



STATE OF ALABAMA
DEPARTMENT OF FINANCE
OFFICE OF THE STATE COMPTROLLER

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DON SIEGELMAN
Governor

ROBERT L. CHILDREE
State Comptroller

HENRY C. MABRY, III
Director of Finance

November 5, 2002

To: Department Heads

FROM: Robert L. Childree, State Comptroller

RE: CAFR Instructions - Capital Assets in **Governmental Funds**

With the implementation of GASB 34 for the Fiscal Year 2002 Comprehensive Annual Financial Report (CAFR), the methodology for reporting Capital Assets has changed. Many of you previously reported governmental fixed assets using the General Fixed Assets Account Group Worksheet (GFAAG Worksheet). This year, we are implementing new processes to capture your individual assets, depreciate those assets and report in the aggregate the amount of Additions and Deletions. The individual asset data and its associated depreciation will be housed in the State Auditor's automated inventory system, Protégé FA7. This memorandum applies ONLY to Governmental Fund Types. If you reported using the GFAAG Worksheet last year, this memo and its deadlines apply in lieu of the Worksheet. We understand that different people within your agency may handle duties for Property Management and CAFR reporting. Please develop a methodology of cooperation between departmental accountants and property managers to fulfill these requirements since property data will now have accounting data associated with it.

You will no longer submit a Worksheet but instead, your Capital Asset information will be stored and retrieved through Protégé FA7 and integrated annually into the State's Central Accounting System (CAS). Your Beginning Balance as of October 1, 2001, will be computed in Protégé FA7. We will compare the calculated Protégé FA7 amount to the amount you reported last year on your GFAAG Worksheet as your Ending Balance as of September 30, 2001. Your Beginning Balance will be Restated based on this calculated amount which will include removing the assets under \$5,000.00 previously reported. You should be prepared to explain the amounts of Restatement to the Examiners of Public Accounts in either a CAFR or Compliance Audit.

The information described below that will reside in Protégé FA7 must be furnished to the State Comptroller's office or updated in Protégé FA7 no later than 5:00 PM, Monday, December 2, 2002. Data should be submitted electronically (by diskette or CD) according to the following instructions to the Financial Reporting Section, RSA Union Suite 206, 100 N. Union St., Montgomery, AL 36130-2602 or by email to mmay@comptroller.state.al.us.

Capital Assets are defined as 1) assets whose original acquisition cost is greater than or equal to \$5,000.00^{1,2} and 2) assets that have useful lives greater than one year. Capital Assets fall into two categories: 1) Personal Property and 2) Real Property. **Your agency was asked in August 2002 to load Comptroller codes for State Fund, Activity and Class (Balance Sheet Account) in Protégé FA7 for at least the assets greater than or equal to \$5,000.00. Thank you to the agencies that have complied with this request. If your agency had not adopted Protégé FA7 at that time (August 2002), you were encouraged to do so by the State Auditor, State Comptroller and Examiners of Public Accounts and to submit an import for September 15 and begin associating Comptroller codes for the newly imported assets.** The codes can be loaded directly into Protégé FA7 or by spreadsheet through Incircuit for a fee. Please contact Patty Toney at (334-242-7036 or ptoney@auditor.state.al.us) to find out how to go about preparing the special spreadsheet provided by Incircuit and what the fee will be. If you use Protégé FA7, then the three Comptroller codes must be loaded by 5:00 PM, Monday, December 2, 2002.

