

Government-wide Reconciliations

Exercise 1

INSTRUCTIONS: Complete the missing pieces in the government-wide reconciliations and government-wide statements. The fund statements (balance sheet and income statement) have been pre-populated. Amounts that are the same on the fund statements and the government-wide statements have also been pre-populated. Use the footnotes and accrued interest table below as the reconciling items.

IMPORTANT NOTE: Depreciation on capital assets is entirely attributed to Instructional expense, as the support services building and related assets are all leased. Rental Income in the Building Corporation is a payment for services from the General Fund and should be eliminated between funds for the Statement of Activities in Instructional expense.

Capital Assets Footnote:

	<u>June 30, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>
Capital Assets, Not Depreciated				
Land	1,000,000	-	-	1,000,000
Construction in Progress	4,000,000	3,000,000	7,000,000	-
Total Capital Assets, Not Depreciated	5,000,000	3,000,000	7,000,000	1,000,000
Capital Assets, Being Depreciated				
Buildings	-	7,000,000	-	7,000,000
Equipment	300,000	200,000	100,000	400,000
Total Capital Assets, Being Depreciated	300,000	7,200,000	100,000	7,400,000
Less Accumulated Depreciation for:				
Buildings	-	100,000	-	100,000
Equipment	100,000	50,000	75,000	75,000
Total Accumulated Depreciation	100,000	150,000	75,000	175,000
Capital Assets, Net	<u>\$ 5,200,000</u>	<u>\$ 10,050,000</u>	<u>\$ 7,025,000</u>	<u>\$ 8,225,000</u>

Long-term Liabilities Footnote:

	<u>Balance at June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2019</u>
Bonds Payable	\$ 10,000,000	\$ -	\$ 300,000	\$ 9,700,000
	<u>\$ 10,000,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 9,700,000</u>

	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>Variance</u>
Accrued Interest	100,000	50,000	50,000

GASB 68 - Calculation Workpaper

Instructions: The following balances are assumed to be calculated for the example charter school based on the applicable employer schedule. These balances will need to be added to the government-wide financial statements.

	Beginning Balance	Net Change	Ending Balance
Deferred Outflows:			
Change in Proportionate Share	250,000	500,000	750,000
Experience	50,000	75,000	125,000
Assumptions	1,600,000	100,000	1,700,000
Earnings	175,000	(175,000)	-
Contributions Subsequent to Measurement Date	75,000	50,000	125,000
Total Deferred Outflows:	2,150,000	550,000	2,700,000
Deferred Inflows:			
Change in Proportionate Share	-	-	-
Experience	-	-	-
Assumptions	50,000	(25,000)	25,000
Earnings	-	250,000	250,000
Total Deferred Inflows:	50,000	225,000	275,000
Net Pension Liability	5,000,000	2,000,000	7,000,000

Note: The pension expense amount below was calculated based on the table above and allocated between functions on the statement of activities.

Total Pension Expense for Reconciliation Statement **1,675,000**

Allocation on the Statement of Activities:

Instructional Expense	1,500,000
Support Services	175,000
	<u>1,675,000</u>

STATEMENT OF NET POSITION

	Governmental Activities
ASSETS	
Cash and Investments	\$ 3,700,000
Prepaid Items	100,000
Capital Assets, Net of Accumulated Depreciation	<u> </u>
Total Assets	<u>12,025,000</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pension	<u> </u>
Total Deferred Outflows of Resources	2,700,000
LIABILITIES	
Accounts Payable	250,000
Accrued Interest Payable	<u> </u>
Long-Term Liabilities	
Bonds Payable	<u> </u>
Net Pension Liability	<u> </u>
Total Liabilities	<u>17,000,000</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pension Plan	<u> </u>
Total Deferred Inflows of Resources	275,000
NET POSITION	
Net Investment in Capital Assets	(1,475,000)
Restricted for TABOR	100,000
Restricted for Debt Service	600,000
Unrestricted	<u>(1,775,000)</u>
Total Net Position	<u><u>\$ (2,550,000)</u></u>

