

Fiscal Year End Newsletter

FYE AGENCY RESOURCES

Webpage

The State Financial Services Division (SFSD) has created a new webpage for agencies to visit for State Accounting fiscal year end information. The webpage includes a calendar with agency deadlines and other helpful resources; this webpage can be found by visiting: <http://sfsd.mt.gov/SAB/FYE>.

Policy

The updated *MOM Policy 375 Fiscal Year End Procedures FY15* has been published, and is now available; this policy can be found by visiting the Fiscal Year End webpage, or the MOM Policy website: <http://mom.mt.gov> > [Access the Montana Operations Manual](#).

Reminder Checklist

A [2015 Fiscal Year End Reminder Checklist](#) has been created to provide agencies with a quick reference guide. This resource can also be found by visiting the SFSD Fiscal Year End webpage.

SABHRS Financials Mass Change Requests

Agencies can request mass updates to orgs, speedcharts, and projects by submitting Mass Change Spreadsheets to SABHRS Financials. These Spreadsheet Templates can be found by visiting the [MINE > SABHRS Documentation > Financials > Fiscal Year-End](#) (access to the Montana Information Network for Employees (MINE) is required); these requests are due to the SABHRS Financial Services Technology Bureau by June 12th.

HR & Payroll

For Fiscal Year End Human Resources & Payroll updates and information, visit [MINE > SABHRS Documentation > Human Resources > Year end information](#) (access to the Montana Information Network for Employees (MINE) is required).



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ACCOUNTING CHANGES FOR EMPLOYEE BENEFITS



Other Post Employment Benefit (OPEB) Accounting Changes

During the preparation of the State and University System CAFRs, it was discovered that Other Post Employment Benefits (OPEB) being offered to retirees were not being accounted for in an appropriate manner as required in accordance with Governmental Accounting Standards Board (GASB) Statement #45. When determining the amounts to reflect on the accounting records, the entities did not take into account a required amortization of prior year liabilities previously recorded; they also did not appropriately account for employer contributions to the OPEB plans made through an implied rate subsidy. As a result of these errors and omissions, the overall current year OPEB liability decreased to a level below that reflected within their respective financial statements in the prior fiscal year. Accounting for the OPEB plans will now include an implicit rate subsidy amount, as a contribution to the plan, and will take into consideration amortization of prior year liabilities. The result of this will be lower OPEB expenses and cumulative liabilities than that previously implied. No changes of actual funding of the plans will take place. See Montana Operations Manual (MOM) Policy #355 – *Employee Benefits* or contact Anthony Cacace at SAB (444-4689 or ACacace@mt.gov) for additional information.

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Pension Plan Reporting and GASB 68

Governmental Accounting Standards Board Statement #68 encompasses new requirements related to pension plan reporting for employers and non-employer governmental contributing entities. The statement must be implemented by governmental employer and non-employer contributing entities for fiscal years beginning after June 15, 2014. For the State of Montana, and its component units, this means that the fiscal year ended June 30, 2015, is the year of implementation.

A few major differences of the new pension standard over those previously issued for employer and non-employer contributing entities pension plan reporting are:

An employer, whether they participate in a single employer or multi-employer cost sharing pension plan, must show a pro-rata share of any net pension liability of the plan;

The pension expense recognized by an employer may be different than the actual contributions paid to the plan;

An employer who receives non-employer entity contributions will likely have to record grant revenue as a result;

A non-employer contributing entity may have to reflect a pro-rata share of a plan's net pension liability;

A non-employer contributing entity will have to reflect grant expenditures for contributions made on an employer entity's behalf to a pension plan;

Employer and non-employer entities will reflect items classified as deferred inflows and outflows of

resources; and

Expanded note disclosures to the financial statements for multi-employer cost sharing plans. The expanded disclosures are now more similar to those previously required of single employer plan disclosures and are required of employers and non-employer contributing entities.

The plans' actuaries will determine the pro-rata shares, based on contributions made to the respective plan, of each accountable item to be reflected by the respective employer and non-employer contributing entity. The Department of Administration (DOA) will record all accounting transactions on SABHRS and will determine what related note disclosures for the State's CAFR will be necessary. However, all component units will be responsible for reflecting note disclosures as an employer entity within their stand-alone financial statements. In addition, all Montana University System (MUS) units will be required to reflect their transactions on BANNER as deemed appropriate.

DOA will provide the financial information by each employer component unit as a whole. Therefore, the MUS will likely find it necessary to divide their respective amounts by individual campus and community college. Distribution of the State's share as an employer will likely be on a basis that uses amounts reflected in SABHRS account 61402 - Contributions. See Montana Operations Manual (MOM) Policy #355 – *Employee Benefits* or contact Anthony Cacace at SAB (444-4689 or ACacace@mt.gov) for additional information. [GASB Statement No. 68](#)

Additional Notations in Relation to Both Situations Presented Above

Despite the need to reflect the liabilities and related expenses for the benefits provided above on the face of the financial statements, including blue book schedules for full-accrual accounting type activities, as neither are representations of a current portion of the liability due and in consideration of the nature of the liabilities themselves, a business type activity must NOT include either amount in rate setting. In other words, when management is attempting to determine whether an internal service fund's (ISF) charges are commensurate with its costs, as required by §17-8-101 (6), Montana Code

Annotated, or to determine the rates an Enterprise fund should charge for its goods and services, management cannot include either OPEB or Pension Liabilities or the associated GAAP expenses. However, contributions to the pension plans recorded in the personal services category are still includible. See Montana Operations Manual (MOM) 302 – *Governmental Accounting Overview*; Section XII, B, or contact Anthony Cacace at SAB (444-4689 or ACacace@mt.gov) for additional information.



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BOARD OF INVESTMENTS

STIP Participants

During the fiscal year end period, state and local government STIP participants may request fiscal year 2016 STIP transactions provided the entity has positive cash.

All daily STIP balances, current month distribution, prior day yields, and prior month's daily factors can be confirmed on our web site.

Go to: www.investmentmt.com, select the STIP category at the top of the page, and scroll down to the section you wish to view.

A revenue estimate budget must be established for FY16 no later than July 29th in order to record the July STIP distribution.

We will run a test document around July 29th to be sure this task has been accomplished.

OBPP

ATRISC —Corrective Action Plan Database

The Office of Budget and Program Planning (OBPP) recently developed a database for use in submitting and updating agency and university corrective action plans. The Audit Tracking Response Implementation Service Center (ATRISC) automates the current corrective action plan submittal and review process.

Effective June 1, 2015, corrective action plans can be input through the ATRISC system. Prior to using this system, agencies will need to contact their OBPP budget analyst to obtain access. Once access is provided, agencies can review the instructions posted on the website and use the database to input new corrective action plans and updated plans that have already been submitted.

Please contact Sonia Powell at OBPP (444-4588 or SoniaPowell@mt.gov) if you have any questions on accessing or using the ATRISC database or the SEFA reporting requirements.

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Schedule of Expenditures of Federal Awards

The instructions and Excel template for preparing this year’s Schedule of Expenditures of Federal Awards (SEFA) will be forwarded to agencies and universities by June 5, 2015.

There are several minor changes to the instructions for this year’s reporting cycle:

The SEFA submittal deadline has been extended an additional two weeks to August 28, 2015. Earlier submittals are always encouraged.

It is no longer necessary to submit hard copy documents to OBPP.

For the fiscal year 2015 reporting cycle, agencies and universities will continue to provide their own trial balance reconciliations.

Please contact Sonia Powell at OBPP (444-4588 or SoniaPowell@mt.gov) if you have any questions on accessing or using the ATRISC database or the SEFA reporting requirements.