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State of Louisiana

Division of Administration

Office of Statewide Reporting and Accounting Policy

June 28, 2010

OSRAP MEMORANDUM 10-32

TO: All ISIS State Agencies

FROM: Afranie Adomako, CPA
Director

SUBJECT: Instructions for Preparation of the Annual Fiscal Report (AFR)

Enclosed are the instructions and forms necessary for the completion of your reporting entity's Annual Fiscal Report (AFR) for the period ending June 30, 2010. OSRAP will prepare all of the depreciation schedules for movable property and buildings.

As in prior fiscal years, you will obtain the "lead" schedules for Schedules 1, 3, and 4 from BUNDL. There were no changes made to these forms. In an effort to aid agencies, applicable information in ISIS has been accumulated and the schedules produced. The lead schedules are to be returned with your completed AFR packet. <u>DO NOT RETYPE THE LEAD SCHEDULES.</u> Add the changes in the adjustment column on all schedules and adjust accordingly. Statements A and B (Balance Sheet and Operating Statement) are no longer required for ISIS agencies. Relevant information that was on these statements should be included in the notes. These include payroll accrual by programs, petty cash, deferred revenue, and GASB 34 accruals. The information needed for Notes J (annual and compensatory leave) and R (payroll accrual) will be provided to you from OSRAP. You may contact your assigned analyst after July 9th to obtain this information. Again, you will be required to provide GASB 34 accruals, which should be provided on Schedule 14.

Schedules 1, 3, and 4 will be on BUNDL after the 8/15/10 close. The ISIS report numbers are 4G31, 4G32, and 4G33, respectively. **Any changes that are needed on these schedules should be made on the original. Also, any payments for delivery dates on or before 6/30 paid with Current Year Appropriations (4G03), which appears on the Schedule 1, will be in BUNDL. To verify column 2 on Schedule 1, the 2009 4G03 Report will be in BUNDL in archives. The current year 4G03 will be available at the end of August.**

Three new GASB Statements (GASB Statements No. 51, 53, and 58) are being implemented for this fiscal year end. GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to intangible assets, as applicable.

This Statement requires that an intangible asset be recognized in the statement of net assets only if it is considered identifiable. An intangible asset is identifiable if it is separable; i.e., the asset is capable of being separated and sold, transferred, licensed, etc., or if the asset arises from contractual or other legal rights, regardless of whether rights are separable.

GASB Statement No. 51, paragraph 7, states, "Intangible assets are considered internally generated if they are created or produced by the government or an entity contracted by the government, or if acquired from a third-party but require more than minimal incremental effort on the part of the government to begin to achieve their expected level of service capacity." Commercially available software that is purchased or licensed, but modified by using more than minimal effort before being put into operation is also considered internally generated. GASB 51 uses an approach called the Specified Conditions Approach for internally generated intangible assets, in which outlays are capitalized when incurred once specified conditions are fulfilled (paragraph 46 (c)). Outlays incurred before the specific conditions are met are expensed as incurred. GASB 51 groups the activities involved in developing and installing internally generated computer software into the following stages (GASB 51, paragraph 10):

> **a. Preliminary Project Stage: includes the conceptual formulation and evaluation of alternatives, the determination of the existence of needed technology, and final selection of alternatives for development of software. Outlays associated with activities in this stage <u>should be expensed as incurred</u>.**
>
> **b. Application Development Stage: includes the design of the chosen path (consisting of software configuration and interfaces), coding, installation to hardware, and testing (including parallel processing). Also includes licensing of commercially available software (GASB 51, paragraph 65).**
>
> **c. Post-Implementation/Operation Stage: includes application training and software maintenance. Outlays associated with activities in this stage <u>should be expensed as incurred</u>.**

Outlays related to activities in the application development phase <u>should be capitalized</u> only upon the occurrence of all the following:

a) **Determination of the specific objective of the project and the nature of the service capability to be provided by the asset.**
b) **Demonstration of the technological feasibility for completing the project.**
c) **Demonstration of the current intention, ability, and presence of effort to complete or continue development of the asset.**

OSRAP's capitalization threshold for purchased or internally generated software is $1 million. For more information on GASB Statement No. 51, refer to OSRAP Memo 09-34, www.doa.louisiana.gov/OSRAP/library/memos/09/OSRAP0934.pdf.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative

instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools; however, derivative instruments also can expose governments to significant risks and liabilities. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts, and futures contracts.

A key provision in this Statement is that derivative instruments covered in its scope, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully benefit-responsive, are reported at fair value. For many derivative instruments, historical prices are zero because their terms are developed so that the instruments may be entered into without a payment being received or made. The changes in fair value of derivative instruments that are used for investment purposes or that are reported as investment derivative instruments because of ineffectiveness are reported within the investment revenue classification. Alternatively, the changes in fair value of derivative instruments that are classified as hedging derivative instruments are reported in the Statement of Net Assets as deferrals.

Derivative instruments associated with hedgeable items that are determined to be effective in reducing exposures to identified financial risks are considered hedging derivative instruments. Effectiveness is determined by considering whether the changes in cash flows or fair values of the potential hedging derivative instrument substantially offset the changes in cash flows or fair values of the hedgeable item. In these instances, hedge accounting should be applied. Under hedge accounting, the changes in fair values of the hedging derivative instrument are reported as either deferred inflows or deferred outflows in a government's statement of net assets. For more information concerning this statement, see OSRAP Memo 10-18, (hold down the "ctrl" key when clicking the link) http://www.doa.louisiana.gov/OSRAP/library/memos/10/OSRAP1018.pdf.

GASB 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. Governments that have filed for bankruptcy are required to disclose information regarding, among other things, the pertinent conditions and events giving rise to the petition for bankruptcy, the expected gain, and the effects upon services. No changes were made to this AFR packet due to this GASB statement. If you need further guidance with the statement, please contact our office.

Also, new this year, agencies are required to list the American Recovery and Reinvestment Act (ARRA) revenues and expenditures on Schedule 14 and 14A. See instructions beginning on page 11.

Implemented in fiscal year 2009, GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, requires reporting obligations and expenditures that address the current or potential detrimental effects of *existing* pollution by participating in remediation activities. The Pollution Remediation Obligations note has been revised to include a worksheet on which can be listed your agency's pollution remediation projects initiated in fiscal year 2009-2010. Columns are provided for the original estimated amount for each project, increases during the

year to the estimated amount, expenditures, decreases other than expenditures, and ending balance. You must also provide the amounts expected to be paid within one year and amounts expected to be paid in more than one year; these two figures must equal the total ending balance. There is a column for amounts that may be recovered from insurance or other parties, and a column for amounts paid in the 45-day close. This last column is to be used by governmental agencies using the modified accrual basis of accounting.

Since governmental agencies do not report capital assets, items to be capitalized must be identified separately from the expenditures for pollution remediation activities. A separate schedule is provided in the note to identify capitalized items. The criteria for capitalization are provided in OSRAP Memo 9-24, issued March 24, 2009. OSRAP also issued Memo 10-17 on April 14, 2010, which defines three new expenditure objects, one for pollution remediation expenditures/expenses and two for capitalized remediation outlays for buildings and equipment. Both OSRAP Memos 9-24 and 10-17 can be found at http://www.doa.la.gov/osrap/sagasb49.htm. Additional information can also be found in the 'Q & A' document at (http://www.doa.la.gov/OSRAP/library/gasb34/GASB49_QA.pdf).

As in the past, agencies should consider materiality before making adjustments to ISIS-generated schedules. Remember your agency reports are intended "to present fairly, in all *material* respects, the financial operations of your agency. In this regard, the following table will be the basis of determining materiality and will assist you in your decision to adjust the system reports or submit them unchanged. If your aggregate adjustments are $100,000 or more, we ask that you adjust the lead schedules regardless of the conclusions drawn from the materiality table. Additionally, in deciding whether adjustments should be made, you should use the aggregate amount of all adjustments. For example, if you have $300,000 in expenditures with five adjustments totaling $15,000 or more, you should record the adjustment. Each adjustment does not stand on its own. Materiality under the sliding scale method may be determined by multiplying the appropriate factor below by total revenues or expenditures. Using the table, apply the corresponding factor, interpolating as necessary between two factors.

Revenues/Expenditures	Factor
$ 300,000	.050
1,000,000	.017
5,000,000	.015
10,000,000	.012
50,000,000	.008

Materiality factors are designed as an aid in completing the AFR. To ensure that the materiality table shown above is not impacting the state's CAFR adversely, keep a record of all the differences you discover and do not include these on your financial reports. *This list of differences must be forwarded with the AFR packet to both the Office of Legislative Auditor and this office.*

The forms and instructions are designed to meet the general needs of most reporting units; however, this should not preclude adaptations (after approval from this office) for units having unique reporting situations.

You are not required to submit copies of system reports with your AFR (except Schedules 1, 3, and 4). The reports that you need not submit include the appropriation reports, agency trial balances, and copies of any ad hoc reports. **Do not staple the report; use a binder clip.**

Any changes from last year in the instructions, AFR, and notes appear in **bold lettering**. The completed packet should include the following:

1. Schedule 1 (General Operating Appropriation Funds, Schedule of Revenues and Expenditures - Budgetary Comparison, Current Year Appropriation –Budget - Legal Basis)
2. Schedule 3 (Schedule of Appropriated Revenue by Type - General Operating Appropriation Funds)
3. Schedule 3-1 (Schedule of Adjustments Due to Cash Basis Programs)
4. Schedule 4 (Schedule of Non-Appropriated Major State Revenue and Income Not Available)
5. Schedule 6 (Non- Appropriated Other Funds- Schedule of Revenues, Expenditures and Changes in Fund Balance)
6. Schedule 6-1 (Escrow Fund Schedule of Revenues, Expenditures, and Changes in Balances)
7. Schedule 8 (Schedule of Federal Financial Assistance)
8. Schedule 10 (Schedule of Per Diem Paid Board/Commission Members)
9. Schedule 11 (Schedule of Consultant Fees for Feasibility Studies and Other Special Reports by Fund)
10. Schedule 13 (Schedule of Interagency Receipts)
11. Schedule 14 (GASB 34 Revenue Accruals)
12. Schedule 14A (GASB 34 Expenditure Accruals)
13. Schedule 15 (Comparison Figures)
14. Schedule 16 (Cooperative Endeavors)
15. Notes – **Do not** change the note sequence. If a note does not pertain to your entity, put N/A by the note letter, and maintain the note lettering in the packet.

If you have any questions concerning Schedule 8, please contact Ms. Kimberly Dwin at 342-1089.

The deadline to submit the AFR packet is August 31, 2010. This packet is on OSRAP's website at www.doa.la.gov/osrap/index.htm (click on AFR packets and select "ISIS"). Please return **two** completed hard copies to OSRAP, Post Office Box 94095, Baton Rouge, LA 70804-9095. Do not staple the reports; use a binder clip.

A copy of the AFR should be electronically forwarded to the Office of the Legislative Auditors along with the affidavit to Legislative_Auditor_-_Fileroom.LLA@lla.state.la.us. Please note the affidavit sent to OSRAP must be the original, signed, and notarized document, **while the affidavit sent to the Legislative Auditor may be sent electronically**.

If you have any questions concerning the above, contact the OSRAP analyst assigned to your agency per the list on the next page.

AA:PS
Enclosures

AGENCY ASSIGNMENTS

DEPARTMENT	ANALYST	PHONE #
Office of the Governor:		
01-100 through 01-259	Tandra Boults	342-6351
01-107	Pam Stephens	342-0712
Veterans Affairs	Tandra Boults	342-6351
Judiciary	Tonia Jackson	342-8090
Elected Officials:		
04-139, 141, 158, 160, 165	Deborah Zundel	342-0710
04-146	Sean Langlois	342-5509
04-147 and 148	Pam Stephens	342-0712
Economic Development	Pam Stephens	342-1089
Culture, Recreation, and Tourism	Sean Langlois	342-5509
Department of Transportation	Katherine Porche	219-4442
Corrections		
08-400 through 08-416,450,451	Pam Stephens	342-0712
Public Safety		
08-418 through 08-425,966,928	Sue Seab	342-1096
DHH 09-303/305/306/307/320/326	Inga Kimbrough	342-1088
DHH – 09-330 through 351	Inga Kimbrough	342-1088
DSS	Inga Kimbrough	342-1088
Natural Resources	Pam Stephens	342-0712
Revenue and Taxation	Pam Stephens	342-0712
Environmental Quality	Sue Seab	342-1096
Labor	Pam Stephens	342-0712
Wildlife	Deborah Zundel	342-0710
Civil Service	Sean Langlois	342-5509
Education	Sean Langlois	342-5509
Special Acts	Tonia Jackson	342-8090
Other Requirements	Pam Stephens	342-0712

TABLE OF CONTENTS FOR THE AFR PACKET

1. Prepare Schedule 3 (Schedule of Appropriated Revenue by Type - General Operating Appropriation Funds) Note: ISIS agencies should adjust system-generated reports if material differences are found.

2. Prepare Schedule 3-1 (Schedule of Adjustment Due to Cash Basis Programs) for agencies with cash basis programs only.

3. Prepare Schedule 4 (Schedule of Non-Appropriated Major State Revenue and Income Not Available) Note: ISIS agencies should adjust system-generated reports if material differences are found.

4. Prepare Schedule 1 (General Operating Appropriation Funds, Schedule of Revenues and Expenditures - Budgetary Comparison, Current Year Appropriation - Budget - Legal Basis) Note: ISIS agencies should adjust system-generated reports if material differences are found.

5. Prepare Schedule 6 (Schedule of Revenues, Expenditures and Changes in Fund Balance - Non-Appropriated Other Funds)

6. Prepare Schedule 6-1 (Schedule of Revenues, Expenditures, and Changes in Balance - Escrow Fund)

7. Prepare Schedules 10 (Schedule of Per Diem Paid Board (Commission Members), and 11 (Schedule of Consultant Fees for Feasibility Studies), if applicable.

8. Prepare Schedule 13 (Schedule of Interagency Receipts)

9. Prepare Schedule 14 (GASB 34 Revenue Accruals)

10. Prepare Schedule 14A (GASB 34 Expenditure Accruals)

11. Prepare Schedule 15 (Comparison Figures)

12. Prepare Schedule 16 (Cooperative Endeavors)

13. Prepare Schedule 8 (Schedule of Federal Financial Assistance)

14. Prepare Note presentations

Schedule 3 is a presentation of Revenue activity for the agency appropriation (general & auxiliary) activities. It is generally intended to reflect ISIS activities and is normally a presentation of financial data on a legal budgetary basis. Non-revenue items (i.e. T100, T110, T120, T130, T150, T170, T180, T190, T195, T200, T210, T220, T300, T310, T340, T350, T360, T370, T375, T380, and T385) are not shown on this schedule. Agencies on central cash management will receive a "lead" Schedule 3. The information on the schedule, as mentioned in the cover letter, is derived from data in ISIS. DO NOT RETYPE THIS LEAD SCHEDULE. Should you have adjustments, make pencil corrections on the lead schedule in Column VII and return it to this office with your packet. Remember adjustments less than those established using the materiality factors shown in the cover letter should not be made. The following is the method used in preparing the lead schedules:

1. In Column I enter the three digit ISIS Means of Financing Appropriation Number associated with the detail appropriated fund source.

2. In Column II enter the four digit ISIS revenue source code for revenue collections in that appropriated fund source.

3. In Column III enter by ISIS revenue source code the total cash receipts received and classified through June 30, 2010, from the June 30, 2010, Organization Responsibility Reports (2G00) or Appropriation Report (2G15). Do not include non-revenue items listed above.

4. Under Column IV enter by ISIS revenue source code the total cash receipts on deposit with the State Treasury but not classified as of June 30, 2010 (assumes classification subsequent to June 30, 2010). Refer to ISIS report 5G25 Prior Year Classification of Deposits on File as of 6/30/10 Report to obtain listing of unclassified receipts and to your July/August monthly transaction listings to determine subsequent classification type.

5. Column V is the total of Columns III and IV.

6. In Column VI enter by ISIS revenue source code the accounts receivable, which were collected and classified between 7/1/10 and 8/14/10, for the reported fiscal year within those appropriated sources, and were not included in either Column III or IV.

7. In Column VII agencies on central cash management would record material modified accrual adjustments to ISIS information. e.g. Cash received at 6/30 and classified in the 45 days, must be footnoted so accounts receivable can be adjusted.

8. Column VIII "Total Revenue" is the total of Columns V, VI and VII. If classifications have been accomplished in accordance with established time frames, this amount should agree with the August 15, 2010 Organization Responsibility Report (2G00) or Appropriation Report (2G15) for fiscal year 2009-2010, except for adjustments in Column VII.

NOTE: *The Total Revenue figure may include revenue in excess of budget*. Direct General Fund Appropriation and Interim Emergency Board activity are *not* included on this schedule.

Section A is a method of adjusting 2009-2010 ISIS Means of Financing for departments (e.g. DHH) that have cash basis programs (such as Title 18 and/or 19). This schedule provides a means of reflecting revenue accrual data (both 2008-2009 and 2009-2010) using budgetary basis revenue data for those units having cash basis programs. If your agency has Federal cash basis grants, please accrue the revenue that you are to receive to cover the expenditures that have been incurred, if the grant was written with that specification. Units without these programs are not required to complete Schedule 3-1.

1. Column I-Enter the three digit ISIS Means of Financing Appropriation Number associated with each fund.

2. Column II-Enter the total revenue from Column VIII of Schedule 3 by means of financing.

3. Column III-Enter the accrual amounts established in 2008-2009 by means of financing, from the Schedule 3-1, column IV in your fiscal year 2009 AFR.

4. Column IV-Enter the 2010 cash basis program accruals by means of financing, i.e., revenues earned prior to June 30, 2010, but which will be deposited to the 2010-11 fiscal year during the period July 1, 2010 through June 30, 2011.

5. Column V-Equals Column II minus III plus IV.

Section B Schedule 3-1 is a means of adjusting 2009-10 ISIS expenditures for departments that have cash basis programs.

Should you feel your agency is required to complete this part of 3-1, call your designated analyst at the Office of Statewide Reporting and Accounting Policy for further instructions.

Schedule 4 is a presentation of non-appropriated (INA, major state and other non-appropriated) revenue activity occurring within the agency unit that is not available to finance operations. Although Schedule 4 is a presentation of financial data on a legal budgetary basis, it is normally equivalent to a modified accrual basis. Like Schedule 3, agencies on central cash management will receive a "lead" Schedule 4. DO NOT RETYPE THIS LEAD SCHEDULE. If you have adjustments, make pencil corrections on the lead schedule in Column VIII and return it to this office with your packet. The following is the method used in preparing the "lead" schedule:

1. In Column I enter the three-digit ISIS Appropriation Number and title associated with the Non-Appropriated Fund Source. (Income not available will not have a separate agency appropriation number. All Agencies will use XB2.)

