



NEWSLETTER

Number 55

Established 1974

March 2000

GASB Statement 34 Has Major Impact On Government Accounting

By Don Frey

In June 1999, the Governmental Accounting Standards Board (GASB), published comprehensive changes in state and local government financial reporting. This revolutionary reporting standard provides a new look and focus for reporting public finance in the United States.

GASB is the independent private sector organization, formed in 1984, that establishes and improves financial accounting and reporting standards for state and local governments. These standards effect more than 84,000 units in the US, not including the federal government.

The new standard will take effect on the following schedule, based on revenues, starting in fiscal years beginning after June 15:

- Large governments, over \$100 million, in 2001.
- Medium governments, \$10 - \$100 million, in 2002.
- Small governments, under \$10 million, in 2003.

Statement 34 is the most sweeping fund accounting standard Frey & Company has seen since the start of the business in 1974. It is seen as causing a major accounting reorganization for most governments.

This article is not going to get into a detailed discussion of all aspects of Statement 34. However, it will comment on several key parts of the requirement that will require substantial changes.

The new standard calls for financial statements prepared using *full accrual* accounting for *all of the government's activities*, not just those that cover costs by charging a fee for services, which was previously required. Typically, those

funds were parks, utilities, etc. Today, the vast majority of local governments operate on a *Cash* or *Modified Accrual* basis. A number of entities don't even maintain balance sheets, by fund. This new requirement will certainly tax the financial expertise and resources of many of those affected.

Reporting will be required on all capital assets, including the infrastructure, in the government-wide *statement of net assets* and will report depreciation expense. Few governments maintain fixed asset records, much less asset records on their infrastructure.

The format of the newly required reports represents an extensive departure from those of the past. They require new information, grouping and layout specifications that will be challenging to fulfill.

Government-wide statements will be required, consisting of a statement of net assets and a statement of activities. The statements will distinguish between government and business type activities as-well-as reporting by component units.

Fund based financial statements will be required that provide information about the government's major and other government and enterprise funds. These reports will include, by fund, balance sheets, statements of revenue, expenditures and changes in fund balances.

Supplementary information will be required comparing original, final and actual information on the budgetary basis for the general fund and major special revenue funds.

One set of financial statements will include a comparison of current to prior year's financial position. This means that one will need to upgrade their chart-of-accounts to the

GASB 34 requirements, a year before they implement the new reporting Standard. If this is not done, the information will not be easily available for the prior years comparison. To users of our software, this won't be a problem as long as the *Chart-of-Accounts* reflects the new needs.

Frey Software will address Statement 34 requirements. BUCS, in its current form, has long offered the capability to handle full accrual accounting. We have been in this specialized market for over twenty-five years and have always dealt with the needs of our clientele on a timely basis. Since Statement 34 will require a number of specialized *government specific* changes, they will likely show up in a GASB 34 reporting module. Since Frey software caters to both government and not-for-profit markets, we segregate functions peculiar to a market segment in separate modules.

In the past, accounting was divided into commercial or *for profit* and fund or *not-for-profit* accounting. With the advent of the GASB Statement 34 requirements, We see subdivisions developing in the not-for-profit market between government and nonprofit fund accounting operations. These new requirements more clearly define the need for *true fund accounting software* versus commercial applications with report overlays. Products that cannot create separate balance sheets, by fund, will not work. The next few years should be *very challenging for everyone in government finance!* ☐

New BUCS Update Coming



BUCS 8.3 will soon begin *beta* testing. It provides a myriad of new and exciting features. Below is a sampling of some of the latest improvements.

Multiple Account Number Ranges By Password: This feature allows *only* the users assigned to the *Ranges* to access those accounts. Prior releases allowed for only one range of account numbers.

Account Numbers On Reports: A new option to include account numbers on income and balance sheet reports.

Financial Reports For Prior Periods: You will now be able to prepare financial statements for prior periods without loading data backup files. These reports will include income, revenue, expense, balance sheet, fund and other important financial reports. You will have the ability to control the length of time you wish to retain your prior period reporting information. Users will have the ability to implement this feature, as an option.

Cash Receipts: A new *detailed description* has been added, as an option, to cash receipts. This expanded description will function in a manner similar to the one available in Accounts Payable.

