

Accounting Academy Day 3



Government Finance Officers Association

June 13, 2019

Interfund Activity



Government Finance Officers Association



Categories of Interfund Activity

- Reciprocal (exchange/exchange-like transactions)
 1. Interfund loans
 2. Interfund services provided and used
- Nonreciprocal (nonexchange transactions)
 3. Interfund transfers
 4. Interfund reimbursements

1. Interfund Loans

- Payments made to others with the expectation of repayment
 - Repayment not expected in a reasonable time?
 - Reclassify as transfer
- Treatment
 - Lender – Report receivable
 - Borrower – Report payable



Journal Entries for Interfund Loans

	<u>DR</u>	<u>CR</u>
<i>General fund:</i>		
Interfund receivable – enterprise fund	\$100	
Cash		\$100
(Short-term loan)		
<i>Enterprise fund:</i>		
Cash	\$100	
Interfund payable – general fund		\$100
(Short-term loan)		

2. Interfund Services Provided and Used

- Payments for goods provided or services rendered
 - Payments related to programmatic activity
 - Water billings vs. overhead allocation
- Treatment
 - Seller = Report receivable + revenue
 - Buyer = Report payable + expense/expenditure



Journal Entries for Interfund Services Provided and Used

	<u>DR</u>	<u>CR</u>
<i>General fund:</i>		
Expenditures – parks department	\$100	
Due to other funds – water fund		\$100
(Purchase of water)		
	<u>DR</u>	<u>CR</u>
<i>Water fund:</i>		
Due from other funds – general fund	\$100	
Revenue – intragovernmental		\$100
(Sales revenue – water)		

3. Interfund Transfers

- Subsidies
 - Including loans without expectation of repayment in a reasonable period
- Treatment
 - Provider – Report *transfer out*
 - Recipient – Report *transfer in*



Journal Entries for Interfund Transfers

	<u>DR</u>	<u>CR</u>
<i>General fund:</i>		
Other financing uses – transfers out – transit fund	\$100	
Cash		\$100
(Annual subsidy)		
	<u>DR</u>	<u>CR</u>
<i>Transit fund:</i>		
Cash	\$100	
Transfers in – general fund		\$100
(Annual subsidy)		

Transfers of Capital Assets

- Two rules
 1. Transfers must equal
 - *Transfers in = Transfers out*
 2. A capital asset can never change value as a result of movement within the financial reporting entity



Challenge 1: Difference in Measurement Focus

Governmental funds

- Capital assets
 - Do not report

Proprietary funds

- Capital assets
 - Report

Practical Result

- Transfers of capital assets between governmental funds and proprietary funds cannot “balance”
 - Governmental funds cannot report
 - The receipt of a capital asset
 - The disposal of a capital asset
 - Proprietary funds must report
 - The receipt of a capital asset
 - The disposal of a capital asset

Solution

- Proprietary funds
 - Receipt of capital asset from governmental fund = *Capital contribution (not transfer in)*
 - Contribution of capital asset to governmental fund = *Loss on disposal (not transfer out)*

- Governmental funds
 - Nothing to report in either direction

Journal Entries

- Transfer of capital asset from general fund to enterprise fund

	<u>DR</u>	<u>CR</u>
<i>General fund:</i>		
[No journal entry]		
 <i>Enterprise fund:</i>		
Capital asset	\$100	
Capital contribution		\$100
(Receipt of general government capital asset)		

Journal Entries

- Transfer of capital asset from enterprise fund to general fund

	<u>DR</u>	<u>CR</u>
<i>General fund:</i>		
[No journal entry]		
<i>Enterprise fund:</i>		
Nonoperating expense – loss on disposal	\$100	
Capital asset		\$100
(Donation of capital asset to general government)		

Government-wide Financial Statements

- Single measurement focus and basis of accounting
 - Both governmental activities and business-type activities report capital assets
 - Therefore transfers of capital assets would balance
- Result
 - Enterprise fund financial statements
 - Capital contribution/loss on disposal
 - Government-wide financial statements
 - Transfers in/transfers out



Challenge 2: Internal Sales of Capital Assets at Fair Value

- Asset value = Carrying value
- If carrying value < fair value
- How to treat the difference?

Example

- Enterprise Fund A sells equipment to Enterprise Fund B at fair value
- Carrying value:
 - Historical cost \$100
 - Accumulated depreciation (30)
 - Carrying value \$ 70
- Fair value = \$90



Journal Entries

Enterprise Fund A

Cash	\$90	
Accumulated depreciation	30	
Equipment		\$100
Transfer in		20

Enterprise Fund B

Transfer out	\$ 20	
Equipment	100	
Accumulated depreciation		\$ 30
Cash		90

4. Interfund Reimbursements

- Repayment from other funds of amounts paid on their behalf
 - Allocation of overhead
- Treatment
 - Recipient of repayment – Reduction of expense/expenditure
 - Fund making payment – Expense/expenditure



Journal Entries for Interfund Reimbursements

	<u>DR</u>	<u>CR</u>
<i>General fund:</i>		
Expenditure – general government	\$100	
Cash		\$100
(Purchase of supplies)		
Due from other funds – special revenue fund	\$25	
Expenditure – general government		\$25
(Reimbursement due)		
<i>Special revenue fund:</i>		
Expenditures	\$25	
Due to other funds – general fund		\$25
(Purchase of supplies)		



Activity Involving *Discretely* Presented Component Units

- *Transactions vs. interfund activity*
 - Subsidies received = Revenue
 - Not *transfer in*
 - Subsidies provided = *Expense/expenditure*
 - Not *transfer out*

Question 1

Which of the following would be visible in the statement of resource flows?

- A. Interfund loans
- B. Interfund reimbursements
- C. Transfers
- D. All of the above
- E. None of the above



Question 2

How would a borrowing between two funds be classified?

- A. Interfund loan
- B. Interfund transfer
- C. Either A or B

Question 3

How would the general fund classify the billing of other funds for their proportionate share of general government overhead?

- A. Interfund services provided and used
- B. Interfund reimbursements
- C. Interfund transfers
- D. Either A or B

Question 4

How would a fund that provided programmatic services to another fund classify its billing of the other fund for those services?

- A. Interfund services provided and used
- B. Interfund reimbursements
- C. Interfund transfers
- D. Either A or B

Question 5

How would the general fund classify its annual subsidy to a water utility?

- A. Interfund transfers
- B. Revenue and expenditure/expense
- C. Either A or B



Question 6

Which of the following would be reported as a *transfer*?

- A. A capital asset is moved from *governmental activities* to *business-type activities*
- B. A capital asset is moved between two proprietary funds
- C. A capital asset associated with the operations of a governmental fund is moved to an enterprise fund
- D. All of the above
- E. Both A and B

Question 7

It is possible that a transaction reported as a *transfer* in one set of financial statements will be reported differently in a separately issued set of financial statements.

- A. True
- B. False

Question 8

A discretely presented component unit pays \$100 (fair value) for a capital asset of the primary government with a carrying value of \$60. At what amount would the component unit report the newly acquired asset?