In addition to updating Protégé FA7, you may be directed by the flowchart to follow "Import Instructions" to prepare a file for import into Protégé FA7. There are several circumstances that would require an import file in addition to or in lieu of updating Protégé FA7. The attached "Import Instructions" are slightly modified from the version supplied by the State Auditor in the memorandum dated September 4, 2002. Only the "Technical Specification" and "Errors/Automated Corrections" have been changed to encompass importing Real Property AND most importantly, are only required for Capital Assets as defined above meeting or exceeding the \$5,000.00 threshold. Please prepare a spreadsheet according to the attached instructions if you meet any of the following criteria. You may meet more than one of the following 4 criteria:

- 1) Own Real Property
- 2) Agency is exempt from State Auditor
- 3) Own property exempt from State Auditor
- 4) Do not use Protégé FA7

If the attached flowchart points you to document(s) entitled "Governmental Capital Assets Import – Personal Property" or "Governmental Capital Assets Import – Real Property" spreadsheets, please electronically submit the required data as outlined on the attached import documentation for Protégé FA7. Although, a generic spreadsheet reflecting the basic design for the import is attached for explanatory purposes, the electronic version of the spreadsheet should be downloaded from the Comptroller's website. The file for the spreadsheet is available for download at www.comptroller.state.al.us under the heading "2002 CAFR Instructions". There will only be one file to download but a separate

1 The State Auditor property inventory threshold HAS NOT CHANGED from \$500.00 and sensitive items. However, the Capital Assets threshold for Financial Reporting HAS CHANGED to \$5,000.00. The greatest exception to the \$5,000.00 threshold for CAFR Reporting is Library Books. If your agency has previously recorded assets under balance sheet account 1622 and you meet one of the following criteria, your library books and other assets should be reported to the Comptroller, 1) you operate a library as your primary function; or 2) you operate a library in support of your primary function and it is overseen by a librarian; or 3) your aggregate collection's historical cost exceeds \$5,000.00.

2 Effective with the State Auditor Policy No. 109-A dated February 1, 2001, modular furniture is no longer subject to property inventory. If you previously reported modular furniture on your GFAAG, it will be removed for the 2002 CAFR. Effective with Fiscal Year 2004, there will be no Object/Subobject combination for 1400 26.

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spreadsheet should be prepared and saved as one for Personal Property and one for Real Property. Please use this electronic spreadsheet and not a substitute. If you do not have Excel, please contact this office for alternative acceptable electronic formats such as fixed length file.

You are strongly encouraged to adopt Protégé FA7 for all Personal Property before the end of next fiscal year and to update ALL³ of your Capital Assets with Comptroller codes by that time. The attached letter from the State Auditor explains that you may make that election at no charge to you for the import on the following dates: January 15; May 15; September 15. The State Auditor no longer accepts the PA1, but instead requires a spreadsheet. The State Comptroller will now require the same spreadsheet file for CAFR and an import will be done on December 15 (the deadline for which is December 2). This will be your last opportunity to join Protégé FA7 without cost for the import until the next import is done on January 15. Please contact Patty Toney at 334-242-7036 or ptoney@auditor.state.al.us to find out how to go about purchasing a license for the software. Failure to update Protégé FA7 will strongly impact your Property Audit as well as your CAFR and Compliance audits by the Examiners of Public Accounts. When you are subjected to a CAFR Audit or Compliance Audit by the Examiners of Public Accounts, you will be responsible for making sure that the costs and other descriptive data associated with your capital assets can be balanced to your Property Inventory. Although an agency may have historically been able to correct data due to bad imports in time to satisfy a State Auditor Property Audit, data lost due to bad imports will be restated off of your agencies assets for the CAFR'

If your agency would like to adopt Protégé FA7 for property exempt pursuant to Code of Alabama 1975, as amended, Section 36-16-11, please contact Patty Toney in the State Auditor's Office. As you adapt Real Property for import into Protégé FA7 according to the Field Layout instructions, please contact Melanie May, State Comptroller's Office, if you have any questions.

Please contact Melanie May at (334) 242-4954 or mmay@comptroller.state.al.us if you have any questions. Questions regarding Protégé FA7 should continue to be directed to Patty Toney in the State Auditor's office at (334) 242-7036 or ptoney@auditor.state.al.us.

