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# Advanced Debt Topics



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# Learning Objectives

*At the end of the session, you will be able to:*



Identify different types of debt and explain the entries for recording debt issuances, amortization of discounts/premiums, and the calculation of the deferred charge on refunding.



Identify common errors in the calculation of the net investment in capital assets.



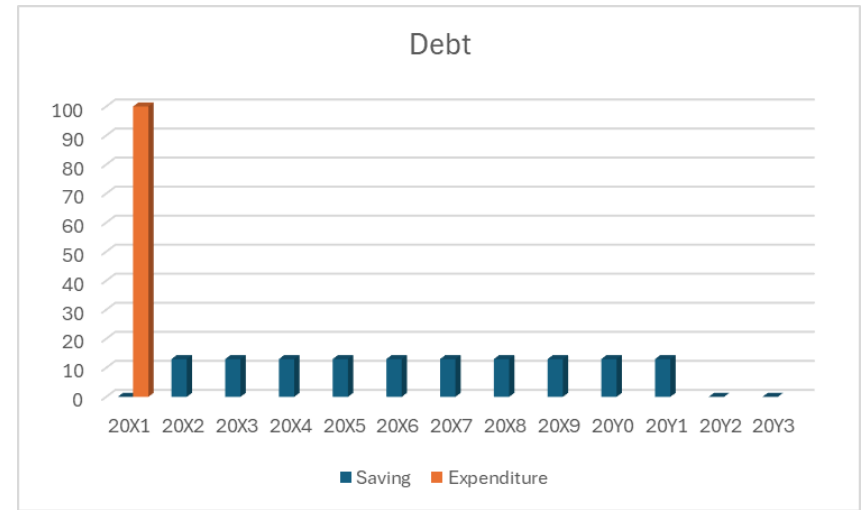
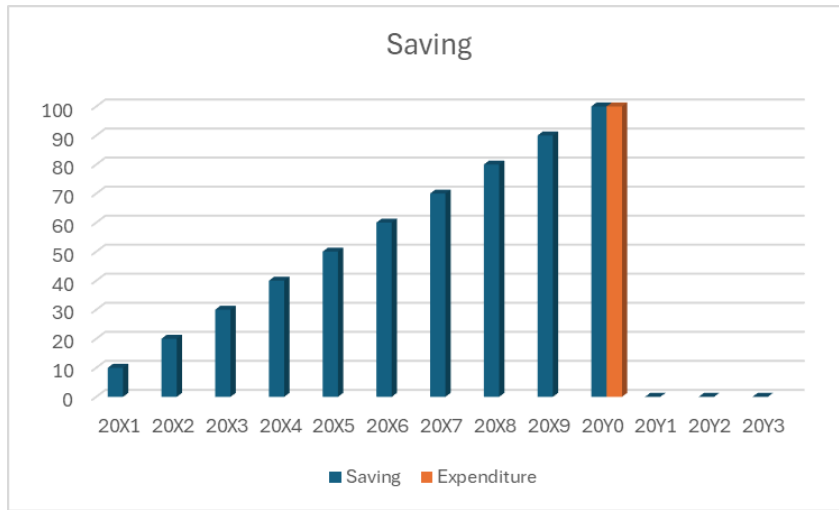


# Governmental Debt



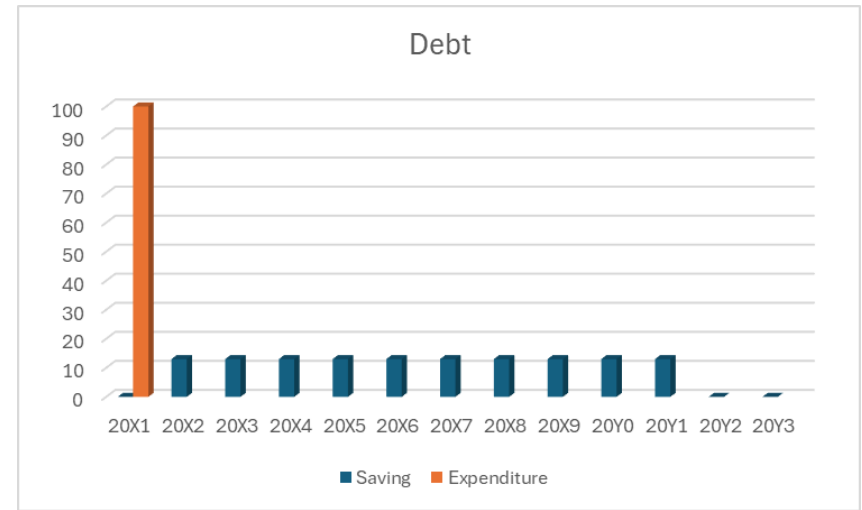
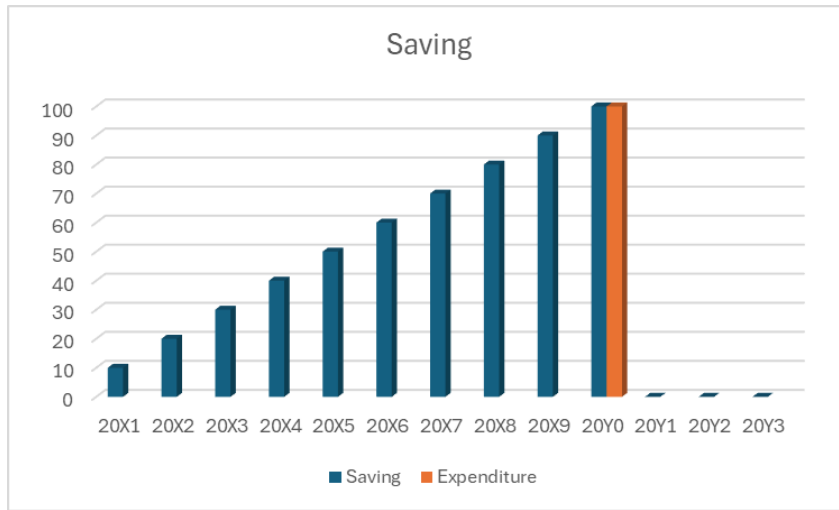
# Government Debt - Advantages

