

**Memorandum Number 02-29**

July 10, 2002

**MEMORANDUM**

**TO:** Community College Presidents  
**FROM:** J. David Armstrong, Jr.  
**SUBJECT:** 2001-2002 Annual Financial Reports

Enclosed are the instructions for preparation of the College Annual Financial Report for the 2001-2002 fiscal year. These instructions and related forms have been provided to your business officers in electronic format. The Annual Financial Report format has been revised to include Governmental Accounting Standards Board (GASB) Statements Number 34 and 35, which is required for fiscal years beginning 2001-2002. In addition, the forms and instructions have been changed to update General Ledger Codes and to accommodate the needs of the Auditor General in preparing the reports for inclusion in the Florida Comprehensive Annual Financial Report.

In accordance with the Department's paperless communication effort about which you have been previously informed, you will not receive a hard copy of these instructions.

It is imperative that these reports be completed and submitted to us no later than **August 15, 2002**. The report should be transmitted via the Internet to Sophia Gaines at [sophia@flccs.org](mailto:sophia@flccs.org). In addition, two printed copies of the report must be submitted to:

Carolyn A. McGriff  
Division of Community Colleges  
325 West Gaines Street, Suite 1314  
Tallahassee, Florida 32399-0400

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We would like to extend our appreciation to all the Controllers who assisted in “test driving” the Statements and Schedules. Their willingness to test the forms was of great benefit to Division staff in the assurance of accurate reporting formats.

Any questions related to the preparation of these reports should be directed to Carolyn McGriff or Sophia Gaines at SUNCOM 278-7926, extensions 160 and 164, respectively or (850) 488-7926, extensions 160 and 164.

JDA/cml

Enclosures

c: Community College Business Officers  
Community College Controllers  
Community College Reports Coordinators

INSTRUCTIONS FOR  
2001-2002 ANNUAL FINANCIAL REPORT  
(AFR)

General

The Annual Financial Report consists of the following schedules and Statements:

- Schedule 1 - Summary of Revenue and Expenditures by General Ledger Code
- Schedule 2 - Summary of Expenditures by Function
- Schedule 3 - Report of Student Fee Exemptions Granted
- Schedule 4 - Summary of Student Fee Exemptions and Waivers
- Schedule 5 - Report of Capital Improvement Fees
- Schedule 6 - Schedule of Expenditures - Federal Financial Assistance Awards
- Attachment 1 - Notes to Financial Statements
- Attachment 2 - Annual Financial Report Review Checklist
- Attachment 3 - Management's Discussion and Analysis
- Statement of Net Assets
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows

Please note that the Annual Financial Report format has been revised to include Governmental Accounting Standards Board (GASB) Statement Numbers 34 and 35, which is required for fiscal years beginning 2001-2002. Also, beginning fiscal year you can submit your Annual Financial Report in either Lotus or Excel format. Although not required and if not too voluminous, please e-mail us a copy of your Trial Balance and Year-End Adjusting Entries with your Annual Financial Report.

Form

The report should be prepared on 8 1/2" x 11" pages with at least 3/4-inch margin on the left side to permit stapling or binding. All columnar headings for each exhibit and schedule should be presented on the same page. Each exhibit or schedule should be started on a new page and if continued, subsequent pages should be numbered. Example: Schedule 1 (p. 2 of 3). Amounts on the Schedules should be reported in dollars and cents. The forms provided have been programmed to meet these requirements.

Submission

Hardcopies of the Annual Financial Report is to be submitted to Carolyn A. McGriff, Division of Community Colleges, no later than **August 15, 2002**. Only two copies of the report are required. The electronic version of the Annual Financial Report should be sent to Sophia Gaines at [sophia@flccs.org](mailto:sophia@flccs.org).

The Schedules, Attachments and Statements are on the Council of Business Affairs web site <http://www.dbcc.cc.fl.us/cba/forms.htm>. and are programmed using Lotus (or Excel). The files have been sealed and you may only enter data in the unprotected cells.

### Specific Instructions

The cover page should show the name of the college, a listing of the enclosures and the statement - "This report is certified to be true" - signed with the original or facsimile signature of the President. No provision for endorsement by the Florida Board of Education is necessary.

