

GEORGIA DEPARTMENT OF COMMUNITY AFFAIRS *REPORT OF AUTHORITY FINANCES* INSTRUCTIONS AND DEFINITIONS

INTRODUCTION

These instructions for the *Report of Authority Finances* are provided for a wide range of users. For many, because of its similarity to conventional financial statements, the report format will be fairly straightforward. Other users, with primary expertise in other areas, will find the instructions extremely useful in accurately completing this report. However, all users should carefully read these instructions and refer to them as needed to ensure that the report is complete and accurate.

Provided as an integral part of these instructions are definitions of all key terms used in the report. Please refer to these definitions to help ensure the accuracy of your report.

Background Information

State law requires authorities authorized to issue bonds under the Constitution and laws of this state (O.C.G.A. 36-81-8) to submit to the Department of Community Affairs (DCA) the *Report of Authority Finances* - an annual report of revenues, expenditures, assets, and debts (this requirement is in addition to the authority registration and debt issuance reporting requirements). Therefore, this report is required for all local government authorities that are not prohibited by law from issuing debt. DCA uses these reports to generate a consolidated, statewide report that is intended to provide useful comparative financial information to assist local taxpayers and policy-makers in better understanding and evaluating local government service delivery and operations.

All reporting authorities are required to submit a report based on fiscal year end dates. Each reporting authority has up to six (6) months from the end of the fiscal year to submit their report. Generally, those authorities that are audited will have audited statements within six (6) months of the fiscal year end, and will be able to lift most, if not all, the financial data directly from these audited statements. While the reporting requirements under O.C.G.A. 36-81-8 do not require local authorities to have their financial activities audited, accountability of public sector entities is extremely important. To provide this accountability, DCA strongly encourages authorities engaging in significant financial activities for the benefit of the public to have an annual audit conducted by independent certified accountants.

Instructions

Please carefully read these instructions, and refer to them as necessary to ensure that the report is complete and accurate. ***Remember to reference the definitions often.***

Part I (a) – General Information

- Upon log-in to the webpage (<https://www.dca.ga.gov/secured/DCASurveys/RegisteredAuthorities/login.html>), the authority's legal name should appear in the "Authority Name" box. You cannot edit this

information, so if the name is listed incorrectly you should contact DCA's Office of Research at: DCA.Research@dca.ga.gov.

- Enter the name of the person responsible for completing the report and answering any follow-up questions in the "Report Preparer" box. In the block directly below it, please enter the telephone number at which the report preparer can be reached during regular business hours.
- If the authority is a component unit of a local government jurisdiction (city, county, or consolidated government), please identify that jurisdiction in the "Primary Government Name, If Applicable" box.
- Below the primary government line, please indicate whether the information source for this report is audited or unaudited data. To the right of this section, please indicate the applicable fiscal year, and the month in which the authority's fiscal year ends.

Part I (a) – Certification

This section certifies that to the best of the authority director or board chairperson's knowledge, the report is accurate, and that it fairly represents the financial activities and financial condition of the authority for the reporting period. Please enter titles and dates on the Director/Chairperson and Preparer lines.

Part II - Balance Sheet

To accommodate numerous types of authorities, this section provides for the reporting of current and non-current account balances without regard to restricted assets, reserves, etc. Also, if the authority has multiple funds (such as a joint utility authority), these funds should be combined into a balancing set of statements for this report. Note that other than the specific schedules included in parts four, five, and six, there will be no supplementary information required unless an "Other" category reported in Part II exceeds 20% of the total for the asset/liability classifications in which the "Other" is reported.

The balance sheet accounts are standard (see definitions). However, to assist in understanding the relationship between the different sections in Part II, the blocks that make up the totals/subtotals are clearly indicated to the left of the total/subtotal boxes. Typical accounting systems should be capable of generating the information necessary to complete Part II.

If the authority is inactive or near inactive, there may be little to report in Part II. However, it will be necessary to account for increases or decreases net assets from one fiscal year to the next (if any) through Part III, "Revenues, Expenditures, and Changes in Net Assets."

Part III: Revenues, Expenditures, and Changes in Net Assets

As stated above, this report is designed to accommodate numerous types of authorities. Therefore, financial activities are classified in relatively generic terms, while still capturing the key elements needed to provide useful comparative financial data among similar types of authorities.

Whether an authority is active, inactive, or has only occasional financial activity, it is necessary to account for any changes in net assets, reported each fiscal year in Part II through the use of this schedule. This is accomplished by requiring that this report be balanced. To assist in understanding the relationship between different sections, the blocks that make up the totals/subtotals are clearly indicated to the left of the total/subtotal boxes.

