**NC Office of the State Controller**

**Cash Flow Template for Proprietary Funds**

**2022 Instructions and Guidance**

*Source Documents Needed to Complete Template:*

1. Info tab:

* Allocation for internal/external receipts and payments.
* GASB 68 (Pension) template for TSERS (Teachers’ and State Employees’ Retirement System) prepared by OSC and distributed to the agencies in July. The template provides the pension amounts to be reported on the Info Tab, including the pension expense and miscellaneous income/expense.
* GASB 75 (OPEB) templates for RHBF (Retiree Health Benefit Fund) and DIPNC (Disability Income Plan of North Carolina) prepared by OSC and distributed to the agencies in July. The templates provide the OPEB allocation amounts required to be reported on the Info tab, including OPEB expense and miscellaneous income/expense.

1. Exhibits A and B – DSS Comp 11P and 53P reports
2. Exhibit A – If there are any restatements, Annual Report Worksheets 430BTA/431BTA
3. Exhibit C – Annual Report Worksheets 201 and 210
4. Exhibit D – Annual Report Worksheet 310
5. Exhibit E – Data from Exhibits A & B; other internal agency records, documentation, or knowledge of the nature of agency operations. Note: Detail related to lease arrangements and transactions will be needed for FY 2022.

*Cash Flow Statement Template Preparation:*

**Info Tab:**

● Select your agency’s proprietary fund from the dropdown menu.

● Enter preparer’s name, email address and phone number.

● Internal/External Receipts/Payments - Enter internal/external allocation percentages for operating receipts and payments.

1. Enterprise Funds allocations should be 100% external since enterprise funds are used to account for and report activities for which a fee is charged to ***eternal users*** for goods or services.
2. Internal Service Funds (ISFs) must provide an allocation between internal and external activities for both receipts and payments, with the allocations totaling 100%. Internal service funds are used to account for and report the operations of state agencies that provide services to ***other*** ***state agencies, component units, or other governments*** ***within the same reporting entity*** on a cost reimbursement basis. The activity between an ISF and these other governmental units is considered internal. Because ISF financial information is incorporated in the Governmental Activities column in the government-wide financial statements, it is important that an accurate allocation between internal and external activity is provided. The agency should be able to provide documentation supporting the allocation.

● TSERS allocation (13th period expense/income amounts) – Enter the pension expense and miscellaneous expense/income from the GASB 68 template provided by OSC.

● OPEB allocations (13th period expense/income amounts) – Enter the combined totals from the RHBF and DIPNC templates for the OPEB expense and the miscellaneous expense/income and noncapital contributions (new account 436207).

NOTE: Pay attention to debit and credit balances for the various TSERS and OPEB allocation entries. In some instances, you may need to enter the amount as a negative if the opposite sign is used for the type of account. For example: If the there is a combined credit balance for an expense account (normally a debit balance); or if there is a combined debit balance for a revenue account (normally a credit balance), the amount must be entered on the Information Tab as a negative amount.

**Exhibit A:**

**●** Using the Comp 11P DSS report, enter the amounts for both the current and previous year.

● If there are restatements for the fiscal year, enter the restatement detail from the 430BTA/ 431BTA worksheet(s) in the “Restatements” column.

**Exhibit B:**

● Using the 53P DSS report, enter the caption amounts to Exhibit B.

● Confirm that the increase/decrease in net position on Exhibit B agrees to the change in net position on Exhibit A.

**Exhibit C:**

**●** Using Worksheets 201 and 210, enter the capital asset information to Exhibit C.

● Where more specific information is required for the sections at the bottom of Exhibit C, such as current year capital asset acquisitions (including detail related to “right to use assets” in connection with lease arrangements), donations, transfers, write-offs, reclassifications, and sales, please refer to agency detail accounting records.

● All amounts should be entered as positive numbers except for prior year adjustments. Prior year adjustments that decrease the beginning balances should be entered as negative amounts.

● Review any restatements (prior year adjustments) and confirm they agree to Worksheet 430BTA.

NOTES:

If new lease arrangements were executed during the fiscal year, the amount recorded in the “Right to Use – Leased Assets (noncash portion), cell reference C-2must equal the Lease liability additions reported on Exhibit D. The amount recorded in C-12, “Right to use – Leased Assets (cash portion)” represents any upfront payments or ancillary charges in the current year that were capitalized in the value of the right to use leased asset (not included in the lease liability).

