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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 yearend revenues allows you to calculate the total amount of deferred inflows.

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Year-End Closing (Revenue)

- · 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



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Year-End Closing (Revenue)

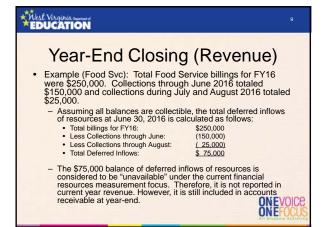
- · Eligibility requirements:
 - Required characteristics of recipients as specified by the provider
 - Time requirements (the period when the resources are required to be used or when use is first permitted)
 - Reimbursements expenditure-driven grants where the recipient must incur allowable costs
 - Federal awards are generally expenditure-driven; therefore, revenue is only recognized when the other eligibility requirements are met AND allowable costs have been incurred
 State awards generally are NOT expenditure-driven; therefore, revenue is 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

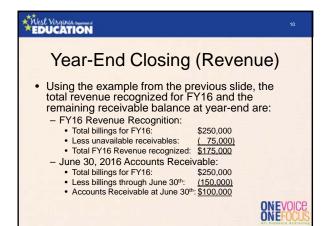


Year-End Closing (Revenue) • Purpose restrictions – eligibility requirements DO NOT include purpose restrictions (GASB 33, par. 62) – Cannot be met unless a transaction has occurred – Only affect fund balance categories

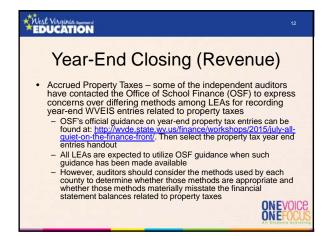
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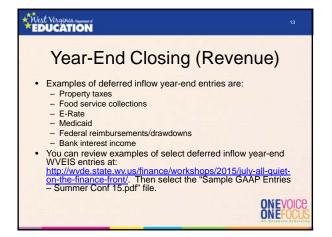
Pear-End Closing (Revenue) • Revenue recognition under GASB 33 - Grant funds received in a period BEFORE the grant period begins • Time requirement not met • Funds received should be recorded as deferred inflows of resources - Grant funds received AFTER the grant period begins but before the end of the grant period • Time requirement met • Funds received are immediately recognized as revenue - Not as purpose restrictions are met (reimbursements) - Applies to multiple-year grant awards

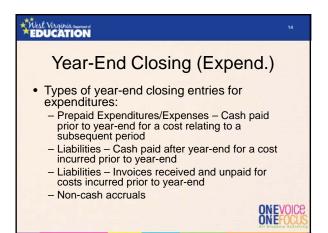


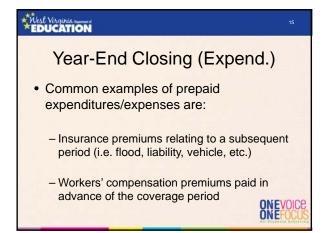


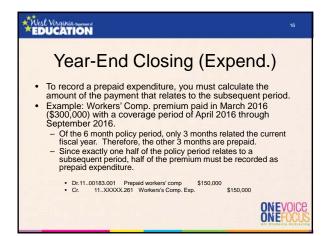
Year-End Closing (Revenue) The year-end WVEIS closing entry for the example on slide 9 would be: dr. 11..00153.001 Other A/R \$100,000 cr. 11..00601.006 Deferred Inflows \$75,000 cr. 11..01989.001 Revenue – E-rate \$25,000 Remember that the \$150,000 of collections made through June 30, 2016 should already be recognized in revenue at the time the month of June was closed (beginning of July).



