

STATE OF MAINE

GAAP FINANCIAL STATEMENTS CLOSING PACKAGE



FOR THE FISCAL YEAR ENDED JUNE 30, 2016



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The schedules highlighted above are also provided as an attached Word document.

The GASB 49 Pollution Remediation Survey should be completed by DEP only.

Each agency must complete a GASB 51 survey even if the agency has no intangible assets to report.
Excel spreadsheet should be submitted to the Controller's office in electronic format.



GAAP INSTRUCTIONS — FISCAL YEAR 2016

FINANCIAL REPORTING TEAM

Please contact your agency liaison from the list below with any questions. If you are unsure who your liaison is, please consult our website for a listing or call us at 626-8420.

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INTRODUCTION

Throughout the year the State of Maine (the State) processes transactions using the statutory basis of accounting, often referred to as the “budgetary basis.” For its *Comprehensive Annual Financial Report (CAFR)*, the State reports on the basis of generally accepted accounting principles (GAAP) as defined by the Governmental Accounting Standards Board. The financial statements are prepared using a modified accrual or accrual basis of accounting, whichever is appropriate. “Basis of accounting” refers to *when* revenues, expenditures, expenses, and transfers – and the related assets and liabilities – are recognized in the accounts and reported in the financial statements. In order to convert Advantage data from the budgetary to the GAAP basis, the Financial Reporting Team must obtain supplementary information from other State Departments, Bureaus, and Divisions.

Title 5 MRSA §1547, subsection 4 requires agencies to provide financial information to the Office of the State Controller by September 1 following the close of the fiscal year. Please send accruals and other closing information identified in this closing package, along with the GAAP information checklist on page 33 and the Financial Disclosure Certificate on pages 35 and 36, to the Financial Reporting Team in the Controller’s office by that date (electronic transmission is preferable). Additionally, please identify primary contacts within your agency for follow up questions from the Controller’s Office and the Office of the State Auditor. Note that sections of this closing package do not apply to all agencies. The first section includes general information, which applies to everyone. The second section is agency-specific. Please direct questions to your liaison in the Controller’s office.



Agencies are responsible for preparing, submitting and retaining copies of auditable supporting documentation for all of the GAAP information submitted. Any changes or corrections to information originally submitted must also be sent to your agency liaison in the Controller's Office.

If estimates are used, please describe the procedures, assumptions, computations and methods used to develop the estimates. Retain all documentation for seven years after audit.

When preparing GAAP accruals, use the same account and object/revenue source coding required on journal vouchers to enable the Controller's Office to record information in appropriate revenue, expenditure/expense and balance sheet categories.

There is a checklist at the end of this document on page 33 that outlines the asset, liability, revenue and expenditure/expense accruals that are necessary to convert ADVANTAGE figures to a GAAP basis.

*** *Unless otherwise noted, the accruals should **not** be made directly in ADVANTAGE.*

GENERAL INFORMATION

There are two types of financial statements included in the State's CAFR: government-wide financial statements and fund financial statements. The government-wide financial statements report information about the overall government without displaying individual funds. These statements measure and report all assets, deferred outflows, liabilities, deferred inflows, revenues, expenses, gains and losses using the full accrual basis of accounting. The fund financial statements report additional and detailed information about the government by displaying individual funds, using either the modified accrual or full accrual basis of accounting, as appropriate.

Modified Accrual Basis of Accounting — applies to governmental funds (fund numbers ranging from 010 through 024) and fiduciary funds that follow governmental accounting, including fund numbers 085 and 089.

Governmental funds do not record fixed assets or the related debt directly in the funds. However, there are other assets and liabilities that must be recorded and significant accruals of revenues and expenditures that must be made. These accruals should be reported to the Controller's Office and should not be recorded directly in ADVANTAGE.

Under the modified accrual basis of accounting, revenues should be recognized when they become measurable and available (usually meaning collectible within 60 days of the end of the fiscal year). Expenditures should be recognized when the fund liability is incurred, if measurable.

Full Accrual Basis of Accounting — applies to proprietary funds (fund numbers ranging from 029 through 070) and fiduciary funds that follow proprietary accounting, including fund numbers 071, 082, 087 and 088.

Proprietary funds must accrue everything, and accruals should be made directly in ADVANTAGE, if possible.

Under the full accrual basis of accounting, revenues should be recognized when they are earned and become measurable (regardless of when they are collected). Expenses should be recognized when incurred, if measurable.



Revenues and Amounts Receivable

When revenue is earned and an amount is due to the State at June 30, the amount must be accrued as revenue and recorded as receivable at fiscal year end. Agencies must report the total accounts receivable outstanding, their estimates of and methodology for estimating the uncollectible portion, and the amount that must be deferred. **These amounts should not be netted.**

Revenue is earned when the underlying transaction has been completed and the amount is measurable, for full accrual accounting. For modified accrual accounting, revenue is earned when the underlying transaction has been completed, the amount is measurable, and the funds are *available*. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. In general, payments received within 60 days of the fiscal year end are considered to be available. See also the discussion of *Deferred Revenue* below.

Revenues and related receivables must be accrued at year end for all revenue sources of \$1 million or more annually. Revenues that must be accrued include: property taxes, sales and income taxes, fines and assessments, routinely provided services, most grants from other governments and Medicaid reimbursements for services provided in hospitals, nursing homes, or by other providers. Interest and dividends must also be accrued in the trust funds.

A receivable should be recorded when revenue is recognized but payment has not been received by the end of the fiscal year. For example, your agency assesses taxes due, charges for license fees, or provides goods or services to customers before June 30, but has not received payment for the services by that date. Any backlog of unbilled items at June 30, for assessments and transactions that occurred prior to June 30, should also be included in the recognition of revenue and recording of receivables.

