



GASBO

Georgia
Association
of School
Business
Officials

2021 UPDATES

**GASBO Conference
November 2021
Augusta, Georgia**

**Presented By:
Georgia Department of
Audits & Accounts**

Georgia State Capitol

Presentation Topics



- | |
|---|
| ✓ Important Dates and Other Reminders |
| ✓ Accounting and Reporting Issues |
| ✓ Common Audit Issues |
| ✓ Keys to a Successful Audit |
| ✓ DOAA Award of Distinction for Excellent Financial Reporting |
| ✓ Standards and Other Updates |

Important Dates and Other Reminders



Important Due Dates



Transparency in Government Act (TIGA)

❑ December 3, 2021

SPLOST Schedule

Immigration Act

❑ December 31, 2021

Immigration Reporting Due

(Nov. 1st - Immigration Submission Site Opened)

Important Dates



Financial Statements Due to DOAA

- ☐ November 15th – Certificate of Distinction
- ☐ December 31st – Otherwise

Availability of Audit Tools



- Exhibits and Schedules – available now
 - Updated SEFA placed on website 10/22/201 – includes footnote for FEMA donations.
- Notes to the Basic Financial Statements
 - Updated version placed on website 10/13/2021 – made changes to OPEB note disclosure.

Accounting and Reporting Issues



SB 68



- Effective July 1, 2021
-To strengthen provisions relating to the financial management of local school systems; to provide training for local board of education members and local school superintendents on financial management; to provide for monthly reporting to the local board of education on the financial stability of the local school system; to provide for designation by the Department of Audits and Accounts of high-risk local school systems and moderate-risk local school systems based on annual audits; to provide for financial management provisions in flexibility contracts and system charters....

SB 68



§20-2-5

“It shall be the duty of each local board of education to hold a regular meeting during each calendar month for the transaction of business pertaining to the public schools and to review the financial status of the local school system.”

- DOAA will review documentation that provides evidence that the required financial information was shared monthly with the board (i.e. review of board minutes).

SB 68



§ 20-2-67

“The Department of Audits shall designate local school systems that have had **reported irregularities or budget deficits for three or more consecutive years** as **high-risk** local school systems and shall designate local school systems that have had **reported irregularities or budget deficits for one year or two consecutive years** as **moderate-risk** local school system.”

SB 68



- Bill defines high risk and moderate risk LEAs
 - High risk = LEA that has reported irregularities or budget deficits for three or more consecutive years.
 - Moderate risk = LEA that has reported irregularities or budget deficits for one year or two consecutive years.

Key Terms:

- Irregularities – Internal control findings - significant deficiency or material weakness (excludes findings like FS Prep)
- Budget Deficits – opinion units that present a deficit as a result of a lack of controls over the budget process.

SB 68



§ 20-2-67

“The **State Board of Education shall inform** the **superintendent** of the local school system of the irregularities or budget deficits...including if a local system has been designated as a **high-risk** local school system or **moderate-risk** local school system.”

“The **superintendent** shall **submit** to the Department of Education a **response to the findings and a corrective action plan** approved by the local board of education **within 120 days** of receiving notice of designation as a high-risk or moderate-risk local school system...”

SB 68



- DOAA will inform School District of their risk status during the exit conference.
- DOAA will inform GDOE of each School District's risk status during the closure process.
- DOAA will formally notify the State Board of Education each quarter of those School Districts that have been designated as high-risk or moderate-risk.

SB 68



§ 20-2-109

"Each local board of education which governs a local system that has been designated as a **high-risk** local school system or **moderate-risk** local school system...**shall require the local school superintendent to complete training** on financial management and financial governance of a local school system."

- Superintendents of high-risk and moderate-risk districts will have to attend training.
 - GDOE and DOAA will provide the training to meet this requirement. Currently plan to hold first session of training at GAEL in January.

SB 68



§ 20-2-230

The State Board of Education will require **each newly elected member of a local board of education** to receive **guidance and training** regarding his or her own local school system's most recent audit findings and the risk status of the local school system

- New Board Member training and guidance:
 - Shall include training on the role of the local superintendent with respect to financial management and financial governance of a local school system.
 - First session of new board member training will be held during the GSBA new board member training this month.

SB 68



§ 20-2-230

“The State Board of Education shall require **members of the board of education** to complete the **training**...if the local board of education has been designated as **high-risk** local school system...or if DOAA has determined that **corrective actions have not been implemented or devised** to correct serious findings...from the previous year.”

- Managers will present at a board meeting/work session after the completion of the audit to meet the requirements of this training.

COVID Impact on Audit



- Analytical Procedures and Estimates
 - Historical trends and assumptions may not be relevant in the current environment.
 - Different procedures made need to be performed if analytical procedure is determined to be ineffective.
- Internal Controls
 - Could be different sets of processes and internal controls during FY21.
 - Pre-pandemic – Remote – Post Shut Down
 - Auditor will consider which set of process and controls were in place for most of the fiscal year.
- Test of controls and substantive tests may have two populations for FY21 – could result increased sample sizes.

