Dear Fiscal Officers:

Re: Consolidated Fiscal Reporting Policy for:
- Defined Benefit Pension Plans pursuant to FASB No. 158
- Metropolitan Commuter Transportation Mobility Tax

As initiated by inquiries from several service providers, the Consolidated Fiscal Report (CFR) Interagency Committee has reviewed the impact that the Metropolitan Commuter Mobility Tax and the implementation of Statement of Financial Accounting Standards (SFAS) Number 158 - Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans will have on CFR reporting. The CFR Interagency Committee sets forth the following guidelines on these two separate issues:

**Defined Benefit Pension Plan pursuant to FASB No. 158**

Based on the CFR Interagency Committee’s review, it has been determined the cumulative effect adjustment required in the first year of implementation should not be included on the Consolidated Fiscal Report (CFR). In addition, the subsequent accounting of unamortized prior year service costs and gains and losses (actual return on plan assets vs. projected return on plan assets) previously disclosed only in the notes to the financial statements which are now required to be recognized as accumulated other comprehensive income (or as a change in net assets for not-for-profit entities) as a result of the implementation of FASB 158 should not be reported on the Consolidated Fiscal Report.

FASB 158 states that any required adjustment shall be reported in the statement of activities, in a separate line item or items within changes in unrestricted net assets, apart from expenses. The CFR Interagency Committee has determined the cumulative effect adjustment and/or any subsequent adjustments to record any unamortized prior year service costs and gains and losses should not be reported on the Consolidated Fiscal Report since the CFR captures total operating expenses prior to any changes in unrestricted net assets.

The effective dates for compliance with FASB No. 158 were the reporting period ended June 30, 2007 and the reporting period ended December 31, 2007. Since, in many cases, the CFRs for these reporting periods have already been accepted, providers will be required to resubmit the 2006-07 or 2007 CFR if the FASB 158 adjustments were erroneously included as operating expenses. Providers who correctly submitted the CFR without including the FASB 158 adjustments as part of operating expenses should send a letter to each funding state agency stating the FASB 158 adjustments were not reported on the 2006-07 or 2007 CFR.

**Metropolitan Commuter Mobility Tax**

Since the Metropolitan Commuter Mobility Tax is levied based on a percentage of employees’ salaries, some providers were given instruction to report this tax as a non-mandated fringe benefit on either CFR-1 and/or CFR-3, as appropriate. After further review, it has been determined that this tax is not a fringe benefit and, therefore, it is better reported as Other OTPS on either CFR-1, line 40 and/or CFR-3, line 17 for full CFR filers and identified as Metropolitan Commuter Mobility Tax in the detail section. Providers filing other than full CFR submissions would report this as an OTPS expense on DMH-1 line 9 and/or DMH-2 line 8 as appropriate. The amount reported is based on the personal services cost used to calculate the tax liability in each program site or Agency Administration.

Please contact your funding state agency with any further questions you may have concerning these issues.

Sincerely,

Carlene Coons, Chairperson
CFR Interagency Committee

cc: Don Berryann (OMH)
    Peter Lapan (SED)
    Warren D. Moessner, Jr. (OASAS)