- A. \$100
- B. \$60

Question 9

If the purchase of a capital asset occurs within the financial reporting entity, how would any difference between the carrying value of that asset and its purchase price be reported?

- A. Revenue /expense or expenditure
- B. Transfer in/transfer out
- C. Either A or B

Government-wide Financial Statements



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Basic Financial Statements

- Statement of Net Position
- Statement of Activities

Type of basic financial statement	Private-sector businesses	Proprietary funds	Government-wide reporting
Statement of position	Balance sheet	Statement of net position	Statement of net position
Statement of resource flows – accrual basis	Operating statement	Statement of revenues, expenses, and changes in net position	Statement of activities
Statement of resource flows – cash basis	Statement of cash flows	Statement of cash flows	N/A



Statement of Net Position

Scope

- Include
 - Governmental funds
 - Proprietary funds
 - Non-fiduciary component units
- Exclude
 - Fiduciary funds
 - Fiduciary component units

Formatting Options

- Net position format (preferred)

Assets	\$97	
Deferred outflows of resources	<u>3</u>	
Subtotal		\$100
Liabilities	(\$30)	
Deferred inflows of resources	<u>(2)</u>	
Subtotal		<u>(32)</u>
Net position		<u>\$ 68</u>

- Balance sheet format

Assets	\$ 97	Liabilities	\$ 30
Deferred outflows of resources	<u>3</u>	Deferred inflows of resources	2
		Net position	<u>68</u>
Total	<u>\$100</u>	Total	<u>\$100</u>



Approaches to Presenting Assets and Liabilities

- Relative order of liquidity, *or*
- Classified presentation
 - Current
 - Noncurrent
- Either presentation is acceptable



Illustration – Relative Order of Liquidity Approach

<u>Assets</u>	<u>Total</u>	<u>Current Portion</u>	<u>Noncurrent Portion</u>	<u>Average maturity</u>
Type A	\$100	\$80	\$20	3 months
Type B	\$150	\$125	\$25	5 months
Type C	<u>\$200</u>	<u>\$60</u>	<u>\$140</u>	15 months
Total	\$450	\$265	\$185	9 months

Assets:

Type A	\$100
Type B	150
Type C	<u>200</u>
Total assets	<u>\$450</u>



Illustration – Classified Presentation Approach

<u>Assets</u>	<u>Total</u>	<u>Current Portion</u>	<u>Noncurrent Portion</u>	<u>Average maturity</u>
Type A	\$100	\$80	\$20	3 months
Type B	\$150	\$125	\$25	5 months
Type C	\$200	\$60	\$140	15 months
Total	\$450	\$265	\$185	9 months

Current assets:

Type A	\$ 80
Type B	125
Type C	<u>60</u>
Total Current assets	<u>\$265</u>

Noncurrent assets:

Type A	\$ 20
Type B	25
Type C	<u>140</u>
Total non-current assets	<u>\$185</u>

Total Assets \$450



Liabilities with an Average Maturity in Excess of One Year

- Relative order of liquidity approach
 - Report together but disclose components

Liabilities:

Type A		\$100
Type B		150
Type C		
Due within one year	\$ 60	
Due in more than one year	<u>140</u>	
		<u>200</u>
Total liabilities		<u>\$450</u>

Activity Columns

- Governmental fund data
 - Incorporated into *governmental activities*
- Enterprise fund data
 - Incorporated into *business-type activities*
- Internal service fund data
 - Incorporated into activity of predominant customers



Primary Government Total Column

- Consolidated
 - Receivables and payables between *governmental activities* and *business-type activities* must be netted

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government Total</u>
Internal balances	\$100	(\$100)	\$0

Discretely Presented Component Units

- Options
 - Single column for all units
 - Separate column for each unit
 - Separate column for each major unit
- Detail on each major unit within basic financial statements
 - Separate column
 - Combining statement
 - Condensed statements in notes



Optional Presentations

- Total column for reporting entity
 - Extra eliminations required

- Comparative data

Presentation of Capital Assets

- At a minimum, depreciating and non-depreciating assets should be presented on separate lines

Capital assets:

Land and construction in progress	\$2,200
Depreciable buildings, machinery, and improvements	700

Net Position

- Three components
 - Net investment in capital assets
 - Restricted net position
 - Unrestricted net position

Net Investment in Capital Assets

- Include
 - All of the government's own capital assets, even if intangible or acquired without borrowing
 - Debt used to construct, acquire, or improve a government's own capital asset (including any related premiums or discounts)
- Exclude
 - Amounts related to debt proceeds not yet expended
 - Borrowings within the primary government
 - Borrowings related to capital assets of another government

Net Investment in Capital Assets

- If capital-related debt is later refunded, refunding debt assumes capital-related character
- It is possible for the net investment in capital assets to be a negative number

Net Investment in Capital Assets - Calculation

Capital assets

- Accumulated depreciation
 - + Capital-related deferred outflows
 - Capital-related borrowings
 - + Capital-related debt proceeds not yet expended
 - Capital-related retainage payable/accounts payable
 - Capital-related deferred inflows
-

Net investment in capital assets

Restricted Net Position

- Formula:
 - Restricted resources (assets)
 - Less: Related liabilities and deferred inflows of resources
 - Restricted net position

- Related liabilities
 - Liabilities that will be repaid from restricted resources
 - Exclusive of capital-related debt which are always included as part of calculation of *net investment in capital assets*
 - Liabilities that provided restricted resources

- Restricted = externally enforceable limitations on use
 - Parties outside of government (grantors, donors, or other governments)
 - Includes constitutional provisions and enabling legislation

Restrictions Must be Substantive

- Governmental activities
 - Purpose narrower than governmental activities
- Business-type activities
 - Purpose narrower than individual enterprise fund
 - Total amount reported as *restricted net position* in the business-type activities column should equal the sum of the amounts reported in the *enterprise fund* financial statements
- *Always* a positive balance
- Flow assumptions may be necessary

Unrestricted Net Position

- Residual category
- Includes borrowings used to finance capital grants to others
- Includes long-term borrowings *within the primary government*



Statement of Activities

Format

- Present expenses before revenues
 - Reflects public-sector focus on service rather than profit



Minimum Level of Detail for Expenses

- Governmental activities
 - By function or program
- Business-type activities
 - Different identifiable activities
 - *Different* = Types of goods, service, or programs
 - *Identifiable* = Specific revenue stream and related expenses, gains, and losses that are accounted for separately
- Greater detail encouraged



Direct v. Indirect Expenses – Governmental Activities

- Include in program cost by function:
 - All direct expense
 - Allocate any direct functional/programmatic expense not allocated at the fund level
 - Only direct expense
 - Disallocate any indirect costs allocated at the fund level
 - Exception: minor amounts built into charges for services
 - Only for purpose of government-wide reporting
 - » Allocation remains in fund financial statements

