted ... attesting to the accuracy of the information included in the report."

To complete the Certification requirement, identify and respond to the three legal clauses on this page, input the names and titles of the applicable officers, have the officers identify the terms and conditions that certify the entire AFR and sign off on the package by checking the agreement box.

When complete, and the "Submit AFR" button is clicked, you will not be able to update any of the AFR information without contacting DFS.

Have You Experienced a Financial Emergency in this year? Yes No

If Yes, Have You Compiled With Section 218.503(2), Florida Statutes? Yes No

Auditor General Rule: Section 10.554(1)(h) 6.b): If applicable, does the Annual Financial Report agree with the Audited Financial Statement? (Do total revenues and expenditures per fund group on the AFR balance to the audited Statement of Revenues and Expenditures?) If no audit was required and the Data Element Worksheet has been completed, please choose Yes. Yes No

Chief Financial Officer

I Agree to the [Terms and Conditions](#)

Name:

Title:

Chairman/Elected Official

I Agree to the [Terms and Conditions](#)

Name:

Title:

Save

Cancel

Submit AFR

LOGGER Revisions

- ▶ The Department anticipates modifying the current transparency application for Local Government Reporting (LOGGER) to support COA reporting
 - Reporting entities will need to upload monthly and annual balances for each combination of organization, fund, and account
 - Reporting entities will need to provide their values and descriptions for organization and fund with each load
 - Reporting entities will have to identify the classification of the fund and basis of accounting for each combination
- ▶ Recommended LOGGER reporting template will be posted on the project website

Upcoming Activities

Upcoming Activities

October 2013

- Reporting Entities submit Cost Estimate Survey by October 25

November 2013

- Reporting Entities submit Comments by November 1
- Contractor will finalize cost estimates and Summary Report

December 2013

- DFS will finalize the Chart of Accounts Recommendation Report

January 2014

- Submit final recommended Chart of Accounts and estimated cost of adopting and implementing to Governor and Legislature

Final Report

CFO's final report will be provided to the Speaker, President, and Governor by January 15, 2014. The report will include:

- ▶ Listing of proposed Uniform Chart of Accounts with definitions
- ▶ Recommendations for the reporting requirements
- ▶ Summary of the cost impacts collected from the reporting entities
- ▶ Draft legislation for the implementation of recommendations

Questions ?

Contact Information

Christina Smith, Director
Division of Accounting and Auditing

Project website:

<http://www.myfloridacfo.com/aadir/COA/>

Email:

chartofaccounts@myfloridacfo.com