GSFIC Revenue Recognition

- GSFIC revenue is a voluntary nonexchange transaction from the State of Georgia – based on a reimbursement-based grant.
- The grant is based on a State appropriation – the appropriation is essential to making the enabling legislation effective for a particular period.
- The School District cannot recognize the grant revenue or related state receivable unless the appropriation for that program exists and the period to which the appropriation has begun (i.e. bonds have been sold).

GSFIC Revenue Recognition

- Revenue is considered “earned” when the School District has incurred the expenditures – *except for the last 10% payment.*
- Accounts Receivable can be booked based on expenditures being incurred – *even if paperwork hasn't been submitted.*
- Exception: Paperwork must be submitted prior to setting up the accounts receivable for the *final 10% payment.*

GSFIC Revenue Recognition

Z.33.18.Q—A government is awarded an expenditure-driven grant for construction of a facility. Could revenue recognition be delayed until construction is complete, similar to the completed-contract method? (Q&A34B-166)

A—No. Revenue from expenditure-driven (reimbursement) grants, including those used for capital projects, **should be recognized as expenditures are incurred**, provided all other eligibility requirements are met (subject to availability in governmental funds).

Accounting & Reporting Issues



GSFIC Revenue Recognition

Z.33.14.Q—Does Statement 33 change revenue recognition requirements for reimbursement-based (expenditure-driven) grants under the modified accrual basis of accounting? (Q&A34B-162)

A—Yes. Paragraph 29 of Statement 33 notes that the Statement does not change the modified the accrual basis revenue recognition requirement. Paragraph 11 of National Council on Governmental Accounting (NCGA) Statement 2, Grant, Entitlement, and Shared Revenue Accounting by State and Local Governments, required that all grants, including expenditure-driven grants, be recognized as Chapter Z Z-11 revenue in governmental funds only when **"both measurable and available"** (as defined in paragraph 62 of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles, as amended). **For expenditure-driven grants, it added an additional requirement that "... revenues should be recognized when the expenditure is made."** However, the second criterion often was applied without regard to the first criterion, and **revenue was recognized whether or not resources were available.** Subparagraph 30d of Statement 33 requires revenue **recognition "in the period when all applicable eligibility requirements have been met and the resources are available."**

Accounting & Reporting Issues



GSFIC Revenue Recognition

Example #1: During the FY, School District paid expenditures totaling \$425,000.00 towards the completion of a GSFIC project. The School District did not submit the paperwork for reimbursement until August of the following FY.

- School District would book the \$425,000.00 as a valid **accounts receivable**.
- The credit of the journal entry would depend on when the School District received the funds. If received during the revenue recognition period (normally 120 days), it would be **booked to revenue**. If received outside the revenue recognition period, it would be booked as **unavailable revenue** at the **fund level** but **revenue** at **government-wide**.

Accounting & Reporting Issues



Local Required Match - GSFIC

- School Districts must have on hand up to 20% of the eligible project cost (determined by the local ability ratio and annual debt service as documented in O.C.G.A 20-2-260).
- The required matching fund must be transferred to the project fund (i.e. capital projects fund) before the end of the fiscal year.
- A School District can use up to 75% of its eligible principal and interest payments on GO Bonds to reduce its required local match.
- The local match will always remain between 8%-20% of the total project cost. There are some exceptions such as School Districts that are consolidating schools within the system.

Common Audit Issues



Common Audit Issues



- Common Deficiencies

- **Capital Assets**

- Incomplete Listing
 - Assets not capitalized according to Board policy

- **Journal Entries**

- No evidence of review and approval
 - Documentation not maintained

Common Audit Issues



- Risk of Material Misstatement
 - ❑ Contracts and Retainages Payable
 - ❑ Capital Assets
 - Construction in Progress
 - Building and Building Improvements
 - E-rate
 - Capitalize the entire asset value, not just the amounts paid.

Common Audit Issues



- Management's Discussion & Analysis
 - Required Supplementary Information – GASB 34
 - Purpose is to provide an **objective** and easily readable **analysis** of the government's financial activities
 - Management's analysis – Auditor role is to ensure that the required elements exist.

Common Audit Issues



■ Management's Discussion & Analysis

Provide an **analysis** of the government's overall financial activities and results of operations to assist users in assessing whether district's financial performance has improved or deteriorated as a result of the year's activities.

- Analysis should address important economic factors that affected the results of operations (changes in tax base)
- Explain *reasons* for significant changes in:
 - Financial Position
 - Results of operations
 - Significant changes in Net Position
 - Significant changes in Fund Balance

Common Audit Issues



Management's Discussion & Analysis

- *Consider if the impacts of COVID are part of the needed explanation for changes in account balances.*
 - Reduction in SPLOST receipts
 - Closure of schools creating an increase in outflows related to virtual learning
 - Change in economic conditions of the county given job losses.

Common Audit Issues



■ Management's Discussion & Analysis

The analysis should explain reasons why variances occurred not just state that a variance exists.