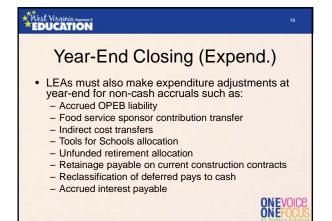








Year-End Closing (Expend.) Since many of the invoices relating to costs incurred during FY16 will be received after June 30th, LEAs must make manual adjustments within WVEIS to recognize those invoices as expenditures and liabilities Analysis of July and August checks can be a good way to ensure all 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 you are aware of the invoice/incurred expenditure at the time the financial statements are prepared, you should accrue the expenditure as a liability at June 30th

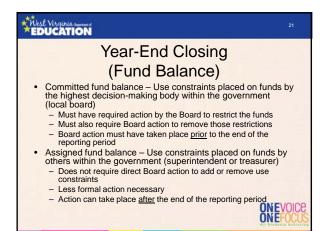


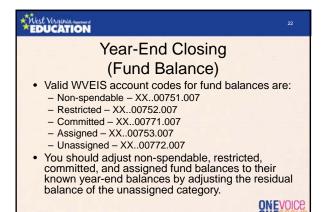
Year-End Closing (Fund Balance) • The final entries you will need to make in WVEIS are to adjust the ending balances of your various fund balance accounts: - Non-spendable - Restricted - Committed - Assigned

Year-End Closing
(Fund Balance)

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 asset balances
Restricted fund balance – consists of balances containing use constraints that are externally enforceable.
Pass-through entity restrictions such as WVDE or feds
Restrictions due to laws or regulations of other governments





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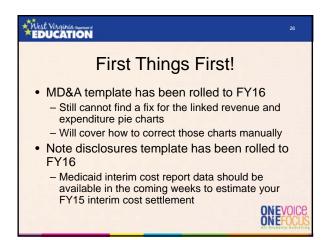
Year-End Closing

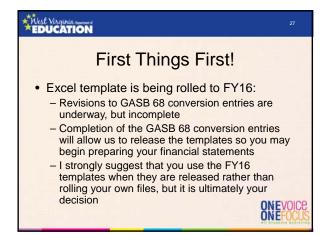
- Once you are comfortable that all year-end closing-entries have been posted in WVEIS you should:
 - Close out the 13th or 14th month and submit the data file to WVDE (same due date as financial statement submission to WVDE).
 - Run WVEIS reports to use in preparation of the annual financial statements

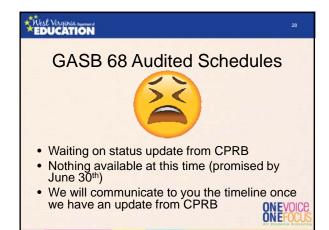
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Year-End Closing • Common year-end WVEIS reports to utilize during financial statement preparation: - Balance sheet for each fund being maintained by the Board - Revenue by source report for each fund - Revenue by project for all funds - Expenditure 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

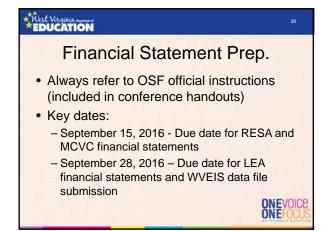


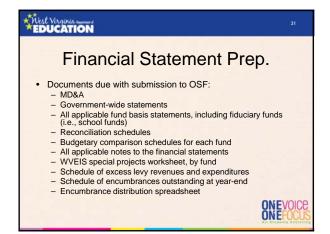


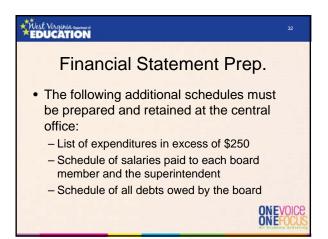


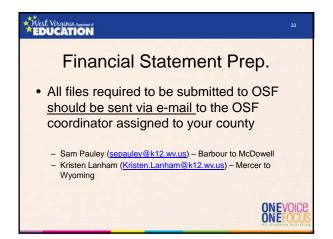


GASB 68 Things to expect for FY16: Revised conversion entries to help make the GASB 68 conversion easier to follow and to account for second year reporting of proportionate share of collective pension amounts New column headings on the audited Schedule of Pension Amounts by Employer Not getting any easier!