Allocation of Indirect Cost

- Permitted as part of an expanded presentation
 - Column 1: Direct cost per function
 - Column 2: Allocation of indirect costs

<u>Function/Program</u>	<u>Expenses</u>	<u>Indirect costs</u>	<u>Total</u>
<i>General government:</i>			
Function A (general government)	\$ 100	(\$100)	\$ 0
Function B	4,000	40	4,040
Function C	5,000	50	5,050
Function D	1,000	10	1,010

Depreciation on General Government Assets

- Direct cost of the function that uses the asset
 - Example: Depreciation on police vehicles included in public safety function
- Assets used in multiple functions
 - Allocate ratably among functions
- Assets used by essentially all functions
 - Include in *general government function*
 - Infrastructure
 - Expense of function associated with acquisition and maintenance (e.g. public works)
 - Separate line – *unallocated depreciation*
 - Assets other than infrastructure
 - Separate line - *unallocated depreciation*



Interest Expense Related to General Government Debt

- Report as a separate line item
 - Expense not attributable to a given function

Program Revenues

- Basic characteristics
 - Incremental
 - Sources other than the tax base

Sources of Program Revenue

- Charges for services
 - Those who purchase, use, or otherwise directly benefit, *and*
 - Those who are *otherwise directly affected*, even though they obtain no benefit (e.g. fines)
- Program-specific grants and contributions
- Earnings on investments that must be spent on a specific program

Identification of Program Revenues

- Exclude
 - Taxes
 - Grants and contributions that are not program specific
- Include
 - Special assessments
 - Expenditure-driven grants
 - Single-program grants

Display of Program Revenues

- Three basic categories
 - Charges for services
 - Operating grants and contributions
 - Capital grants and contributions



Net Program Cost Format

<u>Function/ Program</u>	<u>Expenses</u>	<u>Program Revenues</u>			Net (Expense) Revenue
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
A	\$500	\$100	\$10	\$100	(\$290)

Capital Grants and Contributions

- Capital = Not available for operations
 - A grant that could be used for either capital or operating purposes is an *operating* grant
- Capital = Capital asset of the government
 - Pass-through capital grants are not *capital* from the perspective of the pass-through government



Assigning Program Costs to Individual Functions

- Charges for services
 - Report in the function that *generated* the revenue
 - Even if the resources must be used for some other purpose
 - Policy may be needed
 - Fines – Public safety v. judicial



Governmental v. Business-type Activities

- Separation helps to highlight different expectations
 - Governmental activities
 - Program revenue not expected to recover a significant portion of cost
 - Business-type activities
 - Program revenue expected to recover a significant portion of cost



Separate Activity Columns

			<u>Program Revenues</u>			<u>Primary Government</u>	
			<u>Charges</u>	<u>Operating</u>	<u>Capital</u>	<u>Net (Expense) Revenue</u>	
	<u>Function/</u>	<u>Expenses</u>	<u>for</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Governmental</u>	<u>Business-type</u>
	<u>Program</u>		<u>Services</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Activities</u>	<u>Activities</u>
<i>Governmental</i>							
<i>Activities:</i>	A	\$500	\$100	\$10	\$100	(\$290)	
<i>Business-type</i>							
<i>Activities:</i>	B	\$120	\$140	\$0	\$0		\$20

Primary Government Total Column

- Consolidated
 - Transfers between governmental activities and business-type activities must be eliminated
 - Report interfund services provided and used



Format Example

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:						
Administration	\$4,959,201	\$5,935	\$102,060		(\$4,851,206)	(\$4,851,206)
Public safety - police	7,817,517	499,701	302,223		(7,015,593)	(7,015,593)
Public safety - fire	8,154,710	456,057	191,193		(7,507,460)	(7,507,460)
Parks and community services	5,498,189	1,654,462			(3,843,727)	(3,843,727)
Public works	4,771,504	141,411	797,978	\$631,445	(3,200,670)	(3,200,670)
Community development	2,130,335	610,671	380,507		(1,139,157)	(1,139,157)
Library	2,326,530	71,019	103,072		(2,152,439)	(2,152,439)
Economic development	899,096		37,142		(861,954)	(861,954)
General government	798,993	353,818	55,616	597,113	207,554	207,554
Interest on long-term debt	1,336,569				(1,336,569)	(1,336,569)
Total Governmental Activities	38,692,644	3,793,074	1,969,791	1,228,558	(31,701,221)	(31,701,221)
Business-type Activities:						
Wastewater	8,172,784	8,674,971			\$502,187	502,187
Water	8,097,701	8,786,778			689,077	689,077
Benicia Marina	582,394	318,837	78,164		(185,393)	(185,393)
Total Business-type Activities	16,852,879	17,780,586	78,164		1,005,871	1,005,871
Total	\$55,545,523	\$21,573,660	\$2,047,955	\$1,228,558	(31,701,221)	(30,695,350)
General revenues:						
Taxes:						
Property taxes					16,254,148	16,254,148
Sales taxes					12,040,536	12,040,536
Utility users' tax					4,594,385	4,594,385
Franchise tax					2,079,543	2,079,543
Other taxes					1,106,213	1,106,213
Motor vehicle in-lieu, unrestricted					11,172	11,172
Investment earnings					380,381	313,557
Miscellaneous					662,398	662,398
Transfers, net (Note 4)					15,725	(15,725)
Total general revenues and transfers					37,144,501	297,832
Change in Net Position					5,443,280	1,303,703
Net Position-Beginning					86,488,093	85,627,642
Net Position-Ending					\$91,931,373	\$86,931,345

General Revenues

- All revenues that do *not* qualify as program revenues
 - Taxes
 - Grants and contributions that are not assignable to specific functions/programs

Presentation of General Revenues

	Function/ program	Program revenues				Primary government net (expense) revenue			Component units
		Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business- type activities	Total	
Governmental activities	A	\$500	\$100	\$10	\$100	(\$290)		(\$290)	
Business-type activities	B	\$120	\$140	\$0	\$0		\$20	\$20	
Component units	C	\$50	\$65	\$5	\$0				\$20
General revenues:									
						\$300		\$300	
							\$5	\$5	\$5
						\$10	\$25	\$35	\$25
						\$86,488	\$85,627	\$172,115	\$6,746
						\$86,498	\$85,652	\$172,150	\$6,771

Component Units

- One or more separate columns
- Data extracted from total column of component unit report
 - Entity-wide column (if it had been presented) to ensure component units of component units are also included

Optional Presentations

- Total column for reporting entity
- Comparative data

Movement of Capital Assets

- Between governmental activities and business-type activities
 - Reported as a transfer
- Between governmental funds and proprietary funds
 - Reported as a capital contribution/loss on disposal

From Funds to Government-wide Reporting

- Three-step process
 1. Convert governmental fund data
 - Different measurement focus and basis of accounting
 2. Consolidate
 - Fund financial statements
 - Primary government total column
 3. Allocate direct costs/disallocate indirect costs

From Funds to Government-wide Reporting (cont.)

