



West Virginia DEPARTMENT OF
EDUCATION

Financial Statements & Year-End Closing

WVDE Office of School Finance

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Year-End Closing

- Year-end closing entries are needed to record activity for the fiscal year that occurred after June 30th or to adjust for subsequent fiscal year activity that occurred during the current fiscal year.
- Fund financial statements are prepared using the “current financial resources measurement focus” and the “modified accrual basis of accounting.”
 - Revenue is recognized when “measurable and available”
 - Revenue is available for all LEAs, RESAs, and MCVCs if received within 60 days after year-end.
 - Revenue is “measurable” when the amount of the transaction can be determined.
 - Expenditures are generally recorded when the related fund liability is incurred, except:
 - Unmatured principal and interest on general long-term debt,
 - Claims and judgments, and
 - Compensated absences.



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Year-End Closing: Revenue

- Since revenues must be recognized when collected within 60 days after year-end, LEAs must keep track of all receipts collected during July and August, but that relate to the most recent fiscal year-end.
- Tracking the subsequent collections of year-end revenues allows LEAs to calculate the total amount of deferred inflows.
- Revenue recognition – grants received in advance:
 - Nonexchange transactions – two types common to school boards:
 - Government-mandated - a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specified purpose.
 - Voluntary – legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement.
- Eligibility requirements must be met to recognize revenue.



Year-End Closing: Revenue

- Eligibility requirements:
 - Required **characteristics of recipients** as specified by the provider have been met.
 - **Time requirements** (the period when the resources are required to be used or when use is first permitted) have been met.
 - **Reimbursements** – expenditure-driven grants where the recipient must incur allowable costs prior to requesting drawdown of the funds from the grantor.
 - Federal awards generally fall under this requirement. Therefore, federal revenue is typically recognized when the other eligibility requirements are met AND allowable costs have been incurred by the LEA.
 - State awards are generally NOT expenditure-driven. Therefore, state revenue is typically recognized as soon as the other eligibility requirements are met.
 - **Contingencies** – receipt of funds is contingent upon specified actions of the recipient and that action has occurred.



Year-End Closing: Revenue

- Purpose restrictions – eligibility requirements DO NOT include purpose restrictions (GASB 33, par. 62).
 - Can only be met when a transaction has already occurred.
 - Only affect fund balance categories (not revenue recognition).
- Revenue recognition under GASB 33:
 - Grant funds received in a period BEFORE the grant period begins:
 - Time requirement has not been met. Therefore, revenue cannot be recognized when the funds are received.
 - Funds received should be recorded as deferred inflows of resources.
 - Grant funds received DURING the grant period:
 - Time requirement has been met.
 - Funds received are immediately recognized as revenue (assuming other eligibility requirements have been met as well).
 - Purpose restrictions are not considered for revenue recognition. Therefore, revenue is not recognized as expenditures are made against the project/grant.
 - This also applies to multiple-year grant awards.

Year-End Closing: Revenue

- Example (Food Svc): Total Food Service billings for FY17 were \$250,000. Collections through June 2017 totaled \$150,000 and collections during July and August 2017 totaled \$25,000.
 - Assuming all balances are collectible, the total deferred inflows of resources at June 30, 2017 is calculated as follows:

• Total billings for FY17:	\$250,000
• Less Collections through June:	(150,000)
• Less Collections July - August:	<u>(25,000)</u>
• Total Deferred Inflows:	<u>\$ 75,000</u>
 - The \$75,000 balance of deferred inflows of resources is considered to be “unavailable” under the current financial resources measurement focus. Therefore, it is not reported in current year fund level revenue. However, it is still included in accounts receivable at year-end.

Year-End Closing: Revenue

- Using the example from the previous slide, the total revenue recognized for FY17 and the remaining receivable balance at year-end are:

• FY17 Revenue Recognition:	
• Total billings for FY17:	\$250,000
• Less unavailable receivables:	<u>(75,000)</u>
• Total FY17 Revenue recognized:	<u>\$175,000</u>
• June 30, 2017 Accounts Receivable:	
• Total billings for FY17:	\$250,000
• Less collections through June 30 th :	<u>(150,000)</u>
• Accounts Receivable at June 30 th :	<u>\$100,000</u>

Year-End Closing: Revenue

- The year-end WVEIS closing entry for the example on slide 7 would be:

dr. 11..00153.001	Other A/R	\$100,000	
	cr. 11..00601.006	Deferred Inflows	\$75,000
	cr. 11..01989.001	Revenue	\$25,000

- Remember that the \$150,000 of collections made through June 30, 2017 should already be recognized as revenue at the time the month of June was closed (beginning of July).

