

# FINANCIAL STATEMENT PREPARATION GUIDE

## Fund Financial Statements

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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).**

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### ***Fund Financial Statements***

The School District manages its day to day activities and reports on its financial position and the results of its operations using funds. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain governmental functions or activities. A fund is defined as a separate accounting entity with a self-balancing set of accounts.

### ***Definition of Funds***

Georgia School Districts record financial transactions into numerous funds, which are defined by the State Chart of Accounts maintained by GDOE. For the purposes of reporting, the school district should align the funds maintained on their books to the following fund types, which are describe in more detail in the following section:

Governmental Funds

Proprietary Funds

Fiduciary Funds

The School districts must identify major funds, in addition to the General Fund, which due to quantitative or qualitative significance are presented in separate columns on the face of the financial statements.

### ***Governmental Funds***

Governmental Fund Statements assist users in determining current needs of the School District and whether the School District is able to meet those needs. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. As such, revenues are recognized when “measurable” and “available”. Most School Districts consider all revenues reported in the governmental funds to be available if they are collected within sixty to ninety days after year-end. As a best practice, the district should have a policy defining what constitutes “available” for the purpose of revenue recognition.

Generally, expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, claims and judgments, and compensated absences are recognized as expenditures to the extent they have matured. In the governmental funds, capital asset acquisitions are reported as expenditures and proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

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### *Five Types of Governmental Funds*

**General Fund** – typically the district’s main operating fund, accounting for and reports all financial resources not accounted for and reported in another fund.

**Special Revenue Funds** – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than capital projects and debt service.

**Capital Projects Funds** – used to account for and report financial resources including Special Purpose Local Option Sales Tax (SPLOST), Bond Proceeds and grants from Georgia State Financing and Investment Commission that are restricted, committed, or assigned to the expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**Debt Service Funds** – used to account for and report financial resources that are restricted, committed, or assigned for the payment of general long-term principal and interest, which includes legally restricted taxes (property and sales).

**Permanent Funds** – used to account for and report resources that are legally restricted, allowing only the earnings they generate to be used, but not the resource itself.

Items to note related to Governmental Funds:

- The General Fund will always be considered major.
- Most School Districts report the combined Capital Projects and combined Debt Service Funds as major governmental funds.
- Funds previously classified as Special Revenue prior to GASB 34 have been redefined as part of the General Fund. GASB 34 allows the preparers of statements to separate the funds but does not require it. Given that the revenues and expenditures in these funds are used for the primary function of the School District, to educate children, it was determined that it was unnecessary to segregate these funds into a separate column.

### *Proprietary Funds*

Proprietary Fund Statements are used to report activities at the school district which are operated like a business. This fund type includes both Internal Service Funds and Enterprise Funds.

**Internal Service Funds** – track activity related to services provided internally to the district’s other funds

**Enterprise Funds** – track activity for services for which a fee is charged directly to the users of the service

### *Fiduciary Funds*

Fiduciary Fund Statements are used to report activities for which the School District acts solely as a fiduciary agent for someone else. This fund type includes both Private-Purpose Trust Funds, Pension Trust Funds, and Custodial Funds.

**Private Purpose Trust Funds** – track activity related to trust agreements

**Pension Trust Funds** – track activity for related to pension benefits

**Custodial Funds** – track activity for resources held on a temporary, purely custodial basis

Proprietary Funds, Private Purpose Trust Funds, and Pension Trust Funds are reported using the economic resources measurement focus. All proprietary and fiduciary funds use the full accrual basis of accounting.

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### *Preparing Governmental Fund Statements*

#### *The General Fund*

1. Ensure all General Fund activity on the General Ledger has been appropriately presented.
  - 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. The general fund, as presented in the financial statements, will consist of multiple funds maintained on the general ledger. Identify the funds which should be reported in the General Fund Column.
    - i. If the school district is using the financial statements produced by GDOE, the following funds are included in the General Fund:
      1. Funds 1XX, 4XX, and 5XX
      2. Funds 6XX (except 693)

