

# Cash Flows

# GaFirst Cash Flow Mapping Document

Overhauled the mapping document

- Realigned cash flow accounts to agree with SRECNP & SNP
- Added Cash Flow Worksheets to assist with reconciliation to the SRECNP and the identification & disclosure of noncash items

# GaFirst Cash Flow Mapping Document

Overhauled the mapping document

- Added COA to assist with cash flow presentation
  - *125015 AR-DOAS Insurance - Capital Asset Related*
  - *122997 Loans Issued During CY for Cash Flow (Contra Acct)*
  - *122998 Loans Issued During CY for Cash Flow*
  - *124997 Nonoperating Federal AR for Cash Flow (Contra Acct)*
  - *124998 Nonoperating Federal AR for Cash Flow*
  - *125010 AR-DOAS Insurance - Noncapital Asset Related*
  - *125015 AR-DOAS Insurance - Capital Asset Related*

# GaFirst Cash Flow Mapping Document

Overhauled the mapping document

- Added COA to assist with cash flow presentation
  - *132200 Prepaid Salaries*
  - *133200 Prefunded Capital Assets*
  - *211450 Accounts Payable - Capital Asset Purchases (GAAP Only)*
  - *211499 Interest Payable - Capital Leases (GAAP Only)*
  - *211950 Construction Retainage Payable - NonCapital*
  - *211960 Construction Contracts Payable - NonCapital*
  - *211970 Construction Retainage Payable - Capital*
  - *211980 Construction Contracts Payable - Capital*

# GaFirst Cash Flow Mapping Document

Overhauled the mapping document

- Added COA to assist with cash flow presentation
  - 217800 Advances-Research - Nonoperating
  - 217900 Advances-Research - Operating
  - 298301 *Deferred Inflows of Resources - Service Concession Arrangement - Capital Asset Related*
  - 298401 *Deferred Inflows of Resources - Grants Recd in Adv of Time Req - Nonoperating*
  - 497001 *Special Item - Capital Asset Increase/Decrease*
  - 497002 *Special Item - Capital Financing Increase/Decrease*
  - 497003 *Special Item - Noncapital Financing Increase/Decrease*
  - 495109 *For Cash Flow - Purchase of investments*
  - 495110 *For Cash Flow - Purchase of investments Contra Account*

# GaFirst Cash Flow Mapping Document

ITS tested each GaFirst entity to ensure all accounts were mapped. The following business units have activity in inactive accounts that are not mapped. Please contact us for list of transactions.

21000	43000	62000	83000
24000	48000	63000	88000
28000	51000	70000	98000
33000	53000	71000	
36000	54000	72000	
39000	57000	73000	
42000	61000	76000	

# Share Account Conversion Effect

The cash flow nVision report estimates cash flows indirectly by adjusting receipts and disbursements by the net change in assets/liabilities/deferred outflows/deferred inflows.

The net change in assets/liabilities/deferred outflows/deferred inflows is determined by comparing the beginning balance from period zero to the ending balance in period 12.

# Share Account Conversion Effect

For Example:

June 30, 2016		Period 0	Period 12	FY16 Net	Effect on Cash	
CASH FLOWS FROM OPERATING ACTIVITIES						
Tuition and fees	185,931,782.08	-	(206,889,357.47)	(206,889,357.47)	206,889,357.47	40xxxx (except 4013xx, 4023xx, 4033xx, 4043xx, 4053xx, 4063xx, 4073xx, 4083xx, 408410, 408502, 408602, 409999), 453xxx and 454xxx
		-	10,405,659.49	10,405,659.49	(10,405,659.49)	4013xx, 4023xx, 4033xx, 4043xx, 4053xx, 4063xx, 4073xx, 4083xx, 408410, 408502, 408602, 409999
		(98,568.22)	648,255.37	(746,823.58)	(746,823.58)	121xxx, 125181
		(10,322,834.03)	(464,094.88)	9,858,739.15	(9,858,739.15)	216xxx
		1,190,066.73	1,136,419.90	(53,646.83)	53,646.83	2198xx
				185,931,782.08		

Therefore, if the share accounts were converted in a period other than zero, there is a potential grossing up effect.



