

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2/51

2001 SENATE GOVERNMENT AND VETERANS AFFAIRS

SB 2151

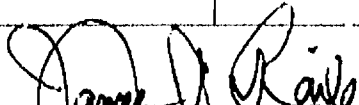
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2151

Senate Government and Veterans Affairs Committee

Conference Committee

Hearing Date January 12, 2001

Tape Number	Side A	Side B	Meter #
1		X	17.4-29.8
Committee Clerk Signature 			

Minutes: Chairman Krebsbach opened the hearing on SB 2151 which relates to the minimum value for reporting fixed assets. Appearing before the committee was Eileen Holwegner with the Office of Management and Budget. A copy of her written testimony in support of SB 2151 is attached. Ms. Holwegner also handed out copies of a proposed amendment to SB 2151 which would simply add an emergency clause to the bill. Senator Kilzer inquired, in your accounting procedures if you have a fixed asset that is say \$2,000.00 and as the years go by and depreciation continues, when it drops below \$750.00 do you drop it off? Is that the way it goes? Ms. Holwegner replied no, right now we don't depreciate funds right now with governmental funds but we will start depreciating. The threshold we are using is for the original cost. So it would always, as long as you have the asset if it's worth \$5,000.00 and it depreciates down to nothing, if you still have it, it's kept on your books at \$5,000.00 cost plus the accumulated depreciation of \$5,000.00. It would remain on your books even if it was fully depreciated. There were no further questions. Larry Eide, Senior Vice-president, Minot State University, appearing on

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Senate Government and Veterans Affairs Committee

Bill/Resolution Number SB 2151

Hearing Date January 12, 2001

behalf of the North Dakota University System came before the committee. A copy of his written testimony is attached. He indicated the NDUS supports SB 2151. There were no questions from the committee at this time. No further testimony was presented at this time. The hearing on SB 2151 was closed. Senator C. Nelson moved the adoption of the proposed amendment on SB 2151, seconded by Senator Wardner. There was no discussion from the committee. Roll Call vote indicated 6 Yes, 0 No, and 0 Absent or Not Voting. At this time Senator T. Mathern made a motion for a Do Pass as amended on SB 2151, seconded by Senator Kilzer. There was no discussion on the motion. Roll Call vote indicated 6 Yes, 0 No, 0 Absent or Not Voting. Senator Kilzer will carry the bill.

Office of Management and Budget
January 12, 2001

PROPOSED AMENDMENT TO SENATE BILL 2151

Page 1, line 2, after "assets" insert " and to declare an emergency"

Page 1, after line 12, insert:

"SECTION 2. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

Date: 1/16/91
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2151

Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 18199.0101

Action Taken Move to Amend

Motion Made By Sen. Nelson Seconded By Sen. Wardner

Senators	Yes	No	Senators	Yes	No
Senator Karen Krebsbach, Chr.	✓		Senator Carolyn Nelson	✓	
Senator Dick Dever, Vice-Chr.	✓		Senator Tim Mathern	✓	
Senator Ralph Kilzer	✓				
Senator Rich Wardner	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 1/25/01
Roll Call Vote #: 23

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2151

Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 18177.0101

Action Taken Do Pass in Amendment

Motion Made By Sen. Mathern Seconded By Sen. Kilzer

Senators	Yes	No	Senators	Yes	No
Senator Karen Krebsbach, Chr.	✓		Senator Carolyn Nelson	✓	
Senator Dick Dever, Vice-Chr.	✓		Senator Tim Mathern	✓	
Senator Ralph Kilzer	✓				
Senator Rich Wardner	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Sen. Kilzer

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
January 15, 2001 8:47 a.m.

Module No: SR-05-0960
Carrier: Kilzer
Insert LC: 18177.0101 Title: .0200

REPORT OF STANDING COMMITTEE

SB 2151: Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2151 was placed
on the Sixth order on the calendar.

Page 1, line 2, after "assets" insert "; and to declare an emergency"

Page 1, after line 12, insert:

"SECTION 2. EMERGENCY. This Act is declared to be an emergency
measure."

Renumber accordingly

2001 HOUSE GOVERNMENT AND VETERANS AFFAIRS

SB 2151

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2151

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 3/08/01

Tape Number	Side A	Side B	Meter #
1		X	1306-2890
Committee Clerk Signature <i>Robin L. Small</i>			

Minutes:

REP. M. KLEIN called the hearing to order, REP. GRANDE was absent. All other members were present.

In favor:

EILEEN HOLWEGNER, OFFICE OF MANAGEMENT AND BUDGET.

Please see attached testimony.

REP. M. KLEIN asks if this would create 10-15 more jobs? HOLWEGNER replies probably not that many.