*Note: If fund 693 was rolled into fund 600 when submitting the DE046, then fund 693 is automatically in the General Fund. If not rolled into the General Fund, it is mapped as a proprietary fund in line with the state chart of accounts. If fund 693 should not be a proprietary fund, and it wasn't rolled into the fund 600 on the DE046, create a journal entry to move the activity from the proprietary fund to the general fund.*
    - ii. Review the prior year financial statements and supporting documentation to determine what funds were included in the General Fund.
    - iii. Discuss any questions with your auditor
    - iv. Create the appropriate entries to move activity that was misclassified.
  - c. Segregate school activity accounts between Governmental Funds and Custodial Funds. Most likely if the district is using GDOE's chart of accounts, the student activity accounts that have governmental activities are recorded in fund 500 or 505 and those with custodial/fiduciary activities are recorded in 705.

2. Ensure the beginning fund balance ties to the prior year audited financial statements. For variances consider:

- a. Entries made to the Fund Balance Accounts on the General Ledger
  - i. Ensure that inventories have been converted from the Purchases Method (Expensed as Purchased) to the Consumption Method (Expensed as Consumed) as required by GAAP.

*Using the Purchases Method, when purchasing inventory items, you have debited expense and credited cash or accounts payable. Periodically, as adjustments to inventory occur, a debit is made to the inventory balance and a credit to the "Nonspendable for Inventory" fund balance account. The adjustments that you make to the "Nonspendable for Inventory" fund balance account are mapped as Adjustment to Fund Balance on the Financial Statements. To convert to the consumption method, adjust the expense account where inventory purchases are recorded by the amount of the change in nonspendable inventory from prior year to current year. The adjustment to expense could be a debit or credit offset by a debit or credit to the "Adjustments to Fund Balance" line on the financial statements.*

- ii. Reclassify activity related to the return of prior year grant monies
- iii. Reclassify other adjustments made directly to the fund balance accounts

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- b. Entries made on the Financial Statement Templates in the prior year with an impact to fund balance, such as accruing assets or liabilities or restating fund balance
  - c. Entries approved for the auditor to make on your behalf during the audit process
3. Ensure all activity that should be recognized on the modified accrual basis has been recorded. Consider the items below:
- a. Revenue that is measurable and available and **has not been previously recorded on the general ledger**.
    - Record a receivable for delinquent ad valorem tax revenue due at 6/30.  
*NOTE: Apply any fee withheld by the tax commissioner prior to accrual.*
    - Record Deferred Inflows of Resources for the portion of delinquent ad valorem tax revenue **not** received in July or August of the subsequent period.
    - Record QBE Receivables for the revenue to cover the expenditures for Summer Salaries and Benefits
    - Record Receivable for interest earned on investments, but not yet received
    - Record any other receivables as needed
  - b. Expenditures that have been incurred or expenses related to long term debt to the extent they have matured and **have not been previously recorded on the general ledger**.
    - Record Payables for any invoices dated “prior to” or “on 6/30.”
    - Record Current Year Summer Salary and Benefit Accruals

If these entries were made to the ledger prior to the close of the fiscal year, you do not need to make the adjustments to your financial statements (template).

4. Determine whether elimination entries for activity between funds aggregated in the General Fund column are needed.

*As numerous fund numbers maintained on the general ledger are aggregated in one, there is a need to consider activity that takes place between the funds that are being combined. For example, if Fund 100 makes a transfer to cover expenditures in another fund that is being mapped into the General Fund, this activity should be eliminated for reporting purposes. Do not eliminate activity between funds reported in separate columns. For example, a transfer between Capital Projects and Debt Service would not be eliminated.*

Consider the following potential elimination entries:

- Transfers between funds reported in the General Fund column
- Indirect cost revenues and expenses between funds reported in the same column
- School Activity Account’s payments to central office
- School Food Service Fund reimbursement to General Fund for salaries, or other expenditure reimbursements.