Unearned revenue - Governmental funds should record as unearned revenue amounts that are due by June 30 but not expected to be collected within 60 days of that date. For example, a taxpayer pays a portion of his/her total taxes due, but an amount remains outstanding at June 30. This amount will eventually be collected but it will not be collected within 60 days of year-end. In this situation, the asset (taxes receivable) must be reported but the related revenue must be deferred. To properly record this amount, the agency would debit the appropriate receivable account and credit deferred revenue (a liability account – 0233). If you estimate that a portion of the receivable will not be collectible, credit the appropriate reserve for uncollectible amounts (0030 for taxes receivable, and 0031 for other receivables) for that portion, and credit deferred revenue for the balance that will be collected. Make sure to debit the appropriate receivable account for the full amount due.

Amounts that are received prior to June 30, but are not yet earned, must also be deferred. For example, if an entity has chosen to prepay an expense/expenditure, resulting in unearned income to you, you must also credit deferred revenue. If the revenue has already been recorded, debit the original revenue category and credit deferred revenue.

Classification of amounts receivable – for all accruals of revenues and amounts receivable, please provide the following information: amount expected to be collected within 60 days, amount expected to be collected between 61 days and 12 months, and amount expected to be collected after 12 months. If estimated, include the basis for those estimates.

Reimbursements for expenditures and overpayments – If the State provides a grant or pays an amount to an entity based on an estimate of what that entity will ultimately spend, and the entity does not expend all



of the funds, they owe the balance back to the State. Therefore, a receivable must be recorded at year end. In order to accrue amounts receivable at fiscal year end:

Debit the appropriate receivable account – e.g.,
0020 – Taxes Receivable
0025 – Other Receivables (if it is an external customer)
0050 – Due From Other Funds (if it is another State agency)

Credit the expenditure object code from which the original payment was made.

Agencies must ensure that the amounts are recorded in the appropriate funds.

If an accrual is made for funds due back to the State, and a share of that amount will be remitted to the federal government, a liability must also be accrued for the amount due back to the federal government.

To record the amount due to the federal government, debit the appropriate revenue source code (where the original amount from the federal government was recorded) and credit the appropriate liability account.

Expenditures/Expenses and Amounts Payable:

According to generally accepted accounting principles, the dollar amount of expenditures can be determined, and should be recorded, when the liability is incurred. For example, if you have received services or goods by the end of the day on June 30, you have a liability (accounts payable) and expenditure that should be reported. Most often, the bills that are processed in the next fiscal year will determine these amounts.

From July 1 through August 31, the service date field will be a required field for GAX and PRC documents, including interfaces. This will enable Financial Reporting to perform a query on amounts to be paid in fiscal year 2017 relating to services performed or goods received in fiscal year 2016.

Due To/Due From Other Funds

When State Agencies transact business with other State Agencies, they record the amounts as Due From Other Funds and Due To Other Funds within the ADVANTAGE system. For example, a State Agency purchases supplies from the State Warehouse. The Warehouse records a Due From Other Funds, and the purchasing agency eventually pays the charges, which in turn eliminates the Due From Other Funds. When there is a lag between the dates a Due From is recorded and the date it is liquidated, the amounts Due From and Due To Other Funds do not balance. At fiscal year-end, these amounts must balance on the State's financial statements. If the amounts are not offset within the accounting system already, agencies should provide a listing of the related Due From/To Other Funds, by fund number, to offset the recorded amounts. In the previous example, the Warehouse recorded a Due From but the receiving agency did not pay the balance at year-end. The Warehouse would provide a listing identifying what fund is expected to pay that balance due (for instance, the General Fund – 010).

Inventory

Generally, the State records inventory items (for example, materials and supplies) of the governmental funds as expenditures when purchased. GAAP reporting requires us to report significant inventory values on hand at fiscal year-end as assets in the balance sheet. The definition of "significant" depends upon the fund in which the inventory should be recorded. If you believe you have significant inventory items that



are not recorded as assets, please contact a member of the Financial Reporting Team for specific guidance.

Examples of Departments/Agencies that may have significant, unrecorded inventories are: Bureau of General Services (donated federal surplus property), Corrections, Agriculture, Health & Human Services, Maine Military Authority, Inland Fisheries and Wildlife, Conservation, and Marine Resources.

Agencies should calculate inventories of materials by physical counts or by perpetual inventory systems. Report inventory values at the lower of the cost of the items, or the market value of the items. You may use cost or average cost if not significantly different than the lower of cost or market value. Report the method of valuing inventories to the Controller's office.

This listing of inventory items should not include capital assets. Inventory items are mainly material and supply items that are consumed during a relatively short period after purchase.

Donated Governmental Commodities and In-Kind Services

The State receives items like food assistance (SNAP), surplus food, vaccines and other services from the Federal government. The value of these items should be recognized based upon the amount received during the year. If significant quantities of commodities exist at year end, they must be counted and valued. See "Inventory" for appropriate valuation calculations. If an agency reports the increases and decreases in commodities to the Federal government during the year, those values would be reported for State financial statement purposes and agree with amounts reported on year end SEFA reports.

Agency Funds: Assets Held in Trust and Related Liabilities

The State uses Agency funds (fund numbers 076, 077, 080, 083, 086, 098) to account for assets held on behalf of others. These include, but are not limited to: inmate and restitution accounts (Department of Corrections); patient accounts (Department of Health and Human Services); and Judicial Branch bank accounts (Administrative Office of the Courts). Agency funds are custodial only; therefore, they do not involve measurement of operations (income, expenses, or determination of profit or loss).

There are certain assets held on behalf of others that must be recorded on the ADVANTAGE system for GAAP reporting purposes. Please record the amount of all assets that your agency holds on behalf of others (even if they are not included in the list described above) on the ADVANTAGE system. Record these assets at their fair market value in fund 083 by debiting asset account 0010 and crediting the liability account 0213, using your agency code and approp/reporting org. If you are unable to record the amounts before the close of the fiscal year, please provide the information to the Financial Reporting Team.

When providing data to Financial Reporting, include (see page 28 of this document for additional information requirements):

- support for year-end balances by category, e.g., cash, bonds, corporate stocks; and,
- support for investment income totals by type of income, e.g., interest, dividends, and changes in fair market value, for the fiscal year. (Keep in mind that most fiduciary reports are based on a calendar-year, so please include 12/31/15 and 6/30/2016 reports).

Fixed Assets

Report all fixed assets according to the procedures described in the State Accounting Manual, which is available from the Office of the State Controller web page.