- Services can be provided sooner by issuing debt than by saving up funding.



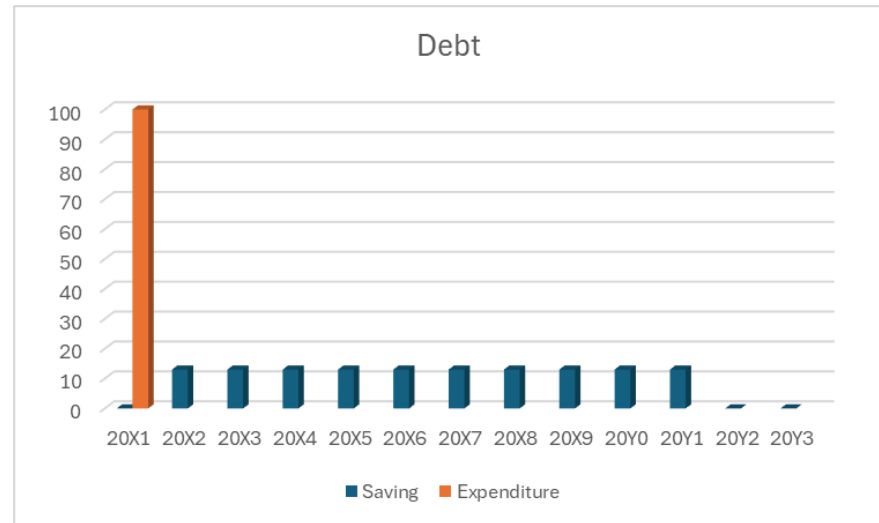
# Government Debt - Advantages

- Better matching of the individuals paying with the individuals receiving the benefit.



# Government Debt - Disadvantages

- Higher overall cost – issuance costs and interest expense
- Requires strong oversight and better planning to make decisions on when to issue debt and avoiding too much debt



# Common Types of Government Debt



General Obligation (GO) Bonds



Limited Liability Revenue Bonds



Certificates of Participation

# Common Types of Government Debt

## Why are there different types of government debt?

- Legal authority
  - May not be able to issue certain types of debt
- Collateral
  - The recourse that debt holders have is different for the different types of debt.
  - The amount of collateral on the debt may impact the market interest rate favorably or unfavorably.



# Common Types of Government Debt

## General Obligation (GO) Debt

- ✓ Most common form of state and local government debt
- ✓ Secured by full faith and credit of the government
  - Maximum security to bondholders
- ✓ Generally can be re-paid by all sources of revenue
- ✓ Colorado – required to be authorized by voters in a bond referendum



# Common Types of Government Debt

## Limited Liability Revenue Bonds

- ✓ Payments on debt come from a specific revenue source
  - *Could be a sales tax, utilities charges, toll road fees, etc*
- ✓ Revenue source often matches what the bond proceeds are used for
  - *Example: Revenue Bonds for sewer treatment facility backed by sewage fees*
- ✓ Generally have more stringent requirements
  - *Such as bond insurance or debt service reserves*
- ✓ Usually do not require voter approval



# Common Types of Government Debt

## Certificates of Participation (COPs)

- ✓ Also referred to as “Lease rental revenue bonds”
  
- 1. Investor purchases a share of lease revenues
- 2. Government’s lease payments repay the COPs



# Common Types of Government Debt

## Certificates of Participation (COPs)

Example:

- Government transfers ownership of building to Trustee.
- Government enters into agreement to lease the building back from the Trustee.
- Trustee issues Certificates of Participation (COPs) to receive upfront cash in exchange for the right to the lease revenue.
- Trustee transfers the upfront cash to the government.
- Government pays principal and interest on the lease to the Trustee.
- Trustee pays the COPs using the principal and interest payments.



