

FINANCIAL STATEMENT PREPARATION GUIDE

Government-Wide Financial Statements

School Districts in the State of Georgia are required to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) establishes accounting and reporting standards for state and local government entities. GASB Statement 34 provides a financial reporting model that school districts are required to use to present their statements.

Overview of Statements

Management's Discussion and Analysis

Basic Financial Statements

Government-Wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

Required Supplementary Information (RSI)

Supplementary Information

This guide was designed to assist a Georgia School District in preparing the Fund-Based Financial Statements. It is not intended to be all inclusive but focuses on the most common financial statement preparation topics. It is assumed that the School District is using the State Chart of Accounts established by the Georgia Department of Education (GDOE).

Government-Wide Financial Statements

Government-Wide Financial Statements include information about the financial activities that take place at the School Districts. These statements distinguish between the School District's governmental and business-type activities, where governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions and business-type activities are financed in whole or in part by fees charged to employees, students or to external parties.

The Statement of Net Position presents a comparison of a government's resources available to provide services and operate the government to its obligations to other organizations or individuals. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities and each different business-type activity of the School District.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the School District related to the administration and support of the School District's programs, such as office and maintenance personnel and accounting) are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The basis of accounting for each opinion unit determines when transactions are reported on the financial statements. The Government-Wide Financial Statements are reported using the accrual basis of accounting and the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Non-exchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes is recognized in the fiscal year in which the underlying transaction (sale) takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

As transactions from multiple funds make up both governmental and business-type activities, eliminations have been made to minimize duplication of internal activities. Fiduciary activities are not reflected in the Government-Wide Financial Statements.

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Preparing the Government-Wide Statements from the Fund Statements

The Government-Wide Financial Statements can be created by starting with Fund Financial Statements (Governmental & Proprietary Funds) and making various entries to recognize activity needed to present the statements using the accrual basis of accounting and the economic resources measurement focus. The following steps provide the most common adjustments.

1. Ensure all Governmental Activities and Business-Type Activities have been appropriately presented in the Statement of Net Position and Statement of Activities.
 - a. If using the GDOE mapped financial statements, ensure the financial statement template is in balance after all activity has been entered and before creating any adjusting journal entries.
 - b. Funds will be mapped to governmental and business-type activities on the GDOE financial statements as follows:

Governmental Activities

Governmental Funds – General Fund, Capital Projects, Debt Service, Special Revenue, and Permanent Funds
Internal Service Fund – Any activity remaining after elimination entries

Business-Type Activities

Enterprise Funds

As needed, review the prior year financial statements and supporting documentation, discuss any questions with your auditors, and create the appropriate entries to move activity that was misclassified.

2. Ensure the beginning net position ties to the prior year audited financial statements. For variances consider:
 - a. Entries made to the fund balance accounts on the general ledger (will show as adjustments to Net Position on the Statement of Activities)
 - b. Entries made on the Financial Statement Templates in the prior year with an impact to net position, such as accruing assets or liabilities or restating net position
 - c. Entries approved for the auditor to make on your behalf during the audit process
3. When using the GDOE mapped financial statements, and associated trial balance templates, consider any adjustments made to the Fund Financial Statement Templates and whether they should be made to the Government-Wide Financial Statements. These adjustments are typically to record activity not on the General Ledger or to reclassify activity for presentation purposes. A few examples include:
 - Entry to record Receivable for Interest earned but not received
 - Entry to record Contracts and Retainages Payable
 - Entry to restate fund balance
 - Reclassification Entries
4. Due to the different recognition criteria for transactions under the Modified Accrual Basis of Accounting on the Governmental Fund Statements and Full Accrual Basis of Accounting on the Government-Wide Financial Statements, a series of conversion entries should be recorded to account for the differences. The most common entries included in this guide.

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- Property Tax Revenue & Receivable – Property** tax receivables are for those uncollected taxes for which an enforceable legal claim exists at fiscal year-end. An enforceable legal claim exists on the levy date.

The receivable posted to the Government-Wide Financial Statements should be the same amount posted to the Governmental Fund Financial Statements - the total delinquent taxes at June 30th. The difference between the two sets of statements is in the **revenue recognition** criteria.