Year-End Closing: Revenue

- Accrued Property Taxes – some of the independent auditors have contacted the Office of School Finance (OSF) to express concerns over differing methods among LEAs for recording year-end WVEIS entries related to property taxes.
 - OSF's official guidance on year-end property tax entries can be found at: <http://wvde.state.wv.us/finance/workshops/2015/july-all-quiet-on-the-finance-front/>. Then select the property tax year end entries handout.
 - All LEAs are expected to utilize OSF guidance when such guidance has been made available.
 - However, auditors should consider the methods used by each county to determine whether those methods are appropriate and whether those methods materially misstate the financial statement balances related to property taxes.



Year-End Closing: Revenue

- Examples of deferred inflow year-end entries are:
 - Property taxes
 - Food service collections
 - E-Rate
 - Medicaid
 - Federal reimbursements/drawdowns
 - Bank interest income
- You can review examples of select deferred inflow year-end WVEIS entries at: <http://wvde.state.wv.us/finance/workshops/2015/july-all-quiet-on-the-finance-front/>. Then select the "Sample GAAP Entries – Summer Conf 15.pdf" file.



Year-End Closing: Expenditures

- Types of year-end closing entries for expenditures:
 - Prepaid Expenditures/Expenses – Cash paid prior to year-end for a cost relating to a subsequent period.
 - Liabilities – Cash paid after year-end for a cost incurred prior to year-end.
 - Liabilities – Invoices received and unpaid for costs incurred prior to year-end.
 - Non-cash accruals (i.e. accrued interest on debt, OPEB, retainage payable, etc.)
- Common examples of prepaid expenditures are:
 - Insurance premiums relating to a subsequent period (i.e. flood, liability, vehicle, etc.)
 - Workers' compensation premiums paid in advance of the coverage period



Year-End Closing: Expenditures

- To record a prepaid expenditure, you must calculate the amount of the payment that relates to the subsequent period.
- Example: Workers' Comp. premium paid in March 2017 (\$300,000) with a coverage period of April 2017 through September 2017.
 - Of the 6 month policy period, only 3 months related the current fiscal year. Therefore, the other 3 months are prepaid.
 - Since exactly one half of the policy period relates to a subsequent period, half of the premium must be recorded as prepaid expenditure.

• Dr.	11..00183.001	Prepaid workers' comp	\$150,000	
• Cr.		11..XXXXX.261 Workers' Comp. Exp.		\$150,000



Year-End Closing: Expenditures

- Since many of the invoices relating to costs incurred during FY17 will be received after June 30th, LEAs must make manual adjustments within WVEIS to recognize those invoices as expenditures and liabilities.
- Analysis of July and August checks can be a good way to ensure all invoices related to the fiscal year being closed have been accrued to accounts payable at June 30th.
- Please note that you must also accrue liabilities for any invoice relating to the fiscal year being closed whether paid within 60 days or not.
 - If, at the time the financial statements are prepared, you are aware of an invoice/incurred expenditure that relates to the fiscal year being closed, you should accrue the expenditure as a liability at June 30th.

Year-End Closing: Expenditures

- LEAs must also make expenditure adjustments at year-end for non-cash accruals such as:
 - Accrued OPEB liability
 - Food service sponsor contribution transfer
 - Indirect cost transfers
 - Tools for Schools allocation
 - Unfunded retirement allocation
 - Retainage payable on current construction contracts
 - Reclassification of deferred pays to cash
 - Accrued interest payable

Year-End Closing: Fund Balance

- The final entries you will need to make in WVEIS are to adjust the ending balances of your various fund balance accounts:
 - Non-spendable
 - Restricted
 - Committed
 - Assigned
- Non-spendable fund balance – consists of items that are not spendable in form or are legally required to remain intact:
 - Inventories
 - Prepaid expenditures (including TDC forfeitures)
 - Endowment
 - Often understated or missed completely.
 - Very easy to check balance for reasonableness since it is tied directly to some asset balances.



Year-End Closing: Fund Balance

- Restricted fund balance – consists of balances containing use constraints that are externally enforceable.
 - Pass-through entity restrictions such as WVDE or feds.
 - **Excess levies.**
 - Restrictions due to laws or regulations of other governments.
- Committed fund balance – Use constraints placed on funds by the highest decision-making body within the government (local board).
 - Must have required action by the Board to restrict the funds.
 - Must also require Board action to remove those restrictions.
 - Board action must have taken place prior to the end of the reporting period.
- Assigned fund balance – Use constraints placed on funds by others within the government (superintendent or treasurer).
 - Does not require direct Board action to add or remove use constraints.
 - Less formal action necessary.
 - Action can take place before or after the end of the reporting period.



Year-End Closing: Fund Balance

- Valid WVEIS account codes for fund balances are:
 - Non-spendable – XX..00751.007
 - Restricted – XX..00752.007
 - Committed – XX..00771.007
 - Assigned – XX..00753.007
 - Unassigned – XX..00772.007
- You should adjust non-spendable, restricted, committed, and assigned fund balances to their known year-end balances by adjusting the residual balance of the unassigned category.