# Common Types of Government Debt

## Lease Rental Revenue Bonds – Building Authority

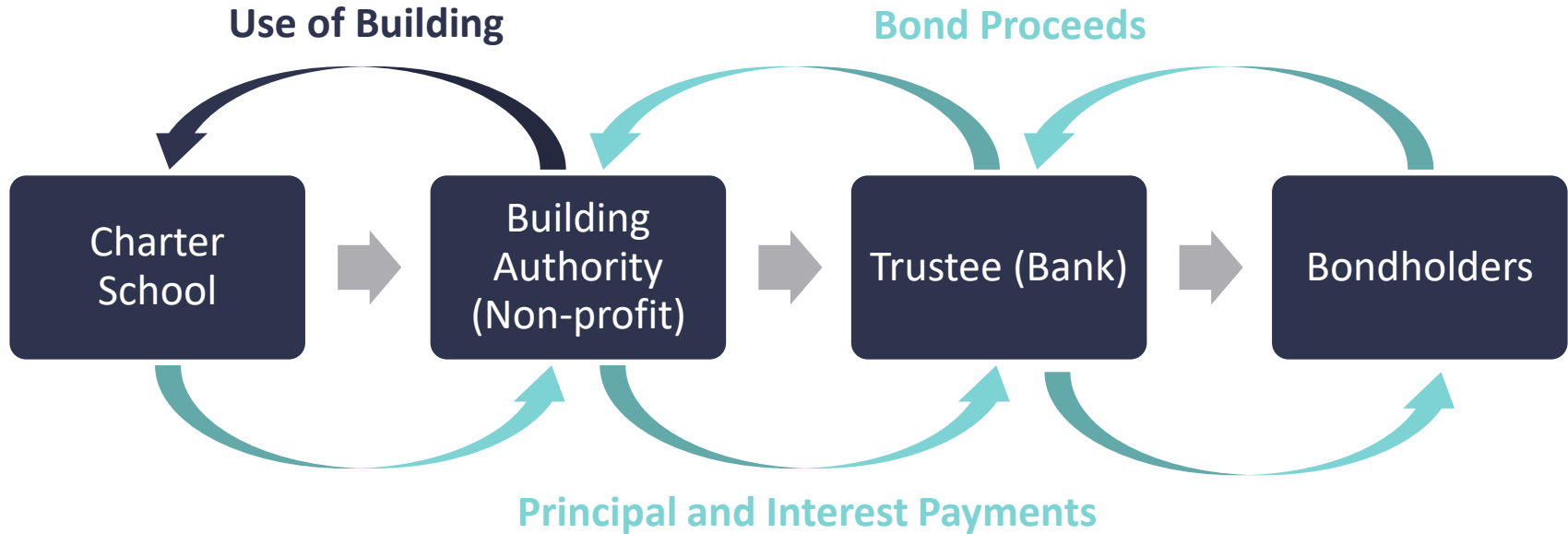
Example:

- Charter School does not have legal authority to issue debt but does have the ability to enter into a lease agreement.
- School creates a new nonprofit entity (Building Authority) directed by the School.
- Building Authority, as a nonprofit, has legal authority to issue bonds.
- Building Authority issues bonds and purchases a school building.
- Building Authority leases the school building to the School.
- School makes principal and interest payments on the lease to the Building Authority.
- Building Authority uses the lease revenue to make principal and interest payments on the bonds.



# Common Types of Government Debt

## Lease Rental Revenue Bonds – Building Authority





# Debt Issuances



# Issuance of Debt

- Accounting for issuance of debt is generally the same regardless of the type of debt
- Modified accrual (governmental fund) vs. full accrual (government-wide and business-type funds)
- Utilize the “Sources and Uses” section of the official statement



# Issuance of Debt – Initial Entries

- Issuance of \$3 million of GO bonds

## SOURCES

Principal amount of bonds	3,000,000.00
	<u>3,000,000.00</u>

## USES

Project fund	3,000,000.00
	<u>3,000,000.00</u>



# Issuance of Debt – Initial Entries

- Issuance of \$3 million of bonds in a governmental fund (modified accrual)