- Typically the result of worksheet adjustments
 - No effect on fund data recorded in individual funds' general ledger
 - Often involves the use of a special “fund” for “general government” assets and liabilities



Adjustments Worksheet

ACCOUNTS RELATED TO GOVERNMENTAL ACTIVITIES

	Trial Balance		Adjustments		Total	Statement of Activities		Statement of Net Position	
	DR	CR	DR	CR		DR	CR	DR	CR
ASSETS									
Cash and cash equivalents	\$12,861,463		(z)	\$5,883,720	\$18,745,183			\$18,745,183	
Investments	\$21,508,391		(z)	\$611,286	\$22,119,677			\$22,119,677	
Receivables (net)	\$12,879,066		(z)	\$136,271	\$13,015,337			\$13,015,337	
Intergovernmental receivable	\$1,709,483				\$1,709,483			\$1,709,483	
Due from other funds	\$480,000			(dd)	(\$480,000)				
Due from component unit	\$32,615				\$32,615			\$32,615	
Internal balances			(aa)	\$369,470	(bb)	(\$386,434)			
					(cc)	(\$280,554)			
					(ee)	(\$12,000)			(\$309,518)
Inventories	\$806,623		(z)	\$22,671	\$829,294			\$829,294	
Prepays	\$48,728		(z)	\$37,823	\$86,551			\$86,551	
Advances to other funds	\$290,148			(dd)	(\$290,148)				
NET PENSION ASSET	\$477,207			(u)	(\$22,818)	\$454,389		\$454,389	
LAND	\$50,067,172				\$50,067,172			\$50,067,172	
BUILDINGS	\$191,779,616		(i)	\$24,046,643					
			(z)	\$87,745	\$215,914,004			\$215,914,004	
ACCUMULATED DEPRECIATION ON BUILDINGS		(\$78,421,631)			(w)	(\$4,763,767)			
					(z)	(\$8,154)			(\$83,193,552)
MACHINERY, EQUIPMENT, AND VEHICLES	\$28,553,836		(f)	\$839,243	(j)	(\$922,275)			
			(g)	\$1,780,184	(k)	(\$12,860)			
			(h)	\$146,042					
			(l)	\$128,000					
			(z)	\$5,283,268	\$35,795,438			\$35,795,438	
ACCUMULATED DEPRECIATION ON MACHINERY, EQUIPMENT, AND VEHICLES		(\$19,378,711)	(j)	\$913,101	(w)	(\$1,769,317)			
			(k)	\$12,860	(z)	(\$2,458,833)			(\$22,680,900)
INFRASTRUCTURE	\$206,411,089		(i)	\$1,415,056	\$207,826,145			\$207,826,145	
ACCUMULATED DEPRECIATION ON INFRASTRUCTURE		(\$120,858,864)			(w)	(\$5,353,077)			(\$126,211,941)
						(\$126,211,941)			
CONSTRUCTION IN PROGRESS	\$22,974,097		(g)	\$12,357,720	(i)	(\$25,461,699)		\$9,870,118	
DEFERRED OUTFLOWS OF RESOURCES									
DEFERRED CHARGE – REFUNDING	\$611,528		(d)	\$207,204	(y)	(\$91,970)		\$726,762	



Adjustments Worksheet (cont.)

	Trial Balance		Adjustments		Total	Statement of Activities		Statement of Net Position	
	DR	CR	DR	CR		DR	CR	DR	CR
LIABILITIES									
Accounts payable		(\$2,162,601)		(z) (\$814,023)	(\$2,976,624)				(\$2,976,624)
Contracts and retainage payable		(\$2,199,240)			(\$2,199,240)				(\$2,199,240)
Accrued liabilities		(\$2,936,017)			(\$2,936,017)				(\$2,936,017)
Client deposits payable		(\$18,367)			(\$18,367)				(\$18,367)
Due to other funds		(\$492,000)	(d) \$480,000						
Advances from other funds		(\$290,148)	(d) \$290,148						
Bond anticipation notes payable		(\$6,905,200)			(\$6,905,200)				(\$6,905,200)
Unearned revenue		(\$2,317,521)			(\$2,317,521)				(\$2,317,521)
Due to retirement systems		(\$2,102,213)		(z) (\$3,268)	(\$2,105,481)				(\$2,105,481)
ACCRUED INTEREST PAYABLE		(\$730,473)	(q) \$730,473	(s) (\$716,657)	(\$716,657)				(\$716,657)
COMPENSATED ABSENCES		(\$4,864,074)	(q) \$973,610	(t) (\$1,353,947)	(\$5,288,679)				(\$5,288,679)
CLAIMS AND JUDGMENTS				(z) (\$3,560,789)	(\$3,560,789)				(\$3,560,789)
GENERAL OBLIGATION DEBT		(\$77,491,180)	(c) \$4,718,317	(d) (\$5,810,000)	(\$72,852,863)				(\$72,852,863)
PREMIUM ON GENERAL OBLIGATION		(\$503,327)	(x) \$83,226	(d) (\$249,914)	(\$670,015)				(\$670,015)
SPECIAL ASSESSMENT DEBT				(a) (\$4,700,000)	(\$4,700,000)				(\$4,700,000)
DISCOUNT ON SPECIAL ASSESSMENT			(a) \$10,000	(x) (\$1,000)	\$9,000			\$9,000	
LEASES				(b) (\$146,042)	(\$146,042)				(\$146,042)
PENSION – RELATED DEBT		(\$5,437,453)	(e) \$697,896		(\$4,739,557)				(\$4,739,557)
NET OTHER POSTEMPLOYMENT OBLIGATION				(v) (\$10,548,000) (z) (\$61,000)	(\$10,609,000)				(\$10,609,000)
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue		(\$4,874,014)	(o) \$329,194						
FUND BALANCE/NET POSITION									
Fund balance – governmental funds		(\$41,737,262)		(m) (\$32,692) (n) (\$48,315) (o) (\$329,194) (p) (\$27,664)	(\$42,175,127)				(\$42,175,127)
NET POSITION		(\$193,188,832)	(d) \$280,554	(z) (\$5,337,093)	(\$198,245,371)				(\$198,245,371)



Adjustments Worksheet (cont.)