- a. On the Governmental Fund Financial Statements (modified accrual basis), standards allow only the amount of the property tax receivable received within 60 days of the fiscal year end to be recognized as revenues. The remaining balance is shown as Unavailable Revenue, a Deferred Inflow of Resources.
- b. On the Government-Wide Financial Statements, which report on the full accrual basis of accounting, revenues are recorded for the total balance of the property taxes receivable.

Examples of Property Taxes Receivable Journal Entries

Example 1: Assumes the LEA did not accrue any portion of the delinquent property taxes on the general ledger.

Governmental Fund Financial Statements

- i. Accrue the total delinquent property taxes balance as of June 30th. The portion that is not expected to be received within 60 days should be deferred.

Accounts Receivable – Taxes	X	
Unavailable Revenue – Property Taxes (Deferred Inflow)		X
Property Taxes		X

- ii. If the Debt Service revenue is increased the Restricted for Debt Service fund balance account should be increased for the same amount.

Unassigned Fund Balance	X	
Restricted for Debt Service		X

Government-Wide Financial Statements

- i. An entry will be needed to tie in beginning net position (likely already recorded in Step 2).
- ii. Accrue the total delinquent property taxes balance as of June 30th.

Accounts Receivable – Taxes	X	
Property Taxes		X

- iii. If the Debt Service revenue is increased, the Restricted for Debt Service net position account should be increased for the same amount.

Unrestricted Net Position	X	
Restricted for Debt Service		X

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Example 2: Assumes the LEA posted a receivable for the property taxes received within 60 days of June 30th to the general ledger.

Governmental Fund Financial Statements

Record a receivable and a deferred inflow for the portion of the delinquent property tax not received within 60 days of June 30th.

Accounts Receivable – Taxes	X	
Unavailable Revenue – Property Taxes (Deferred Inflow)		X

Government-Wide Financial Statements

- i. An entry will be needed to tie in beginning net position (likely already recorded in Step 2).
- ii. Accrue the additional delinquent property taxes not received within 60 days of June 30th.

Accounts Receivable – Taxes	X	
Property Taxes		X

- iii. If the Debt Service revenue is increased, the Restricted for Debt Service net position account should be increased for the same amount.

Unrestricted Net Position	X	
Restricted for Debt Service		X

Example 3: Assumes the LEA accrued the total amount of delinquent taxes at June 30th (including deferred inflow) on the general ledger. No entries are needed on the **Governmental Fund Financial Statements**.

Government-Wide Financial Statements

- i. An entry will be needed to tie in beginning net position (likely already recorded in Step 2).
- ii. Remove the Deferred Inflow and recognize the Property Tax revenue for the delinquent taxes not received within 60 days of June 30th.

Unavailable Revenue – Property Taxes (Deferred Inflow)	X	
Property Taxes		X

- iii. If the Debt Service revenue is increased, the Restricted for Debt Service net position account should be increased for the same amount.

Unrestricted Net Position	X	
Restricted for Debt Service		X

Example 4: In some cases, the LEA may collect taxes in July and August that have not been earned (levied for a subsequent fiscal year) and should not be accrued. The total property taxes collected within 60 days of June 30th were posted to the general ledger and are greater than the total delinquent taxes at June 30th.

Governmental Fund Financial Statements

- i. Remove the taxes accrued in excess of the total delinquent tax balance at June 30th.

Property Taxes	X	
Accounts Receivable – Taxes		X

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- ii. If the Debt Service revenue is decreased, the Restricted for Debt Service fund balance account should be decreased as well.

Restricted for Debt Service	X	
Unassigned Fund Balance		X

Government-Wide Financial Statements

- i. An entry will be needed to tie in beginning net position (likely already recorded in Step 2).
- ii. Remove the taxes accrued in excess of the total delinquent tax balance at June 30th.

Property Taxes	X	
Accounts Receivable – Taxes		X

- iii. If the Debt Service revenue is increased, the Restricted for Debt Service net position account should be increased for the same amount.

Restricted for Debt Service	X	
Unrestricted Net Position		X

Tips:

- Don't forget to withhold any administration fees from the accrued amount of delinquent tax
- Pay attention to the levy date. Taxes are considered measurable from the levy date. If the levy date for the most recent calendar year is before June 30th, additional tax revenue must be accrued (and deferred on the governmental funds).