Agencies should complete all outstanding fixed asset shells before June 30. If any of the shells on the Document Catalog do not relate to capital assets, please notify Kathy Godfrey and we will delete them.

Agencies are responsible for complying with GASB Statement 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Please notify the Controller's Office if any major assets were impaired during the year. Refer to Controller's Bulletin FY06-14 for detailed instructions.

Agencies are also responsible for complying with GASB Statement 51, *Accounting and Financial Reporting for Intangible Assets*. Please complete and return the attached GASB 51 survey which will help us determine if an intangible asset exists and should be recorded. All agencies must complete a GASB 51 survey even if there are no intangible assets to report.

Agencies must conduct physical inventories of all fixed assets annually. Agencies with distributed assets, that is, assets located in many locations throughout the State, may conduct their inventory over a three year period **if the following conditions are met:**

1. every item is subject to a physical count or verification every year (three years for agencies with distributed assets); and,
2. the inventory program is documented and the plan has been pre approved by the Office of the State Controller.

In order to ensure objective reporting of inventory items, personnel having no direct responsibility for assets subject to the inventory should perform physical inventory counts.

After the physical count is completed, the inventory officer should reconcile the inventory by comparing physical records to general ledger balances. The inventory is properly accounted for when all differences have been identified, explained, and corrected. The inventory officer should then certify the reconciliation with a signed statement that it is correct. The certification, together with the reconciliation and the inventory listing, serves as the basis for accounting adjustments. Retain this documentation for at least three years from the close of the current year audit or according to your agency's record retention policy, if it is longer.

For new acquisitions, note whether federal funds or state bond proceeds were used to pay for the items.

Report all construction in progress that meets the definition of a capital construction project as defined in Chapter 30 of the State Administrative and Accounting Manual.

Financing Arrangements: Loans, Capital Leases, Certificates of Participation, and Other

Each department must provide a detailed listing of all outstanding obligations under financing arrangements at June 30. Financing arrangements can include, but are not limited to: loans payable, obligations under capital leases, obligations under lease purchase agreements, Certificates of Participation, and other third party financing agreements. You must also provide a schedule of payment amounts and due dates, and a description of the asset(s) financed. All debt information should be sent to Brad Rodrigue in the Controller's Office.

For new debt issuances, note the Public Law that authorized the debt and whether or not the asset will be state-owned.



When a financing arrangement meets the criteria for recording as a capital lease (contact a member of the Financial Reporting Team for specific guidance), you should record the asset and related debt obligation by debiting the appropriate asset account and crediting liability account 0223 (Capital Leases Payable). In all cases, the amortization schedule must be sent to the Financial Reporting Team. Other information that must also be provided includes: the nature of the financing activity, its purpose, and the date the State became obligated for the debt. If you have provided a schedule in the past, you do not need to do so again; however, we will reconcile the principal and interest payments in our database with your reporting on the A6141.

In addition please include a Capital Lease reconciliation showing the beginning balance (last years ending balance) plus additions minus reductions to equal the FY15 ending balance.

Other Assets

Report any other assets you have (e.g., prepaid expenses, cash with fiscal agents, custodial accounts, etc.) that are not recorded on ADVANTAGE. If you are not sure if an asset should be reported, please contact a member of the Financial Reporting Team.

Due to Component Units

There are several legally separate organizations that are included in the State's financial statements as component units, due to the significance of their operational and/or financial relationships with the State. The following entities are included because they meet the specific criteria as component units: Child Development Services System, ConnectME Authority, Efficiency Maine Trust, Finance Authority of Maine, Loring Development Authority, Maine Community College System, Maine Educational Center for the Deaf and Hard of Hearing, Maine Governmental Facilities Authority, Maine Health and Higher Educational Facilities Authority, Maine Maritime Academy, Maine Municipal Bond Bank, Maine Port Authority, Maine Public Employees Retirement System, Midcoast Rural Redevelopment Authority, Maine State Housing Authority, Maine Technology Institute, Maine Turnpike Authority, Northern New England Passenger Rail Authority, Small Enterprise Growth Fund and the University of Maine System. If your agency has an amount receivable from or payable to any of these entities at June 30, advise April Newman in the Controller's office of the amounts and related funding sources.

Compensated Absences

The terms of union contracts and personnel administrative policies grant employees limited amounts of vacation, sick, personal and compensatory time, which can be paid upon separation from State service. In accordance with GAAP, the State must measure and record a liability for compensated absence time based on the accumulated amount of unused time earned and the employee's current rate of pay.

Those agencies that are not on MS-TAMS must enter leave balances during July for all employees working in that agency on June 30, 2016. The Controller's Office will calculate the compensated absence liability based upon the information provided by the departments, except for those agencies that have been authorized to make their own estimates. Agencies that are on MS-TAMS no longer have to enter the leave balances in July. MS-TAMS will automatically provide a report of outstanding leave balances.

Prior Period Corrections



If your agency has coded any transactions directly to a fund equity account (account type 03) within any fund, you must provide supporting documentation to the Financial Reporting Team so we can appropriately classify the transactions in the financial statements.

Changes in liability accruals at year-end, such as the liability for compensated absences, are considered current period expenses and should not be charged directly to retained earnings/fund balance accounts.

Commitments

Each department must provide a detailed listing of all construction and other significant commitments, which are outstanding at June 30. Commitments can result from unfinished capital projects and contracts where work is still in progress at year-end. Agencies should estimate the amount owed on contracts and capital projects, and their expected completion dates, when exact amounts are not determinable. If there will be federal participation, include the amount and/or percentage of matching funds. The following agencies have ongoing commitments that must be reported to us:

Bureau of General Services

State facilities construction commitments

Department of Environmental Protection

Municipal solid waste landfills, pollution abatement program and groundwater oil cleanup information.

Department of Education

School construction projects

Department of Transportation

Sand and salt storage program and highway/bridge/pier construction commitments

Department of Corrections

Correctional facilities construction commitments.



