

FINANCIAL PREPARATION CHECKLIST

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 management of the school district is required to use for presentation of their statements. The following checklist was designed to assist School Districts in the preparation of financial statements under the GASB 34 reporting model.

Overview of Statements

Management's Discussion and Analysis

Government-Wide Financial Statements

Statement of Net Position
Statement of Activities

Fund-Based Financial Statements

Governmental Funds
Proprietary Funds
Fiduciary Funds

Note Disclosures

Required Supplementary Information (RSI)

Schedule of Proportionate Share of the Net Pension Liability
Schedule of Contributions
Notes to Required Supplementary Information
Budget Comparison for Major Funds

Supplementary Information

Schedule of Expenditures of Federal Awards
Schedule of State Revenue
Schedule of SPLOST Expenditures
QBE Schedule (**Status Quo School Systems only**)

This checklist relates specifically to the preparation of the Fund-Based Financial Statements for Georgia School Districts.

Fund - Based Financial Statements

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial 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.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, 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. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Definition of Funds

Georgia School Districts record financial transactions into numerous funds in line with the State Chart of Accounts maintained by the Georgia Department of Education. For the purposes of reporting in the GASB 34 Model, the school district should align the funds maintained on their books to the funds defined in the GASB Statement 54 - Governmental, Proprietary, and Fiduciary

FINANCIAL PREPARATION CHECKLIST

Fund Types. Additionally, the school district must determine which funds are considered major and present the associated activity in separate columns.

Governmental Funds

Governmental Fund Statements assist users in determining what the current needs of the School District are and whether the School District is in a position to meet those needs. This fund type includes the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds, and Permanent 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 including taxes (property and sales) legally restricted for the payment of general long-term principal and interest.

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.
- For School Districts audited by the Department of Audits and Accounts, the combined Capital Projects and combined Debt Service Funds have been reported 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 your school district operates like a business. This fund type includes both Internal Service Funds and Enterprise Funds.

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

Enterprise Funds – tracks 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 and Agency Funds.

Private Purpose Trust Funds – tracks activity related to trust agreements

Agency Funds – tracks activity for resources held on a temporary, purely custodial basis.

FINANCIAL PREPARATION CHECKLIST

The follow section is designed to assist the School District in creating Fund Level financial statements in compliance with the GASB 34 model. It is assumed that the School District is using the Chart of Accounts maintained by the Georgia Department of Education.

Governmental Funds

The General Fund

1. The general fund will probably consist of more than one fund on your general ledger. Identify the funds which should be reported in the General Fund Column. Review your prior year financial statements to determine what funds were included in the General Fund.
2. Segregate school activity accounts, determining which have Governmental Funds activity and which have Agency Funds activity.
3. If your school district is using the financial statements produced by the Department of Education, review the mappings to determine that your funds are reported in the proper column based on step one. The following funds are included in the General Fund by GDOE.
 - a. Funds 1XX, 4XX, and 5XX
 - b. 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 the fund was not mapped, it is classified as a proprietary fund in line with the state chart of accounts. If fund 693 should not be a proprietary fund, ensure that it was properly mapped or create a journal entry to move the activity from the proprietary fund to the general fund.

4. Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. As such revenues should be recognized when they are measurable and available. Most school districts have defined available as "sixty to ninety days from year end." Expenditures are recorded when the liability is incurred. At year end, your School District is responsible for ensuring the books accurately reflect any activity that meets the aforementioned definitions. Additionally, your School District should ensure that all activity maintained outside of the financial system has been recorded. Verify that appropriate year end entries were made to the funds per the "Tips for Fiscal Year End Closing Checklist" issued by the Department of Education. See various entries below:

- Record Receivable for delinquent ad valorem tax revenue due at 6/30. NOTE: If the tax commissioner withholds a percentage of collections as the administrative fee, please make sure this fee is applied to the amount of delinquent taxes 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. NOTE: See the GASB 34 Checklist - Government-wide Statements for full explanation on the accounting for delinquent property taxes.
- Record Receivable for interest earned on investments, but not yet received
- Record any other receivables as needed
- Record Payables for any invoices dated "prior to" or "on 6/30."
- Clear the Prior Year Payable for Summer Salaries and Benefits.
- Record Current Year Summer Salary and Benefit Accruals

FINANCIAL PREPARATION CHECKLIST

- Enter QBE Receivables for the revenue to cover the expenditures for Summer Salaries and Benefits
- Ensure School Activity Accounts have been recorded (Governmental = Fund 500)

These entries should have been made to your ledger prior to the close of the fiscal year. If these entries have not been made on your general ledger, adjustments should be made to your financial statements (template).

