

Title: Annual Comprehensive Financial Reporting

Issuance Date: October 30, 2024

(Reviewed annually)

Applicable Regulations, Guidelines, and AHS Policy:

Other:

- State of Vermont Finance & Management ACFR-1 Standard Instructions: <http://finance.vermont.gov/forms/ACFR>
- State of Vermont Finance & Management FY Year End Closing Instructions [FY22 Year End Closing Instructions](#)

Purpose:

The purpose of this procedure is to ensure that DVHA receivables are reported accurately in the ACFR-1 Form.

All state and local governments are required to annually produce and distribute an Annual Comprehensive Financial Report (ACFR) in conformance with generally accepted accounting standards (GAAS) established by the Government Accounting Standards Board (GASB). This document describes the process of the ACFR-1 Report, one component of the State's Comprehensive Annual Financial Report. The State of Vermont's ACFR is produced by the Department of Finance and Management for each fiscal year. The Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. The State uses a 60-day period (July 1 through August 31) after fiscal year-end as the collectability period to recognize revenue on the receivables under the current financial resource measurement focus and the modified accrual basis of accounting.

Amounts estimated to be collected after the 60-day revenue recognition period are recorded as unavailable revenues. The main reason for the ACFR-1 report is that the amount of the receivables collected within the 60 days of year-end are accounted for differently than the amounts collected after the 60 days in the financial statements published by the Department of Finance and Management. Accounts receivable,

unearned revenue, and cash on hand information is collected by the Department of Finance and Management for ACFR reporting and audit purposes. Finance and Management require each State of VT Department to submit ACFR-1 reports to collect all receivables that are not entered into VISION, which is the State finance accounting software system. Finance and Management have access to all receivables recorded in VISION; therefore, only receivables not recorded in VISION are required for this report. The ACFR-1 form should include what the receivables are on June 30 and how much is collected between July 1st and August 31st. The ACFR-1 reports all accounts receivable net of any allowances for uncollectible amounts on its balance sheet as of June 30th. In addition, the State recognizes the revenue or expense reimbursement related to these accounts receivable.

The DVHA Business Office is required to maintain a detailed listing to support the receivables reported on the ACFR-1. The ACFR-1 form should include information about amounts that were owed to the State from private persons, organizations, other governments, or other state agencies/departments that are not processed through VISION, the State of Vermont's accounting software system. Amounts owed could be for any source of State revenue, or expenditure reimbursements owed to the State on or before June 30th and for which payment has not yet been received by the State by June 30th. The ACFR-1 form is due to the Department of Finance and Management in September for inclusion in the ACFR issued in December for the prior fiscal year. The submission must include a copy of the procedure for estimating allowances for uncollectible receivables and detailed listings to support the amounts reported on the ACFR-1.

Procedure:

DVHA AP/AR and Program Analytics units will report the open receivables at the close of business on June 30th and then again at the close of business on August 31st of the current year.

Each unit is responsible for entering the numbers from their worksheet spreadsheet tabs to the ACFR-1. Any increase or decrease above 10% or \$100,000 needs an explanation.

AP/AR Unit

The AP/AR Unit is responsible for completing the Pharmacy Tax tab and recording any expenditure reimbursements that may be owed. The Pharmacy Tax tab can be completed after all receivables are entered for the last business day of June and the Pharmacy June Balance is reconciled.

Miscellaneous expenditure reimbursements owed to the State:

Standard Operating Procedure

There have not been any in the past, but if there are any pending expenditure reimbursements, these must be recorded. A new line will be added to the spreadsheet and the appropriate information completed.

Validation and sign-off by the Financial Director II occur when the AR Unit piece is complete.

The Financial Director II validates the receivables by reviewing the source data and Pharmacy spreadsheet and assure they were transferred to the ACFR-1 Form accurately. Once this is validated, Financial Director II will notify Financial Director IV that the AR Unit section of the ACFR-1 is complete.

Program Analytics Unit

To support the ACFR-1 process, DVHA's fiscal agent creates the AA17 Report to match the FNDR58AA-Account Receivable Report at the end of each State Fiscal Year (SFY) and produce follow up activity data reports after the close of August the following SFY.

DVHA receives monthly and quarterly reports for the DVHA Business Office and Pharmacy Unit. DVHA AP/AR Unit validates the cash received with CHC before they send the monthly reports. The monthly report is a summary of Cash Receipts, listing the manufacturer/labeler, the category in which the rebates belong, check date and amount, and other pertinent information. The quarterly reports include a Cash Receipts report as well as a 64.9R report displaying A/R balances, adjustments, and invoice amounts by rebate quarter.

The DVHA Business office uses these reports to complete the ACFR-1 form. Rebates are broken out into accounts and funds depending on the category they belong to. When this is complete, the ACFR-1 is ready to be sent to the Financial Director IV for validation and approval.

The Financial Director IV validates the spreadsheets completed by the Analytics Unit against the raw data files, to verify that line items were accurately carried over from supporting data tabs.

After the ACFR-1 Form numbers are validated, the Certification Form is completed and emailed by the Business Office Financial Director IV, by the due date specified on the FY Close-out Instructions.

Revision History:

| Date | Summary of Revisions |
|------------|--|
| 12/19/18 | Draft |
| 12/20/18 | Accepted by OMU |
| 2/28/2020 | Sent by BO for annual review |
| 3/4/2020 | Edits proposed by OMU |
| 02/22/2022 | CAFR-1 changed to ACFR-1 per name change. |
| 3/16/2022 | OMU review, updated to ADA template, added appointing authority. |
| 4/29/2022 | OMU changed appointing authority. |
| 05/26/2022 | Unit Director updated. |
| 10/24/2024 | OMU review, updated ADA template. |

Table 1 Revision History