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- Payments to General Fund from other funds in the same column for workers compensation and unemployment payments.
- Receivables and Payables between funds reported in the same column
- Payments to payroll clearing fund from other funds
- Transfers to Worker's Compensation Funds or Other Benefit Programs

5. Determine whether any activity needs to be reclassified for reporting purposes. Common examples 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, reclassification entries should be considered to assist in consistently presenting the financial statements.*

- Ensure Cash and Investments are identified separately on the face of the statements.  
(Ga Fund 1 is reported as Cash.)
- Break out Federal Receivables from State and Other Receivables
- Break out Accounts Payable into its components
  - Accounts Payable
  - Contracts Payable
  - Claims Payable

6. Ensure fund balance has been appropriately classified using the definitions from GASB 54.

*Each School District must adopt a policy and determine which type of fund balance classifications will be reported in the Governmental Funds. Because there will be different classifications at each School District, a reclassifying entry should be posted to the financial statements mapped by GDOE. See Section VIII – Recommended Best Practices of the Financial Management for Georgia Local Units of Administration (FMGLUA) manual.*

The definitions and requirements of the Fund Balance classifications outlined in GASB 54 are listed below:

- A. **Nonspendable** – includes amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact, i.e. inventory balances, prepaids, permanent fund balances, long-term receivable balances.
- B. **Restricted** – includes amounts that have constraints placed on the use of resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation, i.e. SPLOST receipts.
- C. **Committed** – includes amounts that have constraints placed on the use of resources by **formal** action of the Board. As the School District's highest level of decision-making authority, the Board of Education must take formal action, in the form of an approved Board resolution, to establish, modify, or rescind a commitment of fund balance for a specific purpose. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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- D. Assigned – includes amounts that are constrained by the School District’s intent to be used for specific purposes but are neither restricted nor committed. The intent to spend resources for a specific purpose should be expressed by (1) the Board of Education or (2) the budget or finance committee or the Superintendent or designee, i.e. local capital outlay projects.
- E. Unassigned – the residual classification for the fund balance amounts that have not been restricted, committed, or assigned to specific purposes.

For efficiency, it is best to prepare this reclassification entry last to ensure the impact of any adjusting or correcting entries made during the preparation of the financial statements are considered.

### Capital Projects Funds

1. Ensure all Capital Projects activity on the General Ledger has been appropriately presented.
  - 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. The Capital Projects fund as presented on the financial statements will include the aggregate of all Capital Projects Funds maintained on the ledger. *If your school district is using the financial statements produced by the Department of Education, all funds in the 300 range are mapped to the Capital Projects Fund column. If activity is mapped incorrectly, create a journal entry to move the activity to the correct fund.*
2. Ensure the beginning fund balance ties to the prior year audited financial statements. For variances consider:
  - a. Entries made to the Fund Balance Accounts on the General Ledger
  - b. Entries made on the Financial Statement Templates in the prior year with an impact to fund balance, such as accruing assets or liabilities or restating fund balance
  - c. Entries approved for the auditor to make on your behalf during the audit process
3. Ensure all activity that should be recognized on the modified accrual basis has been recorded. Consider the items below:
  - a. Revenue that is measurable and available and **has not been previously recorded on the general ledger**.
    - Record Receivable for interest earned on investments, but not yet received
    - Record receivables for State Funds, payables for June invoices.  
Note: If any receivables are received outside of the revenue recognition period established by your School District (generally 60 days after June 30<sup>th</sup>), record a Deferred Inflow of Resources instead of Revenue.
    - Record any SPLOST receivables for July receipts, as well as June receipts not yet received.
    - Record any other receivables as needed

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b. Expenditures that have been incurred or expenses related to long term debt to the extent they have matured and ***have not been previously recorded on the general ledger.***

- Record Payables for any invoices dated “prior to” or “on 6/30.”
- Record construction and architect contracts payable for June.
- Record retainage payables to contractors.
- Record Summer Salary and Benefits Payable, where appropriate.

c. Other Capital Projects Activity

- Record Transfers for any “required local match” for GSFIC Projects.
- Ensure that new bond issues have been properly recorded. For technical assistance, contact your auditor. Listed below are tips to assist you in this process.
  1. Bond Proceeds Revenue should be recorded at Par Value
  2. Bond Issuance Cost should be recorded in the Business Administration Function (2500)
  3. Premiums should be recorded as an “Other Source”
  4. Discounts should be recorded as an “Other Use”
  5. Accrued interest on bonds sold should be recorded as an “Other Source” in the Debt Service Fund

If these entries were made to the ledger prior to the close of the fiscal year, you do not need to make the adjustments to your financial statements (template).