2. In Column II enter the four-digit ISIS revenue organization number for the revenue source being reported.

3. In Column III enter the four-digit ISIS revenue source code.

4. In Column IV for each ISIS revenue source code enter total cash receipts classified through June 30, 2010, from the related ISIS Organization Responsibility Report (2G00). Do not include non-revenue accounts (i.e. T100, T110, T120, T130, T150, T170, T180, T190, T195, T200, T210, T220, T300, T310, T340, T350, T360, T370, T375, T380, and T385, if applicable).

5. In Column V enter, by ISIS revenue source code, the total cash receipts on deposit with the State Treasurer but not classified as of June 30, 2010, which were classified subsequent to June 30, 2010, and prior to August 15, 2010. Refer to 5G25 Prior Year Classification of Deposits on File as of 6/30/10 to obtain listing of unclassified receipts and to your monthly transaction listing to determine subsequent classification.

6. Column VI is the total of Column IV and V.

7. In Column VII, enter by ISIS revenue source code, the accounts receivables, which were collected and classified between 7/1/10 and 8/14/10 for the reported fiscal year and were not included in either Column IV or V.

8. In Column VIII agencies on central cash management would record material modified accrual (see definition on preceding pages) adjustments to ISIS information (e.g. cash received at 6/30 and classified in the 45 days, must be footnoted so accounts receivable can be adjusted).

9. Column IX "Total Revenue" is the total of Columns VI, VII, and VIII. If classifications have been accomplished in accordance with established time frames, this amount should agree with the August 15, 2010 Organization Responsibility Report (2G00) (or you can use the ISIS screens) for fiscal year 2009-10, except for any adjustments in Column VIII.

Schedule 1 is intended to represent total general operating activities (both means of financing and expenditure activities authorized in the general and auxiliary appropriations acts) on a legal budgetary basis.

Schedule 1 is a "lead" schedule produced through ISIS. It will be made available to those agencies with expenditures and/or revenues on ISIS. DO NOT RETYPE THIS LEAD SCHEDULE. No adjustments should be made unless the adjustments are greater than those established using the factors discussed in the cover letter. Should you have adjustments, make pencil corrections on the lead schedule in Column IV and return it to this office with your packet. Adjustments to this schedule may include additions to the accrual columns. If you received goods and/or services on or before June 30, 2010 and liquidated these invoices from your fiscal year 2011 appropriations, this amount will not be reflected on your "lead" schedule. Material amounts of such payments may be reflected as an adjustment in Column IV. Material additions to accounts receivable would also be reflected as an agency adjustment in Section A of Column IV.

The following is the method used in preparing the "lead" schedule:

1. In Column I indicate:
   A. Revenues - Total actual year-to-date receipts by Means of Financing (exception GF and IEB indicate total warrants drawn) from June 30, 2010, Appropriation Report. This should equal Column V of Schedule 3 plus any non-revenue activity such as T100, T110, T120, T130, T150, T170, T180, T190, T195, T210, T220, T300, T310, T340, T350, T360, T370, T375, T380, and T385, if applicable. NOTE: T200 should not be included on Schedule 1. NOTE: Increases will be due to unclassified cash and will equal the total of the revenue accounts shown on Run 5G25, *PY Classification of Deposits*.

   B. Expenditures - Total actual year-t--date cash disbursements by programs at June 30, 2010, Appropriation Report by Agency (2G15). NON-ISIS agencies may obtain information from agency financial records.

   NOTE: For ISIS agencies, Column I expenditures are adjusted by system accounts payable, debit memos, and returns of appropriation.

2. In Column II indicate:
   A. Revenues - no information need be reported on these lines unless receipts classified to 2009-10 were recognized in error as revenue in the 2008-09 statement. (Note: This does not include Title 18 and 19 or ineligible patient fees for DHH.)

   B. Expenditures - indicate those payments for goods and services received or rendered on or before June 30, 2009 and liquidated with fiscal year 2009-10 appropriation. ISIS Report 4G03 lists those documents you submitted with a June 30, 2009, or earlier delivery date and liquidated as a fiscal year 2009-10 payment. No adjustments should be made for inaccuracies unless the error is greater than those established using the sliding scale materiality factors discussed in the cover letter.

3. In Column III indicate:
   A. Revenues - Total receivables on a legal budgetary basis by Means of Financing.
      (1) General Fund and IEB receivables should equal the actual prior year warrants drawn and/or reversed between July 1 and August 14, 2010.
      (2) Means of Financing receivables (lines 4 through 10) should equal Column VI on Schedule 3 plus any actual or accrued transfer activity (i.e. T110, T100, T130, T120, and T180) received or disbursed between 07/01/10 and 08/14/10. (Exception: for DHH agencies <u>DO NOT</u> include Title 18/19 accruals on Schedule 1.)

   B. Expenditures – Total accrued liabilities by program may be derived by calculating all expenditures (account type 22) that were recorded during the thirteenth period. This would include system vouchers payable, debit memos, or returns of appropriations. Column III should represent total unliquidated bona fide obligations for goods and services received or rendered on or before 6/30/10. NOTE: ISIS Agencies: Should your June 30, 2010, Agency Trial Balance (2G01) reflect a balance for 6335, Vouchers Payable, you may obtain the breakdown by program from run 1G07B Unscheduled Payment Turnaround Report, and 1G26B EFT Unscheduled Turnaround Report at 6/30/10. Should you have credit memos, increase the appropriate program in Column I and decrease the respective amounts in Column III for the amount of the credit memo. Should you have payables, decrease the appropriate program in Column I and increase the respective amounts in Column III. The ISIS report will show <u>accounts payable without a sign. *Debit memos will have a negative (-) sign beside the number*</u>**.**

4. In Column IV agencies on ISIS would record accrual adjustments to system information. Remember, you should include all payables that were not liquidated in the 45-day close period with the prior year appropriations; however you should not include future scheduled lease payments that are shown in Note M. Maintain a detailed list of these payables to back up the amount shown on Schedule 1. <u>**DO NOT INCLUDE GASB 34 REVENUE AND EXPENDITURE ACCRUALS.**</u>

5. In Column V indicate the total of Column I, minus Column II, plus Column III, and plus or minus Column IV.

6. In Column VI indicate the revised appropriation amount, which should agree to the Appropriation Report by Agency as of August 15, 2010, or the latest approved BA-7.

7. Column VII "Variance" is the net result of Column VI minus Column V. NOTE: If Column VI is greater than Column V, the variance would be unfavorable for appropriated revenue and favorable for appropriated expenditures. If Column VI is less than Column V, the opposite would be the case.

Schedule 6 is necessary only if the unit has non-appropriated operational activities (i.e. Chapel funds, Inmate Welfare funds, etc). Due to the possible diversity of activity type, a free format is provided. *Be sure that the "Fund Balance, at beginning of year" equals the "Fund Balance, at end of year" on the prior year's report. Any adjustments to the beginning balance should be placed on the adjustment line.*

Schedule 6-1 is used to account for the Escrow Fund, which is on the full accrual basis. This fund will present receivables and payables that occurred during the 45-day close plus those amounts attributed to prior year activity and not classified to the system. The "Balance at the beginning of year" should be the amount of the prior year ending balance. This amount is on the full accrual basis and may be different from your system amount for the Prior Year Carryover (T190). If there is a difference, please make a notation. A credit to revenue is an addition/receivable and a debit to revenue is a deduction/payable. If your agency uses an expenditure organization, then expenditures are shown as a deduction/payable.

The Escrow Fund is used to collect assets that are held for others. Those assets held that belong to another state fund or state entity should be removed from the Escrow Fund and not reported in Schedule 6-1 for Escrow. "Removed" means do not show it at all in Escrow on the Schedule 6-1; otherwise including it will overstate your additions and deletions in Escrow because these amounts will also be reported in the other state fund or state entity. One example is taxes paid in protest. These taxes are accounted for in the Escrow Fund, but a portion of the taxes ends up in the General Fund. That portion that ends up in the General Fund will not be included and reported in the Escrow Fund on Schedule 6-1.

GASB provides for this requirement in GASB Statement 34, paragraph 111 as follows: Sometimes an agency fund is used as a *clearing account* to distribute financial resources to other funds of the government, as well as other entities. When this occurs, the portion of the clearing account balance that pertains to the other funds of the state should not be reported in agency funds. Rather, it should be reported as assets in the appropriate funds. The following are some organizations that we know are GASB Statement 34, paragraph 111 organizations that are removed and not reported in Schedule 6-1.

Agency #	Agency Name	Org #	Org Name	Ultimate Fund Recorded In
100	Executive Office	ER01	Annie E Casey Foundation Esc	General Fund
100	Executive Office	ER02	The Wallace Foundation Esc	General Fund
100	Executive Office	ER03	MacArthur Foundation Esc	General Fund
100	Executive Office	EE01	Annie E Casey Foundation Esc	General Fund
100	Executive Office	EE02	Wallace Foundation	General Fund
100	Executive Office	EE03	MacArthur Foundation Esc	General Fund
100	Executive Office	ER07	MacArthur Escrow 0994944	General Fund
100	Executive Office	EE07	MacArthur Escrow 0994944	General Fund
107	Division of Administration	ERF1	Permanent Supportive Housing	General Fund
107	Division of Administration	ERF2	Case Mgmt - DHAP Esc	General Fund
107	Division of Administration	EEF1	Perm Supportive Housing - Exp	General Fund
107	Division of Administration	EEF2	Case Mgmt - Exp	General Fund
147	STO	7100	Unclaimed Property Reserve	General Fund
147	STO	7122	External Audit Collections	General Fund
148	State Treasurer	R125	Petro - Gas Unclassified	Transp Trust/Timed
148	State Treasurer	R133	Petro - Motor Fuels Unclassified	Transp Trust/Timed
148	State Treasurer	R155	Petro - Sp Fuels Unclassified	Transp Trust/Timed
148	State Treasurer	R160	Petro - Sp Fuels IFTA Unclassified	Transp Trust/Timed
324	LERN Board	E101	LERN Board Esc Rev	General Fund
324	LERN Board	5001	LERN Board Esc Disb	General Fund
326	Office of Public Health	5323	LERN Board Esc Disbursements	General Fund
326	Office of Public Health	E323	LERN Board Esc	General Fund
419	Office of State Police	4014	Sp Collections - Dr	SERF
419	Office of State Police	4018	Sp Collections - Cr	SERF
419	Office of State Police	FEMA	FEMA - Reimb Due to SERF	General Fund

419	Office of State Police	EFEM	Settlements Due to SERF	General Fund
420	Office of Mtr Vehicles	4040	Handling Fee - Esc	General Fund
420	Office of Mtr Vehicles	4055	MV Collections - Cr	General Fund
420	Office of Mtr Vehicles	4060	MV Collections - Dr	General Fund
422	State Fire Marshall	3075	Fire Marshal - Suspense Esc	General Fund
422	State Fire Marshall	ESAM	FM Esc Amusements	General Fund
432	DNR	1224	Escrow - One Call Program Rev	General Fund
432	DNR	2224	Escrow - One Call Program Exp	General Fund
435	DNR	1528	Coastal Permit Fees/Esc	General Fund
562	Ethics Administration	ESCR	Ethics Adm - Esc	General Fund
661	Office of Stu Fin Asst	ER01	Esc - Lumina Found Rev	General Fund
661	Office of Stu Fin Asst	ER02	Esc - Lumina Found Int	General Fund
661	Office of Stu Fin Asst	EE01	Lumina Fnd - Exp	General Fund
850	DEQ	1900	Environmental Refund Acct	Env Trust/Haz Wst Site Clean Up
850	DEQ	1905	Esc - Marine Shale	Env Trust/Haz Wst Site Clean Up

The amounts for Schedule 6-1 can be obtained by adding together organizations that are **not** GASB Statement 34, paragraph 111 organizations from the 2G00, Organization Responsibility Report.

Please provide the GASB Statement 34, paragraph 111 amounts that have been excluded by organization on the Schedule 6-1 and indicate the fund in which the amounts will be ultimately reported.

Note: As all SAP agencies have the payroll clearing subfund, K98, it will no longer be necessary, or possible, for agencies to complete a 6-1 for payroll clearing accounts.

Schedule 13 is a recapitulation of the total Interagency Receipts (IAT) reported on Schedule 3, as of August 14, 2010.

1. In Column I, list the ISIS Agency Number, if applicable, where the revenue came from. (**Not your agency number. If you do not know the agency number, leave blank.)**

2. In Column II, list the name of the agency, college, internal service fund, etc. that provided the revenue.

3. In Column III, enter the amount received from each source at June 30, 2010.

4. In Column IV, enter the amount of unclassified cash for each source at June 30, 2010.

5. In Column V, enter the amount of accounts receivable for each source received during the 45 day close.

6. In Column VI, enter the total revenue received from each source and this should equal the sum of columns III, IV, and V.

*****Schedule 13 totals must equal Schedule 3, Line C, Columns III, IV, VI, and VIII totals**.***

DO NOT INCLUDE ANY GASB 34 ACCRUALS OR AGENCY ADJUSTMENTS MADE ON SCHEDULE 3 FOR IAT.

Schedule 14 is for GASB 34 revenue accruals by funding source, organization number, and object. Revenues under the modified accrual basis are recognized when they become measurable and available and are consequently reflected on Schedules 1, 3, 3-1, and 4, for example. Under GASB 34, revenues that have become measurable, regardless of availability, should also be reflected. Record the gross revenues your agency has earned on Schedule 14, which are not reflected on any of the aforementioned schedules. Then list the allowance for uncollectibles by funding sources.

This year, the American Recovery and Reinvestment Act (ARRA) categories have been added to Schedules 14 and 14A, where you should list your agency's ARRA revenue by organization and ARRA expenditures by program.

Using Schedules 3 and 4 please complete the following:

Insert the organization numbers and object code that pertains to the revenue that will have a GASB 34 accrual.

Column A – From Schedule 3 use column V and from Schedule 4 use column VI. This will be the total revenue at 6/30. **Separate the amounts for Federal funds and Federal ARRA for each column on this schedule**.

Column B – Enter your agency adjustment for the revenue.

Column C – Total of columns A plus B.

Column D – From Schedule 3 use column VI and from Schedule 4 use column VII. This will be the total accounts receivable at 8/14.

Column E – Enter your agency adjustment for the accounts receivable.

Column F – Total of columns D plus E.

Column G – Total of columns C plus F. These totals represent column VIII on Schedule 3 and column IX on Schedule 4.

Column H – Full accrual gross adjustments to the revenue/receivable from the prior year. These amounts are on the 2008-09 Schedule 14, column K.

Column I – Full accrual allowance amounts from the prior year. These amounts are on the 2008-09 Schedule 14, column L. This should be a negative amount.

Column J – Total of columns H and I.

Column K – Full accrual gross adjustments to the revenue/receivable for the current year. These amounts are from your agency and must include revenues earned by June 30, 2010 and not recorded in ISIS as well as those recorded in fiscal year 2011 that should have been fiscal year 2010 revenues.

Column L – Full accrual allowance amounts for the current year must be your estimated uncollectibles from the receivables not yet collected. These amounts are from your agency. This should be a negative amount.

Column M – Total of columns K and L.

Column N – Total of full accrual revenue at 6/30. Subtract column J from C.

Column O – Total of full accrual receivable at 8/14. Add columns F and M.

Column P – Total of columns N plus O.

In the last column, list, by source, the amounts included but not expected to be collected in one year.

Schedule 14A is for GASB 34 expenditure accruals by program.

Using Schedule 1, Section B, please complete the following:

Column A – Schedule 1, column I should be used. This will be the total expenditures at 6/30.

Column B – Enter your adjustments from Schedule 1, columns II and any agency adjustment for the expenditures.

Column C – Total of columns A plus B.

Column D – Use column III of Schedule I. This will be the total accounts payable at 8/14.

Column E – Enter your agency adjustment for the accounts payable.

Column F – Total of columns D plus E.

Column G – Total of columns C plus F.

Column H – Full Accrual gross adjustments to the 2008-09 expenditures/payables from the prior year, if applicable. These amounts may be included in your 2008-09 Schedule 14A.

Column I – Full accrual gross adjustments to the expenditures/payables for the current year. These amounts are from your agency.

Column J – Total of full accrual expenditures at 6/30. Subtract column H from C.

Column K – Total of full accrual payables at 8/14. Add columns F and I.

Column L – Total of columns J plus K.

The last section is the ARRA expenditures by program. Please indicate the amounts from the above Schedule 1. For further information on ARRA, please contact your ARRA liaison for instructions.

Note B - This amount must agree with the amounts shown by the State Treasurer. List where these monies are being held – i.e. cash in bank, cash on hand, receivable, or payable.

Note C - Deposits and Investments - The purpose of this note is to disclose the related risk associated with deposits and investments held for the state by financial institutions. Additional instructions are in the back of the packet. (See Appendix A)

1. Deposits with Financial Institutions – We only require disclosure of cash not in the State Treasury. Cash and cash equivalents include only those amounts on deposit in financial institutions and do not include cash on hand or petty cash maintained at your agency.

The total of Cash, Certificates of Deposit, and Other should be your reconciled bank balances at June 30th. The amounts reported in the bank balances section should be the ending balance(s) on your June 30th bank statement(s).

2. Investments - Those investments meeting GASB 31 reporting requirements must be reported at fair value.

If you are reporting investments held outside the State Treasury, you must provide the additional disclosures as requested in Section 3 through 6 of this Note.

Note E – Indicate the inventory at June 30, 2010.

Note F - Total amount of seed(s) must equal the records of the State Treasurer. This should agree with revenue source T220 on the 2G01 report.

Note G - Deferred Revenues will be mainly from Department of Health and Hospitals, Department of Social Services, Department of Education, and Governor's Office of Homeland Security and Emergency Preparedness. This represents the Federal revenue that was received during the fiscal year and not earned.

Note J - Leave balances, both annual and compensatory, **will be sent to you from OSRAP**. LRS 17:425 provides for payment for up to 25 days of unused leave for all employees under the supervision of the Board of Elementary and Secondary Education, or other boards of control of publicly supported educational institutions.

Note M – Sections 1 and 2 of this note apply only to those arrangements in which the agency is the lessee. *Revenue leases, those leases where the agency is the lessor, are to be reported on this note in Sections 3 and 4*. Do not include intra-agency leases. **Intra-agency leases are leases between agencies in the primary government. For instance, if the Dept. of Social Services (DSS) leases space from Wildlife and Fisheries (WLF), then DSS should not report this as an operating lease nor should WLF report this as a lessor lease. However, if DSS leases office space from a component unit (e.g. LSU, Capital Human Services District, etc.), then DSS should report this as an operating lease and LSU or the component unit would report it as a lessor lease.**

Note Q - In-kind contributions are often the result of a non-monetary match for a grant. An example would be the loan of office space by a local government to satisfy a match requirement on a federal grant.