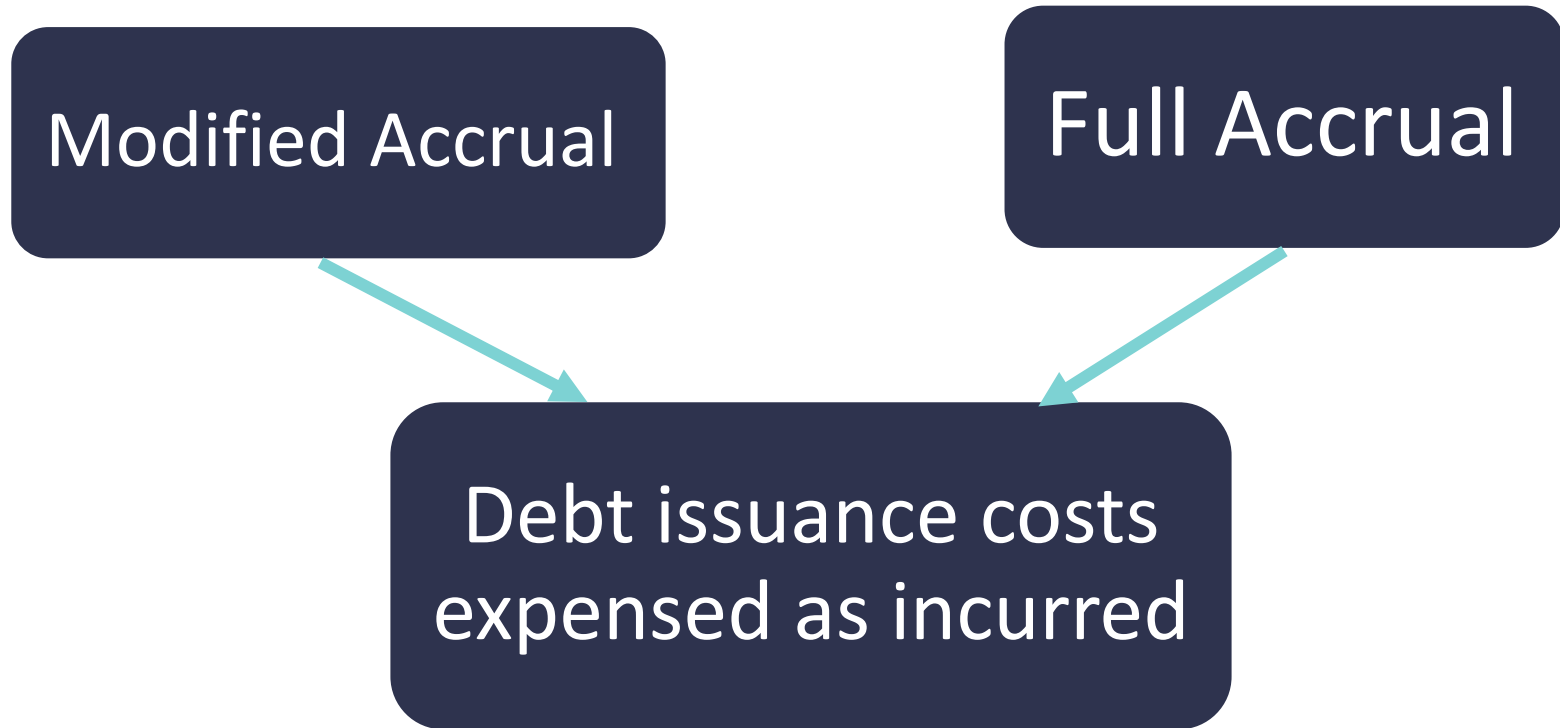
	<u>Debit</u>	<u>Credit</u>
Cash	3,000,000	
Other Financing Source - Issuance of Bonds		3,000,000

- Issuance of \$3 million of bonds in a proprietary fund (full accrual)

	<u>Debit</u>	<u>Credit</u>
Cash	3,000,000	
Long-Term Liability - Bonds		3,000,000



# Debt Issuance Costs



# Issuance of Debt – Initial Entries

- Issuance of \$10 million of GO bonds

## SOURCES

Principal amount of bonds	10,000,000.00
Underwriter's discount	(200,000.00)
Premium	1,000,000.00
	<hr/>
	10,800,000.00
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## USES

Project fund	10,700,000.00
Cost of issuance	100,000.00
	<hr/>
	10,800,000.00
	<hr/> <hr/>



# Issuance of Debt – Initial Entries

- Issuance of \$10 million of GO bonds

## SOURCES

Principal amount of bonds	10,000,000.00	Other Financing Source
Underwriter's discount	(200,000.00)	Expenditure
Premium	1,000,000.00	Other Financing Source
	<u>10,800,000.00</u>	

## USES

Project fund	10,700,000.00	
Cost of issuance	100,000.00	Expenditure
	<u>10,800,000.00</u>	



# Issuance of Debt – Initial Entries

- Issuance of \$10 million of GO bonds

	<b>Debit</b>	<b>Credit</b>
Other Financing Source - Issuance of Bonds		10,000,000
Other Financing Source - Premium		1,000,000
Cash	11,000,000	
Expenditure - Cost of Issuance	200,000	
Expenditure - Underwriter's discount	100,000	
Cash		300,000
<b>Total</b>	<b>11,300,000</b>	<b>11,300,000</b>



## Issuance of Debt – Principal and Interest Payments

- Payment of \$100k principal and 50k interest (modified accrual)

	<b>Debit</b>	<b>Credit</b>
Principal Payment (Expenditure)	100,000	
Interest Expenditure	50,000	
Cash		150,000

- Payment of \$100k principal and 50k interest on the government-wide statements (full accrual)

	<b>Debit</b>	<b>Credit</b>
Bond Liability	100,000	
Interest Expense	50,000	
Cash		150,000





# Premiums and Discounts



# Premiums and Discounts

- When a bond's stated rate of interest varies from the market interest rate, the bond proceeds may be more (premium) or less (discount) than the face value of the debt
- Example:

	<u>Premium</u>	<u>Discount</u>
Face Value	10,000,000	10,000,000
Bond Interest Rate	6%	4%
Market Interest Rate	5%	5%
Premium/(Discount)	1,000,000	(1,000,000)
Bond Proceeds	11,000,000	9,000,000



# *Premiums and Discounts - Issuance*

Modified Accrual - Governmental Funds:

- Other Financing Source reported separately from the rest of the debt issuance

Full Accrual - Government-wide / Business-Type Funds

- Netted with the long-term liability

Footnote Disclosure

- Premium/Discount presented separately from debt



# Premium/Discount – Modified Accrual

- Issuance of \$10 million of GO bonds

	<u>Debit</u>	<u>Credit</u>
Other Financing Source - Issuance of Bonds		10,000,000
Other Financing Source - Premium		1,000,000
Cash	11,000,000	
Expenditure - Cost of Issuance	200,000	
Expenditure - Underwriter's discount	100,000	
Cash		300,000
<b>Total</b>	<u>11,300,000</u>	<u>11,300,000</u>



# Premium/Discount – Full Accrual

- Excerpt from Statement of Net Position

## LIABILITIES

Accounts payable	13,448,045
Retainage payable	744,250
Accrued salaries and benefits	35,328,750
Intergovernmental payable	214,942
Other current liabilities	519,330
Accrued interest payable	677,307
Unearned revenues	4,861,857

### Noncurrent liabilities:

Due within one year	50,357,545
Due in more than one year:	341,867,954

Net pension liability	809,001,568
Net OPEB liability	19,534,131
Total liabilities	<u>1,276,555,679</u>

*Premiums/Discounts  
netted with debt amounts*



# Premium/Discount – Footnote Disclosure

Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation refunding bonds					
Series 2012	\$ 45,035,000	\$ -	\$ 22,065,000	\$ 22,970,000	\$ 22,970,000
Series 2014	20,090,000	-	-	20,090,000	-
Series 2014B	38,635,000	-	2,310,000	36,325,000	2,370,000
Series 2016B	204,775,000	-	-	204,775,000	-
Series 2018	34,500,000	-	-	34,500,000	-
Unamortized bond premiums	32,830,941	-	4,987,684	27,843,257	4,201,859
Total general obligation bonds	375,865,941	-	29,362,684	346,503,257	29,541,859



# Premiums and Discounts - Amortization

- Required - “Interest” method amortization

	<u>Interest Method</u>
FY25	3,749,444
FY26	3,223,571
FY27	2,659,190
FY28	2,228,434
FY29	1,991,494
FY30	1,742,443
FY31	1,480,629
FY32	1,218,076
FY33	942,127
FY34	639,444
FY35	321,302
FY36	119,784
FY37	40,646

	<u>Straight-line</u>
FY25	1,565,891
FY26	1,565,891
FY27	1,565,891
FY28	1,565,891
FY29	1,565,891
FY30	1,565,891
FY31	1,565,891
FY32	1,565,891
FY33	1,565,891
FY34	1,565,891
FY35	1,565,891
FY36	1,565,891
FY37	1,565,891





# Deferred Charge on Refunding



# Types of Refunding

## Extinguishment



Current resources used to pay off debt. No new debt issued.



Old debt removed from Statement of Net Position



Gain/Loss recognized at time of payment

## Advance Refunding



Proceeds from new debt placed in an escrow account used to pay future principal and interest on old debt



Old debt removed from Statement of Net Position



Calculation of Deferred Charge on Refunding

## Current Refunding



Proceeds from new debt used to pay off old debt



Old debt removed from Statement of Net Position



Calculation of Deferred Charge on Refunding



# Deferred Gain/Loss on Refunding

**GASB 65 Definition:** The deferred gain/loss on refunding is the difference between the reacquisition price **(1)** and the net carrying amount **(2)**.

**(1)** Reacquisition Price is the amount required to repay previously issued debt, including principal and any call premium. In an advance refunding, it is the amount placed in escrow to be used to pay interest and principal on the old debt.

**(2)** Net carrying amount is the principal remaining on the old debt, adjusted for any unamortized premium or discount.



# Deferred Gain/Loss on Refunding

## **Purpose:**

Force the refunding transaction to only impact balance sheet accounts (other than issuance costs and interest expense).

## **Impact:**

Timing of interest expense – shifts from recording all of the expense from the time of the issuance of the refunding debt to spreading it over a longer time period.



# Deferred Gain/Loss on Refunding

**Presentation:** Only on the Statement of Net Position.

- Not on the modified accrual basis
- Not reported in the footnote disclosures

	Governmental Activities
<b>ASSETS</b>	
Cash and investments - unrestricted	\$ 229,670,275
Cash and investments - restricted	100,023,852
Taxes receivables	5,949,130
Intergovernmental receivables	13,837,463
Other receivables	5,286,937
Inventories	1,754,119
Prepaid items	823,274
Other current assets	21,900
Capital assets not being depreciated	51,739,954
Capital assets, net of accumulated depreciation/amortization	<u>604,834,958</u>
Total assets	<u>1,013,941,862</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related	222,933,045
OPFB related	3,650,243
Deferred charges on refunding	<u>2,692,243</u>
Total deferred outflows of resources	<u>229,275,531</u>



# Deferred Gain/Loss on Refunding

## Example:

The City issued \$21 million in new debt to refund \$20 million of outstanding general obligation bonds which includes \$1 million of an early call premium.

What should be presented as the deferred charge on refunding?