4. Determine whether elimination entries for activity between funds aggregated in the Capital Projects Fund column are needed.

*As numerous fund numbers maintained on the general ledger are aggregated in one, there is a need to consider activity that takes place between the funds that are being combined. For example, if Fund 301 makes a transfer to cover expenditures in Fund 305 both of which are being mapped into the Capital Projects Fund, this activity should be eliminated for reporting purposes. Do not eliminate activity between funds reported in separate columns. For example, a transfer between Capital Projects and Debt Service would not be eliminated.*

Consider the following potential elimination entries:

- Transfers between funds reported in the Capital Projects column
- Receivables and Payables between funds reported in the Capital Projects column

5. Determine whether any activity needs to be reclassified for reporting purposes. Common examples 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, reclassification entries should be considered to assist in consistently presenting the financial statements.*

- Ensure Cash and Investments are identified separately on the face of the statements.  
(Ga Fund 1 is reported as Cash.)

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Break out Accounts Payable into its components

Accounts Payable

Retainage Payable

Contracts Payable

6. Ensure fund balance has been appropriately classified using the definitions from GASB 54. For efficiency, it is best to prepare this reclassification entry last to ensure the impact of any adjusting or correcting entries made during the preparation of the financial statements are considered.

*Typically, the Fund Balance in Capital Projects presented as Restricted for Capital Projects. A balance may be classified as Unrestricted if local monies have been transferred from the General Fund. These local monies are not subject to legal restrictions like SPLOST or other revenues for Capital Projects.*

### Debt Service Funds

1. Ensure all Debt Service activity on the General Ledger has been appropriately presented.
  - 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. The Debt Service fund as presented on the financial statements will include the aggregate of all Debt Service Funds maintained on the ledger. *If your school district is using the financial statements produced by the Department of Education, all funds in the 200 range are mapped to the Debt Service column.* If activity is mapped incorrectly, create a journal entry to move the activity to the correct fund.
2. Ensure the beginning fund balance ties to the prior year audited financial statements. For variances consider:
  - a. Entries made to the Fund Balance Accounts on the General Ledger
  - b. Entries made on the Financial Statement Templates in the prior year with an impact to fund balance, such as accruing assets or liabilities or restating fund balance
  - c. Entries approved for the auditor to make on your behalf during the audit process
3. Ensure all activity that should be recognized on the modified accrual basis has been recorded. Consider the items below:
  - a. Revenue that is measurable and available and **has not been previously recorded on the general ledger.**
    - Record Receivable for interest earned on investments, but not yet received
    - Record any other receivables as needed
  - b. Expenditures that have been incurred or expenses related to long term debt to the extent they have matured and **have not been previously recorded on the general ledger.**
    - Record Payables for any invoices dated “prior to” or “on 6/30.”

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c. Other Debt Service Activity

- Ensure accrued interest on new bond issues has been recorded as a source in the Debt Service Fund.
- Ensure QZAB escrow account is recorded as an investment and any gains or losses are reflected on the financial statements.
- Ensure the QSCB interest subsidy is recorded as miscellaneous revenue and interest expense.

If these entries were made to the ledger prior to the close of the fiscal year, you do not need to make the adjustments to your financial statements (template).

4. Determine whether elimination entries for activity between funds aggregated in the Debt Service Fund column are needed.

*As numerous fund numbers maintained on the general ledger are aggregated in one column, there is a need to consider activity that takes place between the funds that are being combined. For example, if Fund 201 makes a transfer to cover expenditures in Fund 205 both of which are being mapped into the Debt Service Fund, this activity should be eliminated for reporting purposes. Do not eliminate activity between funds reported in separate columns. For example, a transfer between Capital Projects and Debt Service would not be eliminated.*

Consider the following potential elimination entries:

- Transfers between funds reported in the Debt Service column
- Receivables and Payables between funds reported in the Debt Service column

5. Determine whether any activity needs to be reclassified for reporting purposes. Common examples 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, reclassification entries should be considered to assist in consistently presenting the financial statements.*

- Ensure Cash and Investments are identified separately on the face of the statements.  
(Ga Fund 1 is reported as Cash.)
- Ensure that any payments on bonds are broken out correctly between principal payments and interest.