AGENCY-SPECIFIC GAAP INSTRUCTIONS — FISCAL YEAR 2016

INTRODUCTION

As noted in the Introduction Section of the General Instructions, Title 5 MRSA §1547 requires agencies to provide financial information to the Controller's Office by **September 1**. Send all accruals and other closing information identified in this section to the Financial Reporting Team in the Controller's office by that date (electronic transmission is preferable). **Each service center/agency should identify primary contacts for follow up questions from the Controller's office and the auditors.** Please call someone on the Financial Reporting Team if you have any questions.

The submitting agency is responsible to prepare and maintain auditable supporting documentation and should retain a copy of all GAAP information submitted. You should include summary worksheets and copies of the underlying documents in the supporting documentation. **If you change the information after you send it to us, send us the changes also.** For example, the Office of the State Auditor may identify errors or other necessary adjustments after you have sent us closing information.

When an amount is estimated, document the procedures, assumptions, computations and methods used to develop the estimate. You must retain the documentation for seven years after the fiscal year-end.

When preparing GAAP accruals, use the same account & object/revenue source coding required on journal vouchers to enable the Financial Reporting Team to record information in appropriate revenue, expenditure/expense and balance sheet categories.

There is a checklist at the end of this document that outlines the asset, liability, revenue and expenditure/expense accruals that are necessary to convert ADVANTAGE figures to a GAAP basis.

*** *Unless otherwise noted, the accruals should **not** be made directly in ADVANTAGE.*

If you have any questions or would like assistance identifying and preparing the GAAP accruals, please contact your Agency liaison or any other member of the Financial Reporting Team. We would be happy to set up a meeting to help you complete your closing package accurately and timely.



**GENERAL GOVERNMENT SERVICE CENTER:
DEPARTMENT OF EDUCATION**

Commitments and Contingencies Footnote

Update Commitments and Contingencies footnote for Construction Commitments found in Note 15 in the State of Maine Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2015. Provide the amount of outstanding commitments by municipalities for school bond issues that are eligible for State subsidy.

Debt Information

Provide information for all new debt agreements and COP's for laptops, including loan agreements, amortization schedules, and how it was accounted for.



GENERAL GOVERNMENT SERVICE CENTER:

**SELF INSURANCE: RISK MANAGEMENT
 WORKERS' COMPENSATION
 EMPLOYEE HEALTH INSURANCE
 RETIREE HEALTH INSURANCE**

Claims Payable

Please provide the following:

- Actuarial report and any updates for the public entity risk pool and risk management. These reports must show the amount of actual liability to be recorded in the Balance Sheet. Since FY 1997, the two risk management funds, (039 and 064) have been reported in one Internal Service Fund for GAAP purposes.
- Actuarial report and any updates on the Workers' Compensation program.
- Actuarial report and any updates on the Retiree Health Insurance program.
- IBNR claims liability for Employee Health Insurance and the Retiree Health Fund segregated by current and retired employees.
- Amount due to or due from Anthem and/or Aetna based on the Cost Settlement Worksheet comparison of employee health premiums paid to Anthem and/or Aetna with claim payments for the period.
- Amount paid on claims during the fiscal year (cash paid).

Please note that for GAAP reporting, the current year expense is *not* the amount of cash paid on claims. The amount of cash paid on claims is used to calculate the current year expense, which is the liability at the end of the last fiscal year, less the current actuarial liability, and the cash paid on claims in the current fiscal year. This is shown in the following table that is a required note disclosure.

There will be three tables,

- (1) *risk management activities aggregated as described above, and*
- (2) *workers' compensation.*
- (3) *Employee Health/Retiree Health*

	<u>Amount \$</u>
Liability at Beginning of Year	Refer to prior year GAAP financial statements
Current year claims and Changes in Estimates	This is the result of the liability at the beginning of the year, less claims payments, less liability at end of the year.
Claims Payments	Cash paid on claims
Liability at End of Year	From Actuary report.

The amount of the current year expenses must agree with the amount reported in the operating statement, and the ending liability must agree with the amount reported on the balance sheet.



The general accounting and reporting requirements relating to risk financing activities are included in GASB 10, GASB 30, and FASB 5.

Required Note Disclosure

Please update all information as necessary in the prior year note. It should include the following items:

Risk Management

- A description of any changes to the plan from the prior year.
- The amount of any claims liabilities outstanding for which annuity contracts have been purchased in the claimant's name, and the amount of the related liabilities which have been removed from the balance sheet.
- A reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year, in the following tabular format:
 1. Amount of claims liabilities at the beginning of each fiscal year.
 2. Incurred claims, representing the total of a provision for events of the current fiscal year and any increase or decrease in the provision for events of prior fiscal years.
 3. Payments on claims attributable to events of the current fiscal year and prior fiscal years.
 4. Other. Provide an explanation of each material item.
 5. Amount of claims liabilities at the end of each fiscal year.

Workers Compensation

- A description of any changes to the plan from the prior year.
- The amount of any claims liabilities outstanding for which annuity contracts have been purchased in the claimant's name, and the amount of the related liabilities which have been removed from the balance sheet.
- A reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year, in the following tabular format:
 1. Amount of claims liabilities at the beginning of each fiscal year.
 2. Incurred claims, representing the total of a provision for events of the current fiscal year and any increase or decrease in the provision for events of prior fiscal years.
 3. Payments on claims attributable to events of the current fiscal year and prior fiscal years.
 4. Other. Provide an explanation of each material item.
 5. Amount of claims liabilities at the end of each fiscal year.

LOTTERY OPERATIONS

Please record the following accruals:

- The amount of lottery prizes unclaimed at year-end, as well as prizes not expected to be claimed, recorded as a payable.
- The amount of unrecorded Online Ticket sales, Instant Ticket sales and interest income.
- Please also reconcile any amounts due to/from Tri-State Lotto with amounts recorded in the State's financial records.

Provide a copy of the Tri-State Lotto Commission audited financial statements and update Note 13 in the State of Maine Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015.

Provide a copy of the Multi-State Lottery Association audited financial statements and update Note 13 in the State of Maine Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015.



Provide a copy of the most recent **Service Organization Control (SOC) Report(s)** (replaces the former SAS 70 report).

