



The Art and the Architecture of CAFR Process Reengineering

State of Utah's 2017 CAFR Automation Project – Phase I



Reason for RFP

The CAFR is a statutorily required report that is used by the bond rating agencies, citizens, and the accounting community in evaluating the financial well-being of our state. The preparation is a very manual and complex process. The CAFR is a 260-plus page document that is prepared yearly. It encompasses numerical and written data for the fiscal year compiled in accordance with GAAP. New [GASB] accounting standards are implemented every year adding to the pages and complexity of the CAFR preparation. The Financial Reporting team, which prepares the CAFR, is very experienced, and most have been involved in the CAFR process for at least 15 years. We would like software that will minimize the manual complex processes and minimize the risk of error.

RFP Initial Requirements

- Cloud-based
- Linking data throughout document
- Audit trail
- Aid in succession planning
- Useful for more than just CAFR
- GASB, XML, XBRL technical expertise



Expectations

- Easy to implement
- Similar to Microsoft Office products
- Reduce hand-keyed data entry
- Reduce overtime
- Enhance analytics
- Reduce “Data Exhaustion”
- Limit / eliminate errors

Current (Old) Process

Pros – In favor of leave in place

- Reliable results, looks the same
- Rollups consistent
- Formatting consistent, if constant control retained
- Check figures to error out balance and rounding issues between statements built in over many years