6. Ensure fund balance has been appropriately classified using the definitions from GASB 54. For efficiency, it is best to prepare this reclassification entry last to ensure the impact of any adjusting or correcting entries made during the preparation of the financial statements are considered.

*Typically, the Fund Balance in Debt Service presented as Restricted for Debt Service. At a minimum the restricted balance should cover the principal and interest payments required before 12/31 of the next fiscal year. Note: In some cases, the Reserve for Debt Service may be presented in the Capital Projects Fund.*

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### *Non-Major Governmental Funds*

1. Ensure all activity for Nonmajor Governmental Funds on the General Ledger has been appropriately presented.
  - 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. Review the prior year audit report and financial statement templates to determine how funds were presented in the prior year.
  - c. Discretely Presented Component Unit
    - i. Determine whether the School District has any “LEA Start Up” charter schools. If so, the activity for this school may be recorded as a discretely presented component unit. For technical assistance, contact your auditor.
    - ii. If the LEA Start-Up Charter School(s) is included on your DE046 in the General Fund, make appropriate entries to remove the activity from the General Fund and record as a discretely presented component unit.
2. Ensure the beginning fund balance ties to the prior year audited financial statements. For variances consider:
  - a. Entries made to the Fund Balance Accounts on the General Ledger
  - b. Entries made on the Financial Statement Templates in the prior year with an impact to fund balance, such as accruing assets or liabilities or restating fund balance
  - c. Entries approved for the auditor to make on your behalf during the audit process
3. Ensure all activity that should be recognized on the modified accrual basis has been recorded. Consider the items below:
  - a. Revenue that is measurable and available and ***has not been previously recorded on the general ledger.***
    - Record Receivable for interest earned on investments, but not yet received
    - Record any other receivables as needed
  - b. Expenditures that have been incurred or expenses related to long term debt to the extent they have matured and ***have not been previously recorded on the general ledger.***
    - Record Payables for any invoices dated “prior to” or “on 6/30.”

If these entries were made to the ledger prior to the close of the fiscal year, you do not need to make the adjustments to your financial statements (template).

4. Determine whether elimination entries for activity between funds aggregated in the Non Major Fund column or the Component Units column are needed.

*As numerous fund numbers maintained on the general ledger are aggregated to in column, there is a need to consider activity that takes place between the funds that are being combined. Do not eliminate activity between funds reported in separate columns.*

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Consider the following potential elimination entries:

- Transfers between funds reported in the same column
- Receivables and Payables between funds reported in the same column

5. Determine whether any activity needs to be reclassified for reporting purposes. Common examples 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, reclassification entries should be considered to assist in consistently presenting the financial statements.*

- Ensure Cash and Investments are identified separately on the face of the statements.  
(Ga Fund 1 is reported as Cash.)

- Break out Accounts Payable into its components

6. Ensure fund balance has been appropriately classified using the definitions from GASB 54. For efficiency, it is best to prepare this reclassification entry last to ensure the impact of any adjusting or correcting entries made during the preparation of the financial statements are considered. Additional information related to the fund balance classifications can be found in the General Fund Section under Step 6.

### *Other Considerations*

When an entry is made to the Governmental Fund Statement templates, you must consider the impact of the entry on the Government-wide Financial Statements. For example, if a receivable is set up in one of the funds, it is likely the receivable and revenue should be carried forward and posted as a journal entry to the Government-wide template. The same holds true when payables are created, the liability and expense should be carried forward and posted as a journal entry to the Government-wide Financial Statement template.