STATEMENT OF ACTIVITIES

	<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	
FUNCTIONS/PROGRAMS			
Instructional		\$ -	\$ -
Support Services		-	-
Interest Expense		-	-
		<u>\$ -</u>	<u>\$ -</u>
GENERAL REVENUES			
Per Pupil Revenue			4,500,000
Interest Income			30,000
Miscellaneous			100,000
Total General Revenues			<u>4,630,000</u>
Change in Net Position			
Net Position - Beginning			<u>(3,070,000)</u>
Net Position - Ending			<u>\$ (2,550,000)</u>

**BALANCE SHEET
GOVERNMENTAL FUNDS**

	<u>General Fund</u>	<u>Building Corporation</u>	<u>Total</u>
ASSETS			
Cash and Investments	\$ 3,000,000	\$ -	\$ 3,000,000
Restricted Cash and Investments	-	700,000	700,000
Prepaid Items	100,000	-	100,000
Total Assets	<u>\$ 3,100,000</u>	<u>\$ 700,000</u>	<u>\$ 3,800,000</u>
LIABILITIES			
Accounts Payable	\$ 200,000	\$ 50,000	\$ 250,000
Total Liabilities	<u>200,000</u>	<u>50,000</u>	<u>250,000</u>
FUND BALANCE			
Nonspendable	100,000	-	100,000
Restricted:			
Emergencies	100,000	-	100,000
Debt Service	-	650,000	650,000
Unassigned	2,700,000	-	2,700,000
Total Fund Balance	<u>2,900,000</u>	<u>650,000</u>	<u>3,550,000</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 3,100,000</u>	<u>\$ 700,000</u>	<u>\$ 3,800,000</u>

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$ _____ and accumulated depreciation is \$ _____.		
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds Payable		
Accrued Interest Payable		
Net Pension Liability		
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds Pension Related Deferred Outflows		
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds Pension Related Deferred Inflows		
Total Net Position		

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS**

	<u>General Fund</u>	<u>Building Corporation</u>	<u>Total</u>
REVENUES			
Per Pupil Funding	\$ 4,500,000	\$ -	\$ 4,500,000
Rental Income	-	800,000	800,000
Interest Income	10,000	20,000	30,000
Other Revenues	100,000	-	100,000
Total Revenues	<u>4,610,000</u>	<u>820,000</u>	<u>5,430,000</u>
EXPENDITURES			
Current:			
Instruction	1,510,000	-	1,510,000
Support Services	1,100,000	-	1,100,000
Debt Service:			
Principal	-	300,000	300,000
Interest	-	500,000	500,000
Capital Outlay	100,000	3,100,000	3,200,000
Total Expenditures	<u>2,710,000</u>	<u>3,900,000</u>	<u>6,610,000</u>
NET CHANGE IN FUND BALANCE	1,900,000	(3,080,000)	(1,180,000)
Fund Balance - Beginning of Year	<u>1,000,000</u>	<u>3,730,000</u>	<u>4,730,000</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 2,900,000</u></u>	<u><u>\$ 650,000</u></u>	<u><u>\$ 3,550,000</u></u>

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL
FUND TO THE STATEMENT OF ACTIVITIES**

A reconciliation reflecting the differences between the governmental funds net change in fund balance and change in net position reported for governmental activities in the statement of activities is as follows:

Net Change in Fund Balances - Governmental Funds	[REDACTED]
<p>Governmental funds report capital outlays as expenditures and do not report contributed capital. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense and revenue is recorded for the contributed capital</p>	
Capital Outlay	[REDACTED]
Depreciation	[REDACTED]
Net Book Value of Deletions	[REDACTED]
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds</p>	
Pension Expense	[REDACTED]
Accrued Interest Payable	[REDACTED]
<p>Repayment of the principal of bonds payable is an expenditure in the governmental funds, however, the repayment reduces long-term liabilities in the statement of net position</p>	
Principal payments	[REDACTED]
Change in Net Position - Governmental Activities	[REDACTED]