

Appendix B – Reporting and Restatement Guidance and Examples

Reporting for Fiscal Year 2020

On May 8, 2020, GASB issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), which postpones certain standards, including GASB Statement No. 84, *Fiduciary Activities* (GASB 84). Based on feedback received from state entities, OSC decided to delay the implementation of GASB 84 (based on the guidance in GASB 95) to fiscal year 2021. Entities that have recorded activity under the new GASB 84 guidance in fiscal year 2020 will need to reclassify that activity at June 30, 2020 to report this activity under pre-GASB 84 guidance. This means entities should report their agency funds such that assets equal liabilities; no additions (revenues) or deductions (expenses) should be reported to these funds in fiscal year 2020. Also, no restatements should be recorded in fiscal year 2020 for the implementation of GASB 84. Additionally, standalone BTA's that have identified material fiduciary activities should not present fiduciary fund statements in their separately issued financial statements in fiscal year 2020.

If additions and deductions have been recorded during fiscal year 2020 for agency funds, entries are needed to reclassify the activity to liability accounts. To determine what activity needs to be reclassified, agencies can review their year-end trial balances, DSS 54F reports or NCAS GL screen 220 to analyze the entries made to their agency fund addition and deduction accounts in fiscal year 2020.

The screen shots below are examples of how an agency can pull up this information:

Account Number	Account Description	Prior Month Ending Balance	Month to Date Net	Current Month Ending Balance
R70 OSC - NC FLEX				
GASB 3900 AGENCY FUNDS-DEPT				
111260	POOL CSH-BUDGET CODE CSH	11,005,547.02	211,665.86	11,217,212.88
Total Class 1		11,005,547.02	211,665.86	11,217,212.88
217190	FUNDS HELD FOR OTHERS	-5,884,997.37	0.00	-5,884,997.37
Total Class 2		-5,884,997.37	0.00	-5,884,997.37
436161	PARTICIPANT CONTRIBUTIONS	-57,271,575.85	-211,665.86	-57,483,241.71
Total Class 4		-57,271,575.85	-211,665.86	-57,483,241.71
535971	PAYMENTS UNDER CUSTODIAL	52,151,026.20	0.00	52,151,026.20
Total Class 5		52,151,026.20	0.00	52,151,026.20
Total 3900 AGENCY FUNDS-DEPT		0.00	0.00	0.00

CAFR 54F (Statement of Changes in Fiduciary Net Position)

Fiduciary Funds

MDC: ncgov Updated: 05/12/2020 2:51:31 AM

Report Format 03/19/2020

[Fru Nbr] [All GASB Numbers] [GAAP Fund Type] [All Accounts] [All Expenditure Functions] [Expense & Revenue Functions] [All Revenue Categories] [All Budget Codes] [FY 2020] [May] YTD ACTUAL

	3900 AGENCY FUNDS-DEPT
	R70 OSC - NC FLEX
ADDITIONS:	
. Contributions:	
. Participant deposits	57,483,241.71
. Total contributions	57,483,241.71
. Other additions	
. TOTAL ADDITIONS	57,483,241.71
DEDUCTIONS:	
. Pay in accord w/custodial agree	52,151,026.20

Note: Reports should be run at the end of the year to ensure all activity is captured; this is for illustration purposes only

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GL                                POSTED ENTRY QUERY                                222

NEXT FUNCTION: _____ ACTION:
NO MORE TRANSACTIONS FOR THIS SELECTION
=====
PAGE F/B: _ PAGE NO: 101
COMPANY: R700
DISPLAY ACCOUNT CNTR EFF SOURCE TRANSACTION
FULL DATE CODE AMOUNT
436161 6185 05/07/2020 *9EHA02698 1,081.98 CR
436161 6185 05/07/2020 *9EHA02699 609.30 CR
436161 6185 05/07/2020 *9EHA02700 425.00 CR
436161 6185 05/07/2020 *9EHA02701 410.00 CR
436161 6185 05/07/2020 *9EHA02702 351.67 CR
436161 6185 05/07/2020 *9EHA02703 222.66 CR
436161 6185 05/07/2020 *9EHA02704 150.00 CR
436161 6185 05/07/2020 *9EHA02705 143.75 CR

ACCUM TOTALS DR: 219,374.80 CR: 57,702,616.51
    
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DISPLAY	ACCOUNT	CNTR	EFF DATE	SOURCE CODE	TRANSACTION AMOUNT
535971	6185		04/30/2020	*9EDA02296	8,647.06
535971	6185		04/30/2020	*9EDA02297	6,704.30
535971	6185		04/30/2020	*9EDA02298	5,581.84
ACCU TOTALS DR:					53,387,630.07
		CR:			1,236,603.87

All addition and deduction activity in these agency funds need to be reclassified to liability accounts; the activity in these addition and deduction accounts should net to zero for each individual account. Examples for how to reclassify addition and deduction accounts are below.