Note that block 325 in Part III “Ending Net Assets” must equal the amount reported in block 228 in Part II “Net Assets.” DCA cannot accept reports that do not meet this requirement.

While authorities are not required to submit amended reports when errors are discovered in a prior year report, it is necessary to account for such errors through disclosures in block 323 or block 324 “Prior Period Adjustments/changes.” If amounts reported in either of these blocks exceed 5% of total Ending Net Assets (block 325), please attach explanations/reconciliations so that DCA may determine the appropriate corrections for the database.

Part IV: Schedule of Bonds Payable

The debt issue numbers included on the form are for reference purposes only. This schedule provides a listing of outstanding bond issues. Note that bond issues not included as part of the Bonds Payable balances in Part I should not be reported in Part IV (see Part VI, Conduit Debt). The totals in blocks 405 and 406 (current balance and non-current balance) should equal the amounts reported in Part II for *Current Liabilities – Matured bonds payable*, and *Non-current Liabilities - Bonds payable* respectively (blocks 215 and 222).

The total beginning “Bonds Payable” (block 401) should equal the ending balance reported in block 404 from the prior year report.

The purpose of each issue should be described in the lower section of Part IV. The purposes of bond issues will vary significantly from one authority to another. Examples of purpose descriptions include, but are not limited to, “financing the purchase of land,” “constructing a regional hospital,” “financing the purchase and renovation of a downtown office building to house the authority operations,” and “financing the construction of a solid waste management facility,” etc.

Part V: Schedule of Capital Leases

The lease numbers included on this form are for reference purposes only. Capital leases included in this schedule should only include those capital leases involving property and equipment leased by the authority, with the authority being legally obligated to make the lease payments. This would include leases for property used directly by the authority, or for property subleased to another entity (with the authority retaining responsibility for the lease payments to the original lessor).

The original lease dates and expiration dates should be stated in the lease agreements. The totals in blocks 501 and 502 (current balance and non-current balance) should equal the amounts reported in Part II for *Current Liabilities – Capital leases payable*, and *Non-current Liabilities – Capital leases payable* respectively (blocks 218 and 223).

The Description/Purpose of Capital Leases should be disclosed in the lower portion of the form. Examples of lease purposes include, but are not limited to, “copier lease financing arrangements,” “lease financing of the authority’s own administrative buildings,” and “lease financing of a facility being sublet to private business,” etc.

Part VI: Conduit Debt

This section provides for the disclosure of debt issued by your authority that is not included in Part II of the *Report of Authority Finances*. Conduit debt involves certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by the authority to provide capital financing for a specific project carried out by a specific

independent third party beneficiary. A debt issuance meeting the criteria of conduit debt, would mean that, while the authority is the issuer, the authority's liability for the debt extends only to resources provided by a lease, loan, or similar contractual arrangements with a third party beneficiary.

Governmental accounting and financial reporting standards require that authorities report the aggregate amount of all conduit debt outstanding at the end of the fiscal year.

Do not include debt in this section that is included in Part II of the *Report of Authority Finances*. Additionally any lease, loan, or other contractual arrangement with a third party beneficiary, should not be included on the balance sheet of an authority's financial statements, and should not be included in Part II of this report (see current GASB rules for additional information regarding conduit debt arrangements).

In the far right column of Part VI of this report, please provide a brief description of the third party beneficiary contractual arrangements associated with each conduit debt issue reported. This should include the name of the third party beneficiary and its type of business/industry, the type of contractual arrangement (such as a lease, loan, sale, etc.) with the third party beneficiary, and a description of the public purpose/benefit provided or to be provided as a result of the conduit debt issuance.

Revised September 2017

GEORGIA DEPARTMENT OF COMMUNITY AFFAIRS
REPORT OF AUTHORITY FINANCES
DEFINITIONS

GENERAL DEFINITIONS

Audited Information

Financial data included in an annual report of your authority (and/or of the primary government to which the authority is attached) that has been audited by certified independent public accountants, in accordance to generally accepted auditing standards.

Authority

For the purposes of these reporting requirements, Authority means any local public body corporate and politic created in and for a county, municipality, consolidated government, or combination thereof, which is authorized to issue bonds under the Constitution and laws of this state (O.C.G.A. 36-81-8).

Component Unit

A legally separate organization for which the elected officials of the primary government are financially accountable. If your authority's financial activities are included in the audited financial statements of a local government jurisdiction, the implication is that your authority is a component unit of that government, and that this local government jurisdiction is the primary government. Component unit entities often have separate audits and publish their own audited component unit financial statements; however, component units are still included in the financial statements of a local government jurisdiction. See Governmental Accounting Standards Board (GASB), Statement 14 for a discussion of this subject.