➤ Not an analysis

"Total Net Position increased \$407,928.24."

➤ Analysis

"Total Net Position increased \$407,928.24 in fiscal year 2021. This increase is due largely to additional state and local funds."

Keys to a Successful Audit



Keys to a Successful Audit



- Preparation
 - Visit the DOAA and GDOE websites on a regular basis for any updated information.
 - Read communications sent out to Schools Districts (i.e. quarterly newsletter)
 - Preliminary Analytical Review (PAR) – starting thinking about any significant changes from the prior year.
 - Comparison can help find errors.
 - Are the changes related to COVID?
 - Maintain documentation used to prepare financial statements.

Keys to a Successful Audit



- Preparation
 - Compare note disclosures from one year to another to ensure all notes are included.
 - Download and use the DOAA Review Checklists and Final Analytical Checksheet.
 - Very similar to checklists used by auditors.
 - Consider using even if a consultant prepares your statements – management is still responsible for the financial statements.

The DOAA Workplace...



Three Models Considered

Pre-Pandemic

Fully Remote

Hybrid Model

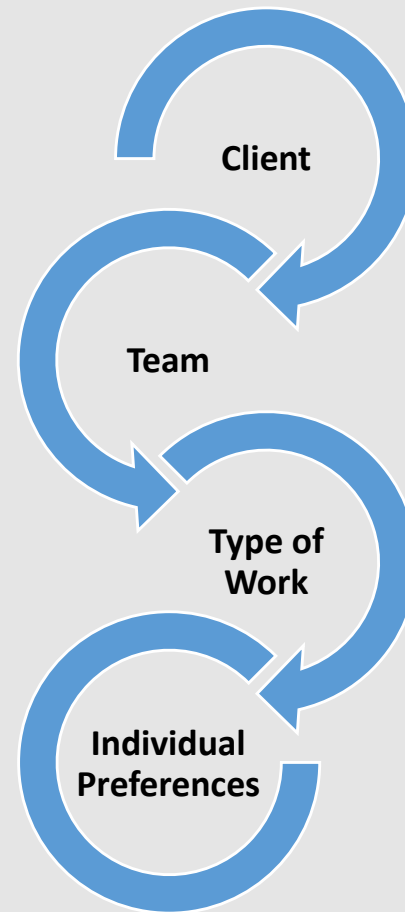
The Hybrid Model

Allows more opportunities for remote work than the pre-pandemic model

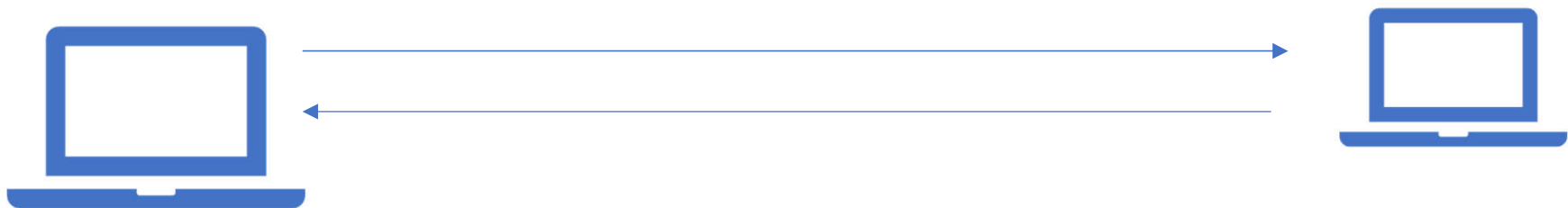
Values collaboration, innovation, knowledge transfer along with productivity

Balances the needs of the organization with the work-life balance gains we made during the pandemic

DOAA Guiding Principles for Workplace Location



Hybrid Model – Performing Audits



Most auditors are performing audit procedures remotely:

- Using MS Teams for video conferencing for meetings and collaborations
- Secure File Transfer or email for sending and receiving communications and documentation
- DocuSign for communications requiring signatures

Hybrid Model – Performing Audits

Audit procedures and meetings held on-site when it is most beneficial and efficient for your audit.

- When hard copies of audit evidence needs to be reviewed
- Various meetings and client consultations

When on-site auditors are taking necessary precautions to reduce exposure.

- ✓ Wearing masks
- ✓ Maintaining social distancing requirements
- ✓ Obtaining as much electronic audit evidence as possible



DOAA Award of Distinction for Excellent Financial Reporting



Award Criteria



Criteria	Description of Best Practices
Timeliness	<p>Financial Statements including MD&A, note disclosures, required supplementary information and supplementary schedules and all key supporting evidence were available for auditors by November 15.</p> <p>Compliance with Transparency in Government Act Accurate information submitted by the following established deadlines:</p> <ul style="list-style-type: none"> • Salary and Travel Information: August 15 • Audit History/Payments Files: October 1 • SPLOST Schedule: December 3
Quality of Financial Statements, Note Disclosures, Required Supplementary Information and Supplementary Information	<p>First set of financial statements, MD&A, notes, required supplementary information and supplementary information provided for audit required only minimal adjustments during the audit.</p>