X II I

Order to Complete Templates

- The financial statement templates should be completed in the following order:
 - Excel file
 - MD&A (Word) and note disclosures (Word)
- Many items in the Excel file link directly to the notes and MD&A, so it is important to complete it first.



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Excel Template

- Due to the vast number of formulas and linked values within the Excel file, 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 "BOE2016"
- The password is typed in red/bold font in the top of every protected worksheet.

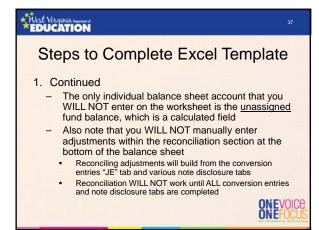


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Steps to Complete Excel Template

- 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





Steps to Complete Excel Template

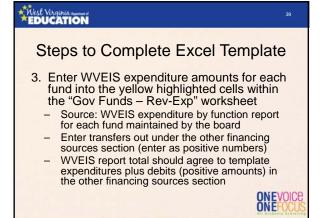
2. Enter WVEIS revenue amounts for each fund into the yellow highlighted cells within the "Gov Funds – Rev-Exp" worksheet

- 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):

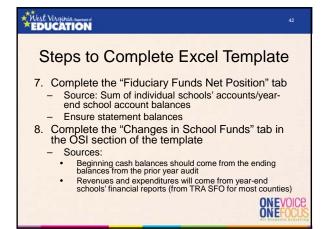
- Proceeds from bond issuance
- Proceeds from sale of property
- Transfers in

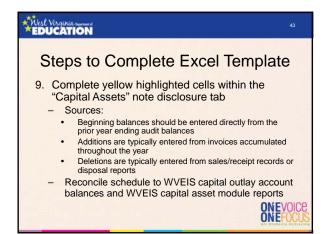
- WVEIS report total should agree to template revenues plus credits to other financing sources

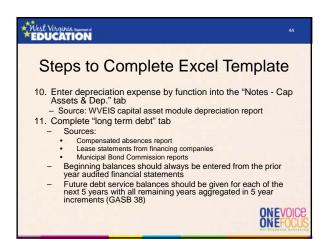


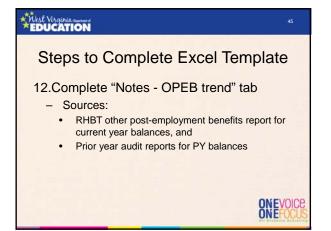
Steps to Complete Excel Template 4. Enter beginning fund balances within the "Gov Funds – Rev-Exp" worksheet - Source: Prior year audited financial statements 5. Enter adjustments to beginning fund balances for prior period adjustments, if any - None expected for FY16

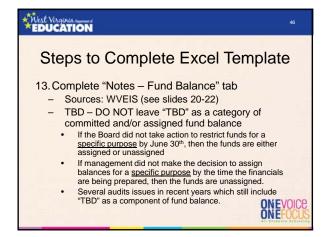
Steps to Complete Excel Template 6. Verify that fund level statements are now in balance - Check that the total in cell L53 of the "Gov Funds - Bal Sheet" tab equals zero - This check figure WILL NOT equal zero until all balance sheet, revenue, expenditure, other financing sources, and beginning fund balances have all been entered - DO NOT move on to the next step until the fund statements are in balance



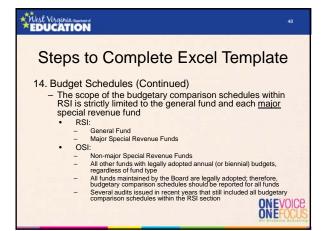








Steps to Complete Excel Template 14.Complete yellow highlighted sections of each budgetary comparison schedule - Sources: • Proposed budget reports - Revenues – Budget by revenue source - Expenditures – Budget by function • Final budget reports - Revenues – Budget by revenue source - Expenditures – Budget by function ONEVOICE ONE FOUN