Conduit Debt

Certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a governmental entity specifically to provide capital financing for a specific independent third party. While the governmental entity is the issuer, their liability for the debt extends only to resources provided by a lease or loan with the third party. Governmental accounting and financial reporting standards require that authorities report the aggregate amount of all conduit debt outstanding at the end of the fiscal year. This means conduit debt issuances must be included in the report.

Fiscal Year

The 12-month accounting and reporting period established by a local independent authority, in accordance with Governmental Accounting and Financial Reporting Standards.

Governmental Accounting and Financial Reporting Standards

The standards promulgated by the Governmental Accounting Standards Board (GASB); for financial reporting matters not specifically addressed in the GASB standards, by the American Institute of Certified Public Accountants; and, when specifically applicable, by other regulatory agencies such as the Federal Energy Regulatory Commission, the National Association of Regulatory Utility Commissioners.

BALANCE SHEET (REVENUES/ EXPENDITURES) DEFINITIONS (PART III)

<u>Current Assets</u>	Applicable Block #
Cash and Cash Equivalents Currency, coins, checks, money orders, and bankers' drafts on hand or on deposit with an official or agent designated as custodian of cash or demand deposits with financial institutions. Cash equivalents are short-term highly liquid investments including treasury bills, commercial paper, and money market funds (maturing within 3 months of acquisition date).	200
Accounts Receivable Amounts owed on open accounts from private individuals or organizations for goods and services furnished by an authority (excluding intergovernmental receivables). Also, taxes and special assessments receivable, if any, should be included here	201
Inventories For the purposes of this report, include both supplies and materials on hand for future consumption, and goods held for resale.	202
Other Current assets other than cash and accounts receivable.	203
<u>Noncurrent Assets</u>	Applicable Block #
Land Land purchased or otherwise owned by an authority. This account includes costs incurred in preparing land for use (e.g., razing of structures). Also, include are permanent improvements, other than infrastructure, and buildings, that add value to land (e.g., fences, retaining walls, pavements).	205
Buildings Permanent structures purchased or otherwise acquired by the government and improvements thereon. This account includes costs incurred in the acquisition of buildings (e.g., broker's fees).	206
Machinery and Equipment Tangible property of a permanent nature, other than land or buildings and improvements thereon (e.g., machinery, tools, trucks, and furnishings). This account includes costs incurred in the acquisition of machinery and equipment (e.g., transportation costs).	207
Construction in Progress Capital projects that have begun but have not been completed. This could apply to the construction of buildings or major land improvements.	208
Accumulated Depreciation The accumulation of systematic and rational allocations of the estimated cost of using land improvements, buildings, machinery and equipment over the useful lives of the assets.	209
Other Noncurrent Noncurrent assets not meeting any noncurrent asset definitions above.	211

<u>Current Liabilities</u>	Applicable Block #
Accounts Payable	
A short-term liability account reflecting amounts owed to private persons or organizations for goods and services a government receives. For the purposes of this Report, include salaries and wages payable, payroll deductions payable, the current portion of compensated absences, and contracts payable.	214
Matured Bonds Payable	
The face value of bonds due within one year, except for deep-discount bonds (e.g., zero coupon). The accreted value of deep-discount bonds due within one year should be included in this account.	215
Matured Interest Payable	
Unpaid interest on bonds that have reached or passed their maturity date.	216
Accrued Interest Payable	
Interest costs related to the current period and prior periods, but not due until a later date.	217
Capital Leases Payable - Current	
Current portion of the discounted present value of total future stipulated payments on lease agreements that were capitalized. See Capital leases payable-noncurrent for completed definition of a Capital lease.	218
Accrued Closure and Post-Closure Costs-Current	
The current portion of closure and post-closure care costs for government-owned landfills (GASB Codification Section L10.109).	219
Other	
This account should be used to report current liabilities not meeting the definitions for blocks 216 through 218.	220
<u>Noncurrent Liabilities</u>	Applicable Block #
Bonds Payable-Noncurrent	
The face value of bonds not due within one year, except for deep-discount bonds (e.g., zero-coupon). The accreted value of deep-discount bonds not due within one year should be presented in this account.	222
Capital Leases Payable Noncurrent	
As used in this Report, capital leases refer to leases involving property and equipment leased by the authority, with the authority being legally obligated to make the lease payments. If any one of the following 4 criteria apply to a lease, it is a capital lease: (1) transfers ownership to the lessee by the end of the lease term (2) contains a bargain purchase agreement (3) lease term is equal to 75% or more of the useful economic life of the leased property (4) lease payments at the inception of the lease, excluding executory costs, equals or exceeds 90% of the fair value of the leased property.	223
Accrued closure and post-closure costs-current	
The current portion of closure and post-closure care costs for government owned landfills (GASB Codification Section L10.109).	224