Year-End Closing: Final Steps

- Once you are comfortable that all year-end closing-entries have been posted in WVEIS, you should:
 - Close out the 13th or 14th month and submit the data file to WVDE (same due date as financial statement submission to WVDE).
 - Run WVEIS reports to use in preparation of the annual financial statements.
- Common year-end WVEIS reports to utilize during financial statement preparation:
 - Balance sheet for each fund being maintained by the Board
 - Revenue by source report for each fund
 - Revenue by project for all funds
 - Expenditure by function report for each fund
 - Fixed asset listing and depreciation report
 - Note that you must ensure that all fixed asset activity for the reporting period must be updated within the WVEIS capital asset module.
 - This report will be used for the governmental conversion.



Financial Statements: Introduction

- MD&A template is being rolled to FY17
 - Still cannot find a fix for the linked revenue and expenditure pie charts
 - Will have to manually link the charts each time there is a change
- Note disclosures template is still in the process of being rolled to FY17
- Excel template has been rolled to FY17:
 - The financial statement Excel template is now separated into 2 files:
 - Financial Statement Template – Revised 17
 - GASB 68 Template 17
- We anticipate release of all financial statement templates and related files by the first week of August 2017.

Financial Statements: GASB 68 Update

- We expect no major changes in the format of the GASB 68 schedules.
- CPRB's auditors currently anticipate an early August 2017 release for the audited TRS GASB 68 schedules for the measurement period ending June 30, 2016.
- As a result, we do not anticipate multiple financial statement submissions (or templates) for FY17.
- GASB 68 now has its own stand-alone template.
 - Builds GASB 68 conversion entries, notes, and RSI schedules.
 - Allows counties to continue to use their own Excel financial statement template for the basic financial statements.
 - Prevents multiple versions of the main Excel template due to changes in GASB 68 information.

Financial Statements: GASB 68 Update

- One new column added to the schedule of employer amounts.
 - Deferred outflow of resources due to differences between expected and actual experience.
 - Was already a category of deferred inflow of resources in last year's schedules.
- "Collective deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods should be aggregated and included as a net collective deferred outflow of resources related to pensions or a net collective deferred inflow of resources related to pensions." (GASB 68, par. 71.b)
 - We expect CPRB to revise their amounts to report only the net balance for the current measurement period.
 - However, the GASB 68 financial statement template has been updated to account for this issue whether the amounts are netted in the audited GASB 68 schedules or not.

Financial Statements: Preparation

- Always refer to OSF official instructions (included in conference handouts)
- Key dates:
 - **September 15, 2017** - Due date for RESA and MCVS financial statements.
 - **September 28, 2017** – Due date for LEA financial statements and WVEIS data file submission.
- Item 19 in the Financial Statement Instructions for FY17 includes a summarization of changes made to the financial statement templates when compared to the prior year's template.

Financial Statements: Preparation

- Documents due with submission to OSF:
 - MD&A
 - Government-wide statements
 - All applicable fund basis statements, including fiduciary funds (i.e., school funds)
 - Reconciliation schedules
 - Budgetary comparison schedules for each fund
 - All applicable notes to the financial statements
 - WVEIS special projects worksheet, by fund
 - Schedule of excess levy revenues and expenditures, if applicable
 - Schedule of encumbrances outstanding at year-end
 - Encumbrance distribution spreadsheet

Financial Statements: Preparation

- The following additional schedules must be prepared and retained at the central office:
 - List of expenditures in excess of \$250
 - Schedule of salaries paid to each board member and the superintendent
 - Schedule of all debts owed by the board
- All files required to be submitted to OSF should be sent via e-mail to the OSF coordinator assigned to your county.
 - Sam Pauley (sepauley@k12.wv.us) – Barbour to McDowell
 - Kristen Lanham (Kristen.Lanham@k12.wv.us) – Mercer to Wyoming

Financial Statements: Preparation

- The financial statement templates should be completed in the following order:
 - Excel files (Either file can be completed first. However, the GASB 68 template must be completed in order to complete conversion entries U1-U5 in the “JEs” tab of the main financial statement Excel file.)
 - MD&A (Word) and note disclosures (Word)
- Many items in the Excel files link directly to the notes and MD&A, so it is important to complete both of them first.
- Please note that if GASB 68 schedules are not available at the time you begin your financial statement preparation, you will still need to key beginning GASB 68 balances into the “Summary of GASB 68 Activity” tab of the GASB 68 template. That information is needed to complete conversion entry U1, which is needed to balance beginning net position. See slide 47 for instructions for that tab.

Financial Statements: Preparing the Excel Files

- Due to the vast number of formulas and linked values within the Excel files, each tab has been locked to only allow editing in yellow highlighted cells.
- This helps to prevent accidental deletion of links and formulas.
- The current year password to unprotect the worksheets is “BOE2017.”
- The password is typed in **red/bold** font in the top of every protected worksheet and is included within item number 19 of the official Financial Statement Instructions 17 file.
- WATCH WINDOW! – A watch window has been created for both Excel files. This allows all users to monitor check figures throughout the template within one window.