SPLOST Receivables – Special Purpose Local Option Sales Tax (SPLOST) receivables are for sales tax earned prior to June 30th but received in the subsequent period. Sales tax is earned when an underlying sale occurs. Based on information from the Georgia Department of Revenue, sales tax distributions in July are for sales that occurred in June or before. Given this understanding, the amount of SPLOST revenue accrued is the same for the Governmental Fund Financial Statements and Government-Wide Financial Statements. No deferral is needed.

Assuming the School District did not record any SPLOST revenue received in the subsequent period on the general ledger, the following entries are needed for the Governmental Fund Financial Statements and the Government-Wide Financial Statements:

Governmental Fund Financial Statements

- i. Accrue the amount of July SPLOST distribution (and any June in-transit amounts).

Accounts Receivable – Taxes	X	
SPLOST Revenue		X

- ii. If the SPLOST revenue is in the Capital Projects or Debt Service Fund, increase the Restricted for Capital Projects or Restricted for Debt Service fund balances accounts, respectively.

Unassigned Fund Balance	X	
Restricted for Capital Projects or Debt Service		X

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Government-Wide Financial Statements

- i. Accrue the amount of July SPLOST distribution (and any June in-transit amounts).

Accounts Receivable – Taxes	X	
SPLOST Revenue		X

- ii. If the SPLOST revenue is related to Capital Projects or Debt Service Fund, increase the Restricted for Capital Projects or Restricted for Debt Service net position accounts, respectively.

Unrestricted Net Position	X	
Restricted for Capital Projects or Debt Service		X

- Title Ad Valorem Tax Receivable** – Title Ad Valorem Tax (TAVT) receivables are for those motor vehicle sales taxes which occurred on or after March 1, 2013, and prior to June 30th. TAVT receivables should be accrued for those revenues received in the subsequent period for sales that occurred prior to June 30th. Title Ad Valorem Tax revenue is not considered a sales tax.

Governmental Fund Financial Statements & Government-Wide Financial Statements

- Accrue the amount of July TAVT distribution (and any June in-transit amounts).

Accounts Receivable – Taxes	X	
Property Taxes		X

- Match Operating Grants & Contributions Revenue and Capital Grants & Contributions Revenue to Functional Expense** – One of the key purposes of the Statement of Activities is to present a comparison between direct expenses and program revenues for each function.

If you are using the GDOE mapped financial statements, an allocation of the Operating Grants & Contributions revenue to the various functions is performed systematically. For Operating Grants & Contributions, the allocation is based on the percentage of each functional expense to total expenses for each program. For Capital Grants & Contributions, the allocation is based on the percentage of depreciation expense by function (except for pupil transportation) to total depreciation expense.

	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
GOVERNMENTAL ACTIVITIES		
Instruction	\$ 40,053,257.49	\$ -
Support Services		
Pupil Services	940,495.98	-
Improvement of Instructional Services	2,285,946.23	-
Educational Media Services	1,080,826.88	-
General Administration	1,164,927.70	-
School Administration	2,020,786.14	-
Business Administration	9,486.70	-
Maintenance and Operation of Plant	2,276,204.02	-
Student Transportation Services	1,201,805.11	77,216.25
Central Support Services	6,202.17	-
Other Support Services	162,630.13	-
Operations of Non-Instructional Services		
Food Services	4,679,802.07	-
Interest on Short-Term and Long-Term Debt	-	-
Total Governmental Activities	\$ 55,882,370.62	\$ 77,216.25

You should review the allocations using the drilldown functionality in the mapped financial statements to ensure the allocation is appropriate. In situations where there is a direct relationship between a grant and an expense function, you should reclassify the activity to show the direct relationship.

On the financial statement templates, each revenue amount is represented by a line item indicating the column and expense function, i.e. Operating Grants & Contributions – Instruction. To move activity from one function to another (i.e. Instruction to Pupil Services), you can make an entry like the following:

Operating Grants & Contributions – Instruction	X	
Operating Grants & Contributions – Pupil Services		X

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Tips:

- If the Amended Formula Adjustment (Austerity Reduction) was not posted to Source 3124 when submitting to GDOE, this activity has been allocated to all functions, which may cause negative balances in the Other Operating Grants and Contributions column on Exhibit B. Using the drilldown functionality in the GDOE website, this activity needs to be reclassified to Instruction.
- The Local 5 Mill source 3140 was mapped directly to Instruction on the **Government-Wide Financial Statements**. Where appropriate, reclassify the Local 5 mills to the appropriate function (consider indirect cost).
- If GSFIC Revenue is allocated to Pupil Transportation functional code, a reclassification entry will be necessary to reallocate the Revenue.
- Ensure the Pupil Transportation State Bonds revenue item is correctly classified as Capital Grants and Contributions.
- Record Liabilities Incurred but Not Reported** – If a claim is asserted and the probable loss is reasonably estimable, the expense and liability should be recognized in the financial statements.