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### *Preparing Fiduciary Fund Statements*

#### *Private-Purpose Trust Funds*

1. Ensure all activity for Private Purpose Trust Funds on the General Ledger has been appropriately presented.
  - 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. The Private Purpose Trust Funds as presented on the financial statements will include the aggregate of all Private Purpose Trust Funds maintained on the ledger. *If your school district is using the financial statements produced by the Department of Education, all funds in the 700 range, except for 705, are mapped to the Private Purpose Trust Fund column.* If activity is mapped incorrectly, create a journal entry to move the activity to the correct fund.
  - c. Review the prior year audit report and financial statement templates to determine how funds were presented in the prior year.
  - d. Ensure that no other fund type has been rolled inappropriately into this Fund. Many school districts maintain activity on their General Ledger in the 7XX (except 705 – Custodial Funds) fund range that does not meet the definition of Private Purpose Trust Funds. If the School District has funds that have been mapped into the Private Purpose Trust Fund column incorrectly, a journal entry should be created to move the activity to the appropriate fund (usually General Fund or Custodial Funds). An example of common funds kept in this range that do not qualify as a private purpose trust fund are the workers compensation fund, unemployment funds, and internal service funds.
2. Ensure the beginning net position ties to the prior year audited financial statements. For variances consider:
  - a. Entries made to the Net Position Accounts on the General Ledger
  - 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. Ensure all activity that should be recognized on the accrual basis has been recorded. Consider the items below:
  - a. Revenue that is measurable and earned and ***has not been previously recorded on the general ledger.***
    - Record Receivable for interest earned on investments, but not yet received
    - Record any other receivables as needed
  - b. Expenditures that have been incurred and ***have not been previously recorded on the general ledger.***
    - Record Payables for any invoices dated “prior to” or “on 6/30.”

If these entries were made to the ledger prior to the close of the fiscal year, you do not need to make the adjustments to your financial statements (template).

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4. Determine whether elimination entries for activity between funds aggregated in the Private Purpose Trust Fund column are needed.
5. Determine whether any activity needs to be reclassified for reporting purposes. Common examples 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, reclassification entries should be considered to assist in consistently presenting the financial statements.*

- Ensure Cash and Investments are identified separately on the face of the statements.  
(Ga Fund 1 is reported as Cash.)
- Ensure liabilities that are not classified as accounts payable or funds held for others are reclassified to Other Liabilities for simple reporting
- Break out the Additions and Deductions into the appropriate components
  - i. Additions should include: Contributions – Donors and Investment Earnings (Less Expenses)
  - ii. Deductions should include: Scholarships, Refunds of Contributions, and Administrative Expenses

6. Ensure net position has been appropriately classified as “Held in Trust for Private Purposes”.

### *Custodial Funds*

1. Ensure all activity for Custodial Funds on the General Ledger has been appropriately presented.
  - 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. The Custodial Funds column as presented on the financial statements will include the aggregate of all Custodial Funds maintained on the ledger. *If your school district is using the financial statements produced by the Department of Education, fund 705 is mapped to the Custodial Fund column.* If activity is mapped incorrectly, create a journal entry to move the activity to the correct fund.
  - c. Review the prior year audit report and financial statement templates to determine how funds were presented in the prior year.
  - d. Ensure that no other fund type has been rolled inappropriately into this Fund.
2. Ensure the beginning net position ties to the prior year audited financial statements. For variances consider:
  - a. Entries made to the Net Position Accounts on the General Ledger
  - 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

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3. Ensure all activity that should be recognized on the accrual basis has been recorded. Consider the items below:

a. Receivables

Record Receivable for interest earned on investments, but not yet received

Record any other receivables as needed

b. Payables

Record Payables for any invoices dated “prior to” or “on 6/30.”

If these entries were made to the ledger prior to the close of the fiscal year, you do not need to make the adjustments to your financial statements (template).

4. Determine whether elimination entries for activity between funds aggregated in the Custodial Fund column are needed.

5. Determine whether any activity needs to be reclassified for reporting purposes. Common examples 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, reclassification entries should be considered to assist in consistently presenting the financial statements.*

Ensure Cash and Investments are identified separately on the face of the statements.  
(Ga Fund 1 is reported as Cash.)

Ensure liabilities that are not classified as accounts payable or funds held for others are reclassified to Other Liabilities for simple reporting.