Financial Statements: Preparing the Excel Files

1. Enter WVEIS balance sheet amounts for each fund into the yellow highlighted cells within the “Gov Funds – Bal Sheet” worksheet.
 - Source: WVEIS Balance Sheet report for each fund maintained by the board.
 - Ensure each category total (i.e., total assets, total liabilities) agrees between the template and the WVEIS report.
 - The only individual balance sheet account that you WILL NOT enter on the worksheet is the unassigned fund balance, which is a calculated field.
 - Also note that you WILL NOT manually enter adjustments within the reconciliation section at the bottom of the balance sheet.
 - Reconciling adjustments will build from the conversion entries “JE” tab and various note disclosure tabs.
 - Reconciliation WILL NOT work until ALL conversion entries and note disclosure tabs are completed.

Financial Statements: Preparing the Excel Files

2. Enter WVEIS revenue amounts for each fund into the yellow highlighted cells within the “Gov Funds – Rev-Exp” worksheet.
 - Source: WVEIS revenue by source report for each fund maintained by the board.
 - Enter other financing sources in the appropriate section (revenues entered as negatives).
 - Proceeds from bond issuance
 - Proceeds from sale of property
 - Transfers in
 - WVEIS report total should agree to template revenues plus credits to other financing sources.

Financial Statements: Preparing the Excel Files

3. Enter WVEIS expenditure amounts for each fund into the yellow highlighted cells within the "Gov Funds – Rev-Exp" worksheet.
 - Source: WVEIS expenditure by function report for each fund maintained by the board.
 - Enter transfers out under the other financing sources section (enter as positive numbers).
 - WVEIS report total should agree to template expenditures plus debits (positive amounts) in the other financing sources section.
4. Enter beginning fund balances within the "Gov Funds – Rev-Exp" worksheet.
 - Source: Prior year audited financial statements.
5. Enter adjustments to beginning fund balances for prior period adjustments, if any
 - None expected for FY17.



Financial Statements: Preparing the Excel Files

6. Verify that fund level statements are now in balance.
 - Ensure that the check figure in the right-hand margin of the "Gov Funds – Bal Sheet" tab equals zero (Watch Window).
 - This check figure WILL NOT equal zero until all balance sheet, revenue, expenditure, other financing sources, and beginning fund balances have all been entered.
 - **DO NOT move on to the next step until the fund statements are in balance.**
7. Complete the "Fiduciary Funds Net Position" tab.
 - Source: Sum of individual schools' accounts/year-end school account balances.
 - Ensure statement balances (Watch Window).



Financial Statements: Preparing the Excel Files

8. Complete the “Changes in School Funds” tab in the OSI section of the template.
 - Sources:
 - Beginning cash balances should come from the ending balances from the prior year audit.
 - Revenues and expenditures will come from year-end schools’ financial reports (from TRA SFO for most counties).
9. Complete yellow highlighted cells within the “Capital Assets” note disclosure tab.
 - Sources:
 - Beginning balances should be entered directly from the prior year ending audit balances.
 - Additions are typically entered from invoices accumulated throughout the year.
 - Deletions are typically entered from sales/receipt records or disposal reports.
 - Reconcile schedule to WVEIS capital outlay account balances and WVEIS capital asset module reports.

Financial Statements: Preparing the Excel Files

10. Enter depreciation expense by function into the “Notes - Cap Assets & Dep.” tab.
 - Source: WVEIS capital asset module depreciation report.
11. Complete “long term debt” tab.
 - Sources:
 - Compensated absences report
 - Lease statements from financing companies
 - Municipal Bond Commission reports
 - Beginning balances should always be entered from the prior year audited financial statements.
 - Future debt service balances should be given for each of the next 5 years with all remaining years aggregated in 5 year increments (GASB 38).
12. Complete “Notes - OPEB trend” tab.
 - Sources:
 - RHBT other post-employment benefits report for current year balances
 - Prior year audit reports for PY balances

Financial Statements: Preparing the Excel Files

13. Complete "Notes – Fund Balance" tab.

- Sources: WVEIS (see slides 15-17)
- TBD – DO NOT leave "TBD" as a category of committed and/or assigned fund balance
 - If the Board did not take action to restrict funds for a specific purpose by June 30th, then the funds are either assigned or unassigned.
 - If management did not make the decision to assign balances for a specific purpose by the time the financials are being prepared, then the funds are unassigned.
 - Several audits issued in recent years which still include "TBD" as a component of fund balance.

Financial Statements: Preparing the Excel Files

14. Complete yellow highlighted sections of each budgetary comparison schedule.

- Sources:
 - Proposed budget reports
 - Revenues – Budget by revenue source
 - Expenditures – Budget by function
 - Final budget reports
 - Revenues – Budget by revenue source
 - Expenditures – Budget by function
- The budgetary comparison schedules must show the original budget, the final budget, actual results, and a variance column that compares actual results of operations for the year to the final budget.
- Adjustments column included to account for regulatory basis adjustments.
- Historically, budgetary comparison schedules for most county boards of education have shown unfavorable variances due to unbudgeted amounts for accrued other post-employment benefits (the OPEB Annual Required Contribution beyond the pay-as-you-go portion which is expended under object code 217).