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Steps to Complete Excel Template

14. Budget Schedules (Continued)

- 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

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Steps to Complete Excel Template

14. Budget Schedules (Continued)

- 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).
- 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

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Steps to Complete Excel Template

- 14. Budget Schedules (Continued)
 - County boards should only include the amounts coded to object code 217 within the adjustments column to arrive at regulatory basis actual expenditures
 - Some county boards of education may have other adjustments necessary due to non-cash for/on behalf transactions (such as unfunded retirement) being excluded from their budgets
 - However, 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

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Steps to Complete Excel Template

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)

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Steps to Complete Excel Template

- 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



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Steps to Complete Excel Template

16. Revenue Allocation (Continued)

- Ensure the check figure at the bottom of column C equals zero
- 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

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Steps to Complete Excel Template

16. Revenue Allocation (Continued)

- 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
 - If not zero, likely an issue with broken formulas or linked cells

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Steps to Complete Excel Template

- 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
 - 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)

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Steps to Complete Excel Template

- 18. Fill in yellow highlighted cells of the "GASB 68 Calculations" tab
 - Sources:
 - Current year and prior year GASB 68 audited schedules
 - Unfunded retirement contribution allocation from OSF schedule
 - Tab is currently incomplete
 - More information and instructions will come once GASB 68 audited schedules are issued
 - Fiscal agents, RESAs, and MCVCs should have improved functionality within the template this year

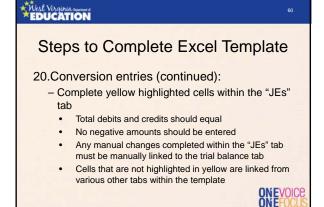


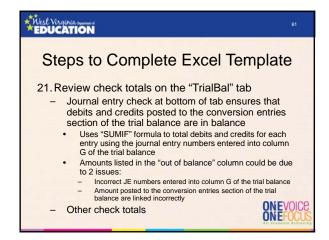
Steps to Complete Excel Template 19.Fill in yellow highlighted cells of the "Ret Contr Input) tab - Source: WVEIS expenditure by function report for objects 231 and 233 for FY16 and FY15 - Ensure that totals on the WVEIS reports

- agree to totals in the "totals for conversion entries" section at the bottom
- May need to add rows



Steps to Complete Excel Template 20. 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.





Steps to Complete Excel Template

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

- Source: Prior year audited financial statements

23.Review remaining check totals:

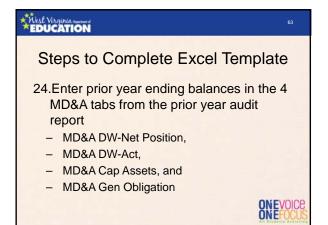
- District-wide Statement of Activities

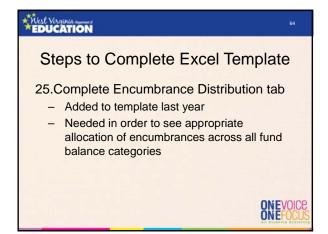
• Balancing of ending net position

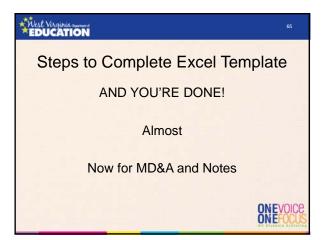
• Net position check

- District-wide Statement of Net Position

• Balancing of ending net position







Completing the 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 63) Read through each page of the MD&A, providing information for all blanks and items in red font

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Completing the MD&A Template

- · Pie charts:
 - These do not appear to link properly each
 - 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

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MD&A Requirements

- 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)

 - A discussion of currently known facts, decisions, or conditions of future significance