# Deferred Gain/Loss on Refunding

## Example:

### **Reacquisition Price**

Amount Placed in Escrow 21 million

### **Net Carrying Amount:**

Remaining Principal 20 million

Deferred Charge on Refunding 1 million

*Included in Deferred Outflows of Resources*



# Deferred Gain/Loss on Refunding

## Example:

The City issued \$23 million in new debt which was placed in an irrevocable trust to defease \$20 million of outstanding general obligation bonds which had an outstanding premium of \$2 million.

What should be presented as the deferred charge on refunding?



# Deferred Gain/Loss on Refunding

## Example: **Reacquisition Price**

Amount Placed in Escrow 23 million

### **Net Carrying Amount:**

Remaining Principal 20 million

Remaining Premium 2 million

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22

Deferred Charge on Refunding 1 million

*Included in Deferred Outflows of Resources*



# Deferred Gain/Loss on Refunding

## Example:

The City issued \$24 million in new debt to defease \$20 million of outstanding general obligation bonds which had an outstanding premium of \$2 million. The City incurred \$1 million in issuance costs on the new debt which was paid from the proceeds of the new debt. The City placed \$23 million in an irrevocable trust to refund the old debt. The old debt has interest payments due on June 1 and December 1, and the defeasance occurred on September 1. The December interest payment is for \$1 million.

What should be presented as the deferred charge on refunding?



# Deferred Gain/Loss on Refunding

## Example:

### Reacquisition Price

Debt Proceeds	24
Less: Issuance Costs	<u>-1</u>
Amount Placed in Escrow	23 million

### Net Carrying Amount:

Remaining Principal	20 million
Remaining Premium	2 million
Accrued Interest	<u>0.5 million</u>
	22.5

Deferred Charge on Refunding 0.5 million

*Included in Deferred Outflows of Resources*

*\$1 million of issuance costs included in expenses*



# Deferred Gain/Loss on Refunding

## Example:

### Debit:

Remove - Old Debt	20
Remove - Old Premium	2
Interest Expense	0.5
Issuance Costs	1
Deferred Charge on Refunding	0.5
	<hr/>
	24

### Credit:

New Refunding Debt	24
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# Deferred Gain/Loss on Refunding

## Amortization

- Systematic and rational manner
  - Straight-line is permitted
- Shorter of the life of the refunded (old) debt and the new debt



# Deferred Gain/Loss on Refunding

## Required Disclosure: Economic Gain on Refunding

- Difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate and adjusted for additional cash paid.
- Economic gain is typically calculated as part of the process of issuing the refunding debt and does not need to be recalculated for disclosure.





# Arbitrage



# Arbitrage

- Liability to Federal government (IRS) based on excess interest earned on unspent tax-exempt bond proceeds
- Simplified Example:

*Proceeds from the tax-exempt government bond issuance invested into the corporate bond*



Government Bonds

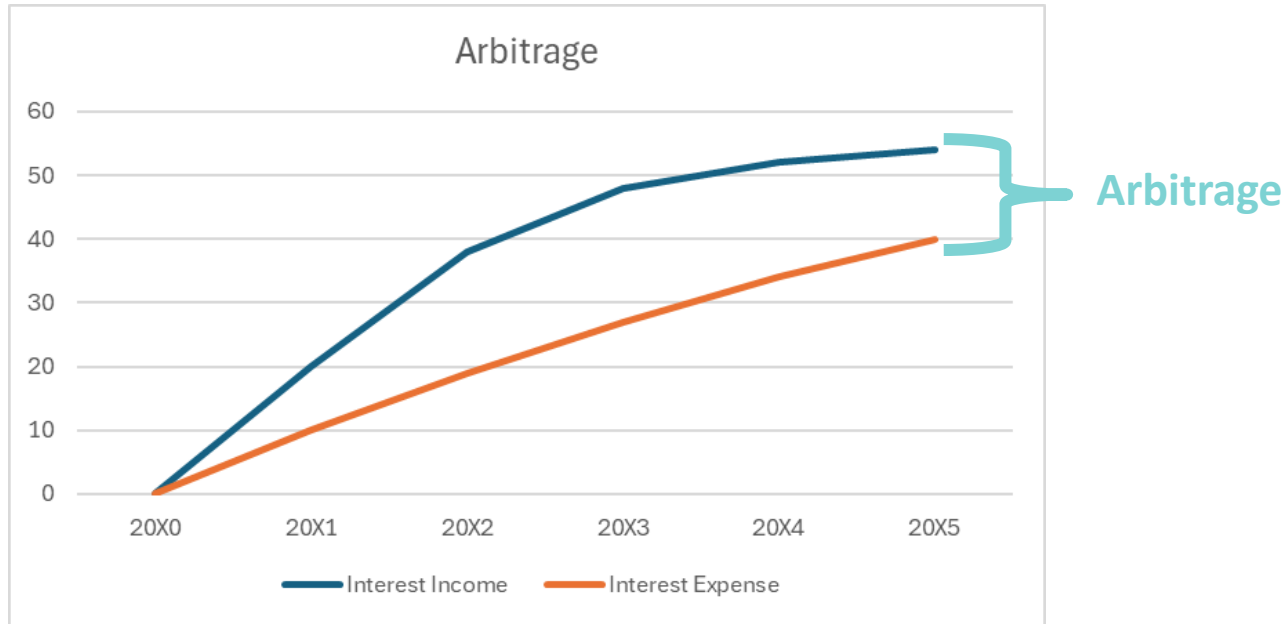
Corporate Bonds

	<u>Bond Amount</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>
Government Bonds	100,000,000	5%	5,000,000
Corporate Bonds	100,000,000	6%	6,000,000
		Arbitrage	1,000,000