Award Criteria



Criteria	Description of Best Practices
Quality of Audit Documentation	Full supporting documentation to substantiate financial statements provided in a timely manner. Evidence easy to locate and use for audit.
Resolution of Accounting Standards / Presentation Issues	Management resolved all accounting standards and presentation issues in a timely manner.
Key Staff	Key staff readily available and cooperative during the audit and did not contribute to any delays in finalizing the audit.
Number/Significance of Deficiencies Identified	No significant deficiencies or material weaknesses noted during the audit. No more than 3 to 5 deficiencies reported within the management letter.
Clean Audit Opinion	Unmodified Opinion

**Congratulations to the
Following Recipients!!**



DOAA Award of Distinction for Excellent Financial Reporting – FY20 Recipients to date



- Atkinson County
- Baker County
- Barrow County
- Bryan County
- Bulloch County
- Carroll County
- Charlton County
- City of Bremen
- City of Chickamauga
- City of Gainesville
- City of Pelham
- City of Vidalia
- Clarke County
- Coffee County
- Crisp County
- Dawson County
- Decatur County
- Early County
- Elbert County
- Evans County
- Fannin County
- Gilmer County
- Greene County
- Hall County
- Hart County
- Houston County
- Jasper County
- Lee County
- Lincoln County
- Long County
- Lowndes County
- Madison County
- Marion County
- McDuffie County

DOAA Award of Distinction for Excellent Financial Reporting – FY20 Recipients to date



- Morgan County
- Paulding County
- Pike County
- Putnam County
- Schley County
- Tattnall County
- Thomas County
- Tift County
- Towns County
- Ware County
- Washington County
- Whitfield County
- Wilcox County

GASB Updates





GASB Updates – Effective FY20

GASB 84 – Fiduciary Activities



School Districts that didn't implement GASB 84 in FY19 or FY20 **must** implement in FY21.

GASB Statement No. 84 "*Fiduciary Activities*"

- Establishes criteria for identifying fiduciary activities of all state and local governments
- Focus of the criteria generally is on
 - (1) whether a government is controlling the assets of the fiduciary activity and
 - (2) the beneficiaries with whom a fiduciary relationship exists.

GASB 84 – Fiduciary Activities



GASB Statement No. 84 "Fiduciary Activities"

- Describes four fiduciary funds that should be reported, if applicable:
 - Pension (and other employee benefit) trust funds
 - Investment trust funds
 - Private-purpose trust funds
 - Custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria
- Note that Agency funds have been replaced by Custodial funds

GASB 84 – Fiduciary Activities



GASB Statement No. 84 “Fiduciary Activities”

- Governments with activities meeting the criteria **should present a statement of fiduciary net position and a statement of changes in fiduciary net position.** An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

GASB 84 – Fiduciary Activities



Financial Statement Presentation – Restatement

- Must restate beginning fiduciary net position
- Describe the nature of the restatement and its effect in the notes to financial statements
- Possible that if only had Agency funds in prior years and no funds deemed custodial, that the restatement will remove all fiduciary funds.

GASB 84 – Fiduciary Activities



Journal Entries – **Custodial Fund** – Financial Statement Template

Custodial Fund Journal Entries		Debit	Credit
Note: List Journal Entries below. Identify each entry by number or letter and list it in the JE Column			
Sample			
A To Accrue Receivable			
AR - Other	XXX,XXX		
Miscellaneous			XXX,XXX
Financial Statement Template Entries			
1 To Reclass Net Position Adjustments			
Net Position - Beginning of Year	\$ 93,930.33		
Net Position - Adjustments			\$ 93,930.33
To remove fund balance adjustments related to the cash balance.			
2 To Reclass Net Position Adjustments			
Net Position - Adjustments	\$ 1,245.00		
Net Position - Beginning of Year			\$ 1,245.00
To remove fund balance adjustments related to the accounts receivable			

GASB 84 – Fiduciary Activities



Journal Entries – **General Fund** – Financial Statement Template

General Fund Journal Entries		Debit	Credit
Note: List Journal Entries below. Identify each entry by number or letter and list it in the JE Column			
1 To Restate Beginning Fund Balance (GASB 84)			
Revenue		\$ 1,245.00	
Beginning Fund Balance			\$ 1,245.00
2 To Restate Beginning Fund Balance (GASB 84)			
Fund Balance Adjustments		\$ 93,930.33	
Beginning Fund balance			\$ 93,930.33

GASB 84 – Fiduciary Activities



Journal Entries – **Government-wide** – Financial Statement Template

Government-wide Journal Entries		Debit	Credit
20	To Restate Beginning Fund Balance (GASB 84)		
	Miscellaneous Revenue	\$ 1,245.00	
	Net Position - Beginning of Year		\$ 1,245.00
21	To Restate Beginning Fund Balance (GASB 84)		
	Net Position - Adjustments	\$ 93,930.33	
	Net Position - Beginning of Year		\$ 93,930.33