Note R - The totals for this note can be found on the HR Report ZF75, SI Payroll Posting Report, which **will be provided by OSRAP to the agencies**. (Column I must agree with Note R from FY '09.) Remember to list all payroll accruals by program. Regardless of payroll accrual amounts, all sections of this note must be completed.

Note T- You must include any significant activities that occurred after June 30, 2010 that impact your agency and are not already reflected in the financial reports. This will include activities that may impact any subsequent fiscal year's operations and may include impairment of assets, bond sales, settlement of litigation, etc.

Note Z – Since the AFR no longer has a Statement A, include the amount of the agency's prepaid expenses.

Note AA - The totals for this note can be found on the HR Report ZF65, Retirement Incentive Pay Report, which **will be provided by OSRAP to the State Uniform Payroll agencies**.

____
Schedule Number

STATE OF LOUISIANA
Annual Fiscal Reports
Fiscal Year Ended June 30, 20__

____
____
____
(Agency Name and Mailing Address)

Send to:
Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Physical Address:
1201 North Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Send to:
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Legislative_Auditor_-_Fileroom.LLA@lla.state.la.us

Physical Address:
1600 North Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, ____________________________ (Name)________________________________(Title) of______________________________(Agency) who duly sworn, deposes and says, that the financial reports herewith given present fairly financial information of ____ (agency) at June 30, 20__ and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this ___________ day of __________________,____.

____
Signature of Agency Official

____
NOTARY PUBLIC

Prepared by: ____________________________________

Title: ____

Telephone No.: __________________________________

Date: ____

Email:____

____
Schedule Number

STATE OF LOUISIANA
Annual Fiscal Reports
Fiscal Year Ended June 30, 20__

____
____
____
(Agency Name and Mailing Address)

Send to:
Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Physical Address:
1201 North Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Send to:
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Legislative_Auditor_-_Fileroom.LLA@lla.state.la.us

Physical Address:
1600 North Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, _____________________ (Name) ____________________________________(Title) of_________________________________(Agency) who duly sworn, deposes and says, that the financial reports herewith given present fairly financial information of ____ (agency) at June 30, 20__ and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this ___________ day of _________________,____.

____
Signature of Agency Official

____
NOTARY PUBLIC

Prepared by: __________________________________

Title: ____

Telephone No.: ________________________________

Date: ____

Email:____

____

(Agency Name)
STATE OF LOUISIANA
GENERAL OPERATING APPROPRIATION FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY COMPARISON
CURRENT YEAR APPROPRIATION (BUDGET - LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 20____

Schedule No.____________________
ISIS Agency No. ________________

PROGRAMMATIC BUDGETING	GENERAL APPROPRIATION						
	Cash Basis I	Adjustment II	Accrual III	Agency Accrual Adj. IV	Total V	Revised Budget VI	Favorable (Unfavorable) VII
A REVENUES							
1 Appropriated by Legislature:							
2 State General Fund	$ ________	$ ________	$ ________	$ ________	$ ________	$ ________	$ ________
3 Interim Emergency Board	________	________	________	________	________	________	________
4 Federal Funds	________	________	________	________	________	________	________
5 State General Fund by fees and self generated revenues	________	________	________	________	________	________	________
6 State General Fund by interagency receipts	________	________	________	________	________	________	________
7 Auxiliary funds	________	________	________	________	________	________	________
8 Other appropriated fund sources:							
9 __________fund	________	________	________	________	________	________	________
10 __________fund	________	________	________	________	________	________	________
11 Total appropriated revenue	________	________	________	________	________	________	________
B EXPENDITURES (List Programs) Appropriated expenditures:							
12 Program 1	________	________	________	________	________	________	________
13 Program 2	________	________	________	________	________	________	________
14 Program 3	________	________	________	________	________	________	________
15 Program 4	________	________	________	________	________	________	________
16 Program 5	________	________	________	________	________	________	________
	________	________	________	________	________	________	________
18 Total appropriated expenditures	________	________	________	________	________	________	________
19 Excess (deficiency) of appropriated revenues over appropriated expenditures	$ ________	$ ________	$ ________	$ ________	$ ________	$ ________	$ ________

(Agency Name)
STATE OF LOUISIANA
SCHEDULE OF APPROPRIATED REVENUE BY TYPE
GENERAL OPERATING APPROPRIATION FUNDS
FOR YEAR ENDED JUNE 30, 20_____

Schedule No.____________________
ISIS Agency No.____________________

Appropriated Revenue Fund	ISIS Appr Number I	Revenue Source Code II	Classified Cash Receipts Through June 30, 20___ III	Unclassified Cash Receipts at June 30, 20___ IV	Total Cash Deposit with Treasury (III + IV) V	Accounts Receivable at June 30, 20__ VI	Agency Adjustment to Modified Accrual Only VII	Total Revenue VIII
Federal funds								
A-1 ____________	______	______	$______	$______	$______	$______	$______	$______
A-2 ____________	______	______	______	______	______	______	______	______
A-3 ____________	______	______	______	______	______	______	______	______
A Subtotal - Federal funds			______	______	______	______	______	______
State General Fund by fees and self generated revenues								
B-1 ____________	______	______	______	______	______	______	______	______
B-2 ____________	______	______	______	______	______	______	______	______
B-3 ____________	______	______	______	______	______	______	______	______
B Subtotal - General Fund by fees and self generated			______	______	______	______	______	______
State General Fund by interagency receipts								
C-1 ____________	______	______	______	______	______	______	______	______
C-2 ____________	______	______	______	______	______	______	______	______
C Subtotal - General Fund by interagency receipts			______	______	______	______	______	______
Auxiliary funds								
D-1 ____________	______	______	______	______	______	______	______	______
D-2 ____________	______	______	______	______	______	______	______	______
D-3 ____________	______	______	______	______	______	______	______	______
D Subtotal - Auxiliary funds			______	______	______	______	______	______
Other funds								
E-1 ____________	______	______	______	______	______	______	______	______
E-2 ____________	______	______	______	______	______	______	______	______
E-3 ____________	______	______	______					
E Subtotal - Other funds			______	______	______	______	______	______
F Total appropriated revenue			$______	$______	$______	$______	$______	$______

(Agencies with cash basis programs only)

____
(Agency Name)
STATE OF LOUISIANA
SCHEDULE OF ADJUSTMENTS DUE TO CASH BASIS PROGRAMS
JUNE 30, 20___

Schedule No. ____________________
ISIS Agency No. ____________________

A. Appropriated Revenues/Fund Source and Type	ISIS Appropriation Number I	Total Revenue (Column VIII from Schedule 3) II	Cash Basis Program Accrual From 2008-2009 AFR III	Cash Basis Program Accrual For 2009-2010 IV	Adjusted Revenue For 2009-2010 V
1. Federal Funds	________	$________	$________	$________	$________
2. State funds by fees and self-generated revenue	________	________	________	________	________
3. State General Funds by interagency receipts	________	________	________	________	________
4. State funds by auxiliary	________	________	________	________	________
5. State funds by other	________	________	________	________	________
6. Total		$________	$________	$________	$________

B. Appropriated expenditure	ISIS Appropriation Number	Total Expenditure Schedule I	Cash Basis Program Accrual From 2008-2009 AFR	Cash Basis Program Accrual for 2009-2010	Adjusted Expenditure For 2009-2010
7. Program 1	________	$ ________	$ ________	$ ________	$ ________
8. Program 2	________	________	________	________	________
9. Program 3	________	________	________	________	________
10. Program 4	________	________	________	________	________
11. Program 5	________	________	________	________	________
12.	________	________	________	________	________
13.	________	________	________	________	________
14.	________	________	________	________	________
15.	________	________	________	________	________
16.	________	________	________	________	________
17. Total Expenditures		$________	$________	$________	$________

(Agency Name)
STATE OF LOUISIANA
SCHEDULE OF NON APPROPRIATED (MAJOR STATE REVENUE & INCOME NOT AVAILABLE)
FOR THE YEAR ENDED JUNE 30, 20_____

Schedule No.____________________
ISIS Agency No. ____________________

	ISIS Appropriation Number and Title I	Revenue Organization Number II	Revenue Source Code III	Classified Cash Receipts through June 30, 20___ IV	Unclassified Cash Receipts at June 30, 20___ V	Total Cash on Deposit with Treasury (IV + V) VI	Accounts Receivable at June 30, 20___ VII	Agency Adjustment to Modified Accrual Only VIII	Total Revenue IX
	Income not available:								
A-1	__________	__________	__________	$__________	$__________	$__________	$__________	$__________	$__________
A-2	__________	__________	__________	__________	__________	__________	__________	__________	__________
A-3	__________	__________	__________	__________	__________	__________	__________	__________	__________
A-4	__________	__________	__________	__________	__________	__________	__________	__________	__________
A	Subtotal Income not available			__________	__________	__________	__________	__________	__________
	Major State Revenue:								
B-1	__________	__________	__________	__________	__________	__________	__________	__________	__________
B-2	__________	__________	__________	__________	__________	__________	__________	__________	__________
B-3	__________	__________	__________	__________	__________	__________	__________	__________	__________
B-4	__________	__________	__________	__________	__________	__________	__________	__________	__________
B-5	__________	__________	__________	__________	__________	__________	__________	__________	__________
B-6	__________	__________	__________	__________	__________	__________	__________	__________	__________
B-7	__________	__________	__________	__________	__________	__________	__________	__________	__________
B-8	__________	__________	__________	__________	__________	__________	__________	__________	__________
B-9	__________	__________	__________	__________	__________	__________	__________	__________	__________
B	Subtotal Major State Revenue			__________	__________	__________	__________	__________	__________
	Other Non-Appropriated:								
C-1	__________	__________	__________	__________	__________	__________	__________	__________	__________
C-2	__________	__________	__________	__________	__________	__________	__________	__________	__________
C-3	__________	__________	__________	__________	__________	__________	__________	__________	__________
C	Subtotal Other Non-Appropriated			__________	__________	__________	__________	__________	__________
D	Total Non Appropriated Fund Sources			$__________	$__________	$__________	$__________	$__________	$__________

____

(Agency Name)
STATE OF LOUISIANA
NON APPROPRIATED OTHER FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 20____

Schedule No. ____________
ISIS Agency No. ____________

				TOTAL
REVENUES (Full Accrual)				
____________	$ ________	$ ________	$ ________	$ ________
____________	________	________	________	________
____________	________	________	________	________
____________	________	________	________	________
____________	________	________	________	________
____________	________	________	________	________
____________	________	________	________	________
____________	________	________	________	________
Total Revenues	________	________	________	________
EXPENSES (Full Accrual)				
____________	$ ________	$ ________	$ ________	$ ________
____________	________	________	________	________
____________	________	________	________	________
____________	________	________	________	________
____________	________	________	________	________
____________	________	________	________	________
____________	________	________	________	________
____________	________	________	________	________
Total Expenses	________	________	________	________
Excess (deficiency) of revenues over expenses	________	________	________	________
Fund balances at beginning of year	________	________	________	________
Adjustments	________	________	________	________
Fund balances at end of year	$ ________	$ ________	$ ________	$ ________

ISIS Agency No.________
Schedule No.__________

STATE OF LOUISIANA
______________________________(agency)
ESCROW FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCEs
FOR THE YEAR ENDED JUNE 30, 20__

Balance at beginning of year (FY09 8/14) $ ____________

Revenues (additions July 1, 2009 through June 30, 2010)

____ ____________
____ ____________
____ ____________

Expenditures (deductions July 1, 2009 through June 30, 2010)

____ ____________
____ ____________
____ ____________

Balance as of June 30, 2010 ____________

Accruals
Receivables:
Amount classified in 2010 (July 1, 2010 through August 14, 2010) ____________
*Amount classified in 2011 (July 1, 2010 through August 14, 2010) ____________
**Amount not classified as of August 14, 2010 (GASB 34 full accrual) ____________

Payables:
Amount paid in 2010 (July 1, 2010 through August 14, 2010) ____________
*Amount paid in 2011 (July 1, 2010 through August 14, 2010) ____________
**Amount not paid as of August 14, 2010 (GASB 34 full accrual) ____________

GAAP Balance at end of year $ ____________

*Should be accruals for prior year activity but reflected in the 2011 fiscal year.
**Should be accruals for prior year activity not yet reflected in the financial system.

Disclose GASB 34 Paragraph 111 amounts by organization not included in this schedule, and the ultimate fund in which they are recorded (see instructions):

Agency	Organization	Amount	Ultimate Fund Recorded In
		$	
		$	
		$	
	Total	$	

Prepared By________________________________
Telephone________________________________ Email________________________________

Schedule No._________
ISIS Agency No.______

STATE OF LOUISIANA
SCHEDULE OF PER DIEM PAID BOARD (COMMISSION) MEMBERS, BY FUND
FOR THE YEAR ENDED JUNE 30, 20_____

NAME	NUMBER	AMOUNT
		$
TOTAL		$

The per diem payments are authorized by Louisiana Revised Statute and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

NOTE: Provide a separate copy of this schedule for each board (commission) by fund (appropriation).

Schedule No. _______________
ISIS No. ____________________

STATE OF LOUISIANA
SCHEDULE OF CONSULTANT FEES FOR FEASIBILITY STUDIES
AND OTHER SPECIAL REPORTS, BY FUND
FOR THE YEAR ENDED JUNE 30, 20_____

____	$______________
____	______________
____	______________
____	______________
____	______________
____	______________
____	______________
____	______________
____	______________
____	______________
____	______________
____	______________
____	______________
____	______________
TOTAL	$______________

This schedule is prepared in compliance with Senate concurrent Resolution No. 35 of the Regular Session of 1974.

NOTE: Where more than one fund (appropriation) applies, separate by fund (appropriation).

Schedule No.________________
ISIS Agency No._____________

SCHEDULE OF INTERAGENCY RECEIPTS
FOR THE YEAR ENDED JUNE 30, 20_____

I	II	III	IV	V	VI
Agency Number	Source	Classified June 30, 2010_	Unclassified June 30, 2010_	Accounts Receivable on a Modified Accrual Basis	Totals
________	______________	$______________	$______________	$______________	$______________
________	______________	______________	______________	______________	______________
________	______________	______________	______________	______________	______________
________	______________	______________	______________	______________	______________
________	______________	______________	______________	______________	______________
________	______________	______________	______________	______________	______________
________	______________	______________	______________	______________	______________
________	______________	______________	______________	______________	______________
________	______________	______________	______________	______________	______________
________	______________	______________	______________	______________	______________
________	______________	______________	______________	______________	______________
________	______________	______________	______________	______________	______________
________	______________	______________	______________	______________	______________
________	______________	______________	______________	______________	______________
________	______________	______________	______________	______________	______________
________	______________	______________	______________	______________	______________
________	______________	______________	______________	______________	______________
	Total	$	$	$	$

GASB 34 REVENUE ACCRUALS FOR THE YEAR ENDED JUNE 30, ________
(rounded to dollars)

Schedule Number __________
ISIS Agency Number________

	Organization #	Object	A Per ISIS	B Agency Adj.	C (A + B) Per Agency	D Per ISIS	E Agency Adj.	F (D + E) Per Agency	G (C+F) Total	H Gross Adj. to Rev./Rec.	I Allowance Amount	J (H+I) Total
			MODIFIED ACCRUAL							PRIOR YEAR FULL ACCRUAL ADJUSTMENTS		
			Revenue @ 6/30			Receivable						
Schedule 3												
Federal Funds:												
			$	$	$ -	$	$	$ -	$ -	$	$	$ -
					-			-	-			-
Federal-ARRA:												
					-			-	-			-
Self Generated												
					-			-	-			-
					-			-	-			-
					-			-	-			-
					-			-	-			-
					-			-	-			-
					-			-	-			-
					-			-	-			-
Total – Schedule 3			-	-	-	-	-	-	-	-	-	-
Schedule 4												
INA					-			-	-			-
					-			-	-			-
Major State Revenue:												
					-			-	-			-
					-			-	-			-
					-			-	-			-
					-			-	-			-
					-			-	-			-
					-			-	-			-
					-			-	-			-
					-			-	-			-
Total – Schedule 4			$	$ -	-	-	-	-	-	-	-	-

			K	L	M (K+L)	N (C-J)	O (F+M)	P (N+O)	
			CURRENT YEAR FULL ACCRUAL ADJUSTMENTS			FULL ACCRUAL REVENUES			
	Organization #	Object	Gross Adj. to Rev./Rec.	Allowance Account	Total	Revenue @ 6/30	Receivable	Total	Amount <u>not</u> expected to be collected In one year
Schedule 3									
Federal Funds:					-	-	-	-	
			$	$	$ -	$ -	$ -	$ -	$
					-	-	-	-	
Federal-ARRA									
					-	-	-	-	
Self Generated									
					-	-	-	-	
					-	-	-	-	
					-	-	-	-	
					-	-	-	-	
					-	-	-	-	
					-	-	-	-	
					-	-	-	-	
Total – Schedule 3			-	-	-	-	-	-	-
Schedule 4									
INA					-	-	-	-	
					-	-	-	-	
Major State Revenue:									
					-	-	-	-	
					-	-	-	-	
					-	-	-	-	
					-	-	-	-	
					-	-	-	-	
					-	-	-	-	
					-	-	-	-	
					-	-	-	-	
Total - Schedule 4			$ -	$ -	$ -	$ -	$ -	$ -	$ -

GASB 34 EXPENDITURE ACCRUALS FOR THE YEAR ENDED JUNE 30, __________

(rounded in dollars)

Schedule Number_____________

ISIS Agency Number___________

	A	B	C	D	E	F	G	H	I	J	K	L
			(A + B)			(D + E)	(C+F)			(C-H)	(F+I)	(J+K)
			MODIFIED ACCRUAL					FULL ACCRUAL ADJ.			FULL ACCRUAL	
	Expenditures @ 6/30			Accounts Payable				**Prior Year** Gross Adj. to Exp./AP	**Current Year** Gross Adj. to Exp./AP			
	Per ISIS	Agency Adj.	Per Agency	Per ISIS	Agency Adj.	Per Agency	Total			Expenditures @ 6/30	Accounts Payable	Total
Schedule 1 Programs:												
	$	$	$ -	$	$	$ -	$ -	$	$	$ -	$ -	$ -
			-			-	-			-	-	-
			-			-	-			-	-	-
			-			-	-			-	-	-
			-			-	-			-	-	-
			-			-	-			-	-	-
			-			-	-			-	-	-
			-			-	-			-	-	-
Total s	$	$	$ -	$	$	$ -	$ -	$	$	$ -	$ -	$ -
ARRA by Programs:												
	$	$	$ -	$	$	$ -	$ -	$	$	$ -	$ -	$ -
			-			-	-			-	-	-
			-			-	-			-	-	-
			-			-	-			-	-	-
			-			-	-			-	-	-
Total s	$	$	$ -	$	$	$ -	$ -	$	$	$ -	$ -	$ -

Schedule Number__________
ISIS Agency Number_______

STATE OF LOUISIANA

____________________________________ (Agency)

COMPARISON FIGURES

1) To assist OSRAP in determining the reason for the change in financial position for the state, please complete the schedule Below. If the change in revenues or expenditures is more than $3 million from the previous year's figure, explain the reason for the change. (Add additional sheets as necessary for the explanation section.)