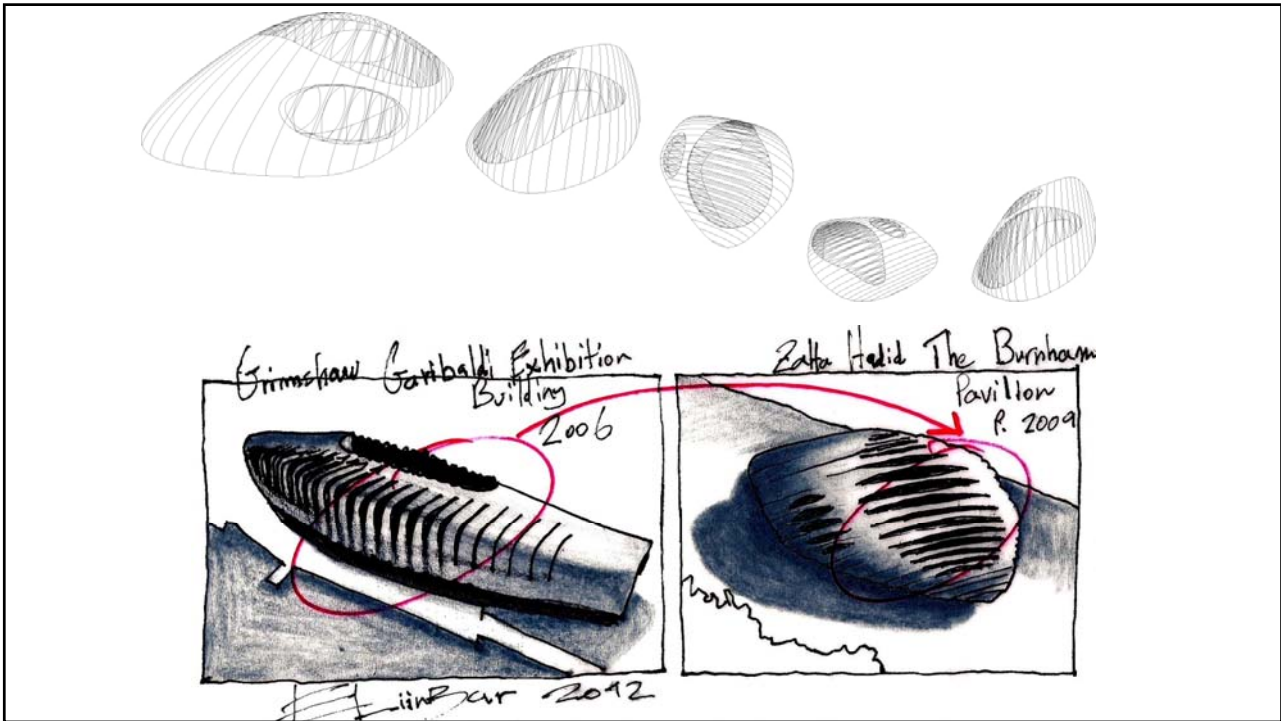


Current (Old) Process, continued

Cons – In favor of new system implementation

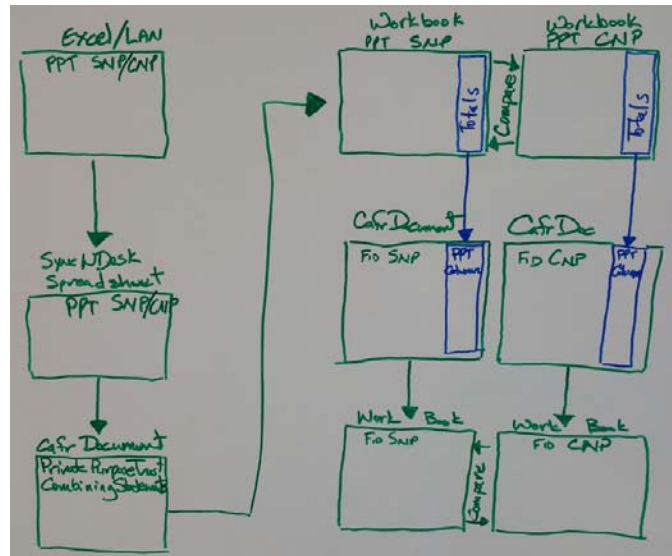
- 1 Overworked administrator
- 1 – 2 weeks to roll forward
- Excel / Word integration problematic
- Simultaneous access by multiple users impossible
- Network permissions glitchy
- ½ Day to print





Statement Design

- How data gets from Excel on LAN into software
- How it's displayed there
- How it rolls up to combining statements
- How totals are verified for tie out and rounding



	Beginning Balance	Additions	Adjustments	To CAFR	Reductions	Adjustments	To CAFR	Ending Balance	Due Within One Year	Adjustments	To CAFR
Governmental Activities											
General Obligation Bonds	2,496,895,000	0	0	0	-324,910,000		-324,910,000	2,173,985,000	271,535,000		271,535
SBOA Lease Revenue Bonds	242,976,011	0	0	0	-17,813,210		-17,813,210	225,162,801	16,596,788		16,567
GO Premium	86,329,000	0	0	0	-24,881,644		-24,881,644	61,447,357	17,503,423		
SBOA Premium	6,498,004	0	0	0	-1,522,974	1,000	-1,521,974	4,976,031	1,203,164		
Net Unamortized Premiums	92,827,005	0	0	0	-26,404,618		-26,404,618	66,423,387	18,706,586		18,707
Capital Leases (Note 9)	23,498,000	0	0	0	(1,882,000)		-1,882,000	21,616,000	1,939,000		1,939
Notes Payable	339,000	0	0	0	-34,000		-34,000	305,000	37,324		37
Compensated Absences	172,773,946	83,834,782		83,834,782	-84,921,505	-400	-84,921,905	171,686,822	84,921,605		
FLSA Non-exempt Comp and Excess	12,533,752	9,870,030		9,870,030	-9,748,575		-9,748,575	12,655,207	12,655,207		
FLSA Exempt Comp and over accrual	-2,601,147	0	0	0	-184,030		-184,030	-2,785,177	-2,785,177		
Compensated Absences (Note 1)	182,706,551	93,704,812		93,704,812	-94,854,111		-94,854,111	181,556,853	94,791,536		94,792
Claims **	48,092,000	20,929,481		20,929,481	-15,376,499		-15,376,499	53,644,982	23,816,770		23,817
Pollution Remediation Obligation	6,400,834	13,451		13,451	-523,363		-523,363	5,890,922	969,521		970
Settlement Obligations	365,000	0	0	0	-45,662		-45,662	319,338	45,662		46
Net Pension Liability (Note 16) *	992,465,011	38,953,636		38,953,636	0		0	1,031,448,647	0		0
Net OPEB Obligation (Note 19) **	135,087,000	0	0	0	-25,469,000		-25,469,000	109,618,000	0		0
Total Governmental Long-term Liabilities	4,223,681,412	153,601,380	0	153,601,380	-507,312,462	0	-507,311,862	3,869,970,930	428,408,187	0	428,408
Business-Type Activities											
Student Assistance Revenue Bonds	1,256,026,076	872,250,000		872,250,000	-305,469,819	500	(305,469,319)	1,822,806,757	383,440,113		383,440
SBOA Lease Revenue Bonds	72,674,989	0	0	0	-5,236,790		(5,236,790)	67,438,199	5,236,790	42,000	5,279
Water Loan Recaptialization Revenue Bonds	41,915,000	0	0	0	-5,235,000		(5,235,000)	36,680,000	5,455,000		5,455
SAP Premium/(Discount)	-738,108	-8,016,578	100	(8,016,478)	-1,763,281		(1,763,281)	-10,517,867	1,126,622		1,127
SBOA Premium	6,048,406	0	0	0	-968,064	1,000	(967,064)	5,081,341	905,337	(1,000)	904
Water Premium	113,487	0	0	0	-113,487		(113,487)	0	0		0
Net Unamortized Premiums	5,423,784	-8,016,578		(8,016,478)	-1,081,551		(2,843,832)	-5,436,526	2,031,969		2,031
Unemp Comp Fund	5,726,000	174,438,000		174,438,000	(175,354,310)		(175,354,310)	4,809,690	0		0
SAP	0	0	0	0	0		0	0	0		0
Claims and Uninsured Liabilities	5,726,000	174,438,000		174,438,000	(175,354,310)		(175,354,310)	4,809,690	0		4,810
Notes Payable	921,995,000	0	0	0	-921,995,000		(921,995,000)	0	0		0
Net Pension Liability	17,845,000	0	0	0	-378,149	1,000	(377,149)	17,467,851	0		0

A. Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2017, are presented in the following table. As referenced below, certain long-term liabilities are discussed in other Notes to the Financial Statements.

	Long-term Liabilities (expressed in thousands)				Amounts Due Within One Year
	Beginning Balance	Additions	Reductions	Ending Balance	
Governmental Activities					
General Obligation Bonds.....	\$ 2,498,895	\$ —	\$ (324,910)	\$ 2,173,985	\$ 271,535
State Building Ownership Authority Lease Revenue Bonds.....	242,976	—	(17,813)	225,163	16,567
Net Unamortized Premiums.....	92,827	—	(26,404)	66,423	18,707
Capital Leases (Note 9).....	23,498	—	(1,882)	21,616	1,939
Notes Payable.....	339	—	(34)	305	37
Compensated Absences (Note 1) **.....	182,707	93,705	(94,855)	181,557	94,792
Claims **.....	48,092	20,929	(15,376)	53,645	23,817
Pollution Remediation Obligation.....	6,401	13	(523)	5,891	970
Settlement Obligations.....	365	—	(46)	319	46
Net Pension Liability (Note 18) *.....	992,495	38,954	—	1,031,449	—
Net OPEB Liability (Note 19) *.....	135,087	—	(25,469)	109,618	—
Total Governmental Long-term Liabilities.....	\$ 4,223,682	\$ 153,601	\$ (507,312)	\$ 3,869,971	\$ 428,410
Business-type Activities					
Student Assistance Revenue Bonds.....	\$ 1,256,026	\$ 872,250	\$ (305,469)	\$ 1,822,807	\$ 383,440
State Building Ownership Authority Lease Revenue Bonds.....	72,675	—	(5,237)	67,438	5,279
Water Loan Recapitalization Revenue Bonds.....	41,915	—	(5,235)	36,680	5,455
Net Unamortized Premiums.....	5,423	(8,016)	(2,844)	(5,437)	2,031
Claims and Uninsured Liabilities.....	5,726	174,438	(175,354)	4,810	4,810
Notes Payable.....	921,995	—	(921,995)	—	—
Net Pension Liability (Note 18) *.....	17,845	—	(377)	17,468	—
Net OPEB Liability (Note 19) *.....	2,191	—	(460)	1,731	—
Total Business-type Long-term Liabilities.....	\$ 2,323,796	\$ 1,038,672	\$ (1,416,971)	\$ 1,945,497	\$ 401,015

New Process Using Wdesk

- Workbooks check all statements tie out, verify rounding, dashboard
- 174 Sections ensure multiple user access 24/7
- Raw data, sync, copy, data entry hybrid
- Choice of Excel doc statement location: in Wdesk or on LAN

The screenshot shows the Wdesk interface with a document outline on the left and a spreadsheet on the right. The spreadsheet has columns A through E. Row 1 is labeled 'Number of Errors' and 'Flags'. Row 3 shows a red cell with '1' in column B and '13' in column E. Row 4 shows a yellow cell with '0' in column B and '34' in column E. The document outline lists various sections like 'Error Dashboard', 'GW CONV', 'GW SNP', etc.

Successes

- Many fewer audit management comments (MCs)
- Implemented during Yearend Close and CAFR process
- Some later phase items implemented earlier than anticipated
- Continuing Disclosure implemented and produced more quickly, other reports possibly produced within this software
- Most artwork is images only, graphs and charts in-house
- Projected less overtime, improved morale, balance
- 40 fewer pages enhances readability, reduces printing costs

Follow-up Meetings

- Project post mortem/debriefing
- User group community
- swilliford@utah.gov



Questions?