GASB 84 – Fiduciary Activities



Net Position, July 1, 2020 as previously reported	\$	-
Prior Period Adjustment - Implementation of GASB No. 84: School Activity Account Reclassification		-
		-
Net Position, July 1, 2020, as restated	\$	-
Fund Balance (General Fund), July 1, 2020, as previously reported	\$	-
Prior Period Adjustment - Implementation of GASB No. 84: School Activity Account Reclassification		-
		-
Fund Balance (General Fund), July 1, 2020, as restated	\$	-
Net Position (Fiduciary Funds), July 1, 2020 as previously reported	\$	-
Prior Period Adjustment - Implementation of GASB No. 84: Restatement for Custodial Funds Beginning Net Position		-
		-
Net Position (Fiduciary Funds), July 1, 2020, as restated	\$	-

If only restating for agency funds, use this sentence instead of the last part of the table above.

Funds Held for Other of \$XX,XXX.XX was reclassified to Net Position and Fund Balance (General Fund).

GASB 84 – Fiduciary Activities- Administrative Involvement



When making determination of fiduciary activities consider the School District's "**administrative involvement**".

Administrative involvement –

1. Monitors compliance with the requirements of the activity that are established by the government or by a resource provider that does not receive the direct benefits of the activity,
2. Determines eligible expenditures that are established by government or by a resource provider that does not receive the direct benefits of the activity, or
3. Has the ability to exercise discretion over how assets are allocated. A government has direct financial involvement with the assets if, for example, it provides matching resources for the activities.

GASB 84 – Fiduciary Activities- Administrative Involvement



“Administrative involvement” guidance from Implementation Guide

“In assessing whether a government has administrative involvement, a “substance versus form” consideration is appropriate. That is, the **government’s role would have substance if the school board, school administrator, or faculty advisor (representative of the school) establishes how the resources can be spent through approved policies.**”

GASB 84 – Fiduciary Activities- Administrative Involvement



Question:

A school district holds the funds raised by various student clubs, which are not legally separate from the school district. The funds are used to pay for various club activities during the year. There is **no school board or school administration policy** related to how the resources of the club can be spent. The disbursements from the aggregated club account are **approved by the faculty advisor (who is representing the school district)** assigned to each club. Approval, rejection, or modification of the spending is strictly at the **discretion of the faculty advisor**.

Does the school district have administrative involvement, as discussed in paragraph 11c(2) of Statement 84?

GASB 84 – Fiduciary Activities- Administrative Involvement



Answer:

Yes. The school district does have administrative involvement.

- The school district's role is considered to be substantive because in the absence of an approved policy,
- the faculty advisor (who is acting in the capacity of a school district representative) has the ability to reject, modify, or approve how the resources are spent.
- The faculty advisor's approval is more than just a formality and is analogous to the example provided in footnote 1 of Statement 84 regarding the determination of eligible expenditures that are established by the government.

GASB 84 – Fiduciary Activities- Administrative Involvement



Question:

A school board establishes and approves a policy related to the disbursement of funds for various student clubs that are not legally separate from the school district. The **policy includes specific guidelines** related to how the funds raised by the clubs can be spent.

Does the school district have administrative involvement, as discussed in paragraph 11c(2) of Statement 84?

GASB 84 – Fiduciary Activities- Administrative Involvement



Answer:

Yes. The school district does have administrative involvement.

The school district's role is considered to be substantive because the school has established specific guidelines on how the resources can be spent in an approved policy

GASB 84 – Fiduciary Activities – Impact to the Audit



- Items Needed from School District:
 - Policy for GASB 84 – does not have to be board approved.
 - Documentation of consideration in determining which activities of the District are Fiduciary Activities or Governmental Activities
 - Journal Entry Restating Financial Statements
 - Restatement Note Disclosure

GASB 84 – Fiduciary Activities – Impact to the Audit



- Impact on the Testing Performed:
 - Auditor will need to do a sample to ensure that consideration was performed, and account is in the correct fund.
 - Auditor will review entity's policy.
 - Review of the restatement note and Fiduciary Statements to ensure activity ties to documentation.

GASB 90 – Majority Equity Interests



GASB Statement No. 90 "Majority Equity Interests"

- Modifies previous guidance for reporting a government's majority equity interest in a legally separate organization
- Provides guidance for reporting a component unit if a government acquires a 100% equity interest in that component unit

GASB 90 – Majority Equity Interests



GASB Statement No. 90 "Majority Equity Interests"

- If a government's holding of equity interest meets the definition of an investment under paragraph 64 of GASB 72, the legally separate organization should not be reported as a component unit.
- If holding of the equity interest does not meet definition of an investment, the legally separate organization should be reported as a component unit.
- If the component unit is a DPCU, the majority interest should be reported as an asset by the primary government. If a blended CU, eliminate the equity interest.