	Trial Balance		Adjustments		Total	Statement of Activities		Statement of Net Position	
	DR	CR	DR	CR		DR	CR	DR	CR
REVENUES/GAINS									
Taxes		(\$90,712,339)	(m) \$32,692 (p) \$27,664	(r) (\$314,820)	(\$90,966,803)		(\$90,966,803)		
Fees, licenses, and permits		(\$7,626,415)			(\$7,626,415)		(\$7,626,415)		
Intergovernmental		(\$17,766,027)			(\$17,766,027)		(\$17,766,027)		
Charges for services		(\$19,091,893)	(aa) \$4,405,112	(z) (\$4,534,171)	(\$19,220,952)		(\$19,220,952)		
Fines		(\$6,670,562)			(\$6,670,562)		(\$6,670,562)		
Special assessments		(\$470,000)		(r) (\$4,230,000)	(\$4,700,000)		(\$4,700,000)		
Investment earnings		(\$3,831,798)	(n) \$48,315	(z) (\$139,530)	(\$3,923,013)		(\$3,923,013)		
Miscellaneous		(\$4,974,420)		(l) (\$128,000)	(\$5,102,420)		(\$5,102,420)		
Gain – sale of capital assets				(j) (\$22,276)	(\$22,276)		(\$22,276)		
EXPENDITURES/EXPENSES AND LOSSES									
<i>Current:</i>									
General government	\$29,778,662		(a) \$150,000 (d) \$122,710 (t) \$185,575 (v) \$1,467,155 (w) \$192,046 (z) \$4,898,345 (bb) \$88,279	(e) (\$87,166) (q) (\$133,445) (aa) (\$4,774,582)	\$31,887,579	\$31,887,579			
Public safety	\$56,726,678		(g) \$109,518 (t) \$1,006,649 (u) \$22,818 (v) \$5,008,058 (w) \$1,377,351 (bb) \$167,009	(e) (\$384,472) (q) (\$723,872)	\$63,309,737	\$63,309,737			
Highways and streets	\$27,472,013		(t) \$43,131 (v) \$2,802,115 (w) \$6,881,833 (bb) \$68,874	(e) (\$127,925) (q) (\$31,015)	\$37,109,026	\$37,109,026			
Sanitation	\$8,140,187		(t) \$36,603 (w) \$2,411,196 (bb) \$24,132	(e) (\$14,237) (q) (\$26,321)	\$10,571,560	\$10,571,560			
Culture and recreation	\$23,030,913		(g) \$394,487 (t) \$81,989 (v) \$1,270,672 (w) \$1,023,735 (bb) \$38,140	(e) (\$84,096) (f) (\$839,243) (h) (\$146,042) (q) (\$58,957)	\$24,711,598	\$24,711,598			



Adjustments Worksheet (cont.)

	Trial Balance		Adjustments		Total	Statement of Activities		Statement of Net Position	
	DR	CR	DR	CR		DR	CR	DR	CR
<i>Debt service:</i>									
Principal	\$4,718,317			(c) (\$4,718,317)					
Interest	\$3,236,206		(s) \$716,657 (y) \$91,970	(q) (\$730,473) (x) (\$82,226)	\$3,232,134	\$3,232,134			
Bond issuance costs	\$272,710			(a) (\$150,000) (d) (\$122,710)					
<i>Capital outlay</i>	\$14,641,909			(g) (\$14,641,909)					
OTHER FINANCING SOURCES/USES									
Transfers in		(\$3,331,604)	(ff) \$3,331,604						
Transfers out	\$7,059,813			(ff) (\$3,331,604)	\$3,728,209	\$3,728,209			
Special assessment bonds issued		(\$4,700,000)	(a) \$4,700,000						
Discount on special assessment debt	\$10,000			(a) (\$10,000)					
Refunding bonds issued		(\$5,810,000)	(d) \$5,810,000						
Premium on refunding bonds		(\$249,914)	(d) \$249,914						
Payment to refunded bond escrow agent	\$5,937,204			(d) (\$5,937,204)					
Capital leases		(\$146,042)	(b) \$146,042						
Proceeds from sale of capital assets		(\$31,450)	(j) \$31,450						
Insurance recoveries		(\$194,082)			(\$194,082)	(\$194,082)			
SUBTOTAL	\$732,515,674	(\$732,515,674)	\$122,622,385	(\$122,622,385)	\$0	\$174,549,843	(\$156,192,550)	\$577,201,168	(\$595,558,461)
DECREASE IN NET POSITION							(\$18,357,293)	\$18,357,293	
TOTAL	\$732,515,674	(\$732,515,674)	\$122,622,385	(\$122,622,385)	\$0	\$174,549,843	(\$174,549,843)	\$595,558,461	(\$595,558,461)



Sample Adjustment: Capital Outlays

Item	Governmental funds	Governmental activities	Action required
Outlays to construct or acquire capital assets	Expenditures	Assets	Replace expenditures with capital assets constructed or acquired



Capital Outlays (cont.)

	<u>DR</u>	<u>CR</u>
<i>LAND</i>	\$ 560	
<i>EQUIPMENT</i>	1,035	
Expenditures – capital outlays		\$ 560
Expenditures – public safety		1,035

Question 1

Which of the following is one of the government-wide financial statements?

- A. Statement of net position
- B. Statement of activities
- C. Statement of cash flows
- D. All of the above
- E. Both A and B

Question 2

Data from which of the following would be included in government-wide financial statements?

- A. Fiduciary funds of the primary government
- B. Fiduciary-type component units
- C. Both A and B
- D. None of the above

Question 3

Which of the following is the preferred formatting option for the government-wide statement of net position?

- A. Balance sheet format
- B. Net position format
- C. Neither A nor B

Question 4

If the relative order of liquidity approach is used for presenting assets and liabilities, no distinction is ever made between the current and noncurrent portions of an asset or liability account.

A. True

B. False



Question 5

Into which activity column would data from internal service funds be incorporated?

- A. Governmental activities
- B. Business-type activities
- C. Either A or B

Question 6

Which of the following statements is true concerning the treatment of internal receivables and payables in the primary government total column?

- A. Consolidation is required
- B. Consolidation is permitted
- C. Consolidation is prohibited

Question 7

Detail on each component unit must be presented somewhere within the basic financial statements (including the notes).

- A. True
- B. False

Question 8

Which of the following presentations is mandatory?

- A. Total column – reporting entity
- B. Total column – primary government
- C. Both A and B
- D. None of the above

Question 9

Buildings and machinery can never be presented on the same line in the statement of net position.

- A. True
- B. False

Question 10

What is the conceptual basis for the various components of *net position*?

- A. Distinguishing invested capital from the cumulative effect of operations
- B. Liquidity
- C. Relative accessibility

Question 11

A government borrows \$10,000 for capital construction, but to date has expended only \$4,000 on project-related costs. How much of the debt should be treated as capital-related for purposes of categorizing *net position*?

- A. \$10,000
- B. \$6,000
- C. \$4,000

Question 12

Which of the following would be included in the calculation of restricted net position?

- A. Amounts restricted for the repayment of capital-related debt
- B. Amounts restricted for the repayment of non-capital-related debt
- C. Both A and B
- D. Neither A nor B



Question 13

A grant to a transit fund that could only be used for transit purposes should be classified as *restricted net position*.

- A. True
- B. False



Question 14

A water utility and a gas utility could be reported as a single *utilities* line on the statement of activities.

- A. True
- B. False

Question 15

Four separate water districts could be reported as a single line in the statement of activities.

A. True

B. False

Question 16

Normally, functional expense should

- A. Include all direct expense
- B. Include only direct expense
- C. Both A and B
- D. Parallel the treatment of direct and indirect expense in the fund financial statements

Question 17

Authoritative standards provide a way for governments that wish to do so to allocate indirect costs to functions or programs within governmental activities.