	2010	2009	Difference	Percentage Change
Revenues (a)	$________________	$________________	$______________	$______________________
Expenditures (b)	________________	________________	______________	______________________

Explanation for change: ____

____

(a)Revenues must equal the following:
Total revenue on Schedule 3 or Schedule 3-1, if prepared
+Full current year accrual revenues on Schedule 14
-Full prior year accrual revenues on Schedule 14
+2010 Payroll Federal revenue accrual from Note R
-2009 Payroll Federal revenue accrual from Note R
(b)Expenditures must agree with total expenditures on Schedule 1 or Schedule 3-1, if prepared, **plus** 2010 payroll accrual, **less** 2009 payroll accrual

2) To assist OSRAP in determining the reason for the changes in the budget, please complete the schedules below. If the change is more than $3 million, explain the reason for the difference. (Add additional sheets as necessary for the explanation section.)

	2010 Original Budget (c)	2010 Final Budget (d)	Difference	Percentage Change
Revenues	$ ________________	$ ________________	$ ______________	$ ______________________
Expenditures	________________	________________	______________	______________________

Explanation of change: ____

____

	2010 Final Budget (d)	2010 Actual (e)	Difference	Percentage Change
Revenues	$ ________________	$ ________________	$ ______________	$ ______________________
Expenditures	________________	________________	______________	______________________

Explanation of change: ____

____

(c) The original budget amount should equal the budget amount appropriated by the Legislature (Act 10).
(d) The final budget amount should equal the original budgeted amount plus or minus all of the BA7's (revisions) and it can be found on Schedule 1, column 6.
(e) Actual revenues and expenditures can be found on Schedule 1, column 5.

SCHEDULE 16 – COOPERATIVE ENDEAVORS
FOR THE YEAR ENDED JUNE 30, 2010

AGENCY NUMBER_________
AGENCY NAME________________________

Contract Financial Management System #	Parties to the Coop	Brief Description of the Coop	Multi-year, One-Time, or Other Appropriation	Original Amount of Coop, Plus Amendments, if any	Date Original Coop was Effective	End Date of Coop, as Amended, if Applicable	Funding Source per Coop Agreement based on Net Liability for the year ended June 30, 2010							Paid - Inception for the year ended 6/30/2010	Net Liability for the year ended 6/30/2010
							100% State	100% SGR	100% Stat. Ded.	100% G.O. Bonds	100% Federal	100% IAT	100% Combination		
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
															0.00
		TOTAL		0.00			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

NOTES TO THE FINANCIAL STATEMENT & APPENDICES

TABLE OF CONTENTS

Appendix

STATE OF LOUISIANA
______________________________(Agency)
NOTES TO THE FINANCIAL REPORTS
FOR THE YEAR ENDED JUNE 30, 20__

INTRODUCTION

The ______________________ is an agency of the State of Louisiana reporting entity and was created in accordance with Title ________, Chapter ___________ of the Louisiana Revised Statutes of 1950 as a part of the ____________________________ branch of government. The ________________________________is charged with ___________________________________ ____ within the State of Louisiana.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The ____________________________ prepares its financial reports in accordance with the procedures established by the Division of Administration. The financial activities of the ______________________________ are accounted for on a fund basis whereby a set of separate, self-balancing accounts are maintained to account for appropriated or authorized activities. The information presented herein, is reported under the modified accrual basis of accounting as prescribed by GAAP for fund level reporting.

The general fixed assets and long-term obligations of the agency are not recognized in the accompanying financial reports presented at fund level. All capital assets of the primary government are, however, reported at the government-wide level of reporting, as required by GAAP.

Annually the State of Louisiana issues a comprehensive annual financial report, which includes the activity contained in the accompanying financial reports. The comprehensive annual financial report is audited by the Louisiana Legislative Auditor.

1. FUND ACCOUNTING

General Operating Appropriations - The General Operations Fund is used to account for all general and auxiliary fund appropriated operating expenditures and minor capital acquisitions. All appropriated general and auxiliary operations revenue is accounted for in this fund.

Non-Appropriated Funds (describe each Non-Appropriated Fund)

Major State Revenues and Income Not Available - The agency collects major state revenues that are remitted to the State Treasury for deposit to statutorily dedicated funds. In addition, the agency collects funds specifically identified by the Division of Administration - Budget Office as Income Not Available that are remitted to the State Treasury. These amounts are not available to the agency for expenditure and are detailed on Schedule 4.

Payroll Clearing Fund - The Payroll Clearing Fund is used to account for payroll deductions and accrued benefits.

The non-appropriated funds relating to Major State Revenues, Income Not Available and Payroll Clearing are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.
For purposes of this report presentation, collections in excess of Appropriated Means of Financing are shown on Schedule 3.

2. <u>BASIS OF ACCOUNTING</u>

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial reports. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the ______________________________ are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration - Office of Statewide Reporting and Accounting Policy as follows:

<u>Revenues</u> - State General Fund and Interim Emergency Board appropriations are recognized as the net amount warranted during the fiscal year including the 45-day close period. Fees and self-generated revenues, interagency transfers, federal funds, intrafund revenues, non-appropriated revenues, and other financing sources (with the exception of agency funds) are recognized in the amounts earned, to the extent that they are both measurable and available. (Describe other basis of revenue recognition, which differs from this.)

<u>Expenditures</u> - Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that obligations of employees' vested annual and sick leave are recorded as expenditures when paid. (List any other exceptions.)

B. <u>IMPREST FUNDS</u>

The agency maintains a permanent Travel and Petty Cash Imprest Fund in the amount of $____________ as authorized by the Commissioner of Administration and advanced by the State Treasurer's Office (STO) in accordance with Title 39. The funds are permanently established and periodically replenished from agency operating funds when expenditure vouchers are presented. At June 30, 20___, the petty cash consists of:

- Cash in Bank Accounts $________________
- Petty Cash on Hand $___________________
- Other Receivables $____________________

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS **(CASH NOT IN STATE TREASURY)**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the _____________________ (agency) may deposit funds with a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the agency may invest in time certificates of deposit in any bank domiciled or having a branch office in the State of Louisiana, savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities should be held in a custodial bank in the name of the agency under the account of the pledging fiscal agent bank in a holding or custodial bank. The State Treasurer's Office or agency receives safekeeping receipts or an acknowledgement of the pledge of securities from the custodial bank.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose deposits that are insured with no custodial credit risk. GASB Statement 40 requires only the separate disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either: 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 20___, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Balance per agency books	$ ________	$ ________	$ ________	$ ________
Deposits in bank accounts per bank	$ ________	$ ________	$ ________	$ ________
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	$ ________	$ ________	$ ________	$ ________
b. Deposits not insured and collateralized with securities held by the pledging institution	________	________	________	________
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agent <u>but not in the entity's name</u>	________	________	________	________

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Balance per agency books".

The following is a breakdown by banking institution, program, and amount of "Deposits in bank accounts per bank" balances as shown above:

Banking institution	Program	Amount
1. ____________________	____________________	$ ____________
2. ____________________	____________________	____________
3. ____________________	____________________	____________
4. ____________________	____________________	____________
Total		$ ____________

2. INVESTMENTS

The agency does (does not) maintain investment accounts as authorized by ______________________ (note legal provisions authorizing investment by the agency).

A. Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are held by either a counterparty or held by a counterparty's trust department or agent but not in the entity's name. Repurchase Agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure.

Beginning with fiscal year ending June 30, 2004, GASB Statement 40 amended GASB Statement 3. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by counterparty, or held by a counterparty's trust department or agent, not in the entity's name. In addition, the total amount and fair value columns still must include total investments (regardless of exposure to custodial credit risk). Using the following table, list each type of investment disclosing the carrying amount, market value, and applicable exposure to custodial credit risk:

	Investments Exposed to Custodial Credit Risk		**All Investments Regardless of Custodial Credit Risk Exposure**	
Type of Investment	**Uninsured, *Unregistered, and Held by Counterparty**	**Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name**	**Total at Book Value**	**Fair Value**
Negotiable CDs	$	$	$	$
Repurchase agreements				
U.S. Government Obligations **				
U.S. Agency Obligations				
Common & preferred stock				
Mortgages (including CMOs & MBSs)				
Corporate bonds				
Mutual funds				
Real estate				
Other: (identify)				
Total investments	$ -	$ -	$ -	$ -

* Unregistered - not registered in the name of the government or entity

* * These obligations generally are not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. government. (See Appendix A for the definition of U.S. Government Obligations)

3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES

A. Credit Risk of Debt Investments

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end, including the rating agency used (Moody's, S & P, etc.). All debt investments regardless of type can be aggregated by credit quality rating (if any are unrated, disclose that amount).

Rating Agency	Rating		Fair Value
		$	
Total		$	

B. Interest Rate Risk

1) Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type. (Note – Total debt investments reported in this table should equal total debt investment reported in Section A – Credit Risk of Debt Investments.)

		Investment Maturities (in Years)			
Type of Debt Investment	Fair Value	Less Than 1	1-5	6-10	Greater Than 10
U.S. Government obligations	$	$	$	$	$
U.S. Agency obligations					
Mortgage backed securities					
Collateralized mortgage obligations					
Corporate bonds					
Other bonds					
Mutual bond funds					
Other					
Total debt investments	$	$	$	$	$

2) List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (e.g. coupon multipliers, reset dates, etc.).
See Appendix A for examples of debt investments that are highly sensitive to changes in interest rates.

Debt Investment		Fair Value	Terms
	$		
Total	$		

C. Concentration of Credit Risk

List, by amount and issuer, investments in any one issuer that represents 5% or more of total external investments (not including U.S. government securities, mutual funds, and investment pools).

Issuer	Amount	% of Total Investments
______________	$ __________	________
______________	__________	________
______________	__________	________
Total	$ __________	

D. Foreign Currency Risk

Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List by currency denomination and investment type, if applicable.

	Fair Value in U.S. Dollars	
Foreign Currency	Bonds	Stocks
______________	$ __________	$ __________
______________	__________	__________
______________	__________	__________
Total	$ __________	$ __________

4. DERIVATIVES (GASB 53)

A. Summary of Derivative Instruments

Complete the following table, "Summary of Derivative Instruments" for all derivative instruments held by the entity at June 30, 20___. If no derivative instruments were held by the entity at June 30, please state "None".

Summary of Derivative Instruments

		Changes in Fair Value		Fair Value at June 30	
Type	**Notional**	**Classification**	**Amount**	**Classification**	**Amount ***
Investment Derivative Instruments:					
__________	________	________	$ ________	________	$ ________
Fair Value Hedges:					
__________	________	________	$ ________	________	$ ________
Cash Flow Hedges:					
__________	________	________	$ ________	________	$ ________

***If fair value is based on other than quoted market prices, the methods and significant assumptions used to estimate those fair market values should be disclosed.**

B. Investment Derivative Instruments

Investment derivative instruments include derivative instruments that are not effective or are no longer effective and cannot be classified as hedging derivative instruments. Separately list each investment derivative instrument included in the table above and discuss the exposure to risk from these investments for the following risks:

1. Credit Risk of Investment Derivative Instruments

____
____
____
____

2. Interest Rate Risk of Investment Derivative Instruments

Interest Rate Risk

	Notional	Fair Value	Less than 1 yr	1 - 5 Years	6-10 Years	Greater 10 Yrs.
Investment Derivative Instruments:						

Disclose the reference rate for each investment derivative instrument along with any embedded option. ______________________________________
____

3. Foreign Currency Risk of Investment Derivative Instruments

	Fair Value in U.S. Dollars	
Foreign Currency	Bonds	Stocks
	$	$
Total	$ -	$ -

4. Reclassification from Hedging Derivative Instrument to Investment Derivative Instrument

Item Reclassified	Notional Amount	Ineffective @ 6/30/10 (Y/N)	Fair Value @ 6/30/10	Ineffective @ 6/30/09 (Y/N)	Fair Value @ 6/30/09	Change in Fair Value @ 6/30/10
						0
						0
						0

C. Hedging Derivative Instruments

Complete the following table- Terms and Objectives of Hedging Derivative Instruments - for all hedging derivative instruments held by the entity at June 30, 20___.

Terms and Objectives of Hedging Derivative Instruments

Type	Notional	Objective	Effective Date	Maturity Date	Terms *	Counterparty Credit Rating

***Terms include reference rates, embedded options, and the amount of cash paid or received, if any, when a forward contract or swap (including swaptions) was entered into.**

Interest rates and various swap indices change over time. Use the schedule below to summarize payments on the swap and interest payments to bondholders for applicable hedging derivative instruments.

Hedging Derivative Instrument	Counterparty Swap Payment			Interest Payments to Bondholders	Total Payments
	To	From	Net		

List each hedging derivative separately, and discuss the exposure to risk from these hedges for the following risks:

1. **Credit Risk of Hedging Derivative Instruments**

____
____
____

2. Interest Rate Risk of Hedging Derivative Instruments

			Interest Rate Risk			
	Notional	Fair Value	Less than 1 Year	1 - 5 Years	6-10 Years	Greater than 10 Years
Hedging Derivative Instruments:						

3. Basis Risk of Hedging Derivative Instruments

4. Termination Risk of Hedging Derivative Instruments

5. Rollover Risk of Hedging Derivative Instruments

6. Market-Access Risk of Hedging Derivative Instruments

7. Foreign Currency Risk of Hedging Derivative Instruments

	Fair Value in U.S. Dollars	
Foreign Currency	Bonds	Stocks
	$	$
Total	$ -	$ -

If any hedged items are a debt obligation, then its net cash flows are required to be disclosed in accordance with GASB Statement No. 38, paragraphs 10 – 11. This

information, if applicable, should be provided below, and will be included in Note 8 of the CAFR.

Using the following chart, provide the principal and interest requirements to maturity for those hedged items that are a debt obligation. If your fiscal year ends other than June 30, change the date within the table. If the number of years for your debt to terminate exceeds the years listed, add those years to the table (in 5 year increments).

Debt and Lease Obligations for Hedged Debt (per GASB 38, paragraph 10)

Fiscal Year Ending June 30		Principal		Interest		Hedging Derivative Instruments, Net		Total
2011	$		$		$		$	-
2012								-
2013								-
2014								-
2015								-
2016-2020								-
2021-2025								-
2026-2030								-
2031-2035								-
2036-2040								-
Total		-		-		-		-

Note: ***The hedging derivative column reflects only net receipts/payments on derivative instruments that qualify for hedge accounting.***

List any terms by which the interest rates change for variable-rate debt.

____
____
____

Using the following chart, provide the future minimum lease payments for those hedged items that are obligations under capital and noncancelable operating leases (per GASB 38, paragraph 11). If your fiscal year ends other than June 30, change the date within the table. If the number of years for your lease extends beyond the years listed, add those years to the table (in 5 year increments).

Fiscal Year Ending June 30		Minimum Future Lease Payment
2011	$	
2012		
2013		
2014		
2015		
2016-2020		
2021-2025		
2026-2030		
2031-2035		
2036-2040		
Total		-

If effectiveness is determined by another quantitative method not identified in GASB Statement No. 53, provide the identity and characteristics of the method used, the range of critical terms the method tolerates, and the actual critical terms of the hedge.

____

____

D. Contingent Features

Disclose any contingent features that are included in derivative instruments held at the end of the reporting period. The required disclosures include (1) the existence and nature of contingent features and the circumstances in which the features could be triggered, (2) the aggregate fair value of derivative instruments that contain those features, (3) the aggregate fair value of assets that would be required to be posted as collateral or transferred in accordance with the provisions related to the triggering of the contingent liabilities, and (4) the amount, if any, that has been posted as collateral by the government as of the end of the reporting period. ____

____

____

E. Hybrid Instruments

If your entity has any hybrid instruments, disclosure of the companion instrument should be consistent with disclosures required of similar transactions. List any hybrid instruments below and provide information regarding any hybrid instruments and a reference to where the required disclosures can be found. If the required disclosures are not presented elsewhere, provide those disclosures below. If your entity does not have any hybrid instruments, state "None".

____

____

____

F. Synthetic Guaranteed Investment Contracts (SGICs)

If your entity has a fully benefit-responsive SGIC, then a description of the nature of the SGIC and the SGIC's fair value (including separate disclosure of the fair value of the wrap contract and the fair value of the corresponding underlying investments) should be disclosed as of the end of the reporting period. Provide those required disclosures below. If your entity does not have any, state "None".

____
____
____

5. POLICIES

Briefly describe the deposit and/or investment policies related to the custodial credit risk, concentration of credit risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

____
____

6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS - HELD OUTSIDE STO

a. Investments in pools managed by other governments or mutual funds ___________
____

b. Securities underlying reverse repurchase agreements____________________________
____

c. Unrealized investment losses____
____

d. Commitments as of June 30, ___, to resell securities under yield maintenance repurchase agreements:

1. Carrying amount and market value at June 30 of securities to be resold____
____

2. Description of the terms of the agreements___________________________
____

e. Losses during the year due to default by counterparties to deposit or investment transactions ____
____

f. Amounts recovered from prior-period losses _________________________________
____

Legal or Contractual Provisions for Reverse Repurchase Agreements

g. Source of legal or contractual authorization for use of reverse repurchase agreements
____
____

h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year ________________________________
____

Reverse Repurchase Agreements as of June 30

i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at balance sheet date, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest ____
____

j. Commitments on June 30, ___, to repurchase securities under yield maintenance agreements ____
____

k. Market value on June 30, ___, of the securities to be repurchased ____________
____

l. Description of the terms of the agreements to repurchase____________________
____

m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements ____
____

n. Amounts recovered from prior-period losses ______________________________
____
____

Fair Value Disclosures

o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices __________________________
____

p. Basis for determining which investments, if any, are reported at amortized cost __
____

q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool __________________________
____

r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares ____________________________________
____

s. Any involuntary participation in an external investment pool__________________
____

t. If you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining fair value and the reasons for having had to make such an estimate____

____

u. Any income from investments associated with one fund that is assigned to another fund ____

____

Land and Other Real Estate Held as Investments by Endowments

v. Does your agency own land or other real estate held as investments by endowments? __________(yes or no) Any applicable fair value note disclosures associated with land or real estate held as investments by endowments is reported in the Fair Value Disclosures section above.