5. Ensure the beginning fund balance ties to the prior year audited financial statements. (Post entries to the template to tie to the beginning balance for entries you made to fund balance accounts during the year or prior year audit entries.)
6. 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, you have debited expense and credit cash or accounts payable when purchasing inventory items. Additionally, a debit is made to the inventory balance and a credit to the Nonspendable for inventory periodically as adjustments to inventory are made. The adjustments that you make to the "Nonspendable for inventory" balance are reflected 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 inventory nonspendable from prior year to current year. The adjustment to expense could be a debit or credit. The other side of the entry would be adjustments to fund balance.

Debt Service Fund

1. Ensure that all debt service funds maintained on the general ledger are properly aggregated into one debt service column on the Governmental Fund Statements.
 - a. If your school district is using the financial statements produced by the Department of Education, review the mappings to determine that your funds are reported appropriately.
 - b. Funds 2XX are mapped to the Debt Service column.
2. Ensure that any payments on bonds are broken out correctly between principal payments and interest.
3. Ensure accrued interest on new bond issues has been recorded as a source in the Debt Service Fund.
4. Ensure earned interest revenue is accrued.
5. Ensure QZAB escrow account is recorded as an investment and any gains or losses are reflected on the financial statements.
6. Ensure the beginning fund balance ties to the prior year audited financial statements. (Post entries to the template to tie to the beginning balance for entries you made to fund balance accounts during the year or prior year audit entries.)

Capital Projects Fund

1. Ensure that all capital projects funds maintained on the general ledger are properly aggregated into one column on the Governmental Fund Statements.
 - a. If your school district is using the financial statements produced by the Department of Education, review the mappings to determine that your funds are reported appropriately.
 - b. Funds 3XX are mapped to Capital Projects.
2. Verify that appropriate year end entries were made to the funds per the "Tips for Fiscal Year End Closing Checklist" issued by the Department of Education. See various entries below:

FINANCIAL PREPARATION CHECKLIST

- Record Transfers for any “required local match” for GSFIC Projects.
 - Ensure construction and architect contracts payable are recorded for June.
 - 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 30th), record a Deferred Inflow of Resources instead of Revenue.
 - Record Retainage payables to contractors.
 - Record any SPLOST receivables for July receipts, as well as June receipts not yet received.
 - Record Summer Salary and Benefits Payable, where appropriate.
 - Record payables for any invoices dated prior to or on 6/30.
 - Record Receivable for interest earned on investments, but not yet received.
3. Ensure the beginning fund balance ties to the prior year audited financial statements. (Post entries to the template to tie to the beginning balance for entries you made to fund balance accounts during the year or prior year audit entries.)
 4. Ensure that new bond issues have been properly recorded. For technical assistance, contact your auditor. Listed below are good tips to assist you in this process.
 - a. Bond Proceeds Revenue should be recorded at Par Value
 - b. Bond Issuance Cost should be recorded in the Business Administration Function (2500)
 - c. Premiums should be recorded as an Other Source
 - d. Discounts should be recorded as an Other Use
 - e. Accrued interest on bonds sold should be recorded as an other source in the Debt Service Fund

Non-Major Funds

1. 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.
2. 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.

Elimination Entries

As numerous fund numbers maintained on the general ledger are aggregated to make one column for each of the fund types above, 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.

Other types of interfund activity that should be eliminated include: payments to the central office from the school activity accounts; payments from the School Food Service Fund to the General Fund for employee salary payments; payments from various funds to the General Fund for workers compensation and unemployment payments; payments to the Payroll Clearing Fund from other funds; indirect costs expenses transferred to the General Fund from the federal programs; and transfers to workers’ compensation funds or other employee benefit programs.

FINANCIAL PREPARATION CHECKLIST

Determine whether eliminating entries are needed for the following items:

- Transfers between funds reported in the same 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.
- 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

When an entry is made to the Governmental Fund Statements, you must consider the impact of the entry on the Government-wide statements. For example, if a receivable is set up in the General Fund, the receivable and revenue should be carried forward and posted to the Government-wide template. Additionally, if a liability was missed in the General Fund and an entry was posted to set up the payable and the expense, this activity should be carried forward to the Government-wide template by posting a journal entry.