TOBACCO SETTLEMENT

Provide estimated Tobacco Settlement proceeds to be received during FY 2017, including expected receipt dates.

Commitments and Contingencies Footnote

Update Commitments and Contingencies footnote for Tobacco Settlement found in Note 15 in the State of Maine Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015. Provide the amount of Tobacco Settlement proceeds received during FY 2016, and the estimated amount to be received during FY 2017.

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

Provide information necessary to reclassify payments from loans to businesses from revenues/expenditures to accrual basis of accounting note receivable as of June 30, 2016.

- Total amount of notes receivable outstanding as of June 30
- A printout of loans outstanding in DECD's free-standing loan system at June 30
- A summary of payments received, and new loans issues during the year.
- A summary of other changes to loans such as changes in how cash payments were applied against principle, interest and penalties
- Of the notes receivable outstanding at June 30, the principal amount paid in July and August, 2016
- A copy of the financial order authorizing any write-offs taken during the year
- An estimate (dollar or percentage) of the amount of notes receivable outstanding at June 30 that will be uncollectible, including a description of the basis and assumptions used for the estimate. See comments in General section regarding uncollectible revenue.

GASB 51 – INTANGIBLE ASSET:

GASB 51 requires the capitalization of certain intangible assets. The statement defines an intangible asset as an asset that

- 1) lacks physical substance
- 2) is nonfinancial in nature (cannot be receivables or prepayment of goods), and
- 3) has an initial useful life that extends beyond a single reporting period.

Examples of intangible assets include easements, water rights, timber rights, patents, trademarks, and internally generated computer software.

Computer software should be considered internally generated if it is developed in-house by the government's personnel or by a third-party contractor on behalf of the government. Commercially available software that is purchased or licensed by the government and modified using more than minimal incremental effort before being put into operation also should be considered internally generated for purposes of this Statement.

The intention of the Office of the State Controller is to capitalize intangible assets as well as "internally generated software" with a cost of \$1 million or more.



If you have questions about what qualifies as a GASB 51 software development project or how to complete the GASB 51 survey, contact Tom Randall at the OSC.

A GASB 51 survey (Excel workbook listed separately on OSC's web site) should be completed and submitted to the OSC even if there are no GASB 51 assets to report.

STATISTICAL INFORMATION

Provide the following statistical information:

- Number of members served by Dirigo Health
- A schedule showing lottery ticket sales in millions for the current fiscal year
- Number of vehicles controlled by Central Fleet at June 30, 2016



CORRECTIONS SERVICE CENTER: DEPARTMENT OF CORRECTIONS

Inmate Accounts

Please record the value of assets held for all inmate accounts at June 30. See page 6 “Agency Funds” for the account codes to use when recording these balances. These accounts should be reconciled at least annually, and assessed as to their collectibility.

Restitution Accounts

Please record the value of assets held for all restitution accounts at June 30. See page 6 “Agency Funds” for the account codes to use when recording these balances. These accounts should be reconciled at least annually.

Inventory

Please provide the value of supplies held at the various correctional facilities at June 30. If the supplies were donated by the federal government, provide the total amount donated during the year and the year-end balance. These values would agree with amounts reported on year end SEFA reports.

GASB 51 – INTANGIBLE ASSET:

GASB 51 requires the capitalization of certain intangible assets. The statement defines an intangible asset as an asset that

- 1) lacks physical substance
- 2) is nonfinancial in nature (cannot be receivables or prepayment of goods), and
- 3) has an initial useful life that extends beyond a single reporting period.

Examples of intangible assets include easements, water rights, timber rights, patents, trademarks, and internally generated computer software.

Computer software should be considered internally generated if it is developed in-house by the government's personnel or by a third-party contractor on behalf of the government. Commercially available software that is purchased or licensed by the government and modified using more than minimal incremental effort before being put into operation also should be considered internally generated for purposes of this Statement.

The intention of the Office of the State Controller is to capitalize intangible assets as well as “internally generated software” with a cost of \$1 million or more.

If you have questions about what qualifies as a GASB 51 software development project or how to complete the GASB 51 survey, contact Tom Randall at the OSC.

A GASB 51 survey (Excel workbook listed separately on OSC's web site) should be completed and submitted to the OSC even if there are no GASB 51 assets to report.

STATISTICAL INFORMATION:

- Average Number of Adult Inmates
- Average Number of Juvenile Inmates
- Number of Correctional Facilities

**SECURITIES AND EMPLOYMENT SERVICE CENTER:
DEPARTMENT OF LABOR****Employment Security Trust Fund**

Please provide the following information as of June 30:

- Accrued interest on amounts deposited with U.S. Treasury that has not yet been recorded on ADVANTAGE. This should be accrued directly in ADVANTAGE.
- Aggregate of all taxpayers with credit balances in taxes/accounts receivable. This amount will be reclassified as deferred revenue for financial reporting purposes.
- Reed Act Transfers to Fund 013.

Competitive Scholarships Fund

Please record the value of assets held in the agency account at June 30, 2016 and provide a year end reconciliation.

BUREAU OF INSURANCE

Please provide the following information as of June 30, 2016:

- Total dollar amount of Third Party Administrator Surety Bonds
- Total dollar amount of bonds outstanding for Managing General Agents

GASB 51 – INTANGIBLE ASSET:

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STATISTICAL INFORMATION

Please provide the following statistical information as of June 30, 2016:

- Number of State police barracks
- Number of Public Safety vehicles
- Total number of guard troops and armories
- Principal Employers, Not Seasonally Adjusted Information
 - Provide the 2016 listing of the 10 largest employers in Maine based upon their number of employees here in Maine (including Maine State Government). For purposes of this report, the State of Maine, as an employer, should include its internal agencies and exclude component units like the University of Maine.

**NATURAL RESOURCE SERVICE CENTER:****DEPARTMENT OF ENVIRONMENTAL PROTECTION****Accounts Receivable**

- Accrual information for Groundwater Oil Clean-up Fund accounts receivable
- Accrual information for Oil Transfer fees

Commitments and Contingencies Footnote

Update Commitments and Contingencies footnote found in Note 16 in the State of Maine Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2015 for the following sections:

- Municipal Solid Waste Landfills
- Pollution Abatement Program
- Groundwater Oil Clean-up Fund

Pollution Remediation Obligation

Provide an updated questionnaire and associated forms (see attached) for the following sites.