D. GENERAL FIXED ASSETS – CAPITAL LEASES ONLY

List individually those items of movable property that meet the definition of a capital lease and have a value of $5,000 or more (attach additional sheets as needed) and those buildings with a value of $100,000 or more that are considered capital leases (see Note M for the definition of a capital lease).

Description of Item	Movable Property Tag No.	Date Acquired		Historical Cost of Each Item
			$	

E. INVENTORY OF MATERIALS AND SUPPLIES

In general, inventories are recorded as expenditures when purchased. The value of inventory, determined under (perpetual or periodic) inventory system using the (FIFO, LIFO, etc.) valuation method, at June 30, 2010, is $___________________. NOTE: Do not count postage as inventory, but include it in prepayments, if material.

F. SEEDS

The agency is in receipt of a seed in the amount of $_________________ as authorized by the joint approval of the State Treasurer and the Commissioner of Administration and drawn against the State Treasurer. The seed represents a liability to the unit and must be repaid if not reauthorized annually.

The breakdown of such advances by unit are as follows:

	Fund/ Program	Date Authorized	Amount
1.	____________________	____________	$ ____________
2.	____________________	____________	____________
3.	____________________	____________	____________
4.	____________________	____________	____________
	Total		$ ____________

G. DEFERRED REVENUE

Deferred revenue represents revenue (generally federal) that was received during fiscal year 2010 and not yet earned. Certain federal grants may fit this description. The deferred revenue amount(s) is/are $__________________(federal), $__________________(self-generated), and/or $____________________(IAT) at 6/30/10. Indicate if adjustments to reduce revenue have/have not (circle one) been recorded on Schedule 3.

H. OPERATING AND CAPITAL GRANTS FOR GASB 34 PRESENTATION

For OSRAP to complete the GASB 34 presentation, provide the following: the total operating grants and contributions were $________________________ and the total capital grants and contributions were $______________________.

1) Operating Grants – represent total amount of grant revenues for the year that are restricted by the grantor for operating purposes or that may be used for either capital or operating purposes at the discretion of the grantee.
2) Capital Grants – represent the total amount of the revenues for the year from grants restricted by the grantor for the acquisition, construction, or renovation of capital assets.

The sum of both should equal total federal revenues plus federal accruals. Occasionally the state may receive non-operating federal grants.

I. JUDGMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

Obligations and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund and are not reflected in the accompanying special purpose financial reports. The self-insurance fund is operated by the Office of Risk Management, the state agency responsible for the state's risk management program.
Liability for claims and judgments should include specific incremental claim expenditures/expenses, if known, or if it can be estimated (e.g., legal fees for outside legal assistance).

NOTE: Should you have claims which have not been submitted to Risk Management, include a schedule of these claims.

Claims and litigation cost of $___________________ were incurred in the current year.

Disclose any guarantee of indebtedness even if there is only a remote chance that the government will be called on to honor its guarantee.

____
____

Those agencies collecting federal funds, which have been informed that certain of their previously claimed costs were disallowed, should disclose the requested information in the schedule shown below. Show each possible disallowance separately.

Program	Date of Disallowance	Amount	Probability of Payment	Estimated Settlement Amount**
1. ______________	______________	$__________	___________	$____________
2. ______________	______________	__________	___________	____________
3. ______________	______________	__________	___________	____________
4. ______________	______________	__________	___________	____________

* Reasonably possible, probable, or remote
** Include estimated liability amount if known

J. LEAVE

1. Annual and Sick Leave

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. Act 343 of 1993 allows members of the Louisiana State Employees' Retirement System, upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave which would otherwise have been used to compute years of service for retirement. The liability for unused annual leave payable at June 30, 20 ___, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.104, is estimated to be $___________.

Civil Service General Circular Number 001155 states that classified employees belonging to the Teacher's Retirement System of Louisiana and to the Louisiana School Employee's Retirement System are not eligible for payment of unused sick leave upon retirement or death. L.R.S. 17:425 on the other hand provides for payment for up to 25 days of unused sick leave for members of these two systems. In Opinion Number 94-373, the Attorney General opined that the Civil Service Commission had jurisdiction over classified employees and therefore those members are not eligible for payment of unused sick leave. Because the Commission has no authority over unclassified employees, those members are eligible to receive such compensation. Also, LSA-R.S. 17:425 applies to all retirement systems for teachers and employees of any parish or city school board, the State Board of Elementary and Secondary Education, or other boards of control of publicly supported educational institutions. Should you have employees who upon retirement (or their heirs upon the employee's death) are compensated for up to 25 days of unused sick leave, disclose the liability. The liability for this unused sick leave payable at June 30, 20_____ is $________________.

2. Compensatory Leave (Use for Non-Exempt Employees)

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 20___ computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.104 is estimated to be $_________.

K. **NOT USED**

L. ENCUMBRANCES

The following are multi-year contracts whose payments are to be liquidated with statutorily dedicated funds **only**: (Show each year separately). The General Fund is not shown. An example would be certain payments made by the Department of Natural Resources. Obligations are made against the Coastal Protection and Restoration Fund for contracts, which are let for two to five years in the future. Be sure that you do not double count cooperative endeavors that are reported on Schedule 16.

Examples:
Conservation Fund ____
Lottery Proceeds Fund ____
____

M. LEASE AND RENTAL COMMITMENTS

Lease agreements, if any, have non-appropriation exculpatory clauses that allow lease cancellation if the Legislature does not make an appropriation for its continuation during any future fiscal period. Total operating lease expenditures for fiscal year 2009-2010 amounted to $__________________.

1. OPERATING LEASES – Do not include leases on state office buildings financed through Office Facilities Corporation

Operating leases are all leases which do not meet the criteria of a capital lease. Operating leases are grouped by nature (i.e. office space, equipment, etc.) and the annual rental payments for the next five fiscal years are presented in the following schedule. (Note: If lease payments extend past FY 2025, create additional columns and report these future minimum lease payments in five year increments.)

Nature of lease	FY2011	FY2012	FY2013	FY2014	FY2015	FY 2016 -2020	FY 2021 -2025
a. Office space	$ ________	$ ________	$ ________	$ ________	$ ________	$ ________	$ ________
b. Equipment	________	________	________	________	________	________	________
c. Land	________	________	________	________	________	________	________
d. Other	________	________	________	________	________	________	________
Total	$ ________	$ ________	$ ________	$ ________	$ ________	$ ________	$ ________

NOTE: Where five-year amounts are requested, please list the total amount (sum) for the five-year period, not the annual amount for each of the five years.

Rental expense for operating leases with scheduled rent increases is based on the relevant lease agreement except in those cases where a temporary rent reduction is used as an inducement to enter the lease. In those instances, rental expense is determined on either a straight-line or interest basis over the term of the lease, as required by GASB 13, and not in accordance with lease terms. The agency does (does not) have leases with scheduled rent increases due to temporary rent reductions used as an inducement to enter the lease. [If the agency does have leases with scheduled rent increases, attach a schedule listing all such leases.]

2. CAPITAL LEASES AND LEASE PURCHASES - Do not include leases on state office buildings financed through Office Facilities Corporation

Capital leases are defined as an arrangement in which any one of the following conditions apply (l) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

Schedule A should be used to report all capital leases including new leases in effect as of 6/30/10. In Schedule B, report only those new leases entered into during fiscal year 2009-2010. Note: LEAF leases should not be included in these schedules.

STATE OF LOUISIANA
______________________________(Agency)
NOTES TO THE FINANCIAL REPORTS
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SCHEDULE A – CAPITAL LEASES EXCEPT LEAF LEASES

Nature of lease	Gross amount of leased asset (Historical Cost)	Remaining interest and executory costs to end of lease	Remaining principal to end of lease	Fund that pays lease
a. Office space	$ ________	$ ________	$ ________	________
b. Buildings	________	________	________	________
c. Equipment	________	________	________	________
d. Land	________	________	________	________
e. Other	________	________	________	________
Total	$ ________	$ ________	$ ________	

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2010: (Note: If lease payments extend past FY 2030, create additional rows and report these future minimum lease payments in five year increments.)

	Total
2011	$ ________
2012	________
2013	________
2014	________
2015	________
2016-2020	________
2021-2025	________
2026-2030	________
Total minimum lease payments	________
Less amounts representing executory costs	(________)
Net minimum lease payments	________
Less amounts representing interest	(________)
Present value of net minimum lease payments	$ ________

SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

Nature of lease	Gross amount of leased asset (Historical Cost)	Remaining interest to end of lease	Remaining principal to end of lease	Fund that pays lease
a. Office space	$ ______	$ ______	$ ______	______
b. Building	______	______	______	______
c. Equipment	______	______	______	______
d. Land	______	______	______	______
e. Other	______	______	______	______
Total	$ ______	$ ______	$ ______	

Following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 20___: (Note: If lease payments extend past FY 2030, create additional rows and report these future minimum lease payments in five year increments.)

2011	$ ______
2012	______
2013	______
2014	______
2015	______
2016-2020	______
2021-2025	______
2026-2030	______
Total minimum lease payments	______
Less amounts representing executory costs	(______)
Net minimum lease payments	______
Less amounts representing interest	(______)
Present value of net minimum lease payments	$ ______

3. REVENUE LEASES

LESSOR DIRECT FINANCING LEASES

A lease is classified as a direct financing lease when (1) any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) both the following criteria are satisfied:

- Collectability of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

Provide a general description of the direct financing agreement, and complete the schedule below.

Composition of lease	Minimum lease payment receivable	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	$ ____________	$ ____________	$ ____________
b. Building	____________	____________	____________
c. Equipment	____________	____________	____________
d. Land	____________	____________	____________
e. Other	____________	____________	____________
Less amounts representing executory costs	(____________)		
Minimum lease payment receivable	____________		
Less allowance for doubtful accounts	(____________)		
Net minimum lease payments receivable	____________		
Less estimated residual value of leased property	____________		
Less unearned income	(____________)		
Net investment in direct financing lease	$ ____________		

Minimum lease payments do not include contingent rentals, which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2010 were $ ___________for office space, $____________ for building, $ _____________ for equipment, $ _____________ for land, and $ _____________ for other.

The agency received lease revenues for ________________________ . Total revenues for fiscal year 2009-2010 totaled $________________. The following is a schedule by years of minimum lease receivables for the succeeding fiscal years as of June 30, 2010: (Note: If receivables extend past FY 2029, create additional rows and report these future receivables in five year increments.)

	Minimum Lease Receivables
2011	$ ____________
2012	____________
2013	____________
2014	____________
2015	____________
2016-2020	____________
2021-2025	____________
2026-2030	____________
Total	$ ____________

4. LESSOR - Operating Lease

When a lease agreement does not satisfy at least one of the four criteria for reporting as a capital lease (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectability and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for leasing organized by major class of property and the amount of accumulated depreciation as of June 30, ____.

	Cost	Accumulated Depreciation	Carrying Amount
a. Office space	$	$	$
b. Buildings			
c. Equipment			
d. Land			
e. Other			
Total	$	$	$

The following is a schedule by years of minimum future rentals on noncancellable operating lease(s) as of __________ (last day of fiscal year):

Fiscal Year	Office	Buildings	Equipment	Land	Other
2011	$	$	$	$	$
2012					
2013					
2014					
2015					
2016-20					
2021-25					
2026-30					
Total minimum future rentals	$	$	$	$	$

Current year lease revenues received in fiscal year_________ totaled $__________________.

Contingent rentals received from operating leases for fiscal year 2010 were $____________ for office space, ____________ for buildings, $____________ for equipment, ___________ for land, and $____________ for other.

N. RELATED PARTY TRANSACTIONS

List all related party transactions as defined by FASB 57 including the description of all relationships, the transactions, the dollar amount of the transactions and any amounts to or from which result from related party transactions.

____
____

O. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

On-behalf payments for fringe benefits and salaries are direct payments made by one entity to a third-party recipient for the employees of another, legally separate entity. One of the two entities party to on-behalf payments for fringe benefits and salaries may be a non-governmental entity. On-behalf payments include pension plan contributions, employee health and life insurance premiums, and salary supplements or stipends.

1. Reporting:
   a. Employer Entity:

      The amount of revenues recognized (received) during the year plus any receivables at year end by third-party recipients for fiscal year _______ is $____________.

      The amount of expenditures/expenses when the employer entity is not legally obligated to make payments is recognized as the amount of revenues recognized.

      The amount of expenditures/expenses recognized for fiscal year _______ is $___________.

      The amount of expenditures/expenses when the employer entity is legally obligated to make payments is recognized based on the accounting standards applicable to that type of transaction. For example, if contributions are made to a pension plan, the expenditure/expense should be recognized following pension accounting standards. The amount of expenditures/expenses recognized for fiscal year __________ is $ ____________.

   b. Paying Entity:

      A paying entity would not recognize any revenues for on-behalf payments for fringe benefits.

The amount of expenditures/expenses should be recognized in the same manner that the entity recognizes classifies similar cash grants to other entities. The amount of expenditures/expenses recognized for fiscal year ______ is $________________.

2. Disclosure:

The following on-behalf payments that are contributions to a pension plan for which the agency is not legally responsible are:

Contributor	Pension Plan	Amount
________________	________________	$ __________
________________	________________	__________
________________	________________	__________
________________	________________	__________

P. PASS-THROUGH GRANTS

Pass-through grants are grants and other forms of financial assistance received by governmental entities to be transferred to or spent, according to legal or contractual requirements, on behalf of secondary recipients, which may or may not be governmental entities or agencies**.** Report only the pass-through grants that are in the agency's revenue and expenditure statements in this packet. Do not report pass-through arrangements in this note where the state functions as a pure cash conduit. To function as a pure cash conduit, the state must have no administrative involvement with the program, and the state may have no direct financial involvement with the grant program. Pure cash conduits should be reported in the Escrow Fund (Schedule 6-1.) Separate each type of grant and provide totals. Pass-through grants are grants which meet any of the following criteria:

a) The government entity monitors secondary recipients for compliance with program requirements.
b) The governmental entity determines secondary recipients' eligibility even if the grantor's eligibility criteria are used.
c) The governmental entity is able to determine how grant funds are to be allocated.
d) The governmental entity has direct financial involvement in administration of the grant, such as financing part of the program costs for matching purposes or being liable for disallowed costs. This does not apply to incidental administrative costs.

Grant Name	Federal Identification Number	Amount
________________	________________	$ __________
________________	________________	__________
________________	________________	__________
________________	________________	__________
Total		$ __________

Q. IN-KIND CONTRIBUTIONS

List all in-kind contributions that are not included in the accompanying financial reports.

In-Kind Contributions	Cost/Estimated Cost/ Fair Market Value as Determined by Grantor
______________________	$______________
______________________	______________
______________________	______________
______________________	______________
Total	$______________

(NOTE: In-kind contributions represent things of value donated or received by your agency from an outside source which would otherwise create an expenditure to the agency if the agency was required to purchase the goods or services from current resources. Examples are 1) pharmacy items donated to a state hospital from a pharmaceutical company, 2) food items donated to a state prison from the U.S. Department of Agriculture, or 3) donated fixed assets, recorded at fair market value, and also recorded in general capital assets. Do not include, within the in-kind contribution, funds contributed by local governments or nonprofit organizations to provide program matching shares.

R. PAYROLL AND RELATED BENEFITS ACCRUAL

Agencies will be required to reflect the 2009-2010 accrued personal services cost for this fiscal year on the accompanying financial reports. The following schedule will aid you in doing so. As most agency units pay their employees biweekly this would require a fiscal year 2008-09 accrual calculation based on twelve (12) days and the fiscal year 2009-10 calculation will be based on thirteen (13) days. Agencies must also determine the federal match on this accrual calculation. Agencies must submit the payroll accrual by program.

STATE OF LOUISIANA
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		FY 2008-09	FY 2009-10
1.	07/03/09 Payroll (gross & related)	$____________	
2.	07/02/10 Payroll (gross & related)		$____________
		X 120.0%	X 130.0%
2a.	Payroll accrual	____________	____________
2b.	Add voids and supplementals (off cycle) paid in the 45 day close with prior year appropriations.	____________	____________
3.	Total payroll accruals	$____________	$____________
4.	Estimated federal receivable attributed to the accrual shown above	$____________	$____________

Total Agency Expenditures

5.	Total programs from Schedule 1(or 3-1 if applicable) (Schedule 1, col. V, line 18 or Schedule 3-1, col. V, line 16)	____________
6.	Less: 2008-09 accrual from line 3, column 1 above	____________
7.	Plus: 2009-10 accrual from line 3, column 2 above	____________
8.	This should be the total for *all* programs	$____________

Total Federal Revenue

9.	Federal Funds from Schedule 3, column VIII, line A or Schedule 3-1, column V, line 1 (Federal)	____________
10.	Less: 2008-09 accrual from line 4, column 1 above	____________
11.	Plus: 2009-10 accrual from line 4, column 2 above	____________
12.	Less: Deferred Revenues on Note G (Federal)	____________
13.	Total Federal Funds for all programs.	$ ____________

Accrual by Programs:

	Payroll	Federal Receivable
Program 1 ______________________________	$____________	$____________
Program 2______________________________	____________	____________
Program 3______________________________	____________	____________
Program 4______________________________	____________	____________
Program 5______________________________	____________	____________
Total	$____________	$____________

S. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2009-10: Refer to OSRAP Memorandum 01-41
http://www.doa.la.gov/osrap/library/memos/01/01-41_implementation_of_gasb_33.pdf

CFDA Number	Program Name	State Match Percentage	Total Amount of Grant
________	________	________ %	$ ________
________	________	________	________
________	________	________	________
________	________	________	________
________	________	________	________
________	________	________	________
________	________	________	________
________	________	________	________

Total government-mandated nonexchange transactions $________

T. SUBSEQUENT EVENTS (Describe)

____
____
____
____

U. INFRASTRUCTURE

Infrastructure is defined as long-lived capital assets associated with governmental activities that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples include roads, bridges, tunnels, street signage, street lamps, traffic signals, drainage systems, water and sewer systems, dams, and lighting systems.

Each agency with infrastructure assets is required to track infrastructure expenditures to determine if the year's expenditures would be above the $3 million threshold, per agency per year. List individually those infrastructure items that comprise the capitalized amount of $3 million, per agency for fiscal year 2010, per infrastructure asset:

Description of Infrastructure	Cost
________________	$ ________
________________	________
________________	________
________________	________

V. LAND AND LAND IMPROVEMENTS (not reported to State Land Office or Facility Planning and Control)

Some agencies may acquire land or make land improvements that are not reported to the State Land Office or Facility Planning and Control. Land improvements are those betterments, improvements, and site preparations that ready land for its intended use. Some examples of land improvements would be excavation, filling, grading, and demolition of existing buildings, and removal or relocation of other property (telephone or power lines). Other land improvements are built or installed to enhance or facilitate the use of the land for a particular purpose and may include walking paths and trails, fences and gates, landscaping, sprinkler systems, fountains, and beaches. Land and land improvements should be reported at cost, estimated cost, or estimated fair value at date of acquisition and should include all expenses necessary to obtain title such as legal fees.