Fund Balance Classifications

Beginning in FY 2011, the Fund Balance Classifications were redefined based on the implementation of GASB 54. The GDOE Chart of Accounts was not modified; however, 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 following are the definitions and requirements of the new Fund Balance classifications.

1. *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, permanent fund balances, long-term receivable balances.
2. *Restricted* – 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.
3. *Committed* – amounts that can only be used only for specific purposes pursuant to constraints imposed by formal action of the board. The Board of Education is the School District's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board. 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.
4. *Assigned* – amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (1) the Board of Education or (2) the budget or finance committee, or the Superintendent, or designee, to assign amounts to be used for a specific purpose. Example includes local capital outlay projects and balances assigned to cover subsequent year budget shortfall.
5. *Unassigned* – the residual classification for the general fund that has not been restricted, committed, or assigned to specific purposes within the general fund.

FINANCIAL PREPARATION CHECKLIST

Fiduciary Funds

Private-Purpose Trust Fund

1. Determine whether your School District has any Private Purpose Trust Funds.
2. If so, ensure that all private purpose trust funds maintained on the general ledger are properly aggregated into one column on the Fiduciary Fund Statements. If your school district is using the financial statements produced by the Department of Education, review the mappings to determine that your funds are reported appropriately. Funds 7XX (except 705 – Agency Funds) are mapped to the Private Purpose Trust Fund.
3. 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 – Agency 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 Agency 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.
4. If using the financial statement produced by GDOE and the financial statement template, any liability account not classified as accounts payable or funds held for others should be included in Other Liabilities for simple reporting.
5. Ensure the beginning net position ties to the prior year audited financial statements. (Post entries to the template to tie to the beginning balance for entries you made to fund balance accounts during the year or prior year audit entries.)
6. If using the financial statement produced by GDOE, the Additions and Deductions for Private Purpose Trust Funds are mapped to “Other.” Determine the appropriate breakdown for these additions and deductions.
 - a. Additions should include: Contributions – Donors and Investment Earnings (Less Expenses)
 - b. Deductions should include: Scholarships, Refunds of Contributions, and Administrative Expenses

Agency Funds

1. Segregate school accounts, determining which include Governmental Funds activity and which include Agency Funds activity. Ensure that all agency funds are properly aggregated into one column on the Fiduciary Fund Statements.
 - a. If your school district is using the financial statements produced by the Department of Education, review the mappings to determine that your funds are reported appropriately.
 - b. Fund 705 is mapped to Agency Funds.
2. If using the financial statement produced by GDOE and the financial statement template, any liability account not classified as accounts payable or funds held for others should be included in Other Liabilities for simple reporting.
3. Ensure that “Funds Held for Others” Ending Balance accurately reflects the ending balances of the Agency Funds.

FINANCIAL PREPARATION CHECKLIST

Proprietary Funds

Enterprise Funds

1. Determine whether your school district maintains any enterprise funds.
2. Ensure that the enterprise funds have been properly aggregated in one column on the Proprietary Fund Statement. If your school district is using the financial statements produced by the Department of Education, review the mappings to determine that your funds are reported appropriately. Fund 693 has been mapped to the Proprietary Fund column by the Department of Education.
3. If the School District has a Fund 693, determine where it has been reported in prior years. In many cases this fund is reported as part of the General Fund. If this fund has been improperly reported as an enterprise fund, a journal entry moving the activity from the enterprise fund to the general fund must be posted.
4. Proprietary funds are reported on the full accrual basis of accounting. Ensure that all revenue and expenses have been accrued where appropriate.

Internal Service Funds

1. Determine whether your school district maintains any internal service funds.
2. Ensure that the internal service funds have been properly aggregated in one column on the Proprietary Fund Statement. If your school district is using the financial statements produced by the Department of Education, review the mappings to determine that your funds are reported appropriately.
3. Proprietary funds are reported on the full accrual basis of accounting. Ensure that all revenue and expenses have been accrued where appropriate.

Known Reclassification Entries

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.

- Ensure Cash and Investments are identified separately on the face of the statements.
- Break out Federal Receivables from State and Other Receivables
- Break out Accounts Payable into its components
 - Accounts Payable
 - Retainage Payable
 - Contracts Payable
 - Claims Payable
- Considering the impact of any adjusting or correcting entries made during the preparation of the financial statements, ensure that the ending fund balances are correct.
- Ensure that Ending Fund Balance is correctly reclassified between Nonspendable, Restricted, Committed, Assigned, and Unassigned for each opinion unit.