The exhibits and schedules will be submitted in printed form in the format contained herein as well as on the web site indicated above. To use the files downloaded from the Internet, you must first change the default directory to the location where you have downloaded your files (Tools, User Setup, Worksheet Directory are the commands necessary to accomplish this step). Schedule 1, AFR Checklist, Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and Statement of Cash Flows are linked and must all be opened to ensure that all file links are operable. The files have been formatted and programmed, using Lotus or Excel to calculate appropriate subtotals and totals upon entry of dollar amounts. An entry should be made for each cell. If no revenues or expenditures were made for a specific code, enter a "0" in that cell. All cells on the form must contain a numerical entry. All revenues and expenditures must be provided at the level of detail indicated by the General Ledger Code provided; i.e., matriculation, tuition fees and state support revenues must be entered at the fourth digit level while most other items are to be reported at the third digit level. If your accounting records contain information at a more detailed level than shown, they should be aggregated to the appropriate level. The total of the amounts reported must equal the total of all revenues and expenditures of the college.

Generally accepted accounting principles as depicted in the GASB and FASB statements, the industry audit guide, and the NACUBO Financial Accounting and Reporting Manual should be followed in preparing the schedules and Statements. When questions arise in preparation of the reports, they should be resolved based upon these principles.

Schedules 1 through 5 have been revised to include updates to the General Ledger Codes to match those currently in the accounting manual. The format for Schedule 6 has been changed to facilitate the presentation of information related to Federal Financial Assistance Grants. Specific guidelines for preparation of these schedules follow:

### Schedule 1

Schedule 1 provides a summary of assets, liabilities, total reserves and fund balances, revenues, expenditures by General Ledger Code for each Fund. It should be the first part of the Annual Financial Report prepared, as much of the information contained in this schedule will be utilized in preparing the Statements. Beginning with fiscal year 2001-2002, the Agency fund has been included in Schedule 1.

The last page of the Schedule contains cells to provide detailed information regarding the Fund Balance in the Current Fund-Unrestricted. The amount entered in the row entitled "Prior Year 6-30 Fund Balance" should be the ending Fund Balance of the prior year minus the Compensated Absences before audit adjustments. The "Audit Adjustments" row should show any audit adjustments, corrections or changes that are not reflected in the amounts reported in the General Ledger Codes for revenues and expenditures that are included on the spreadsheet. The "Other Adjustments" row should include all other adjustments. The amount entered in the row entitled "Grand Total Revenues" should be the total of the revenues entered in the Revenue portion of the file.

Once all data has been entered into Schedule 1, the schedule can easily be printed from the spreadsheet. Use the Print feature in Lotus (or Excel) to print the report. The print defaults have been set so that the schedule will print sideways on letter-size paper. You need to set the printer name for your particular type of printer.

Print command - file, printer setup (choose printer)

You may also have to change the amount of compression, depending on your type of printer and its font capability.

Print command - file, print, page setup, size, (choose size)

Finally, the preview option is helpful in viewing the spreadsheet before you print to make sure all settings are correct.

Print command - print preview

## Schedule 2

Schedule 2 provides a summary of Current Fund-Unrestricted expenditures by function. Enter the total expenditures in the 500, 600 and 700 General Ledger Codes for each function. Similar type information is required for the Current Fund-Unrestricted expenditures in the Notes to Financial Statements under Item # 11 – Functional Distribution of Expenses, however it includes all funds combined and Schedule 2 if only for Current Funds Unrestricted. Schedule 2 is due no later than September 30, 2002.

Once all data has been entered into Schedule 2, the Schedule can be easily printed from the spreadsheet. Use the Print feature in Lotus or Excel to print the report as described in the instructions above pertaining to Schedule 1.

### Schedule 3

Schedule 3 provides information regarding fee exemptions granted under Section 240.35(17), Florida Statutes, which provides authority to grant exemptions for up to 40 full-time equivalent students. No other waivers or exemptions should be included in this schedule. Schedule 3 is due no later than September 30, 2002. Please note that effective July 1, 2002, all references to the Florida Statutes will be changed with references as noted in Chapter 1000 – K-20 General Provisions (Mission and Guiding Principles (also referred to the School Code Rewrite)).