List individually all land acquisitions and any improvements to land that the agency has made during the fiscal year that is not reported to the State Land Office or Facility Planning and Control:

Description of Land or Improvement	Cost
________________________	**$** ______________
________________________	______________
________________________	______________
________________________	______________

W. IMPAIRMENT OF CAPITAL ASSETS AND INSURANCE RECOVERIES

GASB 42 establishes accounting and financial reporting standards for impairment of capital assets and for insurance recoveries. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. See Appendix B for more information on GASB 42 and Impairment of Capital Assets.

Please complete the schedule below for buildings and movable property that were permanently impaired in FY 2010. Insurance recoveries should be used to offset those impairment losses if received in the same year as the impairment. Include these insurance recoveries in the sixth column in the schedule below. {There are five different indicators of impairment described in Appendix B, (1) Physical damage, (2) enactment of laws, etc. List the appropriate number (1-5) to identify the indicator of impairment in the last column.}

Building ID or Type of Movable Property or Equip.	Tag # (if applicable)	Estimated Restoration Cost	Orig.Cost + Additions & Modifications	Replace-ment Value	Insurance Recovery in the Same FY	Indicator of Impairment

If your entity has capitalized infrastructure assets (expenditures of $3 million per agency per year) that have been impaired as described in Appendix B, please provide the following information:

Description	Amount of Impairment Loss Before Insurance	Insurance Recovery in Same Year	Net Impairment Loss	Indicator of Impair-ment	Reason for Impairment (e.g., hurricane)

Insurance recoveries received in FY 09-10 related to impairment losses occurring in previous years, and insurance recoveries received in FY 09-10 other than those related to impairment of capital assets, should be reported as program revenues, nonoperating revenues, or extraordinary items, as appropriate. Indicate in the following schedule the amount, revenue organization, and source code of insurance recoveries not included in the schedule above.

Type of Asset	Amount of Insurance Recovery	Revenue Organization	Revenue Source Code	Reason for Insurance Recovery (e.g., fire)
Buildings				
Movable Property				
Infrastructure				

The carrying amount of impaired capital assets that are idle at year-end should be disclosed, regardless of whether the impairment is considered permanent or temporary. The following capital assets were idle at the end of the fiscal year. (Include any permanently impaired capital assets listed above that were idle at the end of the fiscal year, any temporarily impaired capital assets, and any assets impaired in the prior years that are still idle at the end of the current fiscal year. If the carrying value of the capital assets is unknown, indicate "unknown".)

Type of asset	Tag number(s) or building ID(s)	Carrying Value of Idle Impaired Assets	Reason for Impairment
Buildings-permanently impaired			
Buildings-temporarily impaired			
Movable Property-permanently impaired			
Movable Property-temporarily impaired			
Infrastructure-permanently impaired			
Infrastructure-temporarily impaired			

X. INTANGIBLE ASSETS, including CAPITALIZED SOFTWARE (purchased or internally generated)

Currently, computer software is not required to be recorded in InCircuit's Asset Management System (Protégé); however, some entities use Protégé for recording computer software. Computer software under OSRAP's threshold of $1 million should not be considered part of the State's movable property. In order for OSRAP to determine the amount of computer software in Protégé that should not be included in the State's movable property, please provide the following for all computer software recorded in Protégé with an acquisition cost between $5,000 and $1 million:

Software Name (as it Appears in Protégé)	Asset #	Acquisition Cost
		$
	Total	$

If your entity has purchased or licensed computer software with an acquisition cost of at least $1,000,000 that is not recorded in Protégé, please provide the following: (Note: To prevent OSRAP from double counting, only list software meeting the $1 million threshold that is not in Protégé.) **Also, list any internally generated software that meets the capitalization threshold of $1 million. This would be comprised of costs that fall under the application development stage, which include the design of the chosen path (software configuration and software interfaces), coding, installation to hardware, testing (including the parallel processing phase), and data conversion (only to the extent required to make the software operational). For more information on internally generated software, see OSRAP Memo 09-34, (www.doa.louisiana.gov/OSRAP/library/memos/09/OSRAP0934.pdf)**.

Software Name (purchased or internally generated)	Acquisition Cost	Acquisition Date or Date Placed in Service if internally generated
	$	
Total	$	

In addition to purchased, licensed, or internally generated software, please complete the table below for any other intangible assets that your entity owns. Intangible assets include water, timber, and mineral rights: trademarks, copyrights, easements, and patents.

NOTE: Do not include land use rights, such as water rights, timber rights, and mineral rights associated with property already owned by the entity. Do not separate the cost of the land rights from the cost of the land. The reported value of the land (reported at historical cost) already includes consideration for all rights associated with the entity's ownership and it should not be increased upon implementation of GASB 51. Only report land rights (e.g. mineral rights) as an intangible asset if your entity owns the land rights, but not the land associated with it.

List any other intangible assets that your agency has:

Type of Intangible Asset	Date Acquired	Value
		$
Total		$

Y. REVENUES - PLEDGED OR SOLD (GASB 48)

1. PLEDGED REVENUES

Pledged revenues are specific revenues that have been formally committed to directly collateralize or secure debt of the pledging government, or directly or indirectly collateralize or secure debt of a component unit. **Pledged revenues are revenue bonds that the State Bond Commission or the Louisiana Public Facilities Authority has authorized in your agency's name or in your agency's behalf**. Pledged revenues must be disclosed for each period in which the secured debt remains outstanding and for each secured debt issuance. **Please prepare a separate Note Y for each secured debt issued**.

Provide the following information about the specific revenue pledged:

a. Identify the specific pledged revenue:
- Specific pledged revenue is ______________________________
- Debt secured by the pledged revenue (amount)______________________________

- Approximate amount of pledge ____

(equal to the remaining principal and interest requirements)

b. Term of the commitment: ____

[number of years (beginning and ending dates by month and year) that the revenue will not be available for other purposes]

c. General purpose for the debt secured by the pledge:_________________________________
____
____

d. Relationship of the pledged amount to the specific revenue:____________________________
____
____

(the proportion of the specific revenue that has been pledged)

e. Comparison of the pledged revenues (current year information):

- Principal requirements ____
- Interest requirements ____
- Pledged revenues recognized during the period _____________________________

(gross pledged revenue minus specified operating expenses)

NOTE: For any new revenue bonds, please send a copy of the following sections of the official bond statement

- Cover page
- Introductory statement
- **Amortization schedule – terms and conditions**
- Plan of financing
- Security for the bond (pledged revenue information)

2. FUTURE REVENUES REPORTED AS A SALE

Future revenues reported as a sale are proceeds that an agency/entity received in exchange for the rights to future cash flows from specific future revenues and for which the agency/entity's continuing involvement with those revenues or receivables is effectively terminated. (See Appendix D)

Provide the following information <u>in the year of the sale ONLY:</u>

a. Identify the specific revenue sold:

- the revenue sold is ____
- the approximate amount____
- significant assumptions used in determining the approximate amount _______________
____

b. Period of the sale:____

c. Relationship of the sold amount to the total for that specific revenue____________________
____

d. Comparison of the sale:

- proceeds of the sale____

- present value of the future revenues sold____
- significant assumptions in determining the present value___________________________
  ____

Z. PREPAID EXPENSES AND ADVANCES

Certain items are commonly paid for in advance. Examples are insurance premiums and rent. If your prepayments, along with your other adjustments, exceed the materiality levels as discussed on page two of the cover letter, you should disclose this amount below. The amount of prepaid expenses, including postage, for this agency at June 30, 20____ is $____________.

Advances are monies given to providers for services to be performed at a future date. The amount of advances, for this agency at June 30, 20_____ is $_______________.

AA. EMPLOYEE TERMINATION BENEFITS

Termination benefits are benefits, other than salaries and wages that are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees. Involuntary termination benefits include benefits such as severance pay or continued access to health insurance through the employer's group insurance plan. Voluntary termination benefits include benefits such as early retirement incentives.

Other termination benefits include:

1. Early retirement incentives, such as cash payments, enhancement to defined benefit formula
2. Health care coverage when none otherwise would be provided (COBRA)
3. Payments due to early release from employment contracts
4. All others based on professional judgment

GASB 47 requires the following disclosures about an employer's accounting for employee termination benefits.

1. A description of the termination benefit arrangement(s).
2. Year the state becomes obligated
3. The number of employees affected
4. Cost of termination benefits
5. Type of benefit(s) provided
6. The period of time over which the benefits are expected to be provided
7. If the termination benefit affects the defined benefit pension (OPEB) obligations, disclose the change in the actuarial accrued liability for the pension or OPEB plan attributable to the termination benefit.
8. When termination liabilities are reported, disclose the significant methods and assumptions used to determine the liabilities to be disclosed (for as long as the liability is reported).

If a termination benefit is not recognized because the expected benefits are not estimable, the employer should disclose that fact.

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For FY _________ , the cost of providing those benefits for _____ (number of) voluntary terminations totaled $_________. For ________ , the cost of providing those benefits for _____ (number of) involuntary terminations totaled $_________.

The liability for the accrued voluntary terminations benefits payable at June 30, _____ is $_________. This liability consists of _________ (number of) voluntary terminations. The liability for the accrued involuntary terminations benefits payable at June 30, ______ is $_________. This liability consists of _________ (number of) involuntary terminations.

Provide a detailed description of termination benefits provided to employees as summarized above. Include names, job titles and amounts. Provide attachments as necessary. For state uniform payroll agencies, information on termination benefits in the form of early retirement incentives will be provided by OSRAP. ____
____
____
____

BB. POLLUTION REMEDIATION OBLIGATIONS (Governmental Funds)

Since governmental funds do not accumulate resources for eventual payment of unmatured general long-term indebtedness, do not include these amounts in your financial statements. The following schedule lists all pollution remediation activities in which _________________ (agency/department) is involved. Amounts paid in the 13th period for pollution remediation totaled $______________ and are reported on the balance sheet in the ____________ account.

All outlays for pollution remediation activities are reported as expenditures unless made for one of these following reasons. Expenditures meeting the following criteria are to be capitalized.

1. If made to prepare property for use when acquired with the expectation of pollution remediation;
2. If made to prepare property in anticipation of a sale up to the fair value after remediation;
3. If made to restore pollution-caused decline in service utility previously recognized as an asset impairment; or
4. If made to acquire assets that have a future alternative use after remediation is complete.

Items capitalized in fiscal year 2009-2010 consist of:

	Asset 1	Asset 2	Asset 3
Asset			
Capitalization criterion met (1-4 above)			
Cost			
Percentage of useful life used in pollution remediation			
Post-remediation useful life			

Disclosures

For recognized pollution remediation liabilities and recoveries of pollution remediation outlays, disclose the following:

a. The nature and source of pollution remediation obligations (for example, federal, state, or local laws or regulations)

b. The amount of the estimated liability (if not apparent from the financial statements), the methods and assumptions used for the estimate, and the potential for changes due to, for example, price increases or reductions, technology, or applicable laws or regulations

c. Estimated recoveries reducing the liability.

For pollution remediation liabilities, or portions thereof, that are not yet recognized because they are not reasonably estimable, disclose a general description of the nature of the pollution remediation activities. **For more information on measuring liability, see OSRAP memo 09-24, http://www.doa.la.gov/osrap/sagasb49.htm.**

SAMPLE disclosure: (This is a sample disclosure. Adapt as necessary to fit your specific agency.)

At June 30, 2010, _______________ (agency) was a responsible party in the remediation of ___________________________________ (friable asbestos, removal of leaking underground fuel storage tanks, removal and replacement of contaminated soil, removal of lead-based paint, diesel spill cleanup, oversight and enforcement-related activities, post-remediation monitoring, etc.). A site assessment and preliminary evaluation of required remediation indicated a liability of $ ____________. This liability is not reported in the balance sheet because it is not payable with current financial resources. ______________ (agency) paid $ __________ for current fiscal year remediation activities.

The following worksheet is provided to assist in completing required note disclosure and in determining the agency's pollution remediation activities, current year expenses, adjustments to pollution remediation obligations, the amount of the year end liability, and amounts paid during the 13th period.

__________________________________ (dept./agency)
GASB 49 Inventory Log
Fiscal Year ending June 30, 2010

Project & Project Number(s)	Trigger Year	Estimated Remediation Costs @ 6/30/09	Increases	Decreases (expenditures)	Decreases (other adjustments)	6/30/10 Ending Balance	Percent complete	Amount Due **during** fiscal year 2011	Amount due **after** fiscal year 2011	Realizable Recoveries	13th Period Expenditures
						0					
						0					
						0					
						0					
						0					
						0					
		0	0	0	0	0		0	0	0	0

INFORMATION FOR NOTE C - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS
(GASB Statements 3, 40, and 53)

I. Purpose:
Note C provides the required disclosures about the governmental entities' deposits with financial institutions and investments. The disclosures required for deposits and investments as of the fiscal year ended date provides information about the credit risk and market risk of the deposits and investments and are designed to provide users of the financial statements information about the potential for losses associated with the deposits and investments. GASB Statement 40 has modified or eliminated portions of GASB Statement 3 including:

- modified the custodial credit risk disclosures of Statement 3 for deposits and investments to limit the required disclosure to only those exposed to custodial credit risk (similar to GASB 3's category 3).
- established or modified disclosure requirements related to concentrations of credit risk of investments, credit risk of debt investments, and interest rate risks of debt investments (including sensitivity to changes in interest rates), and
- established disclosure requirements for foreign currency risks for both deposits and investments.

Although GASB Statement 40 eliminated some of the disclosures required for custodial credit risk (the three categories for example), the total reported amounts of all deposits and investments must still be reported.

II. Comparison of amounts disclosed per requirements in Note C to amounts shown on the Balance Sheet (if Balance Sheet is required as part of AFR packet):

- Because the Balance Sheet reports cash and cash equivalents and investments and the note discloses deposits and investments, the amounts of cash and investments on the balance sheet will not be classified exactly the way they would be classified in Note C.
- "Deposits with Financial Institutions" and "Investments" in Note C may be reported on the balance sheet using titles or line items that are different than those in Note C, or they may be combinations of titles or line items. For instance, "Deposits" in Note C may come from several line items on the balance sheet such as "Cash in Bank" and "Certificates of Deposits (CDs)", or even "Investments" (See section III below that gives further guidance on what should be considered "Deposits" in note C).
- Line items on the balance sheet may include amounts that would be deposits in Note C, and may also include amounts that would be investments in Note C. Also, cash and cash equivalents line items on the balance sheet may include amounts that are not deposited in bank accounts of the entity and therefore would not be reported in Note C as deposits but as separate line items such as petty cash, cash on hand, and treasury cash. These amounts must be reported separately from the deposits in Note C.
- Each line item on the balance sheet that involves cash or investments, including any restricted cash and/or investments, needs to be analyzed to determine what is included in the item and how it should be disclosed in Note C.

III. "Deposits with Financial Institutions" section of Note C:

- Generally, this section of the Note C disclosure refers to the various examples of "Deposits with Financial Institutions" (See "A" below for examples). The term "cash and cash equivalents" is used in reference to GASB Statement 9 that affects presentation for the balance sheet and statement of cash flows, not the note disclosures required by GASB Statement 3 & 40. "Deposits with Financial Institutions" include deposit accounts in banks, savings and loan associations, and credit unions. They can be demand, savings, or time accounts, including negotiable order of withdrawal (NOW) accounts and non-negotiable CDs. As stated previously, deposits for Note C may be a combination of balance sheet line items or titles.
- Do not include treasury cash, petty cash not in a bank account, or cash on hand in Note C as part of the deposits in bank accounts. As mentioned previously, these amounts would be reported separately.

A. Examples and/or definitions:

1. Nonnegotiable Certificates of Deposit – Nonnegotiable CDs are time deposits that are placed by depositors directly with financial institutions and generally are subject to a penalty if redeemed before maturity. These are treated as deposits for GASB 3 Note C disclosures. For Balance Sheet and Statement of Cash Flows treatment, see Note C(1).
2. Money Market Accounts – financial institution "money market" accounts are simply deposits that pay interest at a rate set to make the accounts competitive with money market mutual funds. They should be treated like any other deposit account for Note C disclosures.
3. Bank Investment Contracts (BICs) – A BIC is a general obligation instrument issued by a bank, typically to a pension plan, that provides for a guaranteed return on principal over a specified period . Since these are issued by a bank, they are treated as deposits for Note C disclosures.

B. Other definitions as applied to deposits:

1. Insured (Insurance) – deposits are insured by federal deposit insurance (FDIC), state deposit insurance, multiple financial institution collateral pools that insure public deposits, and even commercial insurance (if scope of coverage would be substantially the same as FDIC).
2. Collateral – Security pledged by a financial institution to a government entity for its deposits.

IV. "Investments" section of Note C:

Types of investments for listing investments by type definitions/examples:

1. Negotiable Certificates of Deposit **-** securities **with a minimum face value of $100,000**, but are normally sold in $1 million units **and can be** traded in the secondary market. **They appeal to institutions interested in low-risk investments with a high degree of liquidity.** These are treated **as investments** for Note C disclosures. For Balance Sheet and Statement of Cash Flows treatment, see Note C(1).
2. Repurchase Agreements – An agreement in which a governmental entity (buyer-lender) transfers cash to a broker-dealer or financial institution (seller-borrower): the broker-dealer or financial institution transfers securities to the entity and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities. Include under this category, overnight repos, term repos, open repos, and tri-party repos.
3. U.S. Government Obligations – Generally these investments are not exposed to custodial credit risk because they are issued directly by and backed by the full faith and credit of the U.S. Government. Examples include treasury bills, treasury notes and treasury bonds.