Improvements "Smooth Sailing": Over twenty-five additional improvements have been added to the next release to make BUCS smoother, faster and more enjoyable to use. We will provide details of these exciting improvements at the upcoming user conference in August.

Internet Updates: Since the last major release of BUCS, we have made three releases of updates/improvements via the Internet. Those of you downloading updates from the Internet have enjoyed these improved benefits as soon as they became available. If you are not on the Internet update list, you are not getting the full advantages of all of your support services. ☐



<http://www.drfrey.com>

We recently published a revised *Utility Billing Software Checklist*. We found such information has been very valuable and helpful to prospective customers.

A set of product feature slides have been put on our Web site for those who do not wish to download our PowerPoint presentation. Reaction has been very favorable.

A link to the GASB Statement 34 site is on our page. It contains all kinds of information about Statement 34, as well as how to obtain a copy of the *Statement* document.

Software installation guidelines have been placed on the Internet. These guidelines are somewhat geared to our software, but still general enough to provide anyone with a sensible installation plan. Occasionally, we encounter clients who want to install everything at once. Such a plan is generally doomed to failure.

We are soliciting strategic alliance partners on the Internet. These are products and/or services that might be complimentary to those that we offer. If you have any comments or suggestions along these lines, we would like to hear from you. ☐



2000 User Conference Smooth Sailing

The 2000 User's Conference, planned for August 13 – 15, will be another exciting milestone for Frey & Company's clients. The event will be held at the Embassy Suites Hotel,

Covington, Kentucky.

This year's theme is *Smooth Sailing*. Now that we have transitioned into the millennium and into Microsoft's Windows, we are shifting our emphasis from just feature emphasized software to a greater blend of features and user oriented improvements. We are: *Migrating From Technology to Human Based Software*.

Because of the emphasis on *human based software*, the *Open Discussions* will be more lively than ever this year. We want to make your software work better for you, via *ease-of-use*.

Our evening event for 2000 will take place on the Ohio River with a relaxing, fun filled, dinner cruise. Mark your calendar and start making plans for the Year 2000 User Conference, August 13 - 15, 2000. ☐

Microsoft's SQL Server Release 7

Recently, we conducted tests using Microsoft's SQL Server Release 7 as a data storage system. Tests were conducted running both BUCS and CUBIC applications. SQL Server is Microsoft's relational database product. The tests were conducted to establish performance differences using various methodologies.

Interactive applications, where users were performing data entry or inquiries, ran at speeds very similar to our current Vision file system. However, when *batch* processes were run, like reports, Vision was 2.5 to 3.0 times faster than SQL.

This was not surprising. There is a lot more overhead associated with relational databases. They are also more costly to purchase and maintain than storage techniques like Vision.

Frey offers an ODBC (Open Data Base Connectivity) gateway for Vision. Because the capabilities provided by ODBC, SQL Server and other databases like Informex, Oracle and Sybase offer few advantages.

If a client has to have a database storage method used like the ones mentioned above in lieu of Vision, we can supply them. However, we want our prospective users to understand the performance, maintenance and monetary costs associated with such a decision. ☐

Microsoft's Windows 2000 Released in February

Microsoft's new operating system, Windows 2000, was recently released, after many delays. Microsoft promises a host of new features and improvements.

Before you run to the nearest computer store to buy a copy of the product, you might want to consider some issues.

Windows 2000 is not a routine upgrade for users of Windows 95/98. It is an improved NT operating system. It applies to NT network and workstation products. If you are a Windows 95/98 user and want to migrate to Windows 2000, it is suggested that you purchase a new computer with Windows 2000 already loaded. The cost for the software upgrade from Windows 95/98 or NT to Windows 2000 is about \$200. You will also need more memory, a faster CD and a faster processor to handle the heavier workload. Given all of the following, the purchase of a new system just makes sense.

We suggest that you stay with Windows 95/98 if you have been happy with it. Windows 2000 is targeted to business users who want enhanced security and improved mobile computing.