Example: Agency R7 has recorded activity in fiscal year 2019-2020 based on guidance in GASB 84. Agency R7 will need to reclassify this activity based on changes as a result of delaying the implementation of GASB 84 to fiscal year 2021. At the end of the year, agency R7 reviews their reports to determine what needs to be reclassified. Using the screen shots above, agency R7 determines there was a \$57,483,241.71 balance in account 436161, Participant Contributions and \$52,151,026.20 balance in account 535971, Payments Under Custodial Agreements.

To reclassify the \$57,483,241.71 activity in account 436161, the agency will need to prepare the following entry:

1. Use 6/30/2020 effective date.
2. Use accounting rule 31.
3. Use a 31 doc ID.

Account Name	NCAS Number	Debit	Credit
Participant Contributions	436161	\$57,483,241.71	
Funds held for others	217190		\$57,483,241.71

To reclassify the \$52,271,575.85 activity in account 535971, the agency will need to prepare the following entry:

1. Use 6/30/2020 effective date.
2. Use accounting rule 31.
3. Use a 31 doc ID.

Account Name	NCAS Number	Debit	Credit
Funds held for others Payments in Accordance with Custodial Arrangements	217190 535971	\$52,271,575.85	 \$52,271,575.85

To properly report this activity, an agency cannot combine these two entries and net the debit and credit liability activity. After these entries have been made, assets should equal liabilities. Entities need to verify this prior to submitting their CAFR package for fiscal year 2020.

Reporting for Fiscal Year 2021

Agencies must change how they record their activities in their custodial funds (previously reported as agency funds) with the implementation of GASB 84. Beginning July 1, 2020, agencies with custodial funds should report additions (revenues) and deductions (expenses). OSC strongly encourages agencies to begin recording transactions under this manner at the beginning of fiscal year 2021 and not waiting until the middle or end of the fiscal year; this will eliminate the need for year-end reclassifications or elimination entries.

For fiscal year 2021, OSC has added new accounts for agencies with custodial funds to report their additions and deductions – see below. Additional accounts have been established specifically for custodial funds held for 3 months or less – see below. These new accounts should be used to record activity for your custodial deposits and disbursements. The new accounts, listed below, are in addition to other fiduciary fund addition and deduction accounts. Agencies should review the CAFR 54F table to ensure there are appropriate accounts and captions to correctly reflect the type of transactions being recorded.

New Accounts to Report Additions and Deductions

New accounts for custodial funds:

436161	Participant Deposits - Used by custodial funds to record receiving of assets that will be held in a custodial capacity for others.
535971	Payments in Accordance with Custodial Arrangements - used by custodial funds to account for the disbursement of assets held in a custodial capacity in accordance with the agreements.

New accounts for custodial funds that hold assets for three months or less (for specific agencies):

436162	Property Tax Collections for Local Governments - used by custodial funds for property tax collections for local governments that will be held for 3 months or less.
535972	Payments of Property Tax to Local Governments - used by custodial funds for payments of property tax collections to local governments that will be disbursed within 3 months or less.
436163	Child Support Deposits – used by custodial funds for child support deposits that will be held for 3 months or less.
535973	Payments in Accordance with Child Support Agreements – used by custodial funds for payments in accordance with child support agreements that will be disbursed within 3 months or less.
436164	Sales and Use Tax Collections for Local Governments – used by custodial funds for sales and use tax collections for local governments that will be held for 3 months or less.
535974	Payments of Sales and Use Tax to Local Governments – used by custodial funds for payments of sales and use tax collections for local governments that will be disbursed within 3 months or less.

Additionally, agencies should analyze the activity in the liability accounts for custodial funds from July 1, 2020 until the agency starts recording additions and deductions as discussed above. Liabilities should only be recognized when an event has occurred that compels the government to disburse fiduciary resources – additional guidance is in the FRU. If liabilities have been recorded during fiscal year 2021 not using the new liability recognition criteria, entries are needed to reclassify the activity to additions and deductions. To determine what activity needs to be reclassified, agencies should go to NCAS GL screen 220 and analyze the entries made to custodial fund liability accounts in fiscal year 2020. The screen shot below is an example of how an agency can pull up this information by entering company number, account number, center number (if necessary) and date ranges.