A. True

B. False

Question 18

Which of the following statements concerning depreciation is true for governmental activities?

- A. Some depreciation may be included as part of functional expense
- B. Some depreciation may be included as part of general government expense
- C. Some depreciation may be reported as a separate line item
- D. All of the above
- E. None of the above

Question 19

How would interest on a capital lease used to acquire a fire truck be reported in governmental activities?

- A. Included within the *public safety* function
- B. Included within the *general government* function
- C. Reported separately as *interest expense*

Question 20

Which of the following would never qualify as program revenue?

- A. Interest earnings
- B. Grant revenues
- C. Special assessment revenues
- D. Tax-increment financing revenues

Question 21

Which of the following would always qualify as program revenue?

- A. Interest earnings
- B. Grant revenues
- C. Special assessment revenues
- D. Tax-increment financing revenues

Question 22

A government receives a grant for a specific program and then elects to use the proceeds to acquire a capital asset. How should the grant revenue be classified?

- A. Program revenue: operating grants and contributions
- B. Program revenue: capital grants and contributions
- C. General revenue
- D. Either A or B

Question 23

A charge for services that must be used for a specific function should be reported

- A. In the function that generates the charge
- B. In the function where it must be used
- C. Either A or B

Question 24

An internal service fund serves both governmental activities (30 percent) and business-type activities (70 percent). How should its data be incorporated into the government-wide financial statements?

- A. Include in business-type activities
- B. Include in governmental activities
- C. Include a proportionate share in each

Question 25

Which of the following is necessary for the inclusion of fund data in the government-wide financial statements?

- A. Conversion
- B. Consolidation
- C. Allocation
- D. Disallocation
- E. All of the above
- F. Both A and B

EXERCISE

Calculation of Net Investment in Capital Assets



Government Finance Officers Association



Calculation of Net Investment in Capital Assets

<i>Example #1</i>	
Capital assets	\$
- Accumulated depreciation	
+ Capital-related deferred outflows	
- Capital-related borrowings	
+ Capital-related debt proceeds not yet expended	
- Capital-related retainage payable/accounts payable	
- Capital-related deferred inflows	
Net investment in capital assets	\$



Calculation of Net Investment in Capital Assets

<i>Example #2</i>	
Capital assets	\$
- Accumulated depreciation	
+ Capital-related deferred outflows	
- Capital-related borrowings	
+ Capital-related debt proceeds not yet expended	
- Capital-related retainage payable/accounts payable	
- Capital-related deferred inflows	
Net investment in capital assets	\$



Calculation of Net Investment in Capital Assets

Example #3	
Capital assets	\$
- Accumulated depreciation	
+ Capital-related deferred outflows	
- Capital-related borrowings	
+ Capital-related debt proceeds not yet expended	
- Capital-related retainage payable/accounts payable	
- Capital-related deferred inflows	
Net investment in capital assets	\$



Calculation of Net Investment in Capital Assets

<i>Example #4</i>	
Capital assets	\$
- Accumulated depreciation	
+ Capital-related deferred outflows	
- Capital-related borrowings	
+ Capital-related debt proceeds not yet expended	
- Capital-related retainage payable/accounts payable	
- Capital-related deferred inflows	
Net investment in capital assets	\$



Calculation of Net Investment in Capital Assets

Example #5	
Capital assets	\$
- Accumulated depreciation	
+ Capital-related deferred outflows	
- Capital-related borrowings	
+ Capital-related debt proceeds not yet expended	
- Capital-related retainage payable/accounts payable	
- Capital-related deferred inflows	
Net investment in capital assets	\$

Comprehensive Annual Financial Report (CAFR)

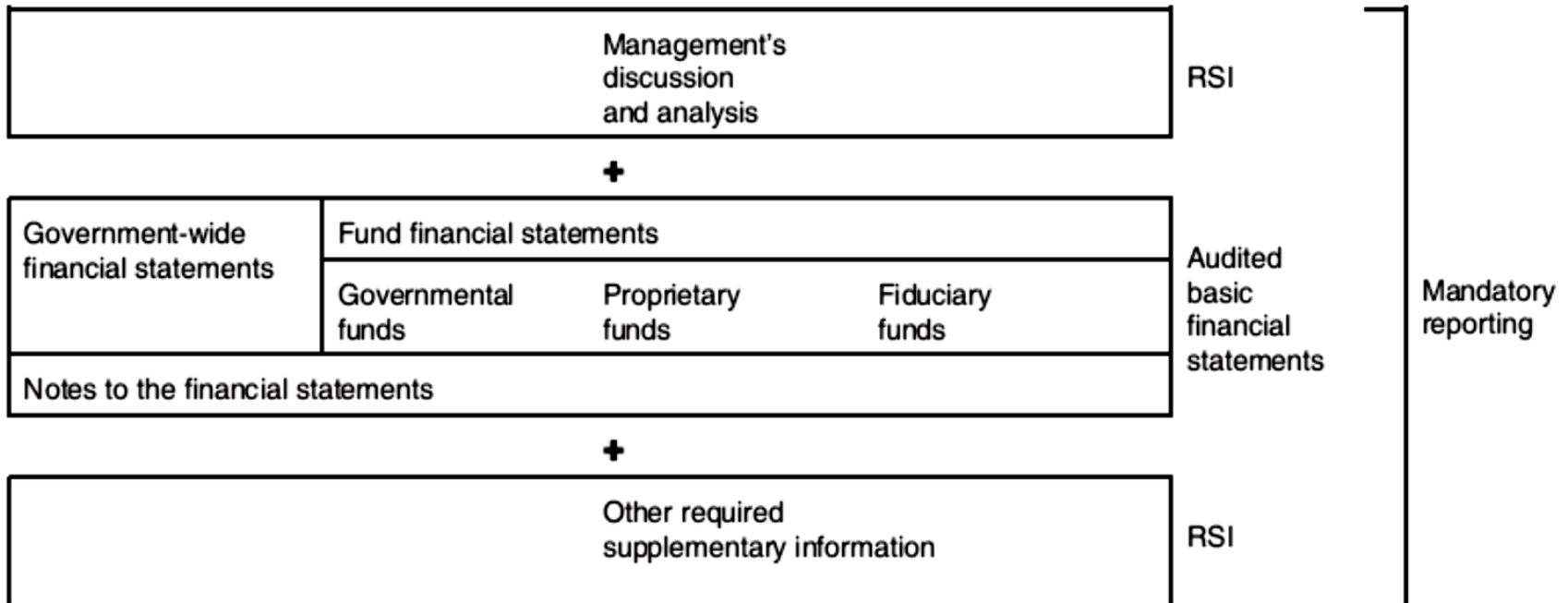


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Place in Authoritative Standards