- Eastland Woolen Mill
- Eastern Surplus
- C. Smith Property
- Miltonia Management
- PBWO – Ellsworth (Robbins Property)
- PBWO – Casco
- Dry Cleaner Initiatives
- Callahan Mine

For new pollution remediation sites (with the potential of the obligation reaching or exceeding \$1 million), please complete the questionnaire and associated forms (see attached).

DEPARTMENT OF AGRICULTURE

Provide value of TEFAP commodities distributed under the TEFAP program and the Donated Commodities program for the fiscal year. The amount should agree with information provided for SEFA reporting.

DEPARTMENT OF INLAND FISHERIES AND WILDLIFE

Provide estimate of accounts receivable due from agents as of June 30, 2016

- Total amount of accounts receivable outstanding as of June 30
- Of the accounts receivable outstanding at June 30, the amount paid in July and August, 2016
- An estimate (dollar or percentage) of the amount of accounts receivable outstanding at June 30 that will be uncollectible, including a description of the basis and assumptions used for the estimate. See comments in General section regarding uncollectible revenue.

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STATISTICAL INFORMATION

Please provide the following information:

- For the calendar year Dec. 31, 2015:
 - Number of park passes purchased
 - Number of visitors to State parks
 - Number of hunting and fishing licenses sold
- At June 30, 2016
 - Total acreage of State parks
 - Number of State park buildings

**TRANSPORTATION SERVICE CENTER:
DEPARTMENT OF TRANSPORTATION****Revenue Accrual**

Please report Federal revenue earned in FY16, but not received until FY17. Also, Federal revenue earned in FY15 but not received until FY16. The revenue accrual should include the 2017 cash receipt reported for SEFA purposes.

Storm Assistance to Other States

Please report any unrecorded receivables from other States. Indicate an amount that is expected to be collected in more than 60 days.

Outstanding Notes Receivable

Report balances of all outstanding notes receivable, including current and long-term portions. These accounts should be reconciled at least annually, and assessed as to their collectibility.

Contractor Payable (LRFA, CRDA, & SIB)

Provide information relating to total Contractor Payables as of June 30, 2016, and the portions allocated to State, Federal, or Other. (These amounts may be included in the accounts payable query from Financial Reporting if service dates are entered).

Contractor Retainage (Transport accruals)

Provide information relating to the accrual for unpaid contractor retainage as of June 30, 2016.

COPS

Provide a detailed listing of all outstanding COP's and other financing arrangements, as outlined in the General Section.

Commitments and Contingencies Footnote

Update Commitments and Contingencies footnote found in Note 15 in the State of Maine Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2015 for the following sections:

- Sand and Salt Storage Program
- Highway, Bridge and Pier Construction Commitments (Contract Retainage)

Required Supplementary Information

Update "Information about Infrastructure Assets Reported Using the Modified Approach," included on pp 133 - 134 of the State of Maine Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2015. Also Update "Actual and Estimated Preservation Costs" on page 135.

Suspense (normal and advance construction):

Provide the various PIN numbers and expenditures for the projects that were in suspense at the end of fiscal year 2016. Please add fund and appropriation

Pollution Remediation Obligation:

For pollution remediation sites (with the potential of the obligation reaching or exceeding \$1 million), please complete the questionnaire and associated forms (see attached).

**GASB 51 – INTANGIBLE ASSET:**

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STATISTICAL INFORMATION

Please provide the following information as of June 30, 2016:

- Number of DOT vehicles and equipment
- Number of regional DOT active buildings
- The number of current construction projects under construction for FY16. The file that was provided for FY15 was titled MDOT Projects Under Construction July 2015.



HEALTH AND HUMAN SERVICES SERVICE CENTER: DEPARTMENT OF HEALTH AND HUMAN SERVICES

Medicaid Program

Cost Settlement accruals:

Please provide Medicaid cost settlement accrual information. The cost settlement accrual will be broken out primarily between hospitals, nursing homes, and other providers. In some instances, there will be liabilities to the institutions for overpayments they have made. In other instances, there will be receivables due to the State for underpayments. In all cases, since Medicaid is partially funded by the federal government, its share of a receivable or payable must be recorded as a payable or receivable by the State to the federal government. For example, if Hospital A has made overpayments to the State of \$100,000, the State would record a payable to Hospital A for \$100,000 and a receivable from the Federal government for \$50,000 (assuming the federal share is 50%).

Cost settlement payable and receivable accrual information should be reported separately rather than net. Accrual reporting must be provided for hospitals, intermediate care facilities, residential care facilities, private non-medical institutes and nursing facilities.

Drug Rebate Accruals:

Please provide the total accrual for drug rebates expected to be collected for SFY 2016 Prescription claims.

Third Party Liability Accrual:

Please provide amounts billed and expected to be recovered from other medical or liability insurance programs (including Medicare) and amounts expected to be recovered through medical liability lawsuits.

Incurred But Not Paid (IBNP) Accrual:

To enable the actuarial consultants to perform the IBNP calculations and analysis for MaineCare as of June 30, 2016, necessary information has already been requested via the Deloitte Engagement Letter dated April 8, 2016.

Cost Settlement Accounts Receivable Accruals (BSA 0025 units 8041, 8680, 8681, etc.):

Provide a reconciliation of the cost settlement accounts receivable balances reported in the Department's subsidiary system (FLEXI) to Advantage as of June 30, 2015, identifying any adjustments necessary for proper reporting in the financial statements. Also, provide an **Aged Accounts Receivable report** for these receivables as of June 30, 2016. These receivables include, **but are not limited** to Cost Settlements (unit 8041) and Program Integrity/SURS (unit 8681).

OES Assets

Please provide the value of assets held for public wards and protected persons at June 30. Please note the agency and approp/reporting orgs on schedules provided.

Child Support Enforcement

Please provide the balance of funds received but not yet distributed within the child support enforcement program at June 30, 2016.