Other This account should be used to report noncurrent liabilities not meeting the definitions for blocks 221 through 224. **225**

Net Assets **Applicable Block #**

Net Assets Total assets (current and non-current, without regard to restricted assets, reserves etc.) minus total liabilities. The amount reported as Net assets must reconcile to the previous year amount reported (see Part III of these instructions for additional information). **228**

REVENUES/ EXPENDITURES/CHANGES IN NET ASSET DEFINITIONS (PART III)

Operating Revenues **Applicable Block #**

Sales and Services

Fees and charges collected by authorities, for services or products provided to or on behalf of individuals, other governmental entities, or nongovernmental entities. **301**

Leases

Financial resources derived from the use by others of an authority's assets. **302**

Other

Operating revenues other than Sales and services, and Leases. **303**

Operating Expenses **Applicable Block #**

Cost of Sales and Services

Cost of sales and services is not an account to which expenses are posted directly. For reporting purposes Cost of sales and services is determined by combining applicable expense categories. For example, the cost of sales (or cost of goods sold) includes the cost of supplies, and/or other inventories purchased for resale (plus or minus change-in-inventory). Cost of Services generally includes the actual costs, such as salaries/benefits etc., associated with the provision of specific services. **305**

General Administration

Generally, with the exception of depreciation expense, this classification would include most authority expenses not included in Cost of Sales and Services. **306**

Depreciation

The periodic cost for asset use during an accounting period. The original cost of assets is spread out over the estimated useful life of the assets. When an asset is purchased, the original purchase cost is booked as an asset, and then each year a portion of the original purchase cost is charged to depreciation expense. To offset the debit accounting entry to depreciation expense, an "accumulated depreciation" account is credited. See the definition for accumulated depreciation. **307**

Other

This line should be used for expenses that do not fit any of the other three Operating Expenses categories. **308**

<u>Non-Operating Revenues/Expenses</u>		Applicable Block #
State Grants		
Transfers or payments received from the State of Georgia for specified purposes, usually subject to a measure of supervision and review by the granting agency in accordance with prescribed standards and requirements.	311	
Federal Grants		
Transfers or payments received from the federal government for specified purposes, usually subject to a measure of supervision and review by the granting agency in accordance with prescribed standards and requirements	312	
Local Government Grants		
Transfers or payments received from a local government for specified purposes, usually subject to a measure of supervision and review by the granting agency in accordance with prescribed standards and requirements.	313	
Interest Expense		
Interest expense on debt incurred for the purchase of capital assets (land, buildings, and equipment). Note that interest expense associated with a loan made for operating purposes (usually short-term) should be included in Operating expenses on line 305, 306, or 308 (depending on the specific purpose of the loan proceeds). For example, if a short-term loan was made to acquire inventory for resale, block 305 would be appropriate. Similarly, if a short-term loan was made for administrative salaries, block 306 would be appropriate.	314	
Gains (losses) on Sale of Assets		
Non-operating revenue or expense resulting in the sale of a capital asset such as a piece of equipment. The gain or loss is the difference between the net sales proceeds and the book value (purchase price less accumulated depreciation) of the asset.	315	
Other Non-Operating Revenues (Expenses)		
This classification includes investment earnings, bond issuance costs, or any other revenues or expenses not qualifying as operating activity.	316	
<u>Capital Contributions and Other</u>		Applicable Block #
Capital Contributions		
Capital contributions are not considered revenues. This classification would include contributions of cash or other assets from another governmental entity or a private entity. Generally, such contributions are in the form of capital assets (land, buildings, or equipment). However, cash contributions that are provided without restrictions of purpose (not meeting the definition of a grant) also qualify as capital contributions.	319	
Other		
Other nonrevenue items that are similar in nature to capital contributions. For example the portion of water/sewer tap fees that exceeds the actual cost to connect the service. This excess charge represents the new customers' share of the capital cost associated with the capital expenditures necessary to keep up with capacity increases.	320	

Prior Period Adjustments/ Changes

Applicable
Block #

Prior Period Adjustments/ Changes

323/324

Corrections of material accounting errors from prior fiscal years, changes in accounting principles (or application of an accounting principle), and retroactive changes required by GASB. This classification provides for adjustments to Net Assets reported in the prior year (or Beginning Net Assets in the current year Report). Also, include under this broad classification, changes resulting when an authority uses the Purchase method of inventory accounting. Note that when the purchase method of accounting for inventories is used, there will be an entry in this section each year.