GASB 90 – Majority Equity Interests



GASB Statement No. 90 "Majority Equity Interests"

- If a government acquires a 100% equity interest in a legally separate organization that is reported as a component unit, the measurements required under GASB 69 *Government Combinations and Disposals of Government Operations* should be at the date of acquisition.
- Requires restatement to the financial statements



GASB Updates – Effective FY22 (Due to GASB 95)

GASB 87 – Leases



GASB Statement No. 87 "Leases"

- Objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments
- Requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognizes as inflows of resources or outflows of resources based on the payment provisions of the contract

GASB 87 – Leases



GASB Statement No. 87 "Leases"

- A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction
- A lessee is required to recognize a lease liability and an intangible right-to-use lease asset
- Establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset

GASB 87 – Leases



- Two Types of Financing Arrangements that **DO NOT** fall under GASB 87
 - *Short-term Leases* – maximum possible term of 12 months – including the option to extend. NO option to renew – renegotiate lease every year.
 - *Financed Purchases* – a contract that transfers ownership to the School District at the end of the agreement. (energy efficiency agreements, school bus financed purchases)

GASB 87 – Leases



GASB Statement No. 87 "Leases"

- The lease term is the period during which a lessee has a noncancelable right to use an underlying asset, plus any extension options that are likely to be exercised.
- Capitalization of the right-to-use asset should follow the underlying asset based on current capitalization policies.
- Account for lease and non-lease components as separate transactions.
- GASB 87 is a retro-active statement – restatement is required!
- [GASB Statement No. 87, Leases](#)

GASB 87 – Leases



Required Disclosures

1. A general description of the leasing arrangements.
2. Total amount of lease assets, and the related accumulated amortization – *disclosed separately from other capital assets.*
3. The amount of lease assets by major classes of underlying assets – *disclosed separately from other capital assets.*
4. Principal and interest requirements to maturity, presented separately, for the lease liability for each of the five subsequent fiscal years and in five year increments thereafter.

GASB 87 – Leases – Impact to Audit



- Impact on the Testing Performed:
 - Auditor will review the consideration of the School District's leases and determination of reporting.
 - Review of the restatement note and documentation.
 - Review GASB 87 Policy

GASB 87 – Leases – Impact to Audit



- Items Needed from School District:
 - Policy update for GASB 87 (does not have to be board approved – accounting procedures update)
 - Documentation of consideration of lease agreements.
****Start reviewing all possible lease agreements NOW****
 - Documentation of amounts for separate components of leases (maintenance, supplies, etc.)
 - Journal entry documentation for restatement related to leases – could be the worksheet provided by GDOE.
 - Restatement note disclosure

GASB 87 – Leases



GASB Statement No. 87 "*Leases*" - Guidance from Implementation Guide

Question:

An equipment vendor installs equipment on a government's building to increase energy efficiency. The government will own the equipment at the end of the agreement, and the contract does not contain a termination option.

For financial reporting purposes, should this transaction be reported as a lease or a financed purchase?

GASB 87 – Leases



GASB Statement No. 87 "*Leases*" - Guidance from Implementation Guide

Answer:

This transaction should be reported as a finance purchase. If title to the equipment transfers to the lessee by the end of the contract, the transaction is not accounted for as a lease for financial reporting purposes. Rather, the transaction is a financed purchase, as discussed in paragraph 19 of Statement 87.

GASB 87 – Leases



GASB Statement No. 87 "*Leases*" - Guidance from Implementation Guide

Question:

A lease contract for copy machines requires that a minimum amount be paid for toner and paper regardless of whether these supplies are obtained. Should some portion of the minimum amount to be paid for supplies be included in the measurement of the lease liability?

GASB 87 – Leases



GASB Statement No. 87 "*Leases*" - Guidance from Implementation Guide

Answer:

As discussed in paragraphs 66 and 67 of Statement 87, if the amount that the lessee is required to pay for supplies does not appear to be unreasonable, regardless of whether supplies are obtained, the government should account for the supplies separately from the lease and therefore not include it in the measurement of the lease liability. If the amount appears to be unreasonable, professional judgment may be needed to determine whether some or all of the minimum amount is, in substance, a fixed lease payment that should be included in the measurement of the lease liability.

GASB 87 – Leases



GASB Statement No. 87 "*Leases*" - Guidance from Implementation Guide

Question:

A school district leases computers. At the end of the lease term, students are given the option to purchase their computer from the school district. Regardless of whether the students purchase their computers, the school district is required to purchase all computers from the lessor. The school district does not have a termination option.

Should this arrangement be reported as a lease or a financed purchase of the computers by the school district?

GASB 87 – Leases



GASB Statement No. 87 "*Leases*" - Guidance from Implementation Guide

Answer:

This arrangement should be **reported as financed purchase**. Paragraph 19 of Statement 87 states that one criterion of a financed purchase is that the contract transfers ownership of the underlying asset to the lessee by the end of the contract.

In this example, **the lessee is the school district, not the students**. The contract transfers ownership of the computers because the purchase by the school district is required. The sale of the computers to the students is separate transaction.

GASB 87 – Leases



GASB Statement No. 87 "*Leases*" - Guidance from draft Implementation Guide

Q—Should lease assets be included with other capital assets in the disclosure of changes in capital assets?