RLC/mrm

Cc: Dr. Susan Parker, State Auditor
Mr. Ron L. Jones, Chief Examiner

³ The capitalization threshold is subject to change and Comptroller codes would be required for all assets in the event that the threshold is reduced. The acceptable threshold for this FY 2002 CAFR has been set at \$5,000.00 however, the threshold for future years may return to as low as \$500.00 based on accounting practice and standards.

TECHNICAL SPECIFICATION
ALL FIELDS MUST BE FORMATTED AS TEXT

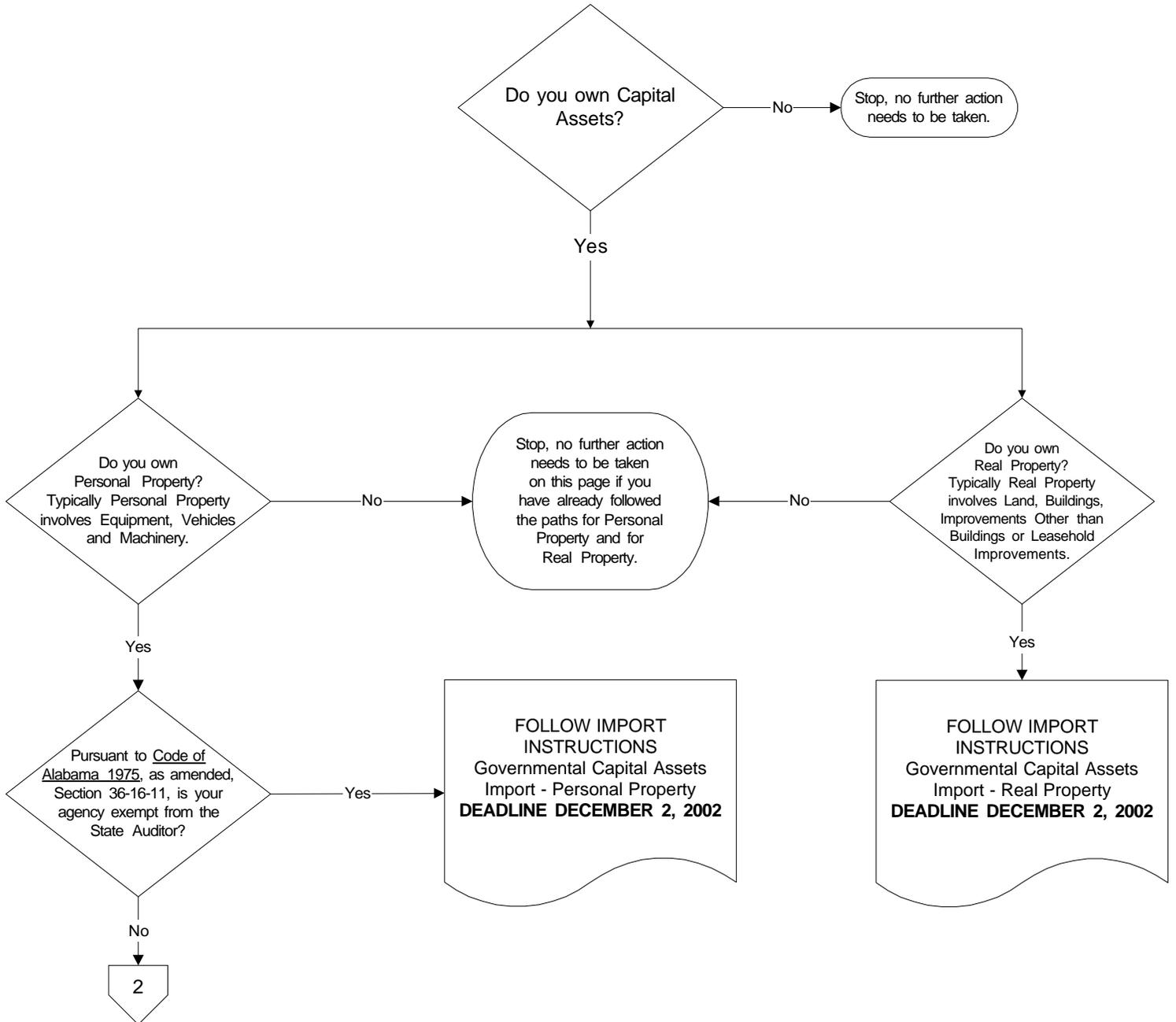
Import Layout Page

1 of 1 Last printed 11/07/02 3:56 PM

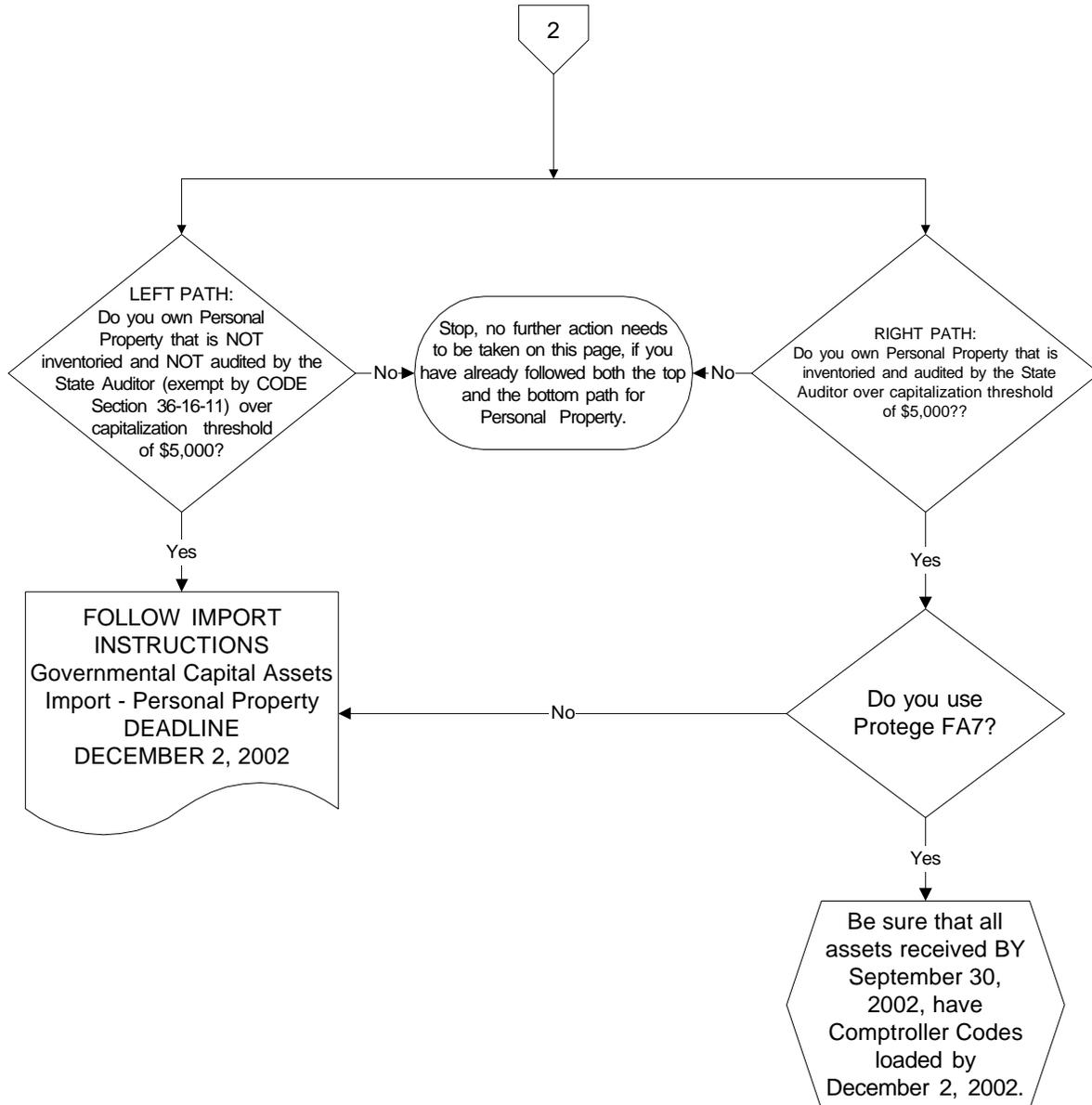
| Field Name | Required? | Start Position | End Position | Length | Notes/Comments |
|---------------------|-----------|----------------|--------------|--------|--|
| Asset Number | * | 1 | 10 | 10 | 1. Personal Property: Auditor - Field must have 2 digit department # followed by - then a 6 digit property Number (I.e. 07-000898) 2. Auditor Exempt Agency or Auditor Exempt Personal Property or Real Property please delete dash in Q-number so that only 10 alpha-numeric characters are in this field. (For example, 010Land001) |
| Type | | 11 | 11 | 1 | |
| Group | ** | 12 | 17 | 6 | Group needs to be used only when BS Acct = 1628 (Group=WEAPON or Group=OTHER) |
| Class | | 18 | 25 | 8 | |
| Manufacture | | 26 | 33 | 8 | |