Instruction	X	
Support Services - Maintenance of Operation of Plant	X	
Claims Payable (IBNR)		X

Claims liabilities, including IBNRs, should be based on the estimated ultimate cost of settling the claim, using past experience adjusted for current trends and any other factors that would modify past experience. Expenses and liabilities may be estimated through a case-by-case review of all claims, the application of historical experience to the outstanding claims, or a combination of these methods. Estimates of IBNR losses should be based on historical experience. Review information provided by your third-party administrator for these amounts.

- Record Interest Payable** – Accrue interest due on debt at June 30th, but not paid until after year end.

Interest Expense	X	
Interest Payable		X

- Record Capital Assets** – Capital assets are expensed on the **Governmental Fund Financial Statements** (modified accrual) but should be capitalized on the **Government-Wide Financial Statements** (full accrual).

Governmental Fund Financial Statements

- i. Purchase of Capital Assets (debit the function for which the assets will be used).

Instruction	X	
Educational Media Services	X	
Cash or Accounts Payable		X

- ii. Sale of Capital Assets

Cash	X	
Other Financing Sources – Sale of Capital Assets		X

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- i. An entry will be needed to tie in beginning net position (likely already recorded in Step 2).
- ii. Record capital asset additions and remove the associated expenditure recorded on the Governmental Financial Fund Statements.

Capital Assets (Buildings, Equipment, Construction In Progress, etc.)	X	
Instruction		X
Educational Media Services		X

Instruction	X	
Educational Media Services	X	
Capital Assets - Accumulated Depreciation		X

- iii. Record the deletion of capital assets by removing the assets, associated accumulated depreciation, and by recognizing a gain or loss for the difference.

Capital Assets - Accumulated Depreciation	X	
Gain on Capital Assets (debit if Loss)		X
Capital Assets		X

- iv. If the deletion resulted from a sale, record the deletion by removing the asset, associated accumulated depreciation, Other Financing Source recorded on the **Governmental Fund Financial Statements**, and by recognizing a gain or loss for the difference.

Capital Assets - Accumulated Depreciation	X	
Other Financing Sources – Sale of Capital Asset	X	
Gain on Capital Assets (debit if Loss)		X
Capital Assets		X

- v. The Capital Outlay function on the **Governmental Fund Financial Statements** is not reported on the **Government-Wide Financial Statements** because it is assumed the transactions recorded in this function would be capitalized and thereby removed when the Capital Assets are recorded. If during the mapping process the entire Capital Outlay function is not removed, the remaining activity must be reallocated to other functions. Typically, this allocation is based on the percentages used when allocating depreciation expense.

Instruction	X	
Educational Media Services	X	
Capital Outlay		X

GDOE's Process for Recording Capital Assets on the mapped Financial Statements

*If you use Fund 800 as intended, these entries will already be made on the GDOE mapped financial statements. To produce the Statement of Net Position and the Statement of Activities, GDOE systematically creates the entries above using the balances in Fund 800 and activity maintained in the **Governmental Fund Financial Statements**, all submitted as part of the DE046.*

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The Statement of Net Position reflects the ending balances of the asset accounts in Fund 800, which includes both additions and deletions that occurred during the Fiscal Year. The Statement of Activities reflects the beginning balance from Fund 800. Additionally, expenses are adjusted for the net change in the Capital Asset balances. To accomplish this, GDOE removes all activity in Function 4000 (Capital Outlay) and any activity in the 700 objects in any other function, thus removing what is assumed to be capital asset additions. If the additions to capital assets do not net with the Capital Outlay balance and balance of the 700 objects, the residual balance is reallocated to the other expense functions. The reallocation is made up of any deletions and any items not capitalized by the School District - posted to the Function and Objects for capitalized items in error.