4. U.S. Agency Obligations – Fixed-income securities that are issued by U.S. government-sponsored entities (GSEs). Because of their special GSE status, the market doesn't demand as high of an interest rate as it would from an equivalent private sector issuer because of the perception that the government would step in to back the securities in the case of default. However, the U.S. government does not actually back these debt issues.
5. Common & Preferred Stock – A security that represents an ownership interest in an entity.
6. Mortgages - Examples include mortgage-backed securities and collateralized mortgage obligations. Mortgage-backed securities are created when a financial institution, such as Fannie Mae, purchases mortgages from the banks that issue the mortgages, then the financial institution packages the mortgages and resells them into the secondary market where investors purchase them to earn current income in a relatively safe investment. A Collateralized Mortgage Obligation is a security that is backed by real estate and the issuer is not a governmental issuer, such as Fannie Mae.
7. Corporate Bonds
8. Mutual Funds –
    a. Closed-end Mutual Fund – The investment company sells shares of its stock to investors and it invests on the shareholders' behalf in a diversified portfolio of securities. A closed-end mutual fund has a constant number of shares, the value depends on the market supply and demand for the shares rather than directly on the value of the portfolio, the fund does issue certificates, and the securities are traded on a stock exchange.
    b. Open-end Mutual Funds – The investment company sells shares of its stock to investors and it invests on the shareholders' behalf in a diversified portfolio of securities. In contrast to a closed-end mutual fund, the open-end mutual fund creates new shares to meet investor demand, the value depends directly on the value of the portfolio, and the fund does not issue certificates but sends out periodic statements showing account activity. These investments are not evidenced by securities that exist in physical or book entry form.
9. Investments in real estate, annuity contracts, and direct investments in mortgages
10. Miscellaneous Other – It is not appropriate to present material amounts of investments as "Other", unless the note disclosure describes the composition of the "Other" category. The following are examples of other investments:
    a. Commercial Paper – An unsecured promissory note that is typically sold by a corporation, has a fixed maturity of 1 to 270 days, and is usually sold at a discount from face value.
    b. Guaranteed Investment Contracts - insurance contracts that guarantee the owner principal repayment and a fixed or floating interest rate for a predetermined period of time.
    c. Investments Held in Private Foundations
    d. Investments in pools managed by another government - Generally, these investments would not be exposed to custodial credit risk because the investments themselves are not evidenced by securities that exist in physical or book entry form.
    e. Other Bonds – Examples include foreign government bonds, bond issue trustee accounts, bond index funds, foreign bonds, private placement bonds, and yankee bonds.
    f. Private placements, such as venture capital and limited partnerships
    g. Reverse Repurchase Agreements - An agreement in which a broker-dealer or financial institution (buyer-lender) transfers cash to a governmental entity (seller-borrower); the entity transfers securities to the broker-dealer or financial institution and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
    h. Any other unique investment not listed above or not included in another category type

V. Risk Disclosures for Deposits and Investments:

- Deposits and investments are subject to several types of risks, mainly credit risk, market risk, interest rate risk, and foreign currency risk.

  Credit risk - defined as the risk that a counterparty to an investment transaction will not fulfill its obligations and can be associated with the issuer of securities, with a financial institution holding deposits, or with a party holding investment or collateral securities.

  Concentration of credit risk – defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer.

  Market risk – defined as the risk that the market value of investment securities, collateral securities protecting a deposit, or securities of a repurchase agreement will decline.

  Interest rate risk – defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

  Foreign currency risk – defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

A. Custodial Credit Risk Disclosures for Deposits:

Following GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who holds the collateral and how the collateral is held.

1. Collateral – Securities pledged by the financial institution for the purpose of securing the governmental entity's deposits.
2. Collateralized – When the entity's deposits are secured with securities pledged by the financial institution holding the deposits.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

B. Custodial Credit Risk Disclosures for Investments:

Following GASB Statement 3, investments (listed by type) were either classified into three categories (depending on whether they are insured or registered and who holds the securities and how they are held), or listed as non- categorized investments.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. However, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

C. Additional Risk Disclosures for Required by GASB Statement 40:

Credit Risk - Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end, including the rating agency used. All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount). Examples of un-rated debt investments include U.S. Treasury Notes, external investment pools, or investments held by foundations. The preparer may need to contact their investment advisor for complete information relating to debt investments and their credit quality ratings.

Debt securities issued by a federal government-sponsored enterprise (GSE) and held by a state or local government as an investment are subject to credit risk. GSEs are independent organizations sponsored by the federal government. Examples include the Federal Farm Credit Banks, the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA) and Student Loan Marketing Association (SLMA). The liabilities of the GSE are **not** backed by the full faith and credit of the federal government.

Interest Rate Risk - Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years of those investments. The preparer may need to contact their investment advisor for complete information relating to the related maturities of these investments.

Highly Sensitive Investments - Disclose the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms (e.g. coupon multipliers, reset dates, embedded options, etc.) of the investment. Examples of debt investments that are highly sensitive to changes in interest rates include asset-backed securities such as mortgage pass-through securities issued by FNMA, Government National Mortgage Association (GNMA), and FHLMC.

Concentration of Credit Risk - List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments.

Foreign Currency Risk - Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List these by currency denomination and investment type, if applicable.

Deposits and Investments Policies Relating to Risk - Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, that fact should be stated.

VI. Securities as Applied to Credit Risk of Deposits and Investments:

Securities defined – a transferable financial instrument that evidences ownership or creditorship. Securities can be in either paper or book-entry form.

1. Examples of securities that are often held by or pledged to (as collateral) governmental entities include:
   a. treasury bills, treasury notes, treasury bonds
   b. federal agency obligations
   c. corporate debt instruments (including commercial paper)
   d. corporate equity instruments
   e. negotiable CDs (keyword here is <u>negotiable</u>)
   f. bankers' acceptances
   g. shares of closed-end mutual funds (keyword here is <u>closed-end</u>)
   h. shares of unit investment trusts

2. Instruments or investments that are <u>not</u> securities include:
   i. investments made directly with another party (such as limited partnerships)
   j. real estate
   k. direct investments in mortgages and other loans
   l. investments in open-ended mutual funds (keyword here is open-ended)
   m. pools managed by other governments
   n. annuity contracts

VII. Derivative Instruments:

What is a derivative?

A derivative instrument is a complex financial instrument or other contract that has all three of the following characteristics:

a. It has (1) one or more reference rates and (2) one or more notional amounts or payment provisions or both. Those terms determine the amount of the settlement or settlements, and, in some cases, whether or not a settlement is required.

b. It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

c. Its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

A derivative instrument that is embedded in a financial instrument or contract should be evaluated in accordance with the hybrid instrument guidance in paragraphs 63-66 of GASB Statement No. 53. Fully benefit-responsive SGICs should be measured and reported in accordance with the guidance in paragraphs 67 and 79 of GASB Statement No. 53, respectively.

What financial instruments are excluded from the scope of GASB Statement No. 53?

a. Normal purchases and normal sales contracts
b. Insurance contracts
c. Certain financial guarantee contracts
d. Certain contracts that are not exchange-traded

e. Loan commitments

How should derivative instruments be recognized and measured on the financial statements?

Derivative instruments should be reported on the Statement of Net Assets and measured at fair value. Fair value should be measured by the market price if there is an active market for the derivative instrument. If a market price is not available, a forecast of expected cash flows may be used, provided that the expected cash flows are discounted. Formula-based methods and mathematical methods are acceptable. Fair values of options may be based on an option pricing model, such as the Black-Scholes-Merton model. That model considers probabilities, volatilities, time, settlement prices, and other variables. Fair values developed by pricing services are acceptable, provided that those values are developed using the methods described in this paragraph.

Changes in the fair value of investment derivative instruments should be reported within investment revenue on the Statement of Revenues, Expenses and Changes in Fund Net Assets.

Changes in the fair value of hedging derivative instruments are reported as either deferred inflows or deferred outflows in the Statement of Net Assets.

Potential hedging derivative instruments must be evaluated for effectiveness to determine whether it is an investment derivative instrument or a hedging derivative instrument.

An embedded derivative instrument that is a component of a hybrid instrument should be recognized and measured in accordance with this Statement. An embedded derivative instrument that is a component of a hybrid instrument may also be a hedging derivative if it meets the requirements of this Statement. The companion instrument should be recognized and measured in accordance with the reporting requirements that are applicable to that companion instrument – such as the financial reporting requirements for a debt instrument, a lease, or an insurance contract.

Costs associated with on-behalf payment included in derivative instrument payments should be reported as expenditures or expenses consistent with the manner in which those payments would have been reported if the government had made the payment directly.

What are the methods for evaluating effectiveness and what does it mean to be effective and/or ineffective?

Potential hedging derivative instruments should be evaluated for effectiveness as of the end of each reporting period using a method described in paragraphs 36-62 of GASB Statement No. 53. The extent to which these methods are required to be applied in the evaluation of effectiveness is as follows:

a. ***Evaluation of effectiveness in the first reporting period.*** If a potential hedging derivative instrument is first evaluated using the consistent critical terms method and does not meet the criteria for effectiveness of that method, at least one quantitative method also should be applied before concluding that the potential hedging derivative instrument is ineffective. If a potential hedging derivative instrument is first evaluated using a quantitative method and does not meet the criteria for effectiveness of that method, a government may, but is not required to, apply another quantitative method(s) before concluding that the potential hedging derivative instrument is ineffective. If it is determined that a potential hedging derivative instrument is ineffective in the first reporting period, evaluation of effectiveness in subsequent reporting periods should not be performed for financial reporting purposes.

b. ***Evaluation of effectiveness in subsequent reporting periods.*** All potential hedging derivative instruments that were determined to be hedging derivative instruments in the prior reporting period should be re-evaluated as of the end of the current reporting period using the method that was applied in the prior reporting period. If that method is applied and the hedging derivative instrument no longer meets the criteria for effectiveness of that method, a government may, but is not required to, apply another method(s) before concluding that the hedging derivative instrument is no longer effective.

The methods for evaluating effectiveness discussed in GASB Statement No. 53 include the following:

1. <u>Consistent Critical Terms Method</u> – evaluates effectiveness by qualitative consideration of the critical terms of the hedgeable item and the potential hedging derivative instrument

2. <u>Synthetic Instrument Method</u> – this quantitative method evaluates effectiveness by combining the hedgeable item and the potential hedging derivative instrument to simulate a third synthetic instrument

3. <u>Dollar-Offset Method</u> – this quantitative method evaluates effectiveness by comparing the changes in expected cash flows or fair values of the potential hedging derivative instrument with the changes in expected cash flows or fair values of the hedgeable item

4. <u>Regression Analysis Method</u> – this quantitative method evaluates effectiveness by considering the statistical relationship between the cash flows or fair values of the potential hedging derivative instrument and the hedgeable item

5. <u>Other Quantitative Methods</u> – a government may use a quantitative method to evaluate effectiveness not specifically identified in GASB Statement No. 53 if the method meets ***<u>all</u>*** of the following criteria:

    i. Through identification and analysis of critical terms, the method demonstrates that the changes in cash flows or fair values of the potential hedging derivative instrument substantially offset the changes in cash flows or fair values of the hedgeable item

    ii. Replicable evaluation of effectiveness are generated that are sufficiently complete and documented such that different evaluators using the same method and assumptions would reach substantially similar results

iii. Substantive characteristics of the hedgeable item and the potential hedging derivative instrument that could affect cash flows or fair values are considered

If the potential hedging instrument is deemed to be effective, it is a hedged derivative instrument; otherwise, it is an investment derivative instrument.

What financial statement note disclosures should be presented for derivative instruments?

A. Governments should provide a summary of their derivative instrument activity during the reporting period and balances at the end of the reporting period. The information disclosed should be organized by governmental activities, business-type activities, and fiduciary funds. The information should then be divided into the following categories – hedging derivative instruments (distinguishing between fair value hedges and cash flow hedges) and investment derivative instruments. Within each category, derivative instruments should be aggregated by type (for example, receive-fixed swaps, pay-fixed swaps, swaptions, rate caps, basis swaps, or futures contracts).

   Information presented in the summary should include:

   a. Notional amount

   b. Changes in fair value during the reporting period and the classification in the financial statements where those fair values are reported

   c. Fair values as of the end of the reporting period and the classification in the financial statements where those fair values are reported (if derivative instrument fair values are based on other than quoted market prices, the methods and significant assumptions used to estimate those fair values should be disclosed)

   d. Fair values of derivative instruments reclassified from a hedging derivative instrument to an investment derivative instrument, along with disclosure of the deferral amount that was reported within investment revenue upon reclassification

B. Governments should disclose contingent features that are included in derivative instruments held at the end of the reporting period, such as a government's obligation to post collateral if the credit quality of the government's hedgeable item declines. For derivative instruments with contingent features reported as of the end of the reporting period, disclosure should include:

   a. The existence and nature of contingent features and the circumstances in which the features could be triggered

   b. The aggregate fair value of derivative instruments that contain those features

   c. The aggregate fair value of assets that would be required to be posted as collateral or transferred in accordance with the provisions related to the triggering of the contingent liabilities

d. The amount, if any, that has been posted as collateral by the government as of the end of the reporting period.

C. If a government reports a hybrid instrument, disclosures of the companion instrument should be consistent with disclosures required of similar transactions, for example, disclosures for debt instruments. In that case, the existence of an embedded derivative with the companion instrument should be indicated in the disclosures of the companion instrument. For example. if a government has entered into a hybrid instrument that consists of a borrowing for financial reporting purposes and an interest rate swap, the government's disclosure should indicate the existence of the interest rate swap within the debt disclosure.

Derivative instruments often are stand-alone instruments, such as futures contracts. A derivative instrument also may accompany a companion instrument such as a debt instrument, a lease, an insurance contract, or a sale or purchase contract. An embedded derivative instrument may be a call option in a bond, a cap, or floor in a sale or purchase contract, or an interest rate swap in a debt instrument. Alternatively, some derivative instruments may include investing or borrowing transaction. These instruments may give rise to a hybrid instrument, which consists of a derivative instrument and a companion instrument.

A hybrid instrument exists when the instrument meets **all** of the following criteria:

a. The companion instrument is not measured on the statement of net assets at fair value.

b. A separate instrument with the same terms as the derivative instrument would meet the definition of a derivative instrument.

c. The economic characteristics and risks of the derivative instrument are not closely related to the economic characteristics and risks of the companion instrument.

D. Governments that report a Synthetic Guaranteed Investment Contract (SGIC) that is fully benefit-responsive should disclose the following information in the notes to the financial statement as of the end of the reporting period:

a. A description of the nature or the SGIC
b. The SGIC's fair value (including separate disclosure of the fair value of the wrap contract and the fair value of the corresponding underlying investments).

Fully benefit-responsive SGIC, the combination of the underlying investments and the wrap contract, should be reported at contract value. An SGIC is fully benefit-responsive if **all** of the following criteria are met:

a. The SGIC prohibits the government from assigning or selling the contract or its proceeds to another party without consent of the issuer.

b. Prospective interest crediting rate adjustments are provided to plan participants and the government on a designated pool of investments by a financially responsible third party. Those adjustments provide assurance that probable future rate adjustments that would result in an interest crediting rate of less than zero is remote. The pool of investments in total meets both of the following criteria:

i. Is of high credit quality such that the possibility of credit loss is remote
ii. May be prepaid or otherwise settled in such a way that the government and plan participants would recover contract value.

c. The terms of the SGIC require all permitted participant-initiated transactions with the government to occur at contract value with no conditions, limits, or restrictions. Permitted participant-initiated transactions are those transactions allowed by the government, such as withdrawals for benefits, loans, or transfers to other investment choices.

d. Some events may limit a government's ability to transact with participants at contract value. Examples are premature termination of contracts, layoffs, plan terminations, bankruptcies, and early retirement incentives. The probability of such an event occurring within one year of the date of the financial statements is remote.

e. The government allows participants reasonable access to their investments. The following conditions do not affect the benefit responsiveness of an SGIC:

i. In plans with a single investment choice, restrictions on access to assets by active participants are consistent with the objective of the plan (for example, retirement benefits).

ii. Participants' access to their account balances is limited to certain specified times during the plan year (for example, semiannually or quarterly) to control the administrative costs of the plan.

iii. Administrative provisions that place short-term restrictions (for example, three or six months) on transfers to competing fixed-income investment options to limit arbitrage among those investment options (that is, equity wash provisions).

If plan participants are allowed access at contract value to all or a portion of their account balances only upon termination of their participation in the plan, participants would not have reasonable access to their investments

<u>The following should be disclosed for hedging derivative instruments:</u>

a. ***Objectives*** - The government should disclose its objectives for entering into the instruments, the context needed to understand those objectives, its strategies for achieving those objectives, and the types of derivatives instruments entered into.

b. ***Terms*** - The government should disclose the significant terms of the transaction, including:

i. Notional, face, or contract amount

ii. Reference rates, such as indexes or interest rates

iii. Embedded Options, such as caps, floors, or collars

iv. The date when the hedging derivative instrument was entered into and the scheduled

v. maturity/termination date

vi. The amount of cash paid or received when the derivative was entered into

c. ***Risks*** - The government should disclose, when applicable, its exposure to the following risks that could give rise to financial loss. Risk disclosures are limited to hedging derivative instruments that are reported as of the end of the reporting period. Disclosures required by this paragraph may contain information that is also required by other paragraphs. However, these disclosures should be presented in the context of a hedging derivative instrument's risk.

   i. *Credit risk* is the risk that a counterparty will not fulfill its obligations. If a hedging derivative instrument exposes a government to credit risk, the government should disclose that exposure as credit risk and also disclose the following information:

      1. The credit quality ratings of counterparties as described by nationally recognized statistical rating organizations—rating agencies—as of the date of the end of the reporting period. If a credit risk disclosure is required and the counterparty is not rated, the disclosure should indicate that fact.

      2. The maximum amount of loss due to credit risk, based on the fair value of the hedging derivative instrument as of the date of the reporting period, that the government would incur if the counterparties to the hedging derivative instrument failed to perform according to the terms of the contract, without respect to any collateral or other security, or netting arrangement.

      3. Information about the policy of requiring collateral or other security to support hedging derivative instruments subject to credit risk, a summary description and the aggregate amount of the collateral or other security that reduces credit risk exposure, and the information about the government's access to that collateral or other security.

      4. Information about the policy of entering into any master netting arrangements, including a summary description and the aggregate amount of liabilities included in those arrangements, to mitigate credit risk.

      5. The aggregate fair value of hedging derivative instruments in asset (positive) positions net of collateral posted by the counterparty and the effect of master netting arrangements.