Financial Statements: Preparing the Excel Files

14. Budget Schedules (Continued)

- Because there is no revenue source for the expenditures coded to object 217 and because funds are not remitted to the Retiree Health Benefit Trust for those expenses, county boards of education are instructed in the annual budget instructions to exclude those expenditures from their budgets.
- County boards should only include the amounts coded to object code 217 within the adjustments column to arrive at regulatory basis actual expenditures.
- Please note that county boards of education are instructed to include in their budgets expenditures related to the unfunded retirement liability allocation (object 235), so adjustment should be unnecessary.

Financial Statements: Preparing the Excel Files

15. Complete the “Excess Levy Rev & Exp” tab.

- Source – WVEIS project reports (if excess levy is tracked in a local project), or WVEIS fund 12 reports.
- Should include a category for each line item on the levy call.
- New rows should be inserted if necessary (will need to unprotect the worksheet).

16. Complete the revenue allocation on the “Rev Alloc” tab.

- Source: WVEIS revenue by project report aggregated for ALL funds.
- Key in the project codes, project descriptions, and amounts within columns A, B, and C, respectively.
- Enter “class codes” into column E (see class code key at the bottom of the worksheet).
- Only use “revenue classification” codes in column E.

Financial Statements: Preparing the Excel Files

16. Revenue Allocation (Continued)

- Ensure the check figure at the bottom of column C equals zero (Watch Window).
- Key in functional allocation codes for:
 - Charges for Services
 - Operating Grants & Contributions
 - Capital Grants & Contributions
- If functional allocation codes are not entered into columns V, X, and Z, the template will allocate the revenues automatically on the “rev check” tab.
- Please be consistent with how the functional allocation codes are handled (if you used functional allocation codes on the “Rev Alloc” tab last year, continue to use them this year and going forward).
- Review check figures at the bottom of columns AQ, BG, and BW to ensure they are zero (Watch Window).
 - If not zero, likely an issue with broken formulas or linked cells.



Financial Statements: Preparing the Excel Files

17. Review “Rev Check” tab to ensure all revenue has been appropriately allocated for district-wide presentation.

- Check figure at the bottom of column Q must equal zero (Watch Window).
- Note that the revenue allocation does not use expenditures from food service, community service, interest, or unallocated depreciation expenses for the basis of calculating the allocation percentages in column C of the “rev check” (that is why the allocation percentages for those categories are hard-keyed as zeros).



Financial Statements: Preparing the Excel Files

18. Conversion entries:

- Needed because the ***district-wide statements*** are prepared using the economic resources measurement focus and the full accrual basis of accounting.
 - Revenues are recorded when earned.
 - Expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows are received.
 - Revenues and expenses resulting from exchange and exchange-like transactions are recognized when the exchange takes place.
 - Revenues and expenses resulting from non-exchange transactions, such as property taxes, federal and state grants, state aid to schools, and donations, are recognized in accordance with the requirements of GASB Statement 33.
 - Property taxes are recognized in the fiscal year for which the taxes are levied.
 - State aid to schools is recognized in the year for which the legislative appropriation is made.
 - Grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Financial Statements: Preparing the Excel Files

18. Conversion entries (continued):

- Complete yellow highlighted cells within the “JEs” tab.
 - Total debits and credits should equal.
 - No negative amounts should be entered.
 - Any manual changes completed within the “JEs” tab must be manually linked to the trial balance tab.
 - Cells that are not highlighted in yellow are linked from various other tabs within the template.
- JE#s U1 through U5 are created by completing the GASB 68 template. The current entries in the main financial statement Excel template are linked directly to the same entries within the new GASB 68 template.

Financial Statements: GASB 68 Template

- If you are an LEA that does not act as a fiscal agent for a RESA or MCVC, you can ignore the light purple tabs in the GASB 68 template.
 - **DO NOT delete or alter the light purple tabs**
 - The light purple tabs must remain in the file to allow the template's links to work properly.
- The GASB 68 template incorporates the fiscal agent/RESA/MCVC breakdown at the front end as it did last year.
 - Leaving zeros in the light purple tabs will essentially allocate none of the GASB 68 balances to a RESA/MCVC.
 - This allows the template to accommodate GASB 68 conversions for all counties, RESAs, and MCVCs.
- LEAs acting as a fiscal agent should complete the GASB 68 template and provide an electronic copy to the RESA and/or MCVC for inclusion in their own financial statement conversion.
- Users of the GASB 68 template **MUST** ensure they have the correct entity code selected in the dropdown menu in the right-hand margin of the "GASB 68 JEs" tab. The entity code drives numerous outputs within the GASB 68 template.

