MEMORANDUM

DATE: July 13, 2018

TO: State Agency CFOs

SUBJECT: FCD Memo – FY19-005 – Fiscal Year 2018 Draw Request Deadline

***************IMPORTANT BOND DRAW INFORMATION*****************

Fiscal Year 2018 bond draw requests deadline - August 1, 2018 by 9:00 a.m.

FY18 draw requests must be received by August 1st to allow the Board of Finance (BOF) staff to record expenditure and payable on the Board of Finance ledger and ensure agencies have time to record revenue and receivable on their books. The associated receivable and payable will be relieved in FY19.

Accruals and Statewide Perspective:

Compliant with GASB, the state employs the modified accrual basis of accounting. This requires expenditure recognition in the accounting period in which the fund liability is incurred, if measurable, except for principle and interest on general long-term liabilities that haven't reached maturity, which should be recognized when due" (see GASB Codification 1600.116). Agencies should accrue for incurred expenditures at year-end and not wait for the invoice to be received or the auditor to identify the omission. Agencies are sub entities of the state and accrual originating agencies must ensure all downstream entities are aware of and have a corresponding entry on their books. That is if the agency expects to receive funding from the BOF then the agency must notify the BOF so a corresponding entry is posted on the BOF's books.

After August 1st, all draw requests pertaining to Fiscal Year expenditures must be processed as identified in the Financial Control Divisions year end closing instructions CDS.1.f. If you or your auditor has determined that revenue needs to be accrued, all approvals need to be met in order for BOF to accrue the expenditures on their side.

If an Agency's external auditor requires FY18 revenue recognition for post August 1st draw requests, then you will need to clearly identify that in your submission to the BOF. To ensure consistent statewide accounting treatment, the agency will need to 1) identify that the draw request as being applicable to FY18 and 2) confirm that the OPR needs to relieve (credit) a due from other state agencies account (142900) on the agency's books. This special treatment will only be allowed through the September 1st draw and is expected to be infrequent.
If Agency external auditors require additional FY18 revenue recognition after the September 1st draw, please notify the Board of Finance staff immediately so the accounting can be handled consistently by both agencies during CAFR development.

If you have any questions, please contact Eric Riggs at Eric.T.Riggs@state.nm.us or Sharon Romero at Sharon.Romero@state.nm.us.

Thank you.

Ronald C. Spilman
Director/State Controller