| Model | | 34 | 43 | 10 | |
| Color | | 44 | 50 | 7 | |
| (Asset) Description | * | 51 | 80 | 30 | |
| Person Responsible | * | 81 | 95 | 15 | |
| Serial Number | | 96 | 115 | 20 | |
| Acquisition Date | * | 116 | 123 | 8 | MMDDYYYY (I.e. 07152002) |
| Acquisition Cost | * | 124 | 135 | 12 | Monetary/numeric entries only. Contact Melanie May about betterments to Real Property. |
| BarCode Number | * | 136 | 155 | 20 | For all assets that do not have a barcode normally, please substitute a unique value, such as, the asset number here. |
| County | * | 156 | 159 | 4 | See Auditor County List (call Patty Toney or follow link 2002 CAFR Instructions at www.comptroller.state.al.us) |
| Building | * | 160 | 167 | 8 | For Real Property this can be coded "NA" or will default to "0" |
| Room | * | 168 | 172 | 5 | For Real Property this can be coded "NA" or will default to "0" |
| Operational Unit | | 173 | 180 | 8 | |
| Acquisition Method | ** | 181 | 191 | 11 | See Errors/Automated Corrections section for valid acquisition methods |
| Activity | *** | 192 | 195 | 4 | See Comptroller Activity List (call Patty Toney or follow link 2002 CAFR Instructions at www.comptroller.state.al.us) |
| Object/Sub Object | *** | 196 | 201 | 6 | See Comptroller Finance Object List (6-digit object-subobject code combinations should be loaded in this field). |