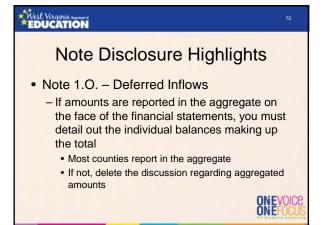
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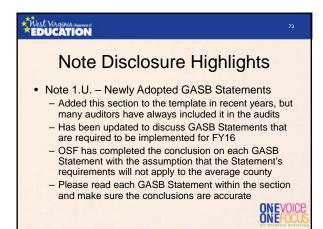
Note Disclosure Highlights

- Changes made from the final FY15 template have been highlighted in yellow
- Some of the amounts reported in the Notes template are using FY15 data because FY16 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 FY16 amounts
- Exception: TRS section of the retirement note should continue to report FY15 amounts since the GASB 68 entries use a measurement date of June 30, 2015

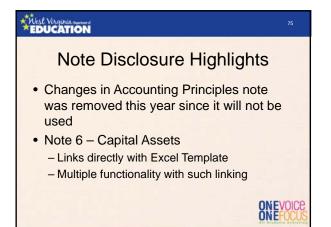
Note Disclosure Highlights • Note 1.E. – Cash & cash equivalents - Table is not linked to an underlying Excel template file (key directly into Word table) - Delete sections dealing with MBC and BTI if the district does not have balances held by those entities • Note 1.F. – Fill in total allowance for uncollectible food service accounts, if applicable

Note Disclosure Highlights • 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





Note Disclosure Highlights Note 1.U. – Recent Statements Issued by GASB - Updated to include all GASB Statements that have been issued as of the date of this presentation but not yet adopted - Should review the listing of GASB pronouncements before financials are issued to make sure no other pronouncements have been issued - Currently updated through GASB 82 - http://gasb.org/isp/GASB/Page/GASBSectionPage&cid=1176160042391



Note Disclosure Highlights

- Note 7 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 currently linked)
 - Bond issuance information must entered (Municipal Bond Commission), if applicable
 - Defeasance of Debt, if applicable



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Note Disclosure Highlights

- Note 9 Retirement
 - Much of the TRS section is pending issuance of the audited GASB 68 schedules
 - Plan level TDC information is available for FY15, but should be updated to FY16 if it becomes available prior to the issuance of the county's audit

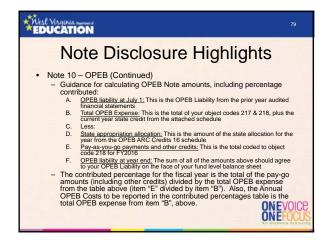


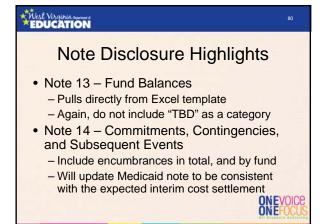
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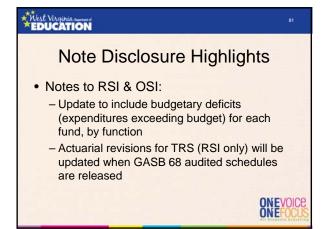
Note Disclosure Highlights

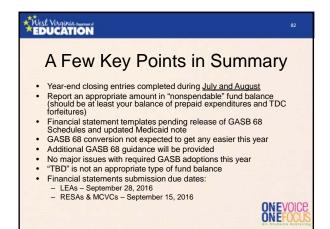
- Note 10 OPEB
 - Plan level and per policy holder amounts have been updated for FY16
 - Source: www.peia.com (Forms & Downloads > Financial Reports > RHBT Actuarial Reports > Other Documents > ARC Plan Year 2016)
 - Must complete the <u>district's</u> information for FY16
 - Prior year template inadvertently left section that breaks down liability between state aid eligible and non-state aid eligible employees
 - Has been removed in FY16 template
 - Not needed since liability for state aid eligible employees was moved to the State











Questions, comments, or template problems? Sam Pauley, CPA Coordinator WVDE Office of School Finance Direct Line: (304) 558-6300, Ext. 2 Fax: (304) 558-8867 E-Mail: sepauley@k12.wv.us