REP. HAAS asks if everyone will have to do this? HOLWEGNER replies yes. REP. HAAS asks what is the beginning value of the capitol building? HOLWEGNER replies that it is \$17 million dollars. The original cost of the building in 1936 was \$2 million.

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House Government and Veterans Affairs Committee

Bill/Resolution Number SB 2151

Hearing Date 3/08/01

REP. BELLEW asks for the definition of fixed asset. HOLWEGNER replies that it is an item that has a useful life. REP. BELLEW asks if that would pertain to lawnmowers and such.

HOLWEGNER states that is correct.

REP. KASPER asks if this is a federal requirement. HOLWEGNER replies that it is not a federal government requirement, it is under financial standards. REP. KASPER asks who is implying this? HOLWEGNER replies that there is no constitutional authority. REP. KASPER asks who monitors GSAB. HOLWEGNER replies that she is not sure.

Being there was no further testimony in favor or in opposition the hearing was then closed.

Action was taken right away. REP. DEVLIN motioned for a DO PASS, seconded by

REP. HAAS. The roll call was taken with 13 YES, 1 NO and 1 ABSENT AND NOT VOTING.

The motion carries. The CARRIER of the bill is REP. CLARK.

SB 2151: DO PASS 13-1

CARRIER: REP. CLARK

Date: 3/8/01

Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2151

House GOVERNMENT AND VETERANS AFFAIRS Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Deulin Seconded By Haas

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN	✓		REP KROEBER	✓	
VICE CHAIR GRANDE					
REP BELLEW	✓				
REP BRUSEGAARD	✓				
REP CLARK	✓				
REP DEVLIN	✓				
REP HAAS	✓				
REP KASPER		✓			
REP KLEMIN	✓				
REP MEIER	✓				
REP WIKENHEISER	✓				
REP CLEARY	✓				
REP HUNSKOR	✓				
REP METCALF	✓				

Total (Yes) 13 No 1

Absent 1

Floor Assignment Rep. Clark

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 8, 2001 11:12 a.m.

Module No: HR-40-5104
Carrier: Clark
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2151, as engrossed: Government and Veterans Affairs Committee (Rep. M. Klein, Chairman) recommends DO PASS (13 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). Engrossed SB 2151 was placed on the Fourteenth order on the calendar.

2001 TESTIMONY

SB 2151

SENATE BILL 2151

Good morning Madame Chairman and members of the Government and Veterans Affairs Committee.

My name is Eileen Holwegner with the Office of Management and Budget. I coordinate the compilation of the State's Comprehensive Annual Financial Report (the CAFR).

OMB is introducing this bill to increase the value of fixed assets that are included in financial statements because of upcoming changes in the preparation of government financial statements.

Each year OMB prepares the CAFR in accordance with the standards established by GASB, the Governmental Accounting Standards Board. GASB establishes the standards for accounting and reporting practices for state and local governmental entities. In June of 1999, GASB issued Statement Number 34, which established a new governmental financial reporting model for states and local governments. This statement is the biggest change in the history of government accounting and financial reporting. This statement is effective for fiscal year 2002, which begins July 1, 2001.

Although GASB 34 establishes numerous changes in financial reporting for government entities, the most significant changes that will affect state agencies are the requirements to report infrastructure, such as highway systems, and to depreciate all fixed assets. Currently, infrastructure is not included in governmental financial statements, and governmental funds do not depreciate fixed assets but expense the cost of the asset at the time of purchase. GASB 34 requires the cost of an asset to be reported as a depreciation expense over the useful life of the asset.

Agencies will have much more work to do in regard to their fixed assets because of the depreciation requirement. However, their burden could be reduced significantly if we could raise the threshold for reporting capital assets for the State's CAFR. Currently, NDCC 54-27-1 requires agencies to include all fixed assets of \$750 or more to be included in their financial statements. This bill would increase this \$750 to \$5000. This \$5000 level was selected because that is the value the federal government requires to be used for tracking assets purchased with federal funds and because the Executive Board of the National Government Finance Officers Association has recently approved a recommended practice of using a threshold of \$5000 for the capitalization of fixed assets. Previously, this association recommended the use of a \$1000 threshold. Additionally, this is the threshold many states use in their CAFRs for reporting fixed assets.

Nation wide surveys and our office's review of other state's CAFRs and policies reveal that about 80% of the states are using an amount greater or equal to \$5000 for reporting fixed assets. The remaining 20% are considering increasing their threshold because of the GASB 34 requirements. The other states in our area, including South Dakota, Iowa, Montana, Minnesota, Nebraska, Wyoming, Wisconsin are all currently using \$5000 or more as their reporting level for fixed assets in their financial statements.