# Arbitrage

- Liability to Federal government (IRS) based on excess interest earned on unspent tax-exempt bond proceeds



# Arbitrage

- Bonds spent within a reasonable period (as defined by the federal government) are exempt.
  - Varies between 6 months to 3 years based on the use of the debt
- Required to be paid to the IRS every five years
- Governments should accrue the liability annually if material and known
- Calculations can be complex and specialists are typically utilized





## Other Debt Issues



# Direct Borrowing



Direct Borrowing – government enters into a loan with a lender



Direct Placement – government issues direct securities directly to an investor



Direct borrowings and direct placements are required to be disclosed separately from other types of debt (GASB 88).

# Direct Borrowing

	Balance 12/31/2022	Additions	Reductions	Balance 12/31/2023	Due Within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 6,219,998	\$ 4,875,307	\$ 4,175,265	\$ 6,920,040	\$ 3,806,021
Certificates of Participation	14,790,000	-	400,000	14,390,000	405,000
<b>Direct Placement Debt:</b>					
Construction Financing Agreement	\$ 10,920,000	\$ -	\$ 465,000	\$ 10,455,000	\$ 475,000
Equipment Financing Agreement	990,376	-	131,483	858,893	162,639
Loan Agreement	1,000,000	-	-	1,000,000	86,366
Pollution Remediation	\$ 1,030,000	\$ 100,000	\$ -	\$ 1,130,000	\$ 1,130,000
Oversizing Agreements	759,475	-	51,271	708,204	-
<b>Total</b>	<b>\$ 35,709,849</b>	<b>\$ 4,975,307</b>	<b>\$ 5,223,019</b>	<b>\$ 35,462,137</b>	<b>\$ 6,065,026</b>



# Conduit Debt

- Debt instrument issued in the name of a state or local government (issuer) of a third party that is primarily or fully liable for the repayment of the debt instrument.
- Is not recognized as a liability of the issuer
  - Unless the issuer has a commitment to support the debt is more likely than not to support one or more of the debt service payments
- Footnote disclosures are required describing the conduit debt, obligations, and commitments



# Conduit Debt

- Has all of the following characteristics:
  - a) There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
    - There may be more than one third-party obligor, debt holder, or debt trustee.
  - b) Issuer and third-party obligor are not within the same financial reporting entity.
  - c) The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
  - d) The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
  - e) The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation.



# Conduit Debt

- Why would a government be involved in conduit debt?
  - ✓ Allows for the debt to be tax-exempt, similar to other municipal debt
- Limited to certain types of projects for the public good:
  - Affordable multifamily housing developments
  - Sewage and waste facilities
  - Public educational facilities
  - Other qualified activities permitted by the IRS



# When is a debt service fund required?



When legally mandated (state law, regulation, or by bond covenant)



If financial resources are being accumulated for principal and interest payments maturing in future years (such as a reserve fund or sinking fund). Can be restricted, committed, or assigned.



# Net Investment in Capital Assets



# Net Investment In Capital Assets

- Reported on the Statement of Net Position
- One of the three components of net position (full accrual equity)
- Represents capital assets less related debt

## Net position

Net investment in capital assets	761,352,267
Restricted for:	
TABOR reserve	10,766,232
Transportation projects	5,034,224
Capital projects	-
Park development	848,357
Parks, recreation and open space	3,227,878
Open space, parks and trails	56,894,252
Law enforcement	8,312,788
Unrestricted	(35,647,397)
Total net position	<u>\$ 810,788,601</u>



# Net Investment In Capital Assets

## Calculation:

$$\begin{array}{r} \text{Capital Assets} \\ - \text{Accumulated Depreciation} \\ - \text{Capital Related Debt} \\ + \text{Deferred Loss on Refunding} \\ \hline \text{Net Investment in Capital Assets} \end{array}$$



# Example – Net Investment In Capital Assets

- ASSETS:
  - Investments = \$190 million
  - Prepaid Items = \$2 million
  - Inventories = \$4 million
  - Total Capital Assets, Net of Depreciation = \$850 million
- LIABILITIES:
  - Accounts Payable = \$15 million
  - Accrued Liabilities = \$13 million
  - Bonds and Notes Payable, Current Portion = \$75 million
  - Bonds and Notes Payable, Noncurrent Portion = \$520 million



# Example – Net Investment In Capital Assets

- ASSETS:
  - Investments = \$190 million
  - Prepaid Items = \$2 million
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  - **Total Capital Assets, Net of Depreciation = \$850 million**
- LIABILITIES:
  - Accounts Payable = \$15 million
  - Accrued Liabilities = \$13 million
  - **Bonds and Notes Payable, Current Portion = \$75 million**
  - **Bonds and Notes Payable, Noncurrent Portion = \$520 million**