A—Yes. Lease assets are capital assets and, therefore, should **be included in the disclosure of changes in capital assets.** Paragraph 37c of Statement 87 requires lessees to disclose "the amount of lease assets by major classes of underlying assets, disclosed separately from other capital assets." Paragraphs 116 and 117 of Statement 34, as amended, require disclosure of information about major classes of capital assets, including disclosure of changes in capital assets.

GASB 87 – Leases



GASB Statement No. 87 "*Leases*" - Guidance from Implementation Guide

Question:

A government adopts a capitalization threshold and expenses acquisitions, including lease assets, that fall below that threshold. Can the government apply a similar threshold to lease liabilities?

GASB 87 – Leases



GASB Statement No. 87 "*Leases*" - Guidance from Implementation Guide

Answer:

Lease liabilities that are **significant, either individually or in the aggregate, should be recognized**. Authoritative pronouncements do not provide specific guidance related to a determination of capitalization threshold amounts.

However, governments often establish capitalization thresholds. When applying a capitalization threshold to leases, lessees should consider the quantitative and qualitative significance of the lease liability, in addition to the significance of the lease assets in accordance with the guidance provided in Question 7.4.1 of Implementation Guide 2015-1, as amended.

TECHNOLOGY CHANGES FUTURE



Technology Advances

- Robotic Process Automation
- Innovation Hub
- Client Portal
- New Website

Robotic Process Automation (RPA)

- Automated Processes to retrieve Audit Data from Various Public Websites
- Automated Process to Publish Audit Reports
- Automated Processes to create standard letters and reports

Freeing up time to focus on improving the audit experience, client needs, and delivering quality services.



Innovation Hub

WELCOME TO THE

Innovation Hub - where no idea is too small

Innovation Hub

Where No Idea is Too Small or Big !

0 New Idea(s) posted this week !!



Add Idea

See Ideas

My Ideas

View Charts

4 of Your Idea(s) are Posted

8 Number of Likes on Your Ideas

Total Number of Likes: 30



Total Number of Ideas: 33



Posted Innovation Ideas

ID	Title	Idea Description	Number of Likes	Results
2	Workflow Improvements for status	Use online tools for quick workflow status reporting from individual teams	4 Likes	Let time asking status updates, accurate .
27	Stay focused	Keep a distraction list to stay focused	3 Likes	
29	apply 80/20 rule	use the 80/20 rule to focus on most important tasks	3 Likes	efficiency
32	Free Coffee	coffee for all	3 Likes	more energy
22	Stamps	I recommend discontinuing the lease for the postage machine and move to a Stamps.com model. We	3 Likes	This will result in overall reduction of expenditures. We pay approximately \$30/month for Stamps.com subscription compared to \$3,700 to lease mail machine.
23	June Idea- Project Stuff	This idea is to test the new ideas this week	2 Likes	We will enjoy v more
24	Ken's Idea	This idea will help	2 Likes	Less time wasti

Process for Ideas:

Step 1: Submit your Idea

Step 2: Your Idea is Reviewed

Step 3: Your Idea is Posted

Step 4: "Like" the best ideas

Step 5: Earn rewards for the best idea selected by the committee

News and Announcements

[See all](#)

Welcome -- What's New

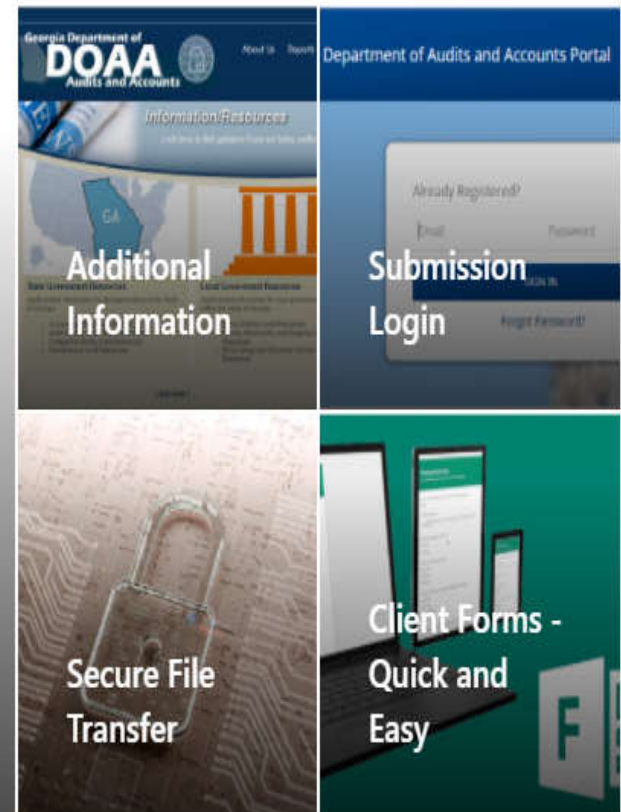
Your client portal has several important features which enables you to exchange information with your audit team all in one place. You will find all the needed resources right at your fingertips and if ever a question just post your question and the audit team will respond. Click [\[here\]](#) to see a full feature list.