Financial Statements: GASB 68 Template

19. Fill in yellow highlighted cells of the "GASB 68 Sch Input CY" tab.
- Source – GASB 68 audited schedules for the current measurement period
 - The input tab is meant to mirror the format of the TRS audited GASB 68 Schedules.
 - **TRS Plan totals MUST BE ENTERED MANUALLY.** This is because our template does not include rows for all employers within the plan. The plan totals are needed for key calculations throughout the GASB 68 template.
 - **Enter GASB 68 contribution information from the column titled "Employer Contributions" only.** Do not input amounts into the GASB 68 financial statement templates from the "State Payment Made 'On Behalf' of Employers" or the "Total Employer Contributions" columns.
 - **When keying percentages, make sure you key in two leading zeros after the decimal. Compare the keyed percentage to the audited GASB 68 schedule for accuracy.**

Financial Statements: GASB 68 Template

20. Fill in yellow highlighted cells of the “GASB 68 Sch Input PY” tab.
- Source – GASB 68 audited schedules for the prior measurement period.
 - The input tab is meant to mirror the format of the TRS audited GASB 68 Schedules.
 - No county will enter amounts into the deferred outflows column titled “Differences Between Expected and Actual Experience” as that column did not exist on the prior year GASB 68 Schedules. Therefore, that column is protected to prevent accidental keying.
 - **TRS Plan totals MUST BE ENTERED MANUALLY.**
 - **Enter GASB 68 contribution information from the column titled “Employer Contributions” only.**
 - **When keying percentages, make sure you key in two leading zeros after the decimal. Compare the keyed percentage to the audited GASB 68 schedule for accuracy.**



Financial Statements: GASB 68 Template

21. Fill in yellow highlighted cells of the “Amortization Input CY” tab
- Source – Amortization note disclosure contained in the GASB 68 audited schedules for the current measurement period
 - Enter only the total, by year, of the future amortization of deferred amounts from the notes. To do this, you will have to add future amortization amounts, by year, for each individual category of deferred amount reported in the note.
 - Pay special attention to the fiscal years in which the amounts will be recognized as well as the sign on the amount (debits are positive amounts and credits are negative amounts...they should always be netted for this note.)
 - **Important: Amounts in the GASB 68 Schedule’s amortization note disclosure are reported in thousands. Therefore, you MUST add three zeros to the end of the totals when keying them into the GASB 68 financial statement template.**



Financial Statements: GASB 68 Template

22. Fill in yellow highlighted cells of the “Ret Contr Input” tab (must be done for LEAs as well as RESAs and MCVCs in the case of fiscal agents).
- Sources:
 - WVEIS expenditure by function report for objects 231 and 233 for FY17 and FY16 (may copy FY16 amounts from prior year financial statement template as well)
 - WVEIS expenditure by function report for object 235 for FY17
 - WVEIS revenue by source for codes 03911 and 03917 for FY17
 - Ensure that totals on the WVEIS reports agree to totals in the “totals for conversion entries” section at the bottom of the worksheet.
 - The amount used for revenue source 03911 should only include amounts of the State Aid current subsidy that was allocated to the TRS plan. That amount can be determined by either:
 - Reducing the total of revenue source 03911 by any amounts allocated to the TDC plan. Those amounts can be found in the CPRB Annual ED reports for the TDC plan.
 - Totaling the amount of State Aid that was utilized on the CPRB Annual ED reports for only the TRS Plans.



Financial Statements: GASB 68 Template

23. Complete the “RESA Proportion” and/or “MCVC Proportion” tabs:
- If you ARE a fiscal agent county for a RESA or a MCVC, you will need key the total TRS contributions for FY15 and FY16 into the “RESA Proportion” and/or “MCVC Proportion” tabs, as applicable.
 - The contribution amounts to be entered for each year should be the total of objects 231 and 233 expenditures less the State Aid current retirement (subsidy) allocated to the TRS plan (revenue source 03911 less any amounts allocated to the TDC plan, if any).



Financial Statements: GASB 68 Template

24. Complete the “Summary of GASB 68 Activity” tab:

- In the yellow highlighted cells, enter the GASB 68 beginning balances for Net Pension Liability and Deferred Outflows/Inflows of Resources Related to Pensions as reported as ending balances in your FY16 audit.
 - NPL balance will come from the face of the District-Wide Statement of Net Position.
 - The deferred outflows/inflows of resources related to pensions will come from the reconciliation of the Statement of Net Position to the Governmental Funds Balance Sheets (this reconciliation schedule immediately follows the Governmental Funds Balance Sheets).
- Amounts should all be entered as POSITIVES.

Financial Statements: GASB 68 Template

25. Complete the “Change in Proportion” tabs for LEAs, RESAs, and/or MCVCs:

- Key the LEA, RESA, or MCVC “net proportionate share” percentage in the yellow highlighted cells.
- In the current year template, all prior year amounts have been entered for TRS Plan level data. Therefore, you should only have to enter your LEA/RESA/MCVC proportionate share percentage for the 2013 and 2014 measurement periods. Current and prior measurement period data is linked from other input fields within the template as well.
- Source – applicable “Change in Proportion” tab from the prior year financial statement template.
- May use other yellow cells on these tabs for correcting rounding issues that arise on the “Net LEA Amounts” tab.