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GL                                POSTED ENTRY QUERY                                220

NEXT FUNCTION: _____ ACTION: _____

=====

PLEASE ENTER Y AFTER DISPLAY TYPE  SHORT ENTRY: _  FULL ENTRY: _

PLEASE ENTER COMPANY: 6701

PLEASE ENTER AT LEAST ONE OF THE FOLLOWING
ACCOUNT: 217190
CNTR:
SOURCE CODE:

THE FOLLOWING ARE OPTIONAL          FROM          THROUGH
EFFECTIVE DATE: 07/01/2019        03/31/2020
POSTING DATE:
ENTRY AMOUNT:
  
```

After pressing the enter key, entries that meet the search criteria will be displayed on screen 222 – example below.

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GL                                POSTED ENTRY QUERY                                222

NEXT FUNCTION: _____ ACTION: _____
NO MORE TRANSACTIONS FOR THIS SELECTION
=====
PAGE F/B: _____ PAGE NO: 1
COMPANY: 6701
DISPLAY          ACCOUNT          CNTR          EFF          SOURCE          TRANSACTION
FULL            DATE            CODE            AMOUNT
217190          6100            09/04/2019    *8IDA10622      20,000.00      CR
217190          6100            11/15/2019    *8K0A04221      20,000.00      CR
217190          6100            02/03/2020    *9BCA11983      10,000.00      CR
217190          6100            03/06/2020    *9CIA08738       500.00         CR
217190          6100            03/10/2020    *9CKA07814       500.00         CR
217190          6100            03/10/2020    *9CKA07815       500.00         CR

ACCUM TOTALS DR:          500.00  CR:          51,000.00
  
```

Agencies can then analyze the activity in their liability accounts and determine if they should have recorded these as additions and deductions. If the activity should have been recorded as an addition and/or deduction instead of a liability, the agency will need to do a reclassification entry; examples are below.

Example: Agency 67 determines all of the activity recorded in account 217190 for FY20 needs to be reclassified to additions and deductions accounts. Credits to the liability accounts are money received from the agency's custodians. Debits to the liability accounts are payments made to the agency's custodians. Using the screen shot above, the agency determines there is \$51,000.00 of credit activity and \$500.00 of debit activity to account 217190.

To reclassify the \$51,000 credit activity, the agency will need to do the following entry:

1. Use a current month date in FY21.
2. Use accounting rule 31.
3. Use a 31 doc ID.

Account Name	NCAS Number	Debit	Credit
Funds held for others	217190	\$51,000.00	
Participant Deposits	436161		\$51,000.00

To reclassify the \$500 debit activity, the agency will need to do the following entry:

1. Use a current month date in FY21.
2. Use accounting rule 31.
3. Use a 31 doc ID.

Account Name	NCAS Number	Debit	Credit
Payments in Accordance with Custodial Arrangements	535971	\$500.00	
Funds held for others	217190		\$500.00

To properly report the activity, agencies cannot net the debit and credit liability activity.

Restatements

Restatements may be required with the implementation of GASB 84; **OSC anticipates agencies with custodial funds will have restatements.** There are two types of restatements with the implementation of GASB 84: 1) fund reclassifications, and 2) restatements resulting from the change in measurement focus when converting agency funds to custodial funds. The two types of restatements are further described below with implementation guidance and examples.

Fund Reclassifications

GASB fund reclassifications are a result of a fund being moved from one GASB fund type to another GASB fund type. For example, a general fund (GASB 1102) being reclassified to a custodial fund (GASB 39xx) or an investment trust fund (GASB 34xx) being reclassified to a custodial fund (GASB 39xx). These types of reclassifications are directed by OSC.

Fund reclassifications do not require entries to be made to the general ledger by the agency; this is unlike other restatements, in which an entry is recorded to account 320001 or 330001. The fund reclassifications are recorded by OSC making changes to the master table records, specifically by changing the GASB number associated with each budget fund.

