



# Minnesota Management and Budget Statewide Operating Procedure

Minnesota Management and Budget, Financial Reporting Unit  
Issued: August 1, 2014

Number 0111-01.1  
Revised: N/A

## Financial Reporting of Liabilities

### Objective

To accurately report liabilities in the Comprehensive Annual Financial Report (CAFR) in accordance with Generally Accepted Accounting Principles (GAAP), including Governmental Accounting Standards Board (GASB) Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

### General Procedures

Step	Action	Responsible Party	Timeline
1.	Maintain adequate supporting documentation and systems to provide for the complete and accurate tracking of liabilities. Systems should record and monitor liability transactions and balances, including refunds. Ensure accurate use of accounting dates in the accounting system.	Agencies	Ongoing
2.	It is the agencies' responsibility to annually report liabilities that are not already recorded in the statewide accounting system as liabilities. The statewide accounting system is the starting point for the preparation of the CAFR, so it is very important to not duplicate the reporting of liabilities. Agencies will be prompted to report certain types of liabilities but must also report other types of liabilities, even if not prompted.	Agencies	July/August
3.	Email requests to agencies to provide information on known types of liabilities to be reported in the CAFR.	MMB Financial Reporting	July- September
4.	Prepare the annual accounts payable testing sample items (i.e. DocTest), which is pulled from the statewide accounting system. Email the sample items along with instructions and a certification to the impacted agencies.	MMB Financial Reporting	August
5.	Review requests for liability information and e-mail response to MMB Financial Reporting no later than the deadlines established in the requests.	Agencies	Deadlines outlined in various request memos
6.	Determine and submit other liabilities that have not yet been reported to MMB Financial Reporting.	Agencies	September

Step	Action	Responsible Party	Timeline
7.	Review agency reports and request additional information and/or clarification to ensure the proper reporting of liabilities in the CAFR.	MMB Financial Reporting	September

### Related Policies and Procedures

[MMB Statewide Operating Policy 0111-01 Financial Reporting of Liabilities](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-1/0111-01-financial-reporting-liabilities-policy.pdf) (http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-1/0111-01-financial-reporting-liabilities-policy.pdf)