

SECTION N: FINANCIAL STATEMENTS (GASB 34 REPORTING PURPOSES)

For auditing purposes, Governmental Accounting Standards Board (GASB) 34 requires each school district to present their financial statements in accordance with the standards of this GASB. Each district must present a Management Discussion & Analysis (MD&A), government-wide financial statements, governmental funds' financial statements, fiduciary funds' financial statements, notes to the financial statements and other required supplementary information.

For GASB 34 financial statement reporting purposes, the measurement focus, the basis of accounting, and the financial statement presentation for the financial statements are as follows:

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In the governmental fund financial statements, governmental activities are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

In order to present the district's financial statements in the GASB 34 format, several conversion entries must be made to your existing financial statements (FETS) you prepare and send to the Mississippi Department of Education. Some of the major conversion entries include general fixed assets and depreciation, long term debt, accrued interest on long term debt, compensated absences, lease accounting entries, pension contributions and expense, OPEB expense, elimination of interfund transfers and loans, and deferred outflows/inflows.

Also, major funds (in addition to the general fund) must be determined based on the GASB 34 threshold and the amount of the assets and/or revenues in each individual fund, and then these funds are reported on separately in the governmental fund financial statements.

If a district does not convert its own FETS financial statements to the GASB 34 format, then it will have to have its auditor (CPA firm) or another CPA firm perform this conversion for the district.

Included in this section is the template format of the required GASB 34 statements. The template format includes the "district management's discussion and analysis (MD&A), the financial statements and the notes to the financial statements." The format is dictated by Office of the State Auditor and can be found on their website.

[Mississippi Office of the State Auditor Link to Report Model for Public Schools](#)