To determine the amount of the restatement for the fund reclassifications, the agency takes the difference between the prior year Fund Equity June 30 and the current year Fund Equity – July 1, as previously stated amounts on the DSS reports. This amount should be reported on the new 430F CAFR worksheet – Restatements Fiduciary Activities in the 2021 year-end CAFR package. Note: since most of the GASB 84 reclassifications are moving all the budget funds associated with the old GASB fund, the Fund Equity – July 1, as previously stated amounts will not populate on the DSS reports because these reports do not populate if the amounts are zero. This will be illustrated in the example below.

Example: The external portion of the State Treasurer Investment Pool is being reclassified from an investment trust fund GASB type (GASB 3400) to a custodial fund GASB type (GASB 3919). How does the agency determine the amount of the restatement to be reported on the 430F worksheet and what should be reported on the new worksheet?

The screen shot below illustrates the information needed to be obtained for the prior year Net position – June 30.

CAFR 54F (Statement of Changes in Fiduciary Net Position)
 Fiduciary Funds
 MDC: 07xgov Updated: 04/10/2020 2:03:26 AM
 Report Format 03/19/2020

[07 State Treasurer] [All GASB Numbers] [GAAP Fund Type] [All Accounts] [All Budget Codes] [ARRA] [FY 2019] [13th Period] YTD ACTUAL

	Investment Trust	3400 STATE TREASURER INVEST. POOL I
ADDITIONS:		
. Investment income:		
. Investment earnings	55,652,016.92	13,733,922.92
. Less investment expenses	100,720.00	0.00
. Net investment income	55,551,296.92	13,733,922.92
. Pool's share transactions:		
. Reinvestment of distributions	55,551,296.92	13,733,922.92
. Net share purchases (redemption)	-26,169,166.86	-44,315,978.86
. Total pool's share transactions	29,382,130.06	-30,582,055.94
. Other additions		
DEDUCTIONS:		
. Distributions paid and payable	55,551,296.92	13,733,922.92
NET POSITION - END OF YEAR	1,349,346,268.72	666,888,243.98

Note: For the implementation of GASB 84, this report should be run for FY2020; this is for illustration purposes only

Below is an example of what the report looks like when trying to pull the July 1, as previously stated amount. Since the entire fund is moving, nothing is displayed on the report because DSS does not report zero amounts. Therefore, the difference between the June 30, 2019 ending balance and July 1, as previously stated amount is (\$666,888,243.98) – the amount to be reported on the 430F worksheet.

CAFR 54F (Statement of Changes in Fiduciary Net Position) Fiduciary Funds MDC: 07xgov Updated: 04/10/2020 2:03:26 AM Report Format 03/19/2020	
[07 State Treasurer] [All GASB Numbers] [GAAP Fund Type] [All Accounts] [All Budget Codes] [ARRA] [FY 2020] [Fiscal Period] YTD ACTUAL	
	Custodial

no investment trust funds



Note: For the implementation of GASB 84, this report should be run for FY2021; this is for illustration purposes only

Below is an example of the 430F worksheet based on information above. On the restatement worksheets, if the fund equity is increasing, enter it as a positive number. If the fund equity is decreasing, enter the amount as a negative number. In this example, the reclassification is moving it from GASB 3400 and therefore reducing the net position and should be entered as a negative. Additionally, this is being reclassified to another fiduciary activity, GASB 3919, and increasing the net position; therefore the amount associated with GASB 3919 was entered as a positive number.

Office of the State Controller

2020 CAFR Worksheets

RESTATEMENTS Fiduciary Activities (430F)

Part 1 of 1 for Fiduciary Activities Fund Equity Restatements

Agency No:	07	Agency Name:	North Carolina General Assembly
GASB Fund No:	3xxx	Preparer/Phone:	
		Email:	-

Complete the following schedule for any GASB fund that has restated numbers.

Fiduciary Activities:

GASB Fund Number	GASB	Other	Explanation
	Reclassification	Change in	
	Change in	Change in	
	July 1, 2019	July 1, 2019	
	Fund Equity	Fund Equity	
			GASB 84 - Change in measurement focus restatement (see calculation below)
3400	(666,888,243.98)		GASB 84 - Fund Reclassification
3919	666,888,243.98		GASB 84 - Fund Reclassification
Totals	0.00	0.00	
	Total GASB Reclass	Total Other	Total restatements in "Other" should tie back to "restatements" caption on the 54F.

For these reclassifications, the total of all of your GASB reclassifications on worksheets 430G, 430BTA and 430F (across all GASB types) should net to zero.

For the GASB 84 reclassifications, we will provide how and what to report on the 430F worksheet, but the agency should verify that this information is correct when they are completing their CAFR package and reviewing their DSS reports.

