



State of North Carolina

Department of State Treasurer

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TREASURER

*State and Local Government Finance Division
and the Local Government Commission*

October 8, 2002

Memorandum # 978

TO: Local Government Officials and Their Auditors

FROM: Tim Romocki

SUBJECT: GASB 34 Resources – Illustrative financial statements and Tools

The long-awaited GASB 34 model illustrative statements are now available on the State Treasurer's website: <http://ncdst-webt.treasurer.state.nc.us/>. These are the Excel and Word files that make up the illustrative statements. The files in portable document format (pdf) will be available at a later date. Statements are available for the City of Dogwood, Carolina County and the Carolina County Board of Education.

These resources will assist those Phase I units of government and public authorities that are required to report their financial statements using the new reporting model for the fiscal year ended June 30, 2002. The staff of the Local Government Commission does not recommend early implementation of this model, however it is suggested that Phase II and III units begin to familiarize themselves with these resources to facilitate an easier implementation process. These resources will be updated from time to time as more information becomes available to improve the implementation process.

In conjunction with the illustrative statements, the staff has developed various groups of spreadsheets to assist with implementation and the annual conversion to full accrual statements. The prime feature in this group is the conversion workbook, which provides units with a series of Excel worksheets to move from the modified accrual trial balance to a full accrual set of books. An illustrative conversion workbook is provided on the website for the City of Dogwood, Carolina County, and the Carolina County Board of Education for the governmental activities at this time. Workbooks for the business-type activities will be available soon. To assist with the conversion process, blank workbooks are on the web as well, one for each of the three types of governmental units that we have illustrated. Public authorities that are governmental in nature should probably choose the county model as it will likely be the closest match to the functions carried out by those authorities.

The conversion workbook assumes that the user has basic Excel skills and has an adjusted modified accrual trial balance on hand. The user enters the trial balance into the appropriate worksheet and is then taken through a series of questions on various other worksheets. Once all data is entered and all questions answered, the workbook will produce a full accrual trial balance to be used to generate the governmental activities data needed for the government-wide

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statements. The workbook differentiates adjustments for prior year activity and current year activity such that it will provide the user with a full accrual beginning equity number and will allow the user to track this beginning equity from the modified accrual basis through to the full accrual number. It will also track the cumulative adjustments needed for consolidation of internal service fund activity in future years of implementation. Again, a similar workbook will be available soon for the business-type activities. Specific instructions for using the workbooks are included in those files. Please read the General Instructions page prior to using the workbook.

Also planned for the website will be other general worksheets which will assist the user in gathering the necessary data to produce a GASB 34 financial report. Currently only a blank major fund determination worksheet that any unit can use to determine its major funds is available. Other worksheets available in the coming weeks are revenue allocations for municipalities, counties, and LEAs, a benefit allocation worksheet for LEAs, an accrued interest receivable on taxes worksheet for tax-levying units, and a direct-method cash flow statement worksheet.

If you have questions or comments regarding this information, please contact Sharon Edmundson at (919) 807-2394 or Sara Shippee at (919) 807-2386.