- Basic financial statements = minimum required for *fair presentation*

EXHIBIT 9-2
Relationship between the basic financial statements and RSI





Challenges to Financial Statement Users

- Governments differ from one another in important ways (structure, authority, services provided)
- The basic financial statements provide individual fund data only for *major* funds
- Basic financial statements may not be sufficient to demonstrate compliance with finance-related legal or contractual provisions
- Trend data and nonfinancial information are needed to provide context
- Users also desire management's subjective assessment
- **Recommendation** = Issue basic financial statements as part of a much broader Comprehensive Annual Financial Report (CAFR) [GASB Codification 2200.101]

Value Added by a CAFR

- Provide
 - Introduction to the government, along with subjective assessments, as needed
 - Information about each individual nonmajor fund
 - Additional schedules to demonstrate compliance
 - Trend data and nonfinancial data

Basic Sections of Every CAFR

1. Introductory section

- Introduction to the government, along with subjective assessments, as needed

2. Financial section

- Information about each individual nonmajor fund
- Additional schedules to demonstrate compliance

3. Statistical section

- Trend data and nonfinancial data

Additional Sections

4. Investment section

- Pension and other postemployment benefit plans
- Investment pools

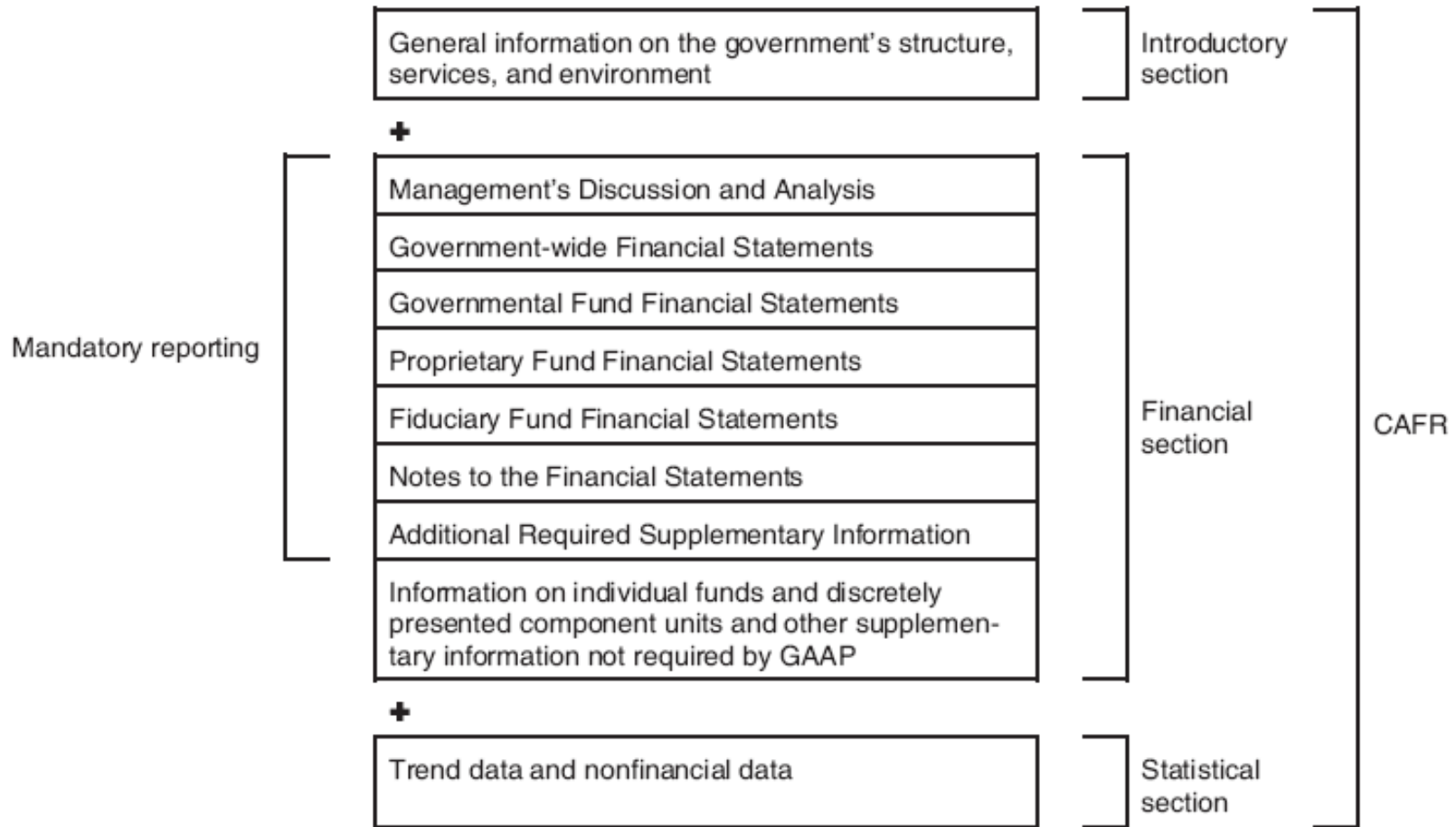
5. Actuarial section

- Pension and other postemployment benefit plans

CAFR

EXHIBIT 9-3

The comprehensive annual financial report and its relationship to the basic financial statements and RSI



Question 1

Which of the following statements best describes the relationship between authoritative standards and the issuance of a CAFR?

- A. Authoritative standards require the issuance of a CAFR
- B. Authoritative standards encourage the issuance of a CAFR
- C. Authoritative standards permit the issuance of a CAFR

Question 2

A CAFR would provide information on which of the following?

- A. Individual nonmajor governmental funds
- B. Individual nonmajor enterprise funds
- C. Individual internal service funds
- D. Individual fiduciary funds
- E. All of the above

Question 3

Which section of the CAFR normally is used to provide any subjective assessments that may be needed?

- A. Introductory section
- B. Financial section
- C. Statistical section

Question 4

Which section of the CAFR normally is used to present any additional schedules that may be needed to demonstrate compliance?

- A. Introductory section
- B. Financial section
- C. Statistical section

Question 5

Trend data normally are presented in which section of a CAFR?

- A. Introductory section
- B. Financial section
- C. Statistical section



Question 6

How many sections does the CAFR of a pension plan or other postemployment benefits plan typically present?

