



Chapter 6

Accounting for General Long-Term Liabilities & Debt Service



General Long Term Debt

- ◆ Governmental Unit Not Individual Funds
- ◆ Reported in Government-Wide Financial Statements



...General Long-Term Debt

- ◆ General Obligation Debt
- ◆ Limited Obligation Debt
- ◆ Special Assessment Debt
- ◆ Bond Anticipation Notes
- ◆ Capital Leases
- ◆ All Other L-T Debt (Governmental)



Special Long-Term Liability Issues

- ◆ Debt Limit
- ◆ Debt Margin
- ◆ Overlapping Debt
- ◆ Contingent Liabilities



Debt Service Fund

- ◆ Governmental Fund
- ◆ Fund Not Required by GAAP
- ◆ Budgetary Accounting Not Required But Recommended
- ◆ Independent or Common Fund(s)





...Debt Service Fund

- ◆ Payments of Principal & Interest
- ◆ Not Debt Until Legally Due
- ◆ Interest Revenue Accrued; held @ FV





...Debt Service Fund

- ◆ Revenue
 - ◆ Interest Revenue
 - ◆ Earmarked Taxes
 - ◆ Special Assessments





...Debt Service Fund

- ◆ Other Financing Sources
 - ◆ Transfers From General Fund
 - ◆ Transfers From Other Funds
 - ◆ Residual Transfers





...DSF

- ◆ Common Transactions
 - ◆ Receipt Transfer From Another Fund:
 - ◆ Journal Entry:

DSF: Cash

OFS -Interfund Transfer In

GA: No Entry





...DSF

- ◆ Common Transactions
 - ◆ Revenue Earned:
 - ◆ Journal Entry:

DSF: Cash / Receivable
Revenue

GA: Revenue-General



...DSF Common Transactions

- ◆ Payment of Interest & Principal:

- ◆ Journal Entry:

DSF: Expenditure - Interest
Expenditure - Principal
Cash

GA: Expense-Interest (indirect)
Payable
Cash



...DSF Common Transactions

- ◆ Legally Due:

- ◆ Journal Entry:

DSF: Expenditure - Interest
Interest Payable

GA: Expense-Interest

...DSF Common Transactions

- ◆ Equity Transfer from Another Fund:

- ◆ Journal Entry:

DSF: Cash

OSF: Interfund Transfer - In

OSF: Interfund Transfer - In
Fund Balance

GA: No Entry

Special Debt Servicing Issues

- ◆ Bond Refundings
 - ◆ Legal Defeasance
 - New Debt Replaces Old Debt
 - ◆ In-Substance Defeasance
 - Risk Free Assets in Irrevocable Trust





...Special Debt Servicing Issues

- ◆ Special Assessments
 - ◆ DSF Records Levy as Deferred Revenue (except for current portion)
 - ◆ As Collection Occurs Recognize as Revenue