# Share Account Conversion Effect

For Institutions converted by ITS:

- ITS converted all beginning balances to new accounts within period zero. Therefore, there should not be an effect due to this conversion.

# Share Account Conversion Effect

For Institutions NOT converted by ITS (Coastal – 63000, Bainbridge – 62000, Ga Highlands – 73000, ABAC – 57000, Dalton – 69000, Savannah – 48000):

- Need to determine how the institution converted the beginning balances. If beginning balances were not converted within period zero, there will likely be a grossing up of cash activity on the cash flow.

# Cash Flow Refresher

- Cash Flows from Operating Activities
- Cash Flows from Noncapital Financing Activities
- Cash Flows from Capital and Related Financing Activities
- Cash Flows from Investing Activities
- Reconciliation of Operating Loss to Net Cash Used by Operating Activities
- Non-Cash Investing, Non-Capital Financing, and Capital and Related Financing Transactions

# Cash Flow Refresher

- GASB Q&A 2.15.1. Q—What constitutes a cash flow? (Q&A9-22)
- A—Sometimes there may be a question as to whether a cash transaction has occurred. It may be confusing to identify a cash flow in a banking environment. Generally, cash flows only if it changes hands; that is, ownership of cash legally changes. In an internal exchange transaction conducted totally within a bank, a cash transaction occurs only if a debit or credit is made to a governmental enterprise's bank account. For example, a service charge or interest income is considered to be a cash transaction on the date the bank posts the amount to the account. After that date, the interest amount is available for withdrawal or the amount posted for the service charge is no longer available for withdrawal. Another example is a loan granted by a bank. If the loan proceeds are credited to the borrower's bank account, a cash flow occurred. If the bank remitted the proceeds directly to the vendor, a noncash financing activity occurred. (See Question 2.32.1 for a discussion of noncash transactions.)

# Cash Flow Refresher

- Cash flow activity for USG institutions should be reported gross.
- Student loan activity should not be reported net. Loans issued should be reported separate from loans collected.
  - Year-end journal entry added to breakout activity for cash flow reporting
- Investment activity should not be reported net. Investment purchases should be reported separate from investment sales. Exception: Repurchase agreement reoccurring transactions.
  - Year-end journal entry added to breakout activity for cash flow reporting

# Cash Flow Refresher

PEACHTREE STATE UNIVERSITY  
JOURNAL ENTRY FORM

Type of Entry - Manual  
Category of Entry - Cash Flow Reporting  
Sample Closing/Year-End J.E. #YE-56

xxxxx = Required Chart Field

Date Entered Journal #

Ledger	Account	Fund	Dept ID	Program	Class	Budget Ref	Project/Grant	Amount Debit	Amount Credit
GAAP	Loans Issued During CY for Cash Flow 122998	3xxxx						25,000.00	
GAAP	Loans Issued During CY for Cash Flow (Contra Acct) 122997	3xxxx							25,000.00
								25,000.00	25,000.00
									0.00

Description/Objective:  
To report student loans issued during the current fiscal year separately from student loans collected during the current fiscal year.

Source of Information: Analysis of student notes receivable

# Cash Flow Refresher

## PEACHTREE STATE UNIVERSITY JOURNAL ENTRY FORM

Type of Entry - Manual  
Category of Entry - Cash Flow Reporting  
**Sample Closing/Year-End J.E. #YE-57**

xxxxx = *Required Chart Field*

Date Entered \_\_\_\_\_ Journal # \_\_\_\_\_

Ledger	Account	Fund	Dept ID	Program	Class	Budget Ref	Project/Grant	Amount Debit	Amount Credit
GAAP	For Cash Flow - Purchase of investments								
	495109	xxxxx						25,000.00	
GAAP	For Cash Flow - Purchase of investments			Contra Account					
	495110	xxxxx							25,000.00
								25,000.00	25,000.00
									0.00

**Description/Objective:**  
To report investment purchases separate from proceeds from sales and maturities of investments for cash flow reporting.