| Purchase Authority | | 202 | 218 | 17 | |
| BS Account | ** | 219 | 222 | 4 | See Auditor Class List (call Patty Toney or follow link 2002 CAFR Instructions at www.comptroller.state.al.us) |
| Status | * | 223 | 232 | 10 | See Errors/Automated Corrections section for valid status options |
| SD1 Date | | 233 | 240 | 8 | MMDDYYYY (I.e. 07152002). Required for "Disposed" Assets |
| Sd1 Number | | 241 | 245 | 5 | Required for "Disposed" Assets |
| State Fund | *** | 246 | 249 | 4 | See Comptroller State Fund List (call Patty Toney or follow link 2002 CAFR Instructions at www.comptroller.state.al.us) |
| Invoice | | 250 | 266 | 17 | |
| Vehicle Tag | | 267 | 276 | 10 | |

- KEY**
- *Any * Field is required
 - **Must meet required combination fields provided by Auditor's Office
 - ***Must meet required field from the Comptroller's List

**GOVERNMENTAL FUND TYPE CAPITAL ASSETS
FLOWCHART FOR CAFR REPORTING FY2002
Part One of Two**



**GOVERNMENTAL FUND TYPE CAPITAL ASSETS
FLOWCHART FOR CAFR REPORTING FY2002
Part Two of Two**



Errors/Automated Corrections

*Denotes required field

***ASSET NUMBER**

Asset Numbers must be unique in file. Duplicate asset numbers will result in the deletion of all but one of the asset numbers. The remaining record will be based on an internal counter system.