Specific instructions for completion are:

1. Separate matriculation and tuition by program type.
2. Rate Per CH/CHE - The dollar rate per credit hour equivalent for each fee type. If a range of fees, provide range limits used.
3. Number of CH/CHE Exempted - The number of credit hours or credit hour equivalents exempted for each fee type. No individual fee type may exceed 1,600 CH's or 1,200 CHE's.
4. Number of FTE Exempted (Max 40 FTE) - Convert CH/CHE's exempted to FTE's by dividing CH's by 40 and CHE's by 30. No individual fee type may exceed 40 FTE's. The number of FTE's per fee type may vary by fee type, as the college may require payment of certain fees and only exempt specific fees for a student(s). This will provide the ability to exempt the "unused" fee type by another student(s).
5. Total Amount Exempted - The actual dollar amount of fees exempted by fee type (and by program for tuition and matriculation). This amount may vary from a calculated rate times CH/CHE's as some fees may be fee ranges rather than a specific fee for the discipline.
6. 40 FTE Maximum - The total fees exempted for any and all fee types may not exceed the equivalent of exempting all fees associated with 40 FTE. The total fees exempted may be less than 40 FTE for any fee type, as per the local decisions of each college.

#### Schedule 4

Schedule 4 provides a summary of fees exempted or waived during the fiscal year in accordance with various specific statutes. Although the statutes sometimes refer to transactions that would be classified as exemptions for accounting purposes as waivers and vice versa, for purposes of this schedule they have been classified as "exemptions" for those transactions for which no fees are recorded and "waivers" for transactions for which fees are recorded. Report the actual dollar amount exempted or waived during the fiscal year. This amount should agree with the amount reported as waivers on Schedule 1. SSH/CHE reported should be reconciled which the numbers reported in the student database. Schedule 4 is due no later than September 30, 2002.

#### Schedule 5

Schedule 5 provides information about the collections and use of Capital Improvement Fees collected under the provisions of Section 240.35(14), Florida Statutes. Report on this schedule only receipts and expenditures related to this fee as indicated on the form. Schedule 5 is due no later than September 30, 2002. Please note that effective July 1, 2002, all references to the Florida Statutes will be changed with references as noted in Chapter 1000 – K-20 General Provisions (Mission and Guiding Principles (also referred to the School Code Rewrite)).

#### Schedule 6

Schedule 6 provides information related to expenditures from federal grant awards. The form provided lists grants available from all federal agencies in department and CFDA number order. Enter the amounts in the appropriate columns for each grant received by your college. No entries are required in other rows. The form has been formatted to automatically calculate totals and subtotals. Show Direct and Indirect dollars received from each grantor separately. Specifically:

1. Report all dollars received and expended from Federal agencies, State Agencies, State Universities and other State Community Colleges as **Direct**.
2. Report all dollars received and expended from Private, non-state entities as **Indirect**. For all **Indirect** entities, the correct complete name and address is also required by OMB circular A-133.
3. Any dollars provided to another entity (sub-recipient) is required to be reported. The sub-recipient must also be identified as a State University, State Community College, State Agency, or Other (i.e., a private or non-state entity).

### Attachment 1 – Notes to the Financial Statements

We are including the sample notes prepared by Mr. Jim Raulerson, Auditor General's Office. In accordance with the accepted procedures described in the AICPA Audit Guide, with references to the Codification of Governmental Accounting and Financial Reporting Standards (Statement 34 Edition), as of June 30, 2001, the FASB Accounting Standards Current Text (as of June 1, 1999) and the Financial Accounting and Reporting Manual for Higher Education, this attachment will be used to summarize the notes of the financial statements. All notes should be included here rather than on the various schedules and Statements. These notes have been prepared in a manner that will allow you to insert college specific information in the spaces indicated without the necessity of rewriting or otherwise changing the note. Complete and submit only those notes that apply to your college. These notes are provided for your convenience only.

### Attachment 2 - Checklist

The Division Staff in our review and analysis of the Annual Financial Reports will use this file. It provides comparisons of data items from the various schedules to determine if they balance appropriately and are coded in accordance with the accounting manual and these instructions. This will facilitate preparation of the consolidated report for inclusion in the Florida Comprehensive Annual Financial Report. If you will review your reports as indicated on the checklist prior to submission to us, telephone calls to clarify data will be greatly reduced.