**Source of Information:** Analysis of investment activity

# Cash Flow Refresher

- Operating Activity – Operating activities generally result from providing services and producing and delivering goods, and include all transactions and other events that are not defined as capital and related financing, noncapital financing, or investing activities (GASB Codification 2450.113)



# Cash Flow Refresher

- Operating Activity is a residual category for cash flows that cannot be properly classified as Noncapital Financing Activity, Capital Financing Activity, and Investing Activity.
- A reasonableness test should be adequate for verification and review (i.e. comparison to the SRECNP).

# Cash Flow Refresher

Reasonableness Test Example:

# Cash Flow Refresher

- Noncapital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. This category includes proceeds from all borrowings (such as revenue anticipation notes) not clearly attributable to acquisition, construction, or improvement of capital assets, regardless of the form of the borrowing. Also included are certain other interfund and intergovernmental receipts and payments (GASB Codification 2450.117)

# Cash Flow Refresher

- Capital and related financing activities include (a) acquiring and disposing of capital assets used in providing services or producing goods, (b) borrowing money for acquiring, constructing, or improving capital assets and repaying the amounts borrowed, including interest, and (c) paying for capital assets obtained from vendors on credit. (GASB Codification 2450.120)

# Cash Flow Refresher

- Investing activities include making and collecting loans (except student loan programs, which are included in operating activities) and acquiring and disposing of debt or equity instruments.(GASB Codification 2450.120)

# Cash Flow Refresher

- Entity should focus on making the line items within the Noncapital Financing Activity, Capital Financing Activity, and Investing Activity categories as precise as possible.
  - These line items generally are a focus of audit procedures.
  - Detailed reconciliations to SRECNP accounts should be performed.
    - Cash flow worksheets were added to the AFR excel file to assist with reconciliation.

Cash Flow Worksheet

Gifts and Grants Received for Other Than Capital Purposes

Fiscal Year Ended June 30, 2016

1. Below, provide a reconciliation between amounts reported on the Statement of Revenues, Expenses, and Changes in Net Position and Gifts and Grants Received for Other Than Capital Purposes reported on the Statement of Cash Flows. Enter amounts within the cells highlighted yellow.

Reconciliation of gifts and grants received for other than capital purposes:

From SRECNP:

Non-operating Grants and Contracts

Federal (4911xx, 4941xx)

51

State (4912xx,4942xx)

Other (4913xx,4914xx,4943xx,4944xx)

3

Non-operating Gifts (4851xx,4853xx,4855xx,4857xx, 4859xx for all funds except 40000)

41

Additions to Permanent Endowments (4859xx Fund 40000 only)

Operating Expenses Related to NonCash Gifts (727198) (Enter as Negative)

(31

Change in SNP Accounts:

Change in Accounts Receivable:

Non-operating Grants and Contracts Federal AR (124998) (Determined Manually)

Prior Year Ending Balance

772,570.77

Current Year Ending Balance

750,000.00

Non-operating Grants and Contracts State AR (Determined Manually)

Prior Year Ending Balance

-

Current Year Ending Balance

-

Non-operating Grants and Contracts Other AR (Determined Manually)

Prior Year Ending Balance

Current Year Ending Balance

250,000.00

# Cash Flow Worksheets

- The purpose of these worksheets:
  - Replace checkpoints
  - Document reconciliation to SRECNP
  - Assist with analysis of Noncapital Financing Activity, Capital Financing Activity, and Investing Activity noncash items



# Non-Cash Investing, Non-Capital Financing, Capital & Related Financing:

## What's Required to be reported? See GASB Q&A 2.32.1

- If noncash items meet the follow three criteria, they are required to be disclosed.
  - The transaction is noncash. GASB Q&A 2.15.1–2.15.6 provide guidance on identifying a cash flow.
  - The transaction affects recognized assets/liabilities/deferred inflows/deferred outflows. Noncash transactions that result in the recognition of assets/liabilities/deferred inflows/deferred outflows should be analyzed. Changes in the balance of an asset/liability/deferred inflow/deferred outflow that are not attributable to cash transactions should be considered noncash transactions.
  - The transaction is an investing, capital, or financing activity. A noncash transaction should be disclosed only when it (had it been a cash transaction) meets the definition of the investing, capital and related financing, or noncapital financing activities category.