Asset numbers must begin with a valid department number + "-". (ex: 07-000123). Asset numbers beginning with invalid department numbers will not be imported. Real Property Records should remove the dash so that the asset number appears as one group. For example, 010BLDG01A

Records with no asset number are invalid and will not be imported.

***BARCODE**

Barcodes must be unique within a given department. Duplicate barcodes within a department will result in the barcode being set to the asset number for all duplicate barcode entries involved. If you are exempt or loading Real Property then the Barcode can be the same as the Asset Number (above).

Records with missing barcode numbers will receive the asset number as the barcode number.

CLASS (BALANCE SHEET ACCOUNT AND GROUP)

The Balance Sheet Account must be based on a valid BS account entry in the Auditor class list (see electronic Class list). **For Balance Sheet Account 1628, a valid combination of BS Account AND Group is required from the class list.** Records with a valid Balance Sheet Account (and Group for BS Account 1628) will be imported with predefined Protégé 7 (web-based Protégé) Group Type and Class Description values. Invalid Balance Sheet Account values will result in NO class value being imported. For Balance Sheet Account 1628, a valid group is also required. Invalid BS Account 1628 – Group combinations will result in NO class value being imported.

***ASSET DESCRIPTION**

Missing Asset Descriptions will be set to the record's class value, if available. Otherwise, it will be set to the record's Asset Number.

***ASSET STATUS**

Valid Asset Statuses are:

- Active
- Inactive

Assets in the import file that already exist in the FA7 system (web-based Protégé) must have an FA7 status value of "Active" or "Inactive" to be updated.

An asset which has an SD-1 number and an SD-1 date will be marked as "Inactive". Any other asset with an invalid status will be imported with a status of "Active".

Enclosure 2

(Revision 11/8/2002 2:12 PM for Governmental Funds)

CONDITION

Condition will default to a value of "Good".

MANUFACTURER/MODEL

An asset with no Manufacturer but which as a Model will receive a Manufacturer value of "None".

***LOCATION/PERSON RESPONSIBLE**

*Missing or Invalid County entries will be set to a value of "Montgomery".

*Missing Building values will be set to "0" (zero).

*Missing Room values will be set to "0" (zero).

*Missing Person Responsible values will be set to "UNKNOWN".

***ACCOUNTING**

Records with missing or invalid (non-numeric) acquisition costs will automatically be set to an acquisition cost of \$500.

Records with missing or invalid (not in MMDDYYYY format) Acquisition or Final Disposition (SD-1) dates will automatically receive the date of the import as a value.

The following are valid Acquisition methods:

- Purchased (includes constructed assets such as buildings)
- Donated
- Requisition
- Inventory Pickup
- Transfer

Invalid/missing Acquisition method entries will automatically be set to "Requisition" when the Acquisition Cost is under \$500, and set to "Purchased" when the Acquisition Cost is \$500 or greater.

Final Disposition entries will automatically receive a method of "Surplus".

Assets with an SD-1 Number and SD-1 Date will be imported with a status of "Inactive" for manual review by the Auditor's Office.

***COMPTROLLER-REQUIRED FIELDS**

The following fields are required by the Comptroller's Office:

- Activity
- State Fund
- Object/Sub Object ("Finance Object" in FA7)

These fields require valid values, based on the lists provided. Any invalid or missing values will be imported as blank values. It will be the Department's responsibility to correct this information in FA7 or in the next Quarterly Update, as specified by the Auditor's Office.

