



State of North Carolina Department of State Treasurer

RICHARD H. MOORE
TREASURER

*State and Local Government Finance Division
and the Local Government Commission*

JANICE T. BURKE
DEPUTY TREASURER

Memorandum #1025

September 17, 2004

To: Local Government Officials and Their Auditors

From: T. Vance Holloman, Director
Fiscal Management Section

Subject: Illustrative Financial Statements, Retirement Contribution Rates

The updated illustrative statements for Carolina County, the City of Dogwood, and the Carolina County Board of Education prepared in accordance with GASB Statement No. 34 are now available on the Department of State Treasurer's web site. You can access these statements by selecting State and Local Government, then selecting "GASB 34 Resources". Each set of statements has been renumbered to integrate the changes made this year. They are formatted to print each set on two-sided pages and the facing pages should display correctly (even pages are on the left and odd on the right). The Word and Excel files for these statements are also available under "Auditing and Reporting Resources" and can be accessed by selecting the "Illustrative Statements" link on the page. All public governmental units with a fiscal year ending June 30th will have implement GASB Statement No. 34 no later than the fiscal year ended June 30, 2004. For units with late reports, the pre GASB 34 statements will remain available for a short period of time in Adobe Acrobat format under "Accounting and Reporting Resources" and be accessed by selecting the "Audit Manual" link.

Because of extensive formatting changes and repagination of the illustrative statement files, we are not issuing a page-by-page list of changes this year. The major changes to the statements are as follows:

Carolina County:

- Implementation of GASB 40, *Deposit and Investment Risk Disclosures- an amendment of GASB No. 3*
- Presentation of multiple water and sewer districts
- Change in recognition of sales tax revenues without a prior period adjustment (PPA) from 60 to 90 days accrual, excluding property taxes

City of Dogwood:

- Change in recognition of sales tax revenues with a PPA from 60 to 90 days accrual, excluding property taxes
- Change in the capitalization threshold during first year of GASB 34 implementation

Carolina County Board of Education:

- Installment purchase presentation for replacement school buses

These statements once again are illustrating the first year of implementation of GASB Statement No. 34. An illustrative second-year MD&A will be available on the web site soon. Other tools that have been added so far this year are documents to help units write their MD&A. In addition, a new section has been added under "Auditing and Reporting Resources" entitled "Interim Financial Reporting Worksheets". This section contains worksheets for a budget to actual analysis, cash flow schedule, neutral property tax analysis, reserved by state statute and fund balance available computations, and a working capital calculation.

The audit opinions have been updated as well for 2004. See the "GASB 34 Audit Manual" link under "GASB 34 Resources". Other items are being added regularly and we encourage you to check the website on a regular basis for new postings.

Firemen's and Rescue Squad Workers' Pension Fund Contributions Made by the State

The State's annual contribution per fireman and rescue worker to the Firemen's and Rescue Squad Workers' Pension Fund for the fiscal year ended June 30, 2004, was \$192.99 and \$358.09, respectively. This information is needed by units that report on-behalf payments for pension contributions made by the State to the Fund on behalf of the unit's eligible fire and rescue squad workers under GASB Statement 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. The monthly contribution per member is \$10.

Teachers' and State Employees' Retirement System Contribution Rates

The funding rates, as a percentage of covered payroll, for post-employment benefits for members of the Teachers' and State Employees' Retirement System for the fiscal year ended June 30, 2004, are as follows:

Employer's retirement contribution	0.22%
Retirement health care benefits	3.20%
Death benefits	0.00%
Disability benefits	<u>0.00%</u>
Total	3.42%

The employer's total contribution of 3.42% should be disclosed in the Funding Policy section of the pension plan note disclosures. The other contribution rates should be disclosed individually in the *Post-Employment Benefits* section.

If you have any questions or comments regarding the illustrative statements, please contact Sharon Edmundson at sharon.edmundson@treasurer.state.nc.us or at (919)807-2384.