# Non-Cash Investing, Non-Capital Financing, Capital & Related Financing:

GASB Q&A 2.32.1. Q—When is disclosure of noncash information required? (Q&A9-28) [Amended 2012 and 2013]

A— Paragraph 37 of Statement 9 requires that “information about all investing, capital, and financing activities of a governmental enterprise during a period that affect recognized assets or liabilities but do not result in cash receipts or cash payments in the period should be reported.” Disclosure of noncash information is required if a transaction meets all of these three characteristics:

- a. Is the transaction noncash? Questions 2.15.1–2.15.6 provide guidance on identifying a cash flow. Some transactions include cash and noncash components. Only the cash portion of the transaction should be presented in the statement of cash flows. The noncash portion should be evaluated further.
- b. Does the transaction affect recognized assets or liabilities? Noncash transactions that result in the recognition of assets and liabilities should be analyzed. Changes in the balance of an asset or a liability that are not attributable to cash transactions should be considered noncash transactions. For example, when an enterprise fund enters into a capital lease for a building, a noncash transaction occurs because a capital lease obligation and the building are recorded in the statement of net position. The inception of an operating lease, on the other hand, requires no disclosure because there is no effect on the statement of net position.
- c. Is the transaction an investing, capital, or financing activity? A noncash transaction should be disclosed only when it (had it been a cash transaction) meets the definition of the investing, capital and related financing, or noncapital financing activities category. For example, a capital lease transaction meets the definition of a capital and related financing activity. However, a customer account receivable balance that was used to offset an account payable to that customer is an operating activity and is not required to be disclosed. (See Examples A–D and G–I in Appendix 2-1.)

Examples of noncash transactions include acquiring capital assets by assuming directly related liabilities, such as purchasing a building by incurring a mortgage to the seller or purchasing on credit and taking delivery of vehicles in the current period and paying for them in a future period, obtaining a capital asset by entering into a capital lease, refunding bond proceeds delivered directly to an irrevocable trust, changes in fair value of investments or derivative instruments, receiving donated capital assets and transfers of capital assets between funds.

Cash Flow Worksheet

Gifts and Grants Received for Other Than Capital Purposes

Fiscal Year Ended June 30, 2016

2. Change in net position accounts (balance sheet) should be further evaluated to determine if non-cash transcations are required to be disclosed in the Non-Cash Investing, Non-Capital Financing and Capital And Related Financing Transactions section of the Statement of Cash Flows. Break out the cash and noncash items that make up the change in each balance sheet category by the amounts in the yellow highlighted cells.

Change in Accounts Receivables:	❶	227,429.23
Gifts and Grants Received for Other Than Capital Purposes Current Year Ending Receivable		1,000,000.00
Allowance for Uncollectible Accounts Receivable & Write-offs		-
Prior Year Receivables Presumed Collected		(772,570.77)
Other (Explain)		227,429.23
		-

Change in Advances:	❷	-
Recognition of Prior Year Ending Gifts and Grants Received for Other Than Capital Purposes Advances		
Cash On-hand from Current Year Ending Advances		
Other (Explain)		-
		-

Change in Deferred Inflows of Resources - Service Concession Arrangement - Non-capital Asset Related	❸	(3,400,000.00)
Amortization of Non-capital Asset Related Service Concession Arrangement Gifts		600,000.00
Cash Received in Current Year on New Non-capital Asset Related Service Concession Arrangements		(4,000,000.00)
Other (Explain)		