Announcement -- Your First Steps

- Take time and click around
- Watch Helpful How-to Videos
- Find the PBC Listing
- Ask questions we are here to help

Award of Distinction
For Excellent Financial Reporting
2020

[Learn more →](#)



Client Portal – Information at Your Fingertips

Upcoming Events

[+ Add event](#)

OCT
22

Payments and Obligations Files Due
Fri, Oct 22, All day

NOV
15







Submission Due for Certificate of Achievement for Excellent
Mon, Nov 15, All day









Client Portal – Information at Your Fingertips

- Current Deadlines and Issues
- Prepared by Client Listing
- Manage Systems Information
- Manage Contact Information
- Upload and Retrieve Files
- Submit Questions
- Complete Forms

Meet the Audit Team [See all](#)

 Morgan Williams SFA Engagement Partner	 Kelsey Clonch SFA Team Member	 TJ Duncan SFA Team Member	 Lisa Kimbrell SFA Team Lead
 Brandon Spradlin SFA IT Team Member	 Terry Brown SFA IT Manager		

Helpful Links

 Official Code of Georgia Annotated	 Electronic Code of Federal Regulatio...	 U.S. Department of Education	 SAM.gov Home
 NIST 800-171A Assessing Security...	 NIST 800-171r2 Protecting Controlle...		

Meet the Audit Team

Client Portal –
Information at Your
Fingertips

Advancement through Accountability

The Department of Audits and Accounts exists to provide decision-makers with credible management information to promote improvements in accountability and stewardship in state and local government.

[More About Us](#) >



Featured Reports

Sector

Report title lorem ipsum dolor sit amet, consectetur.

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[Read Report](#) >



Sector

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Sector

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Sector

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[All Reports](#) >

Sector



State Agency



[Go](#)

What's New?



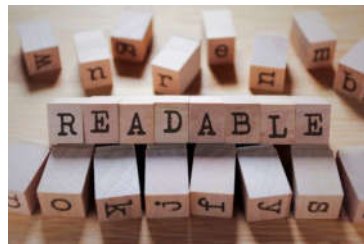
Searchability

Better search
functionality to save time



Resources

Easier access to exactly
what you need




Readability

Shorter, scannable
content for easy reading

Improved Report Search

Key Filters

- Sector
- Organization
- Report Type
- Fiscal Year

**DOAA**
Georgia Department
of Audits & Accounts

ReportsResourcesAboutCareersContact

Reports >

Search Reports

Search Terms

Sector

Search

☐ Agriculture & Consumer Affairs

20

☒ Economic Development & Tourism

20

☐ Education (K-12)

20

☐ Finance & Taxation

20

☐ General Government

20

Organization

Search

☒ Administrative Office of the Courts

20

☐ Board of Regents, University System of Georgia

20

☐ Brain and Spinal Injury Trust Fund Commission

20

☐ Council of Accountability Court Judges of Georgia

20

Report Type

Search

☐ Financial Reports

20

☐ Performance Reports

20

☐ 100% Equalized District

20

× Filter 1 × Filter 2 Clear All Filters

Sort by: Relevance

1 - 25 of 2,123 Results

Report Type – FY 2020

Report title lorem ipsum dolor sit amet, consectetur adipiscing

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Podcast View Summary Download Report >

Sector Sector 2 Published 5/1/21

Report Type – FY 2020

Salaries & Travel Reimbursements

The DOAA-prepared Salaries & Travel Reimbursements report can be found on Open Georgia. Open Georgia is a gateway for obtaining information and key documents about how the State of Georgia spends tax dollars and other revenues to provide services to Georgians.

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Legislative Resources

Immigration

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Architecture & Engineering

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SEFA

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TIGA

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Open Georgia

Salaries & Travel Reimbursements

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[Visit Open.Georgia.gov](#)



Georgia Department of Audits



Established in 1923

Part of the Legislative Branch of the Government

Divisions

- Administration
- Financial Audits
- Information Technology
- Performance (Review of State Programs)
- Professional Standard and Practices
- Sales Ratio
- Technology Risk & Assurance

Year in Review

About us



252 employees



**128 staff with
adv. degrees or
certifications**



**4.8% of available
work hours spent
on training**



**\$33 Million
annual budget**

We Audited State government entities



**70
entities**



**Employing over
74,000 people**



**Managing \$64
Billion in funds**

Local school districts



**140
entities**



**Educating over
1.7 million
students**



**Receiving a portion
of \$11.3 Billion in
state QBE funds**

We also...



**Performed 1,258 Reviews of
Local Governments and Non-
Profit Organizations**



**Managed Immigration
Compliance Reporting for
2,421 entities**

We delivered



**315
financial audit
reports**



**16
performance
audit reports**



**129
fiscal notes &
retirement
certs**



**2,990
property
appraisals**

Questions?



Sara McLeod
Deputy Director
mcleods@audits.ga.gov