Financial Statements: GASB 68 Template

26. Review the “Net LEA Amounts” tab to ensure it is in balance.
- Ensure the check totals in row 36 are clearly immaterial rounding differences (Watch Window).
 - If row 36 contains differences that are not clearly immaterial, then you will need to go back and check the amounts you previously entered into the previous steps related to the GASB 68 template.
 - Most issues arise from incorrectly entered data on one or more of the “Changes in Proportion” tabs.
 - This tab should automatically net the deferred amounts for differences between projected and actual investment earnings so that only a net deferred outflow or deferred inflow is reported, not both.

Financial Statements: GASB 68 Template

27. Review the “GASB 68 State Aid Support” tab to ensure no calculation errors are present (i.e. look for “#N/A”)
- This tab requires no input and is calculated entirely from input from other tabs.
 - Used for:
 - JE# U5
 - Note Disclosures
28. Review the “GASB 68 JEs” tab for errors (you can monitor check figures throughout the process by reviewing the Watch Window in the file).
29. Complete the reconciliation of net position entry for JE# U1 in the margin of the “GASB 68 JEs” tab. Amounts all come from prior year JEs U1, U2, and U4. Pay attention to debits (positive numbers) and credits (negative numbers) when entering amounts.

Financial Statements: Completing the Excel Files

30. Review check totals on the "TrialBal" tab

- Journal entry check at bottom of tab ensures that debits and credits posted to the conversion entries section of the trial balance are in balance.
 - Uses "SUMIF" formula to total debits and credits for each entry using the journal entry numbers entered into column G of the trial balance.
 - Amounts listed in the "out of balance" column could be due to 2 issues:
 - Incorrect JE numbers entered into column G of the trial balance.
 - Amount posted to the conversion entries section of the trial balance are linked incorrectly from the "JEs" tab or are incomplete.
- Other check totals (Watch Window).

Financial Statements: Completing the Excel Files

31. Enter beginning net position in yellow cell on the "DW St of Activities" tab:

- Source: Prior year audited financial statements

32. Review remaining check totals (Watch Window):

- District-wide Statement of Activities
 - Balancing of ending net position
 - Net position check
- District-wide Statement of Net Position
 - Balancing of ending net position

33. Enter prior year ending balances in the 4 MD&A tabs from the prior year audit report

- MD&A DW-Net Position,
- MD&A DW-Act,
- MD&A Cap Assets, and
- MD&A Gen Obligation

Financial Statements: Completing the Excel Files

34. Complete Encumbrance Distribution tab:

- Added to template a couple of years ago.
- Needed in order to see appropriate allocation of encumbrances across all fund balance categories.

Financial Statements: MD&A Template

- In order to preserve the links between the Word and Excel files, they must have been each downloaded into the same file folder on your network or local drive.
- Only 4 tables within the Excel file link directly to the MD&A (see list on slide 52).
- Read through each page of the MD&A, providing information for all blanks and items in red font .
- Pie charts:
 - These do not appear to link properly each year.
 - A manual copy/paste of the charts seems to be the only option to update them.
 - Please review the pie charts in the Word file against the charts in the Excel file prior to submitting the financial statements to OSF.

Financial Statements: MD&A Template

- The purpose of the MD&A is to furnish an *objective* and easily readable *analysis* of the county's financial activities.
- It should contain:
 - A discussion of the basic financial statements;
 - Condensed comparative data;
 - An analysis of the government's overall financial position and results of operations;
 - An analysis of the balances and transactions of individual funds;
 - An analysis of budgetary variations;
 - A description of capital assets and long-term debt activity;
 - A discussion of infrastructure (n/a for the school boards); and
 - A discussion of currently known facts, decisions, or conditions of future significance



Financial Statements: Note Disclosures

- Changes made from the final FY16 template have been highlighted in yellow.
- Some of the amounts reported in the Notes template are using FY16 data because FY17 data remains unavailable at this time.
 - MBC and BTI amounts in Note 1
 - TDC section of retirement note
- If the underlying entities' financial statements have been issued prior to the issuance of the district's financials, these amounts should be updated to FY17 amounts.
- Exception: TRS section of the retirement note – should continue to report FY16 amounts since the GASB 68 entries use a measurement date of June 30, 2016.



Financial Statements: Note Disclosures

- Note 1.E. – Cash & cash equivalents
 - Table is not linked to an underlying Excel template file (key directly into Word table).
 - Delete sections dealing with MBC and BTI if the district does not have balances held by those entities.
- Note 1.F. – Fill in total allowance for uncollectible food service accounts, if applicable.
- Note 1.K. – Deferred Outflows
 - If amounts are reported in the aggregate on the face of the financial statements, you must detail out the individual balances making up the total.
 - Most counties report in the aggregate.
 - If not, delete the discussion regarding aggregated amounts.