# Net Investment In Capital Assets

- Capital Related Debt:
  - ✓ Includes bonds, COPs, leases, financed purchases, and other debt relating to the purchase or construction of capital assets
  - ✓ Reduced by the amount of bond proceeds spent on non-capital
  - ✓ Reduced by the amount of **unspent proceeds** (if any)
  - ✓ Includes **retainage payable**
  - ✓ Includes amounts in **accounts payable** relating to capital outlay



# Net Investment In Capital Assets

## Bond Premium/Discount and Deferred Loss on Refunding:

### Implementation Guide 7.23.3

- **Q**—Which component(s) of net position do prepaid bond insurance costs, premiums and discounts, and deferred outflows of resources or deferred inflows of resources from refundings affect—net investment in capital assets, restricted, or unrestricted?
- **A**—Premiums, discounts, and deferred outflows of resources or deferred inflows of resources from refundings “follow the debt” in calculating the components of net position. That is, if debt is capital related, those amounts would be included in the calculation of the *net investment in capital assets* component of net position.



# Net Investment In Capital Assets

## Debt proceeds spent on non-capital expenditures:

### Implementation Guide 7.23.5

- **Q**—Often, debt is issued for capital purposes, but some of the proceeds are spent for assets that are not capitalized. Should some of the debt be removed from the *net investment in capital assets* component of net position?
- **A**—Governments are not expected to categorize all uses of bond proceeds to determine how much of the debt actually relates to assets that have been capitalized. Unless a **significant portion** of the debt proceeds is spent for non-capitalizable purposes, the entire amount could be considered "capital-related."



# Net Investment In Capital Assets

## Unspent Debt Proceeds:

### Implementation Guide 7.23.2

- **Q**—A government issues bonds late in the year to purchase capital assets. The proceeds are received, but no capital assets have been purchased as of the balance sheet date. Which component of net position should include the debt?
- **A**—If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds should *not* be included in the calculation of *the net investment in capital assets* component of net position. Rather, that portion of the debt should be included in the same net position component as the unspent proceeds—for example, *restricted for capital projects*.



# Net Investment In Capital Assets

## Retainage Payable:

### Implementation Guide 7.23.13

- **Q**—Should construction retainages payable be considered related debt for purposes of calculating *the net investment in capital assets* component of net position?
- **A**—A retainage payable represents a liability attributable to the acquisition, construction, or improvement of capital assets (in this case, construction in progress) and retainage liabilities should be included in that net position calculation.



# Net Investment In Capital Assets

## Capital Related Payables:

### Implementation Guide 7.23.14

- **Q**—Is the answer to Question 7.23.13 the same if the construction project is financed with bond proceeds?
- **A**—Yes. If the project is financed with bond proceeds, the amount of the retainage is attributed to the construction in progress, and would be included in the net investment in capital assets component of net position. Thus, “capital-related debt” in this situation includes the portion of the bonds payable that has been spent on the capital construction, plus **retainages and accounts payable attributable to that construction.**



# Net Investment In Capital Assets

## Interfund Debt:

### Implementation Guide 7.23.11

- **Q**—A government made an interfund loan from its general fund to an enterprise fund for the purpose of purchasing capital assets. Does the advance due to the general fund constitute capital-related debt in the enterprise fund?
- **A**—No. Interfund advances are not considered debt or other borrowing for purposes of calculating the net position components. Interfund balances are included in the computation of unrestricted net position.



# Net Investment in Capital Assets

## Other Items to Note:

- Question: For smaller cities, towns, and other special districts that have capital assets but no related debt, should the caption still be “Net Investment in Capital Assets”?
  - Answer: Should be titled “Investment in Capital Assets” (7.23.7)
- Question: If debt was issued to refund existing capital-related debt, should this also be considered capital-related?
  - Answer: Yes (7.23.6)



# Example – Net Investment In Capital Assets

- ASSETS:
  - Investments = \$190 million
    - Including unspent bond proceeds totaling \$80 million
  - Prepaid Items = \$2 million
  - Inventories = \$4 million
  - Total Capital Assets, Net of Depreciation = \$850 million
- DEFERRED OUTFLOWS OF RESOURCES
  - Deferred Charge on Refunding = \$8 million
- LIABILITIES:
  - Accounts Payable = \$15 million
    - Including \$7 million of construction related A/P
  - Accrued Liabilities = \$13 million
    - Including \$3 million of retainage payable
  - Bonds and Notes Payable, Current Portion = \$75 million
  - Bonds and Notes Payable, Noncurrent Portion = \$520 million



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# Example – Net Investment In Capital Assets

**Capital Assets, Net of Accumulated Depreciation: \$ 850 million**

**Less: Capital Related Debt:**

Bonds and Notes Payable, Current 75

Bonds and Notes Payable, Noncurrent 520

Unspent Bond Proceeds -80

Deferred Charge of Refunding -8

Subtotal: Capital Related Debt 507

Capital Related Accounts Payable 7

Capital Related Retainage Payable 3

Subtotal: Capital Related Payables 10

**Total Capital Related Debt 517**

**Net Investment in Capital Assets \$ 333 million**



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