Frey & Company is *beta* testing a new runtime that is Windows 2000 compatible. No problems have been reported. However, we don't expect it to be officially released until May, 2000. You can find more Windows 2000 information at www.microsoft.com/windows2000 ☐

Donald R. Frey & Company Staff Changes

Ed Lovett, who was serving as our customer services coordinator, has been promoted to marketing director. He joined us in 1999 after an extensive career in the financial service industry.

Erica Sebastian, who was serving as our receptionist, has been promoted to Customer Services Coordinator. Erica joined us in 1999. If you have any questions about the User Conference, or any other matter, please contact her.

Our reception position has been realigned and filled by two part-time individuals: Connie Beiting and Shelley Kelly. Both Connie and Shelley are area residents and have young families. We are sure you will enjoy meeting them, both on the phone and at our next User's Conference. ☐

Tips For Users

By Mike Emmerich, Dean Eldridge

Report Month/Year - With the introduction of Year 2000 compliant software, various date issues are causing some users confusion. In BUCS, in the Journal Entry, Invoice Entry and Cash Receipt programs, it is required that the user enter a Report Month/Year, ex. 12/99 for December 1999. Before year 2000 changes were made, this field would only accept 4 digits and it now accepts four or 6. This may allow the user to key in a date by accident. At times, people tend to get in a hurry and key in the date by mistake, such as 122299, which translates to the software for this particular field as 12/2299 or December 2299. In this scenario, the entries would not post until the year 2299. Most entries are for the current period, so the user should just hit the enter key, and the system will bring in the current month and year they are in, which is highlighted in blue. If the user is posting to a future period, make sure you key in the correct month and year and pay attention to warning messages such as "Entered Posting Year Does Not Equal Security Year". *Note:* The posting month is displayed on all entry screens for easy verification of the date being used.

Compression - All users of Frey applications (BUCS, CUBIC and CHIPS) should get into a habit of running the compression program in each of the packages at least once a month. ALL users will have to be out of the product when this is being run. It will reorganize & re-index the files, while verifying the files are free of index errors. To run the program click on File - Utilities - Compress Files. Compression saves disk space while improving operational performance. It also saves valuable backup and restore time because it controls the sizes of the files.

CUBIC now has the ability to create a summary of the accounting activity without interfacing to BUCS. In the system control file Preferences screen, is a check box for a BUCS interface. By unchecking this box, the user can go through the interface process without interfacing. CUBIC will ask for dates to be keyed in for the interface. A summary report of journal entries will be produced. This can serve as a report of the journal entries that need to be made. This can be very useful for non BUCS users. ☐

GOVERNMENT ♦ NONPROFIT ♦ UTILITIES

Fund Accounting, Payroll, Utility Billing

ESTABLISHED, in 1974 with installations throughout the US. *We understand your business and special needs!*

EASY TO USE, Microsoft Windows interface with on-line Help, ODBC and extensive *search* tools. *Programs that make your work easier and more enjoyable!*

RELIABLE, withstood the rigors of audits in dozens of states for years. *Problem free accurate programs!*

ECONOMICAL, unique pricing model that lets you purchase just what you need. *More value for your money!*

PORTABLE, designed for multi-user systems and personal computers. Frey applications run on hundreds of computers and can easily be moved from one to another. *Freedom of choice for you!*

ADAPTABLE, programs that can grow with your needs! Our updates keep your programs tuned to the latest in technology. *Software that is always state-of-the-art!*

SUPPORT, help when you need it! A **Free** 800 number for your convenience. Internet update services. *Support you can swear by, not at!*

INTEGRATED, applications that talk to each other. ODBC and Crystal Reports allow you to easily transfer data from Frey packages to spreadsheet, word processor and other application systems. *A team approach to your needs!*

SPECIAL SERVICES, custom designed modifications; full range of computer related consulting services. *Professionalism and competence on which you can rely!*

Call Toll Free	1-800-659-3739
Internet	http://www.drfrey.com
e-mail sales	drfrey@drfrey.com
e-mail support	spptfrey@aol.com

NEWSLETTER

IN THIS ISSUE:

GASB Statement 34

BUCS Fund Accounting Updates

New Internet Features

2000 User Conference: Smooth Sailing

Frey Reviews Microsoft's SQL Server 7

Microsoft Windows 2000, Is It For You?

Frey Staff Updates