This template assumes the account for “Gain (loss) on sale of property and equipment” (if applicable) also includes any losses on capital asset write-offs and transfers out. If losses on capital asset write-offs and transfers out are charged to another account (e.g., other nonoperating expenses), then this template will need to be adjusted. Contact your OSC analyst.

**Exhibit D:**

**●** Using Worksheet 310, complete Exhibit D.

● Beginning balances are automatically populated from Exhibit A.

● Enter all amounts as positive numbers except for prior year adjustments. Prior year adjustments that decrease the beginning balances should be entered as negative amounts.

**Exhibit E:**

**While the previous exhibits in the Cash Flow Template, for the most part, simply require the preparer to enter amounts from already available worksheets and reports, Exhibit E requires decision making and analytic review to complete properly. Designations made on Exhibit E will impact how the financial information ultimately flows to the Cash Flow Statement (Exhibit G).**

NOTE: Exhibit E includes sections that are prepopulated with default selections as well as amounts that must be entered manually by the agency preparer. The preparer should review the prepopulated (default) amounts to ensure the correct designations have been posted. The template is formatted to make default selections based on the information available, but it cannot be formatted for all the unique reporting possibilities. The agency preparer needs to review these default selections and make any needed adjustments manually to reclassify cash flows in accordance with the appropriate categories listed below:

**NOTE for FY 2022:** New selections are provided related to the implementation of GASB 87 for lease accounting. These selections are only applicable to entities that are **“lessors”** in a lease arrangement and include: 1) Leases receivable (current and noncurrent) and 2) Change in deferred inflows for leases.

The Cash Flow Statement provides for four (4) classifications for the various types of cash flow activities: Operating Activities: These cash flows generally result from providing services and producing and delivering goods and include all transactions and events that are not defined as capital and related financing, noncapital financing, or investing activities. Examples include:

* Cash inflows from sales of goods/services, receipts from collections of accounts and notes receivables
* Cash receipts from other funds for reimbursement of operating transactions
* Cash payments for materials involved in providing goods/services
* Cash payments to employees for services
* Cash payments for taxes, duties, fines, and other fees/penalties

Noncapital Financing Activities: These cash flows result from borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed (noncapital), including interest. Examples include:

* Proceeds from noncapital short- or long-term borrowing
* Cash receipts from noncapital grants/subsidies
* Cash receipts from property/other taxes not restricted for capital purposes
* Repayments of cash on short- or long-term borrowing
* Cash payments for interest on noncapital amounts borrowed
* Cash payments for nonoperating grants to other governments or organizations

Capital and Related Financing Activities: These cash flows result from acquiring or disposing of capital assets used in providing goods/services and repaying those amounts borrowed (including interest) used in acquiring, constructing, or improving capital assets. Examples include:

* Proceeds from capital short- or long-term borrowing
* Cash receipts from capital grants
* Cash receipts from sales of capital assets as well as insurance recoveries on capital assets.
* Cash payments made to acquire, construct, or improve capital assets
* Repayments of cash on short- or long-term borrowing
* Cash payments for interest on capital amounts borrowed

Investing Activities: These cash flows result from all activity included in making and collecting loans and acquiring and disposing of debt or equity instruments. Examples include:

* Cash receipts from collections of loans made by the agency including interest/dividends received as returns on loans
* Cash receipts from sales of equity instruments including cash received from returns of investment in those instruments
* Cash outflows for loans issued by the agency
* Cash payments to acquire equity instruments

The designations made by the preparer on Exhibit E will determine how the various cash flow activities are classified and reported on the Cash Flow Statement.

**“OK” messages in Exhibit E indicate you are in balance, but it is not an assurance that the correct classifications have been selected.**

**Exhibit F:**

Exhibit F is a calculated worksheet – no input is required on this tab. Exhibit F can be a useful resource in identifying cash flow activity that may need to be corrected on another exhibit (most likely Exhibit E). This exhibit provides the detail for the cash inflows and outflows and how the financial information is mapped to the cash flow statement according to the four activity types: Operating, Noncapital Financing Activity, Capital and Related Financing, and Investing.

**Exhibit G:**

Exhibit G is the actual cash flow statement and is the document used in preparing the *Statement of Cash Flows for Proprietary Funds* in the Statewide Comprehensive Annual Financial Report. Exhibit G is also a calculated worksheet – no input is required on this tab.

Exhibits A through G contain error check indicators. **All error checks should show “OK” (not “ERROR”) before submitting the Cash Flow Template to OSC.**