Break out the Additions and Deductions into the appropriate components

i. Additions should include: Contributions – Donors and Investment Earnings (Less Expenses)

ii. Deductions should include: Scholarships, Refunds of Contributions, and Administrative Expenses

6. Ensure net position has been appropriately classified as “Individuals, Organizations, and Other Governments”.

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### *Preparing Proprietary Fund Statements*

#### *Enterprise Funds*

1. Ensure all activity for Enterprise Funds on the General Ledger has been appropriately presented.
  - 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. The Enterprise Funds column as presented on the financial statements will include the aggregate of all Enterprise Funds maintained on the ledger. *If your school district is using the financial statements produced by the Department of Education, fund 693 is mapped to the Enterprise Fund column. If Fund 693 should not be included as an Enterprise Fund, create an entry to move it to the appropriate fund type. If activity is mapped incorrectly, create a journal entry to move the activity to the correct fund.*
  - c. Review the prior year audit report and financial statement templates to determine how funds were presented in the prior year.
  - d. Ensure that no other fund type has been rolled inappropriately into this Fund.
2. Ensure the beginning net position ties to the prior year audited financial statements. For variances consider:
  - a. Entries made to the Net Position Accounts on the General Ledger
  - 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 fund balance
  - c. Entries approved for the auditor to make on your behalf during the audit process
3. Ensure all activity that should be recognized on the accrual basis has been recorded. Consider the items below:
  - a. Revenue that is earned and available and ***has not been previously recorded on the general ledger.***
    - Record Receivable for interest earned on investments, but not yet received
    - Record any other receivables as needed
  - b. Expenditures that have been incurred and ***have not been previously recorded on the general ledger.***
    - Record Payables for any invoices dated “prior to” or “on 6/30.”

If these entries were made to the ledger prior to the close of the fiscal year, you do not need to make the adjustments to your financial statements (template).

4. Determine whether elimination entries for activity between funds aggregated in the Enterprise Fund column are needed.

Consider the following potential elimination entries:

- Transfers between funds reported in the same column

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Receivables and Payables between funds reported in the same column

5. Determine whether any activity needs to be reclassified for reporting purposes. Common examples 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, reclassification entries should be considered to assist in consistently presenting the financial statements.*

Ensure Cash and Investments are identified separately on the face of the statements.  
(Ga Fund 1 is reported as Cash.)

6. Ensure net position balances have been appropriately classified as Unrestricted, as Restricted, or as Net Investment in Capital Assets.

### *Internal Service Funds*

1. Ensure all activity for Internal Service Funds on the General Ledger has been appropriately presented.

- 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. The Internal Service Funds column as presented on the financial statements will include the aggregate of all Internal Service Funds maintained on the ledger. If activity is mapped incorrectly, create a journal entry to move the activity to the correct fund.
- c. Review the prior year audit report and financial statement templates to determine how funds were presented in the prior year.
- d. Ensure that no other fund type has been rolled inappropriately into this Fund.

2. Ensure the beginning net position ties to the prior year audited financial statements. For variances consider:

- a. Entries you made to the Net Position Accounts on your General Ledger
- b. Entries you made on your Financial Statement Templates in the prior year with an impact to net position, such as accruing assets or liabilities or restating fund balance
- c. Entries you approved the auditor to make on your behalf during the audit process

3. Ensure all activity that should be recognized on the accrual basis has been recorded. Consider the items below:

a. Revenue that is earned and available and ***has not been previously recorded on the general ledger.***

Record Receivable for interest earned on investments, but not yet received

Record any other receivables as needed

b. Expenditures that have been incurred and ***have not been previously recorded on the general ledger.***

Record Payables for any invoices dated "prior to" or "on 6/30."

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If these entries were made to the ledger prior to the close of the fiscal year, you do not need to make the adjustments to your financial statements (template).

4. Determine whether elimination entries for activity between funds aggregated in the Internal Service Funds column are needed.

Consider the following potential elimination entries:

- Transfers between funds reported in the same column
- Receivables and Payables between funds reported in the same column

5. Determine whether any activity needs to be reclassified for reporting purposes. Common examples 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, reclassification entries should be considered to assist in consistently presenting the financial statements.*

- Ensure Cash and Investments are identified separately on the face of the statements.  
(Ga Fund 1 is reported as Cash.)

6. Ensure net position balances have been appropriately classified as Unrestricted, as Restricted, or as Net Investment in Capital Assets.