As the accuracy of these entries is dependent on the accuracy of the information in Fund 800, you should take care to ensure the balances are correct at year-end. If not, you will need to make the appropriate adjustments to correct the balances.

- Record Lease Activity – GASB Statement No. 87, Leases, was effective starting FY22. This Statement changed the definition and accounting for lease activity. It establishes a single model for lease accounting based on the principal that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. Georgia Department of Education has prepared [workbooks](#) to assist in calculating the various required components of lease activity – for both lessee and lessor accounting.**

*Lessee Overview: On the **Governmental Fund Financial Statements**, leases are recognized as an Other Financing Source and Expense in the year of inception and the subsequent payments are expensed as Debt Service. On the **Government-Wide Financial Statements**, a Long-Term Liability and Intangible Right-to-Use Asset is recognized in the year of inception. *If you recorded this activity in Fund 800/900, these entries will be made to the GDOE mapped Financial Statements.**

Governmental Fund Financial Statements

- i. Record the lease in the year of inception.

Capital Outlay (or appropriate Function)	X	
Other Financing Sources – Leases		X

- ii. Subsequent lease payments

Debt Service – Principal Payment	X	
Debt Service – Interest		
Cash		X

Government-Wide Financial Statements

- i. Record the lease in the year of inception. Record the asset and the liability. Remove the expense and the Other Financing Source recorded on the **Governmental Fund Financial Statements**.

Intangible Right to Use Asset (equipment, building, etc.)	X	
Capital Outlay		X

(Note: If the asset has been recorded in Fund 800, this entry is done as part of the process described in the capital asset section.)

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Other Financing Sources – Leases	X	
Long-Term Liability – Leases (Due Within One Year)		X
Long-Term Liability – Leases (Due in More Than One Year)		

ii. In subsequent years, an entry will be needed to tie in beginning net position, thus reestablishing the Lease Liability (likely already done in Step 2).

iii. Record Amortization Expense for Intangible Right-to-Use asset.

Amortization Expense – Right-to-Use	X	
Accumulated Amortization – Right-to-Use Asset		X

iv. Record subsequent lease payments by removing the Debt Service expense recorded on the **Governmental Fund Financial Statements** and reducing the Lease Liability.

Long-Term Liability – Leases	X	
Debt Service – Lease Principal Payment		X

Lessor Overview: On the **Governmental Fund Financial Statements and Government-Wide Financial Statements**, leases, where the School District is the lessor, are recognized by recording a lease receivable and a deferred inflow of resources.

- Record Compensated Absences Activity** – Compensated Absences are not reported as liabilities on the **Governmental Fund Financial Statements** because they are not liquidated with current available financial resources but the balance should be reflected as a liability on the **Government-Wide Financial Statements**.

Government-Wide Financial Statements

- i. An entry will be needed to tie in beginning net position (likely already recorded in Step 2).
- ii. Current compensated absences activity is expensed the liability is adjusted.

General Administration (or appropriate function)	X	
Long-Term Liability – Compensated Absences		X

If the activity is recorded in Fund 900, the net change in the payable is allocated to various functions by GDOE.

- Record Bond Activity** – On the **Governmental Fund Financial Statements**, bonds are recognized as an Other Financing Source in the year of inception and the subsequent payments are expensed as Debt Service. On the **Government-Wide Financial Statements**, a Long-Term Liability is recognized in the year of inception. *If you recorded this activity in Fund 900, these entries will be made to the GDOE mapped Financial Statements.*

Governmental Fund Financial Statements

- i. Record the bond proceeds in the year of inception. Bonds proceeds should be recorded in the year of issuance at Par Value. An Other Financing Source should be recognized for any Bond Premium and an Other Financing Use should be recognized for any Bond Discount

Cash	X	
Other Financing Use – Discount on Bonds	X	
Other Financing Sources – Bond Proceeds		X
Other Financing Sources – Premium on Bonds		X

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ii. Subsequent bond payments

Debt Service – Bond Principal Payment	X	
Debt Service – Bond Interest Payment		
Cash		X

Government-Wide Financial Statements

i. Record the bonds in the year of inception. Record the Long-Term Liabilities for the bond, as well as any premium or discount, and remove the associated Other Financing Sources and/or Other Financing Use recorded on the **Governmental Fund Financial Statements**.