Restatements resulting from the change in measurement focus

With the implementation of GASB 84, agencies will need to follow the new liability recognition criteria that will likely result in a restatement. GASB 84 requires that governments recognize a liability to the beneficiaries in a fiduciary fund only when an event has occurred that compels the government to disburse fiduciary resources. To determine the restatement, agencies will need to determine the new liability balance as of June 30, 2020 using the GASB 84 liability recognition criteria. The difference between the liability balance reported at June 30, 2020 under the previous guidance and the new liability balance as required for GASB 84 will be the amount of the restatement.

To assist agencies, a restatement calculation formula was added to the bottom of the 430F worksheet; this calculation is required to be completed by all agencies that report custodial funds.

Example: Agency 67 reported \$6,000 in liability account 217190 – Funds Held for others at June 30 (obtained from DSS report). After evaluating the new liability criteria and reviewing the requests to disburse funds, Agency 67 determined no events had occurred at the end of the prior year (June 30, 2020) that would have compelled them to disburse the custodians' fiduciary funds. Therefore, the liability balance that should have been reported at June 30 is \$0.

**CAFR 11F (Statement of Fiduciary Net Position)
Fiduciary Funds**

MDC: 67xgov Updated: 04/10/2020 2:58:49 AM
Report Format 03/06/2020

[67 Office of Admin. Hearings] [All GASB Numbers] [GAAP Fund Type] [All Accounts] [All Budget Codes] [ARRA] [FY 2019] [13th Period] YTD ACTUAL

	Custodial
ASSETS	
. Pooled cash	6,000.00
TOTAL ASSETS	6,000.00
217190 FUNDS HELD FOR OTHERS	6,000.00
TOTAL LIABILITIES	6,000.00

Note: For the implementation of GASB 84, this report should be run for FY2020; this is for illustration purposes only

Using the information above, that data was entered into the formula at the bottom the worksheet. Since no liabilities should have been reported for June 30, the restatement is the entire amount of the liability balance. Once the information is entered in the calculation cell, the restatement will automatically populate into the 430F worksheet table.

GASB Fund Number	GASB		Explanation
	Reclassification Change in July 1, 2019 Fund Equity	Other Change in July 1, 2019 Fund Equity	
3900		6,000.00	GASB 84 - Change in measurement focus restatement (see calculation below)
			GASB 84 - Fund Reclassification
			GASB 84 - Fund Reclassification
Totals	0.00	6,000.00	
	Total GASB Reclass	Total Other	Total restatements in "Other" should tie back to "restatements" caption on the 54F.
GASB 84 Restatements - there are two types of restatements with the implementation of GASB 84: 1) fund reclassifications and 2) restatements resulting from the change in measurement focus when converting agency funds to custodial funds. Additional information can be found in the 2020 CAFR worksheet instructions.			
1) The GASB reclassifications are a result of the fund being moved from one GASB fund type to another GASB fund type. GASB reclassifications are directed by OSC and information was provided to your agency on how and what to report on this worksheet.			
2) Restatements for the change in measurement focus are a result of the new liability recognition criteria for custodial funds. Restatements resulting from the change in measurement focus should be reported in the Other column and must tie back to the "restatements" caption on the 54F.			
Restatement Calculation - To determine the restatement for the change in measurement focus, your agency will need to determine the new liability balance as of June 30, 2019 using the GASB 84 liability recognition criteria. The difference between the liability balance reported at June 30, 2019 under the previous guidance and the new liability balance as required for GASB 84 will be the amount of the restatement. Agencies with custodial funds (GASB 39xx) must complete the calculation below, the restatement will automatically populate in the table above.			
	6,000.00	Liability balance as of June 30, 2019	
	-	less: GASB 84 liability balance as of June 30, 2019	
	6,000.00	Restatement	

To record the restatement for the change in measurement focus, the agency will need to do the following entry:

1. Use 6/30/2021 effective date.
2. Use accounting rule 31.
3. Use a 31 doc ID.

Account Name	NCAS Number	Debit	Credit
Funds held for others	217190	\$6,000.00	
Restatement	330001		\$6,000.00

Although the use of agency funds has been eliminated with GASB 84 and replaced with custodial funds, the GASB # (i.e. 39xx) associated with these funds will not change. However, the net position account number will change from 32NONO to 330000 so agencies will be able to report a net position; the changes to the net position account number have been programmatically updated by OSC.