Financial Statements: Note Disclosures

- Note 1.O. – Deferred Inflows
 - If amounts are reported in the aggregate on the face of the financial statements, you must detail out the individual balances making up the total.
 - Most counties report in the aggregate.
 - If not, delete the discussion regarding aggregated amounts.
- Note 1.U. – Newly Adopted GASB Statements
 - Added this section to the template in recent years, but many auditors have always included it in the audits.
 - Has been updated to discuss GASB Statements that are required to be implemented for FY17.
 - OSF has completed the conclusion on each GASB Statement with the assumption that the Statement's requirements will not apply to the average county.
 - Please read each GASB Statement within the section and make sure the conclusions are accurate.

Financial Statements: Note Disclosures

- Note 6 – Tax Abatements:
 - Added to the template for the current year to comply with GASB Statement No. 77.
 - Counties will need to determine whether they have a tax abatement situation and report all pertinent details of the abatement agreement within this disclosure.
- Note 7 – Capital Assets
 - Links directly with Excel Template.
 - Multiple functionality with such linking.
- Note 8 – Long-Term Debt
 - First table links to Excel file, others do not.
 - Future debt service amounts should be entered from the data in the “long term debt” tab of the Excel template (not linked).
 - Bond issuance information must entered (Municipal Bond Commission), if applicable.
 - Defeasance of Debt, if applicable.

Financial Statements: Note Disclosures

- Note 10 – Employee Retirement System
 - Much of the TRS section is linked to the GASB 68 template.
 - Plan level TDC information is available for FY16, but should be updated to FY17 if it becomes available prior to the issuance of the county's audit.
- Note 11 – OPEB
 - Plan level and per policy holder amounts will be updated for FY17.
 - Source: www.peia.wv.gov (Forms & Downloads > Financial Reports > RHBT Actuarial Reports > Other Documents > ARC Plan Year 2017).
 - ARC was revised as of January 1, 2017; therefore, two ARC documents exist for FY17.
 - We are working to update the note to accurately report the ARC information.
 - Must complete the district's information for FY17.
 - Note should not break down liability between state aid eligible and non-state aid eligible employees.
 - Was removed in FY16 template.
 - Not needed since liability for state aid eligible employees was moved to the State.

Financial Statements: Note Disclosures

- Note 11 – OPEB (Continued)
 - Guidance for calculating OPEB Note amounts, including percentage contributed:
 - A. OPEB liability at July 1: This is the OPEB Liability from the prior year audited financial statements.
 - B. Total OPEB Expense: This is the total of your object codes 217 & 218, plus the current year state credit from the attached schedule.
 - C. Less:
 - D. State appropriation allocation: This is the amount of the state allocation for the year from the OPEB ARC Credits 17 schedule.
 - E. Pay-as-you-go payments and other credits: This is the total coded to object code 218 for FY2017.
 - F. OPEB liability at year end: The sum of all of the amounts above should agree to your OPEB Liability on the face of your fund level balance sheet.
 - The contributed percentage for the fiscal year is the total of the pay-go amounts (including other credits) divided by the total OPEB expense from the table above (item “E” divided by item “B”). Also, the Annual OPEB Costs to be reported in the contributed percentages table is the total OPEB expense from item “B”, above.

Financial Statements: Note Disclosures

- Note 14 – Fund Balances
 - Pulls directly from Excel template.
 - Again, do not include “TBD” as a category.
- Note 15 – Commitments, Contingencies, and Subsequent Events
 - Include encumbrances in total, and by fund.
 - Medicaid paragraph of the note has been updated to report the latest information regarding the cost settlement process.
- Note 18 – Going Concern for RESAs ONLY
 - This note disclosure was added in response to the passage of HB. 2711 during the Legislature’s 2017 regular session.
 - Each RESA will need to customize this note disclosure and add all pertinent details related to RESA operational plans during FY18 and beyond.

Financial Statements: Note Disclosures

- Notes to RSI & OSI:
 - Update to include budgetary deficits (expenditures exceeding budget) for each fund, by function.
 - Actuarial revisions for TRS (RSI only) will be updated when GASB 68 audited schedules are released.

Financial Statements: Key Points in Summary

- Year-end closing entries completed during July and August.
- Report an appropriate amount in “nonspendable” fund balance (should be at least your balance of prepaid expenditures and TDC forfeitures).
- Financial statement templates will be released upon final update of each template.
- USE THE WATCH WINDOW.
- GASB 68 should be much easier this year (same process as last year).
- Tax abatements are the only major GASB implementation this year.
- “TBD” is not an appropriate type of fund balance.
- Financial statements submission due dates:
 - LEAs – September 28, 2017
 - RESAs & MCVCS – September 15, 2017

Questions, comments, or template problems?

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