Other Financing Sources – Bond Proceeds	X	
Other Financing Sources – Premium on Bonds	X	
Long Term Liability – Discount on Bonds	X	
Long Term Liability – Bonds Payable		X
Long Term Liability – Premium on Bonds		X
Other Financing Use – Discount on Bonds		X

ii. In subsequent years, an entry will be needed to tie in beginning net position, thus reestablishing the Bonds Payable balance (likely already done in Step 2).

iii. Record subsequent bond payments and amortize any premium or discount. The payment should reduce the Bonds Payable and remove the Debt Service expense recorded on the **Governmental Fund Financial Statements**. When amortizing any associated discount or premium, the entry should reduce the associated Long-Term Liability account and increase or decrease interest expense. Common examples are included below:

Example 1: Bonds Issued at Par (No Amortization Needed)

Long-Term Liability – Bonds Payable	X	
Debt Service – Bond Principal Payment		X

Example 2: Bonds Issued at a Premium

Long-Term Liability – Bonds Payable	X	
Long-Term Liability – Premium on Bonds	X	
Debt Service – Bond Principal Payment		X
Interest Expense on Debt		X

Example 3: Bonds Issued at a Discount

Interest Expense on Debt	X	
Long-Term Liability – Bonds Payable	X	
Debt Service – Bond Principal Payment		X
Long-Term Liability – Discount on Bonds		X

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Bond Issuance Costs

Regardless of whether the bond is issued at Par, at a Premium, or at a Discount, the bond issuance costs should be expensed on both the **Government-Wide Financial Statements** and the **Governmental Fund Financial Statements**. These expenses will probably be removed from the total cash received from the sale of bonds, but Bond Proceeds should be recognized for the full amount of Par Value. Typically, this entry is combined with the entry to record the bond proceeds.

Business Admin - Bond Issuance Cost	X	
Cash		X

Refunding Bonds

Governmental Fund Financial Statements

- i. Record the proceeds from the refunding bond.

Cash	X	
Business Admin - Bond Issuance Cost	X	
Other Financing Sources – Refunding Bond Proceeds		X

- ii. Record the remittance of the refunding bonds to the bond escrow agent using the refunding bond proceeds and other debt service funds if applicable.

Debt Service - Advance Refunding Escrow	X	
Other Financing Use – Payment to Escrow Agent	X	
Cash		X

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- i. Record the Liability in the year of inception. Remove any Expense and Other Financing Sources or Uses recorded on the Governmental Fund Financial Statements. Any difference between the net carrying value of the debt being refunded and its reacquisition price must be set up as deferred inflows or outflows and amortized over the life of the bonds. *Note: Bond Issuances Cost were expensed as Business Admin Expense on the **Governmental Fund Financial Statements** and will flow to the **Government-Wide Financial Statements**.*

Deferred Outflows/Inflows – Refunding	X	
Long-Term Liability - Bonds Payable (Old)	X	
Other Financing Sources – Refunding Bond Proceeds	X	
Debt Service - Advance Refunding Escrow		X
Other Financing Use – Payment to Escrow Agent		X
Long-Term Liability – Bonds Payable (New)		X

- ii. Record the subsequent amortization of the deferred inflows/outflows and any premium or discount.

Interest Expense on Debt	X	
Deferred Outflows/Inflows – Refunding		X
Long-Term Liability – Discount on Bonds		X

All entries related to amortization of premiums, discounts, or deferred outflows/inflows will need to be made on the Government-Wide Statements as these items are expensed on the Governmental Fund Statements.

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The issuance of bonds is considered an infrequent/nonroutine transaction. If you have questions, contact your auditor for technical assistance.

Net Pension Liability

GASB 68, Accounting and Financial Reporting for Pensions, and GASB 71, Pension Transition for contributions Made Subsequent to the Measurement Date, require governments providing defined benefit pensions to recognize their long-term obligation for pension benefits and to more comprehensively and comparably measure the annual costs of pension benefits.

GDOE developed templates to assist the school districts in the development the appropriate entries. The templates, associated instructions, and other information is available on their [website](#).

Other Post-Employment Benefits (OPEB) Liability

GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, requires the reporting of an OPEB liability estimated based on actuarial information. OPEB is defined as benefits other than pensions that state and local governments provide their retired employees. These benefits principally involve retiree health care benefits, but they also can include life insurance, legal, disability, and other services.