6. Significant concentrations of net exposure to credit risk (gross credit risk reduced by collateral, other security, and setoff) with individual counterparties and groups of counterparties. A concentration of credit risk exposure to an individual counterparty may not require disclosure if its existence is apparent from the disclosures required by other parts of this paragraph.

ii. *Interest rate risk* is the risk that changes in interest rates will adversely affect the fair values of a government's financial instruments or a government's cash flows. If a hedging derivative instrument increases a government's exposure to interest rate risk, the government should disclose that increased exposure as interest rate risk and also the hedging derivative instrument's terms that increase such a risk. The determination of whether a hedging derivative instrument increases interest rate risk should be made after considering, for example, the effects of the hedging derivative instrument and any hedged debt.

iii. *Basis risk* is the risk that arises when variable rates or prices of a hedging derivative instrument and a hedged item are based on different reference rates. If a hedging derivative instrument exposes a government to basis risk, the government should disclose that exposure as basis risk and should also disclose the hedging derivative instrument's terms and payment terms of the hedged item that creates the basis risk.

iv. *Termination risk* is the risk that a hedging derivative instrument's unscheduled end will affect a government's asset/liability strategy or will present the government with potentially significant unscheduled termination payments to the counterparty. If a hedging derivative instrument exposes a government to termination risk, the government should disclose that exposure as termination risk and also the following information, as applicable:

(1) Any termination events that have occurred.
(2) Dates that the hedging derivative instrument may be terminated.
(3) Out-of-the-ordinary termination events contained in contractual documents, such as "additional termination events" contained in the Schedule to the International Swap Dealers Association Master Agreement.

v. *Rollover risk* is the risk that a hedging derivative instrument associated with a hedgeable item does not extend to the maturity of that hedgeable item. When the hedging derivative instrument terminates, the hedgeable item will no longer have the benefit of the hedging derivative instrument. If a hedging derivative instrument exposes a government to rollover risk, the government should disclose that exposure as rollover risk and should also disclose the maturity of the hedging derivative instrument and the maturity of the hedged item.

vi. *Market-access risk* is the risk that a government will not be able to enter credit markets or that credit will become more costly. If the hedging derivative instrument creates market-access risk, the government should disclose that exposure as market-access risk.

vii. *Foreign currency risk* is the risk that changes in exchange rates will adversely affect the cash flows or fair value of a transaction. If a hedging derivative instrument exposes a government to foreign currency risk, the government should disclose the U.S. dollar balance of the hedging derivative instrument, organized by currency denomination and by type of derivative instrument.

d. ***Hedged debt*** – If the hedged item is a debt obligation, governments should disclose the hedging derivative instrument's net cash flow based on the requirements established by Statement No. 38, *Certain Financial Statement Note Disclosures*, paragraphs 10 and 11.

e. ***Other quantitative method of evaluating effectiveness*** – If effectiveness is evaluated by application of a quantitative method not specifically identified in this Statement, governments should disclose the following information:

i. The identity and characteristics of the method used
ii. The range of critical terms the method tolerates
iii. The actual critical terms of the hedge

<u>The following should be disclosed for investment derivative instruments:</u>

a. ***Risks*** - The government should disclose, when applicable, its exposure to the following risks that could give rise to financial loss. Risk disclosures are limited to investment derivative instruments that are reported as of the end of the reporting period. Disclosures required by this paragraph may contain information that is also required by other paragraphs. However, these disclosures should be presented in the context of an investment derivative instrument's risk.

i. *Credit risk* is the risk that a counterparty will not fulfill its obligations. If an investment derivative instrument exposes a government to credit risk, the government should disclose that exposure as credit risk and that disclosure should be consistent with the requirements stated above.

ii. *Interest rate risk* is the risk that changes in interest rates will adversely affect the fair values of a government's financial instruments or a government's cash flows. If an investment derivative instrument exposes a government to interest rate risk, the government should disclose that exposure consistent with the disclosures required by Statement 40, paragraphs 14 and 15. Further, an investment derivative instrument that is an interest rate swap is an additional example of an investment that has a fair value that is highly sensitive to interest rate changes as discussed in Statement 40, paragraph 16. The fair value, notional amount, reference rate, and embedded options should be disclosed.

iii. *Foreign currency risk* is the risk that changes in exchange rates will adversely affect the cash flows or fair value of a transaction. If an investment derivative instrument exposes a government to foreign currency risk, the government should disclose that exposure consistent with the disclosures required by Statement 40, paragraph 17.

When should hedge accounting cease to be applied?

Hedge accounting should cease to be applied upon the occurrence of one of the following termination events:

1. The hedging derivative instrument is no longer effective as determined by applying the criteria stated in a prior question.

2. The likelihood that a hedged expected transaction will occur is no longer probable.

3. The hedged asset or liability, such as a hedged bond, is sold or retired but not reported as a current refunding or advanced refunding resulting in a defeasance of debt.

4. The hedging derivative instrument is terminated.

5. A current refunding or advanced refunding resulting in the defeasance of the hedged debt is executed.

6. The hedged expected transaction occurs, such as the purchase of an energy commodity or the sale of bonds.

If a termination event described in #1 through #4 above occurs, the balance in the deferral account should be reported on the flow of resources statement within the investment revenue classification. If reported separately within investment revenue, the removal of the balance in the deferral account should be captioned *increase (decrease) upon hedge termination*. Once the termination event has occurred, hedge accounting should not be reapplied to that hedging relationship. A derivative instrument from a terminated hedge, however, may be employed as a hedging derivative instrument in a new hedge, provided that the derivative instrument meets the criteria as described in a previous question.

If the termination event is the current refunding or advanced refunding resulting in the defeasance of the hedged debt, #5 above, the balance of the deferral account should be included in the net carrying amount of the old debt for purposes of calculating the difference between that amount and the reacquisition price of the old debt in accordance with paragraphs 4 and 5 of Statement 23. This approach should be applied regardless of whether the hedging derivative instrument is terminated, notwithstanding paragraph 23. The calculation of the difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding and the economic gain or loss resulting from the transaction, as required by paragraph 11 of Statement 7, should include the effects of a hedging derivative instrument.

If the termination event is the occurrence of the hedged expected transaction, #6 above, the disposition of the deferral balance depends on whether the hedged expected transaction results in a financial instrument or a commodity.

a. If the expected transaction results in a financial instrument, the accounting treatment depends on whether the government is reexposed to the hedged risk.

1. If the government is reexposed to the hedged risk, the balance of the deferral account should be recognized on the flow of resources statement within the investment revenue classification.

2. If the government is not reexposed to the hedged risk, the balance in the deferral account should be reported on the flow of resources statement consistent with the hedged item. For example, a government hedges its exposure to interest rate risk associated with the expected issuance of fixed-rate debt using a hedging derivative instrument, an interest rate lock. The interest rate lock terminates on the date of the expected issuance of debt. If the fixed-rate bonds are issued and the interest rate lock is terminated, the government is no longer exposed to interest rate risk. In this case, the deferral account should be amortized in a systematic and rational manner over the life of the debt as an adjustment of interest expense.

   The decision as to whether a termination event reexposes a government to a hedged risk should be based on specific facts and circumstances. If, for example, the interest rate lock in the earlier example is terminated shortly before fixed-rate bonds are issued, the government should consider whether during that interim period, the government's exposure to interest rate risk was significant. In the interim time period or the reexposure to the identified financial risk is significant, the amount in the deferral account should be removed by recognizing that balance in the flow of resources statement.

b. If the expected transaction results in a commodity, the balance of the deferral account should be removed by reporting the balance as an adjustment to the actual transaction. For example, if the expected transaction is a hedge of market risk associated with the purchase of electricity and the purchase occurs, the balance of the deferral account related to the hedging derivative instrument should be removed by reporting the balance as an adjustment to the cost of energy.

What is the effective date and transition requirements for GASB Statement No. 53?

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. Accounting changes adopted to conform to the provisions of the Statement should be applied retroactively by restating financial statements, if practical, for all prior periods presented. If retroactive application is not practical, the cumulative effect of applying this Statement, if any, should be reported as a restatement of beginning net assets, fund balance, or fund net assets, as appropriate, for the earliest period restated. In the period this Statement is first applied, the financial statements should disclose the nature of any restatement and its effect. Also, the reason for not restating prior periods presented should be explained.

For derivatives existing prior to the reporting period during which this Statement is implemented, the evaluation of effectiveness need only be performed as of the end of the current reporting period. If determined to be effective, the derivative instrument should be reported as a hedging derivative instrument as if it was effective from its inception. If determined to be ineffective, the derivative instrument should be evaluated as of the end of the previous reporting period. In that case, a potential hedging derivative instrument found to be effective at the end of the previous reporting period should be reported in accordance with the provisions of paragraph 23 (The balance in the deferral account should be reported on the flow of resources statement within the investment revenue classification. If reported separately within investment revenue, the removal of the balance in the deferral account should be captioned *increase (decrease) upon hedge termination*. Once the termination event has occurred, hedge accounting should not be reapplied to that hedging relationship. A derivative instrument from a terminated hedge, however, may be employed as a hedging derivative instrument in a new hedge, provided that the derivative instrument meets the criteria.). Alternatively, a derivative instrument found to be ineffective at the end of the previous reporting period is subject to the transition adjustment provisions of paragraph 80 (the paragraph immediately preceding this one).

INFORMATION FOR NOTE W: IMPAIRMENT OF CAPITAL ASSETS

GASB 42 establishes accounting and financial reporting standards for impairment of capital assets and for insurance recoveries. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. GASB 42, paragraph 9 outlines five (5) common "indicators of impairment." They are:

1. Evidence of physical damage, such as for a building damaged by fire or flood, when the level of damage is such that restoration efforts are needed to restore service utility.
2. Enactment or approval of laws or regulations or other changes in environmental factors, such as new earthquake standards that a facility does not meet, and cannot be modified to meet.
3. Technological development or evidence of obsolescence, such as that related to a major piece of diagnostic or research equipment.
4. A change in the manner or expected duration of use of a capital asset, such as closure of a building prior to the end of its useful life.
5. Construction stoppage, such as stoppage of construction as a result of a lack of funding.

Damaged assets can be separated into the following categories:

1. assets that will not be returned to service
2. assets temporarily out of service due to needed repairs, restoration, or recertification
3. assets remaining in service but needing repair
4. assets damaged that will continue to be used, but will not be repaired

Category 1 assets that are destroyed or so badly damaged that it is not cost effective to restore them are considered to be 100% impaired, and the impairment loss will be equal to the carrying value of the asset at the beginning of the year of the impairment event. The impairment loss for category 1 assets that are not completely destroyed, will no longer be used and will not be restored will equal the difference between the carrying value at the beginning of the year of the impairment event and the fair value after the impairment event. If the assets are going to be restored (category 2 and 3), then they need to be evaluated for impairment per GASB 42.

For assets impaired by physical damage, the restoration cost approach should be used to calculate the impairment loss. Under this approach, the amount of the impairment loss is derived from the estimated costs to restore the utility of the capital asset. According to the standard, an asset is not considered impaired unless its decline in service utility is significant; therefore, OSRAP has established impairment thresholds for assets impaired by physical damage. In order for an asset to be considered impaired by physical damage, the restoration cost (estimated restoration cost if the asset is not fully restored) of the impaired asset must be equal to or greater than the following:

Infrastructure	For state agencies that use the Wooster Method to capitalize their infrastructure, all restoration projects that cost at least $100,000 should be added together, and if this total is at least $3 million per
Buildings	Greater of $100,000 or 20% of the capitalized cost of the building
Movable Property	Greater of $20,000 or 20% of the capitalized cost of the asset

Infrastructure – For infrastructure capitalized by the Wooster Method, the magnitude in the decline in service utility is significant component of the impairment test will be considered met if the total of all estimated restoration projects costing at least $100,000 are equal to or greater than the capitalization threshold for infrastructure, or $3 million per agency, per year.

Buildings – For buildings impaired by physical damage, the restoration cost threshold is equal to the greater of the capitalization threshold, $100,000, or 20% of the capitalized cost of the building. If the building's restoration costs are equal to or greater than the capitalization threshold or equal to or greater than 20 percent of the capitalized costs of the impaired building (whichever is higher), and the building's decline in service utility is "unexpected", we will conclude that the asset has met the impairment test criteria, and is impaired. Note: According to the provisions of GASB 42, an asset is impaired when there is a "significant" and "unexpected" decline in the service utility of a capital asset.

Movable property – For movable property impaired by physical damage, the restoration cost threshold is equal to the greater of $20,000 or 20% of the capitalized cost of movable property. If the cost to restore the property is lower than $20,000 or 20% of the capitalized cost of the impaired property (whichever is higher), we will not consider the "magnitude in the decline in service utility is significant" component of the impairment test to be met. If the cost to restore the movable property is equal to or greater than the impairment threshold, $20,000 or 20% of the capitalized cost of the impaired movable property (whichever is greater), and the movable property's decline in service utility is unexpected, we will conclude that the asset has met the impairment test criteria, and is impaired according to the provisions of GASB 42.

Category 4 assets do not meet the impairment threshold test because the magnitude in the decline in the service utility component of the impairment test would not be met, and no impairment loss will be calculated for these assets.

For assets impaired by enactment or approval of laws or regulations or other changes in environmental factors, technological development or evidence of obsolescence, or a change in the manner or expected duration of use, use the examples provided in GASB 42 for guidance in calculating the impairment loss. The thresholds developed by OSRAP for estimated restoration cost discussed above do not apply to these assets. Report capital assets impaired by construction stoppage at the lower of carrying value or fair value.

An insurance recovery associated with events or changes in circumstances resulting in impairment of a capital asset should be netted with the impairment loss when the recovery and the loss occur in the same year. Restoration or replacement of the capital asset using the insurance recovery should be reported as a separate transaction. Insurance recoveries should be disclosed if not apparent from the face of the financial statements.

GASB 42 requires that the carrying amount of impaired capital assets that are idle at year end be disclosed in the notes, regardless of whether the impairment is permanent or temporary. However, an impairment loss does not have to be calculated for a temporarily impaired asset. If management has to take action to reverse an impairment, such as restoration of a capital asset with physical damage, then the impairment should be considered permanent. In certain circumstances, temporary impairments could be associated with enactment or approval of laws or regulations or other changes in environmental factors, changes in technology or obsolescence, changes in manner or duration of use, or construction stoppage.

<u>INFORMATION FOR SCHEDULE 16: COOPERATIVE ENDEAVORS</u>

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

The net liability for fiscal year ending June 30, 2010, is reported according to funding source, as follows:

- State General Fund
- Self-generated revenue
- Statutorily dedicated revenue
- General obligation bonds
- Federal funds
- Interagency transfers
- Other funds/combination

NOTE: Amounts in excess of contract limits cannot be used to reduce the outstanding contract balance at June 30, 2010. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute the ending balances by funding source, you should begin with your balances at June 30, 2009. These amounts will be increased by amounts for new contracts and amendments and decreased for payments as well as for liquidations.

<u>INSTRUCTIONS:</u>

- Use Schedule 16 to report your agency's cooperative endeavor(s) and submit an electronic version via e-mail to katherine.porche@la.gov
- Submit a hard copy of the report with your agency's AFR
- Do not include encumbrances reported in Note L
- Report only the cooperative endeavor(s) that you are obligated to pay
- **DO NOT REPORT** – if your agency is the recipient of the cooperative endeavor(s)
- **Payments made during the 45 day close (13th period) are included in the Paid-Inception amount**
- **Liquidation amounts are included in the Paid-Inception amount**
- The seven (7) funding source column amounts **must** equal "Net Liability at June 30" column
- The "Paid-Inception" plus "Net Liability" columns **must equal** "Original Amount of Coop" column

TYPE OF APPROPRIATIONS:

- Multi-year appropriation – a contract with an annual obligation of a fixed amount over a number of years
- One-time appropriation – a contract that has a one time obligation but any remaining amount can and does roll over into the next year or thereafter
- Other appropriation – a contract with an obligation that does not fall under multi-year or one-time appropriation. Attach a brief description of the obligation.

REQUIREMENTS:

1. No cooperative endeavor(s) to report – record "None" on Schedule 16
2. Have cooperative endeavor(s) to report:
    - **must** send an electronic file of Schedule 16 to katherine.porche@la.gov
    - **must** attach a copy of Schedule 16 with the AFR
3. To get a cooperative endeavor schedule format in Excel, send an e-mail request to katherine.porche@la.gov

AGENCIES - using CFMS:

Most cooperative endeavor contracts are coded with a document type of "COP" in the Contract Financial Management Subsystem (CFMS); however, there are some that are considered cooperative endeavors, but are coded with other document types. Examples of document types are:

- Contracts that fall under delegated authority (AGY or IAT)
- Facility Planning and Control contracts (CEA)
- Certain federal government contracts (OTH or GOV)
- Contracts designated as such by legislative auditors (AGY or IAT)
- Work incumbent programs (WIP)

INFORMATION FOR NOTE Y: REVENUES PLEDGED OR SOLD (GASB STATEMENT 48)

FUTURE REVENUES REPORTED AS A SALE

A transaction in which an agency/entity receives proceeds in exchange for cash flows from specific future revenues should be reported as a sale if the agency continuing involvement with those revenues meets all of the following criteria:

a. The agency does not maintain an active involvement in the future generation of those revenues.
b. The transferee's ability to subsequently sell or pledge the future cash flows is not significantly limited by constraints imposed by the agency either in the transfer agreement or through other means.
c. The cash resulting from collection of the future revenues has been isolated from the agency/entity. Generally, banking arrangements should eliminate access by the agency to the cash generated by collecting the future revenues. Access is eliminated when the revenues are received directly by the transferee or are deposited directly into a custodial account maintained for the benefit of the transferee. However, if the agency is required to remain as the recipient, (1) the cash payments to the transferee should be made only from the resources generated by the specific revenue or receivable rather than from the agency's own resources; and (2) the cash collected should be remitted to the transferee without significant delay.
d. The contract, agreement, or other arrangement between the original resource provider and the agency does not prohibit the transfer or assignment of those resources.
e. The sale agreement is not cancelable by either party, including cancellation through payment of a lump sum or transfer of other assets or rights.

The agency may cease active involvement in the generation of specific revenues yet remain involved with those revenues in some manner. *Active involvement generally requires a substantive action or performance by the government.* Agencies should determine whether the *primary* or *fundamental* activity or process that generates the specific revenue requires continuing active involvement. The criteria for active involvement in the future generation of revenues include the following:

a. The agency produces or provides the goods or services that are exchanged for the revenues
b. The agency levies or assesses taxes, fees, or charges and can directly influence the revenue base or the rate(s) applied to that base to generate the revenues.
c. The agency is required to submit applications for grants or contributions from other governments, organizations, or individuals to obtain the revenues.
d. The agency is required to meet grant or contribution performance provisions to qualify for those revenues.

The agency may remain associated with the specific revenues in ways that do not constitute the primary or fundamental activity that generates the revenues and thus would be considered to have a passive involvement in the generation of those revenues. Activities that would be considered passive involvement include the following:

a. Holding title to revenue-producing assets (leases, rents, or royalty income)

b. Owning a contractual right to a stream of future revenues (tobacco settlement revenues)
c. Satisfying the "required characteristics" eligibility criterion in paragraph 20 of GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*
d. Agreeing to refrain from specified acts or transactions (agreeing to noncompetition restrictions)

If the criteria required for sale reporting are not met (as described above and in GASB Statement No. 48, paragraphs 6-9), a transaction should be reported as collateralized borrowing.