**SNAP (formerly Food Stamp Activity)**

Please provide the value of food assistance issued during the current State fiscal year. This activity must be recorded as both revenue and expenditures in fund 013. The amount should agree with information provided for SEFA reporting.

Vaccines

The value of vaccines issued during the current State fiscal year must be recorded as both revenue and expenditures: the federal portion in fund 013, and the State's portion in the General Fund - 010. The amount should agree with information provided for SEFA reporting.

TANF Prepaid Reconciliation

Provide a reconciliation of the prepaid (BS account 0091) account identifying any adjustments necessary for proper reporting in the financial statements.

Unbilled/Undistributed Administrative Costs

Provide a total of federal program direct and allocated administrative costs for which the liability was incurred in FY16, but the expenditure was not recorded until FY 2017.

Program Disallowances

Provide a total of federal program disallowances that are pending payment to the federal government on June 30, 2016.

Revenue Accrual

Please report Federal revenue earned in FY16, but not received until FY17. Also, Federal revenue earned in FY15 but not received until FY16. The revenue accrual should include the 2015 cash receipt reported for SEFA purposes.

Patient Accounts

Please record the value of assets held at June 30, 2016 for account balances of patients at DHHS mental health facilities. See page 6 "Agency Funds" for the account codes to use when recording these balances.

MaineCare Caseload

Please provide the file documenting the MaineCare caseload for FY16. The prior year's file that was provided was named Caseload_CMS_June2015.xls.

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OFFICE OF THE TREASURER OF STATE

Deposits and Investments

New in 2016

GASB Statement No. 72, *Fair Value Measurement and Application*, became effective for periods beginning after June 15, 2015. For each investment required, please provide the fair value of the investment, the valuation technique used (Market, Cost or Income Approach) and the Hierarchy of Input Level (Level 1, 2 or 3).

Deposits

The credit risk of deposits must be reported in the following categories:

- Category 1 — Insured or collateralized with securities held by the entity or by its agent in the entity's name
- Category 2 — Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name
- Category 3 — Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.)

To aid in the preparation of this disclosure, please provide the following:

- A list of all bank accounts, including bank name, account number, and bank balance as of June 30. Amounts covered by FDIC, MBIA, or Deposit Security Bond are in Category 1, Amounts covered by collateral pledged by the bank are in category 2, and those amounts not collateralized or insured are in Category 3.
- The total amount of nonnegotiable CD's. Those covered by FDIC or any other insurance are in Category 1, if collateral is pledged by the bank, they are in Category 2, and the non collateralized or insured are in Category 3.
- Linked CD's must be reported separately from non-linked CD's as they are recorded in separate asset categories on the Balance Sheet. They are otherwise categorized like nonnegotiable CD's.

Investments

The credit risk of each type of investment must be reported in the following categories:

- Category 1 — Insured or registered, or securities held by the entity or its agent in the entity's name.
- Category 2 — Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.
- Category 3 — Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name.



To aid in the preparation of this disclosure, please provide the following items (unless already provided to our office during the year):

- The investments included in the Treasurers Cash Pool, fund 099, by investment type (i.e. U.S. Government and Agency Obligations, Repurchase Agreements, Commercial Paper, Corporate Bonds and Notes, Equity Securities, and Money Market accounts). Cash Pool investments are in Category 1 and Nonexpendable trust fund investments are in Category 2.
- The allocation percentage to determine the amounts of the Cash Deposits and Investments the Financial Reporting Team will allocate to the Component Units.
- Total of all other investments, including trust funds, contractor retainage, guaranty and miscellaneous deposits, bureau of insurance, MESC, guaranty deposits-corporations, and guaranty deposits-worker's compensation.
- Cash and investment totals for Big Baxter Trust at June 30, 2016. These are in category 3.

Balance Sheet Classification

For financial reporting purposes, the State's investment advisor needs to make a judgment as to whether investments are likely to be called within one year

Investment Policy

Provide a copy of any changes or additions to the State's investment policies.

General Obligation Bonds

Provide a copy of the official statement(s) for new issuances.

General Obligation Bonds Authorized, Unissued and Unspent

- The amount of general obligation bonds authorized and unissued for the fiscal year.
- The amount of general obligation bonds issued to State agencies that remained unspent as of June 30, 2016.

Bond and Tax Anticipation Notes

Please provide a list of all such notes issued and/or retired during the year, even if there was nothing outstanding at the end of the year. For issuances, provide the purpose (GASB 38).

Subsequent Events

Provide information on the following items occurring after June 30, 2016 and greater than \$1 million:

- Bonds Authorized
- Bonds Issued
- Tax Anticipation Notes Issued
- Bond Anticipation Notes Issued

Held Checks

Please provide a list of checks dated before June 30 but not mailed until after June 30.

**Nonexpendable Trust Funds**

As there is no operating statement, all revenue and expenses will have to be obtained from other than the A614. The Financial Reporting Team will need the amount of interest income, dividends, fees, and other expenses. Balance sheet items are reported net rather than gross. See page 6 for more details.

Abandoned Property

Please provide the valuation of abandoned property at June 30, and the estimated liability for future claims based on those amounts already received. Also, provide rationale for any changes in valuation methods. We also need a copy of the calculation showing net collections from inception to June 30, 2016. For June 30, 2015 the necessary information was included in an Excel file entitled "GASB 21 Liability FY 2015" and in a pdf showing the UPS2000 System Cash Totals at June 30, 2015 entitled "UPCash6-30-15"

Investments Held on Behalf of Others

Provide support for the investments held by the State in a fiduciary capacity, acting as a trustee or agent for individuals, organizations or other funds. Generally, these investments are reported at fair value or amortized cost which approximates fair value. For June 30, 2015, balances for Workers' Compensation and Department of Labor surety bonds and letters of credit were disclosed in Note 1E of the financial statements.

STATISTICAL INFORMATION

Please provide us with information needed to update the Calculation of Legal Debt Margin, Schedule 9 of the Comprehensive Annual Financial Report (CAFR). The schedule is published on page 215 of the June 30, 2015 CAFR.