GDOE developed templates to assist the school districts in the development the appropriate entries. The templates, associated instructions, and other information is available on their [website](#).

Other Conversion Entries – Consider the transaction recognition criteria and make adjustments as needed.

5. Determine whether elimination entries for Governmental Activities are needed. As the governmental funds are combined to make up the Governmental Activities on the Government-Wide Statements, the activity between funds (General, Capital Projects, Debt Service, and Non-Major) needs to be eliminated for reporting purposes.

Net Transfers – Transfers between Governmental Funds

Transfers In	X	
Transfers Out		X

These entries may not eliminate transfers completely if there is activity between governmental, proprietary and/or fiduciary funds.

Interfund Balances – Receivables and Payables between Governmental Funds

Accounts Payable	X	
Accounts Receivable		X

6. Determine whether any activity needs to be reclassified for reporting purposes. Common entries are listed below:

The State Chart of Accounts maintained by GDOE does not include the most complete breakdown desired for reporting in the financial statements. As such, the following reclassification entries should be created to assist in consistently presenting the financial statements.

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- Break out Current Portion of Long-Term Liabilities - For all long-term liabilities (leases, compensated absences, bonds, and other long-term liabilities), the current portion (due within 1 year) should be shown separately on the face of the financial statements. As such, reclassification entries should be made to the Long-Term Liabilities accounts to move the current portion to its line on the statements.

Long Term Liability – More than 1 year	X	
Long Term Liability – Due in 1 year		X

- Ensure Cash and Investments are broken down properly on the face of the statements.
- Break out Federal Receivables from State and Other Receivables
- Ensure that tax revenue has been categorized properly between property tax, SPLOST, other, etc.
- Break Accounts Payable into its components
 - Accounts Payable
 - Retainage Payable
 - Claims Payable
 - Contracts Payable
- Review miscellaneous revenue and reclassify the account balance as appropriate
- Ensure that Other Financing Sources and Uses other than Proceeds from Long-Term Debt (Bonds, Leases, Other) are appropriately reflected on Exhibit B.

7. Ensure ending Net Position Balances are accurately stated and that all entries made during the financial statement preparation process have been considered. Some tips are listed below:

- Ensure the balance for Net Investment in Capital Assets was increased by the amount of the bond proceeds that remain unspent (Use worksheet provided in the Audit Packet.)
- Ensure the balance for Restricted of Capital Projects has been reduced by the amount of the unspent bond proceeds.
- Ensure the balances for Restricted for Capital Projects and Debt Service have been adjusted for the accrual entries related to taxes (Property & SPLOST).
- Ensure the balances for Restricted for Debt Service have been adjusted for the accrual entries related to Interest due through June 30th on Debt.
- Ensure the balances for Net Position, Unrestricted, have been adjusted for various items such as compensated absences, the capital outlay expenditures for uncapitalized items, the amortized bond issuance costs, the accrual entries related to Property Taxes, claims incurred but not reported, and any other entries necessary to adjust the convert from modified accrual to full accrual.
- On the **Government-Wide Financial Statements**, the Net Position, Net Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position should be reconcilable back to the **Governmental Fund Financial Statements** Fund Balance classifications of Nonspendable, Restricted, Committed, Assigned and Unassigned.

FINANCIAL STATEMENT PREPARATION GUIDE

Government-Wide Financial Statements

General Reporting Relationships between Fund Balance and Net Position

- Fund Balance - Nonspendable for Food Inventories is reported as Net Position – Restricted for Continuation of Federal Program
- Fund Balance – Nonspendable for Consumable Supply Inventories is reported as Net Position –Unrestricted
- Fund Balance - Nonspendable (for prepaid items) is reported as Net Position – Unrestricted
- All other Fund Balance - Restricted are reported as Net Position – Restricted
- Fund Balances - Committed, Assigned or Unassigned are reported as Net Position – Unrestricted

This document contains the most common activities required when preparing the **Government-Wide Financial Statements**. It is by no means an all-inclusive list of entries required. As the financial statement preparer, you should make sure you have an adequate understanding of the recognition criteria for financial statement line items. Should questions arise around specific transactions or events, we encourage you to talk to your auditor or other financial professional to get technical assistance.