MAINE REVENUE SERVICES

Accrued Taxes

Maine Revenue Services must provide a summary of tax revenues to be accrued, which includes an analysis of significant fluctuations from prior years. The summary must include the fund where the revenue is to be accrued, the accrual methodology, the revenue source, the portion of the receivable that is estimated to be uncollectible, and the deferred revenue balance. See comments in General Information regarding deferred and uncollectible revenue.

The major revenue categories to be accrued must include individual income tax, corporate income tax, withholding tax, sales and use tax, fuel taxes, individual and corporate income tax refunds, telecommunications tax, supplier and cigarette tax *and any other revenue that meets the definition of accruable revenue.*

Provide amount of Real Estate Transfer Tax payment due to Maine State Housing Authority as of June 30, 2016.

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STATISTICAL INFORMATION

Please provide information to complete Global Sales & Use and Income Tax Schedules, Schedules 6 through 8 of the Comprehensive Annual Financial Report for 2015. Last year's schedules can be found on CAFR pages 208 through 213.



OFFICE OF THE SECRETARY OF STATE

Bureau of Motor Vehicles

Please provide details on:

- Balances due from other funds
- Long-term trailer fees – deferred revenue
- InforME remittances: gross proceeds and InforME service fees netted against them
- Revenue accruals of M/V license fees



BUREAU OF THE BUDGET

STATISTICAL INFORMATION

Please provide an Excel file containing information used to calculate full time equivalent employees by policy area. The file should be sent to April Newman's attention in the Controller's Office.

**JUDICIAL BRANCH (ADMINISTRATIVE OFFICE OF THE COURTS)****Custodial Accounts**

Please record the value of assets held for all accounts at June 30.

Accounts receivable

Provide amount of unpaid fines, fees and any other revenue that meets the definition of accruable revenue (see General Information).

- Total amount of fines and fees that were assessed, but not paid, as of June 30
- Of the fines and fees unpaid at June 30, the amount paid in July and August, 2016
- An estimate (dollar or percentage) of the amount of fines and fees unpaid at June 30 that will be uncollectible, including a description of the basis and assumptions used for the estimate. See comments in General section regarding uncollectible revenue.

Please include the agency and approp/reporting org on the data provided.

Fixed Assets

Provide details on Construction in Progress and related MGFA debt.

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STATISTICAL INFORMATION

Please provide the number of court cases tried in the court system for the current year.

**GAAP INFORMATION CHECKLIST**

We have enclosed the following GAAP information as of June 30, 2016:

***PLEASE NOTE ***

Do not enclose anything that has already been recorded on ADVANTAGE

	Completed	Not applicable
Revenues and Amounts Receivable		
Reserve for bad debts		
Amounts deferred (deferred revenue)		
Federal reimbursements expected		
Expenditures/Expenses and Amounts Payable		
Accounts Payable		
Accounts Payable from interface system		
GASB 41 Survey (DEP only)		
Due To/Due From Other Funds		
Inventories		
Significant unrecorded inventory		
Agency Funds		
Assets held in trust for others		
Interest and other assets		
Fixed Assets		
Reconciliation of Contributed Capital		
GASB 51 Survey		
Financing Arrangements		
Loans payable		
Capital leases		
Certificates of Participation (COP's)		
Other financing arrangements		
Other Assets		
Lottery Prizes Payable		
Due To Component Units		
Compensated Absences		
Prior Period Corrections		
Commitments and Contingencies		
Agency-specific Information		

"I have attached copies of prior period corrections and reversing entries."

Prepared by: _____

Date: _____



Please add any comments



Financial Disclosure Certificate

Agency Title _____ Agency Code _____

Financial Disclosure Certificate for the Fiscal Year Ended June 30, 2016

I certify that to the best of my knowledge the following statements are true:

1. The transactions and adjustments submitted to the Maine Financial and Administrative Statewide Information System (ADVANTAGE) for the fiscal year accurately and completely reflect the agency's activity and ending account balances, in conformity with Generally Accepted Accounting Principles (GAAP) as outlined in the *State Administrative and Accounting Manual* (SAAM) and demonstrate legal compliance, where applicable.
2. There are no outstanding litigations, contingencies, or unasserted claims in the agency that will materially affect these balances; or if such conditions exist, we have disclosed them by attachment to this certification, such as a letter from the Attorney General's Office.
3. We are responsible for compliance with laws, regulations, and provisions of contracts and grant agreements applicable to this agency.
4. We have identified and disclosed to the State Controller and State Auditor violations and possible violations of laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
5. We are responsible for establishing and maintaining effective internal control over financial reporting. The agency's system of internal controls complies with the prescribed requirements as contained in Chapter 20 of SAAM.
6. We are responsible for designing and implementing programs and controls to prevent and detect fraud. We have disclosed to the State Controller and State Auditor known instances and allegations of fraud or suspected fraud involving management, employees and others where the fraud could have a material effect on the financial statements.
7. We have appropriately classified, and, if applicable, approved net asset components and fund balance reserves and designations.
8. We have properly identified and recorded provisions for uncollectible receivables.
9. We have appropriately classified and reported interfund and interagency activity and balances.



- 10. We have properly identified and recorded inventories and we have made provisions to reduce excess or obsolete inventory, when material, to their estimated net realizable value.
- 11. We have properly capitalized, reported, and, if applicable, depreciated capital assets, including infrastructure assets. The State has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged. The balances shown for capital assets in the Fixed Assets Subsystem reflect fairly the agency's capital assets at fiscal year end.
- 12. If the modified approach is used to account for eligible infrastructure assets, the agency meets the GASB-established requirements as outlined in SAAM Subsection 30.20.80.
- 13. We have completed and submitted all disclosure forms applicable to the agency's accounts and activities.
- 14. No exceptions to the above certifications have occurred subsequent to fiscal year end, through the date of this certification; or if such conditions exist, we have disclosed them by attachment to this certification.

Note: Any exceptions to the above certifications are attached with a narrative detailing the variance(s) and our proposed or completed corrective actions.

In addition, please provide the contact name and phone number for the person responsible for providing the data from your department/agency.

Name:

Phone number:

Printed Name and Title of Agency Head Signature Date

Printed Name and Title of Chief Financial Officer Signature Date