A. 3

B. 4

C. 5

The Financial Statement Audit



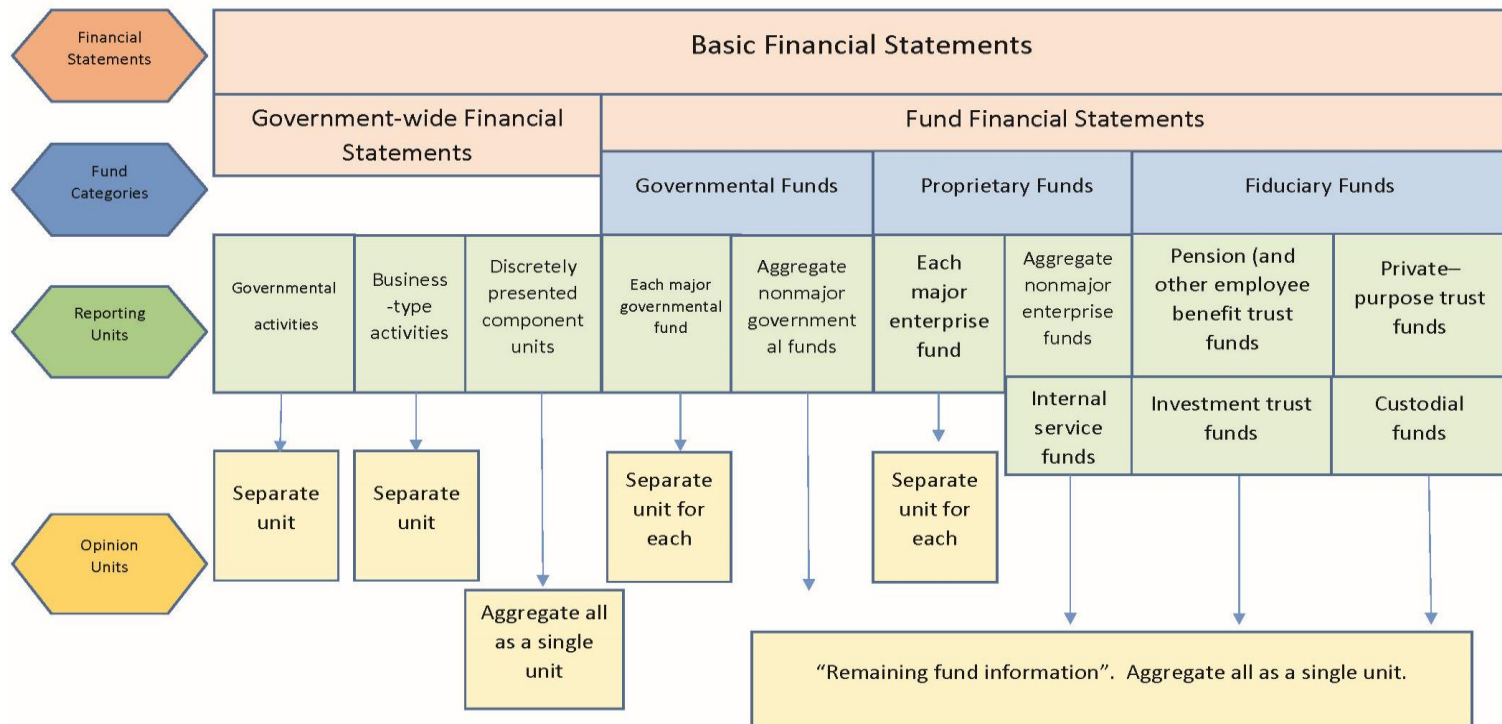
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Assessment of Quantitative Materiality

- Government-wide financial statements
 - Assessed by activity column
- Major funds
 - Assessed by individual fund
- Nonmajor funds
 - Assessed in the aggregate, regardless of fund type*
- Discretely presented component units
 - Assessed in the aggregate*

*Nonmajor funds and discretely presented component units may be aggregated if not material to the primary government

Application of Quantitative Materiality



Audit Coverage of Contents of a CAFR

Item	Status	Responsibility
Introductory Section (including letter of transmittal)	Unaudited	Read for consistency
Management's discussion and analysis (MD&A)	Required Supplementary Information	Conduct limited procedures (i.e., inquiries and comparisons)
Basic financial statements (including notes)	Audited	Render an opinion on fair presentation
Required supplementary information (other than MD&A)	Required Supplementary Information	Conduct limited procedures (i.e., inquiries and comparisons)
Combining statements and individual fund financial statements and schedules	Option 1: Audited Option 2: Other supplementary information	Option 1: Render an opinion on fair presentation Option 2: Render an opinion on fair presentation <i>in relation to</i> the basic financial statements
Other financial schedules	Other Supplementary information	Render an opinion on fair presentation <i>in relation to</i> the basic financial statements
Statistical section	Unaudited	Read for consistency

Auditing Standards

- Generally accepted auditing standards (GAAS)
- Generally accepted government auditing standards (GAGAS)
 - *Government Auditing Standards (GAS)*
 - “Yellow Book”
 - Use
 - Single audits, state mandate, grant requirement, or voluntary use

Relationship Between GAAS and GAGAS

- GAGAS general standards
 - Replace GAAS general standards
- GAGAS performance standards
 - Build upon GAAS performance standards
- GAGAS reporting standards
 - Build upon GAAS reporting standards

Reporting: GAAS v. GAGAS

- GAAS
 - Fair presentation of financial statements
- GAGAS
 - Fair presentation of financial statements
 - Internal control and compliance
 - Disclose deficiencies identified during the audit
 - No opinion rendered
 - Findings v. letter to management

Audit Findings

- Four elements
 1. Criterion/criteria
 2. Condition
 3. Cause
 4. Effect or potential effect

Audit Procurement

- Closely tied to audit quality
- Process should
 - Be open and competitive
 - Produce a comprehensive request for proposals (RFP)
 - Give priority to auditor qualifications
 - Be documented in a written agreement
- Other GFOA recommendations
 - Use a multi-year audit contract (five-year minimum)
 - Do not mandate auditor rotation

Introductory Section of a CAFR



Government Finance Officers Association

Sources of Guidance

- Authoritative standards prescribe
 - Table of contents
 - Letter(s) of transmittal (no detail)
 - “Other material deemed appropriate by management”
- Government Finance Officers Association (GFOA) recommends the inclusion of
 - Organizational chart/list of principal officials
 - Reproduction of the Certificate of Achievement for Excellence in Financial Reporting (if applicable)
- GFOA also offers guidance on the basic contents of the letter of transmittal

Table of Contents

- Clearly delineate basic sections
 - Introductory section
 - Financial section
 - Statistical section
- Subdivide financial section
 - Basic statements
 - RSI
 - Other contents
- Page number for each item

Letter of Transmittal

- Functions
 - Introduce government
 - Provide analytical overview
 - Address topics not addressed in management's discussion and analysis (MD&A)
 - Content of MD&A is limited to specified topics

Letter of Transmittal

- Provide subjective management analysis
 - MD&A is limited to objective analysis
- Provide information useful in assessing *economic condition*
 - Factors that may cause today's financial position to improve or deteriorate
- Avoid duplicating contents of MD&A

Components of the Letter of Transmittal

1. Formal transmittal
2. Profile of the government
3. Information useful in assessing a government's economic condition
4. Awards and acknowledgments

1. Formal Transmittal

- Use as “cover letter”
- Acknowledge management’s responsibility
- Refer to the independent auditor’s report
- Refer to MD&A

2. Profile of the Government

- Function = Give users essential background on the government and its operations
 - Population
 - Structure
 - Types and levels of services provided
 - Component units
 - Potential component units excluded from the report
 - Brief summary of the budget process
 - Governmental funds with an annual or biennial appropriated budget
 - Legal level of budgetary control

3. Information Useful in Assessing Economic Condition

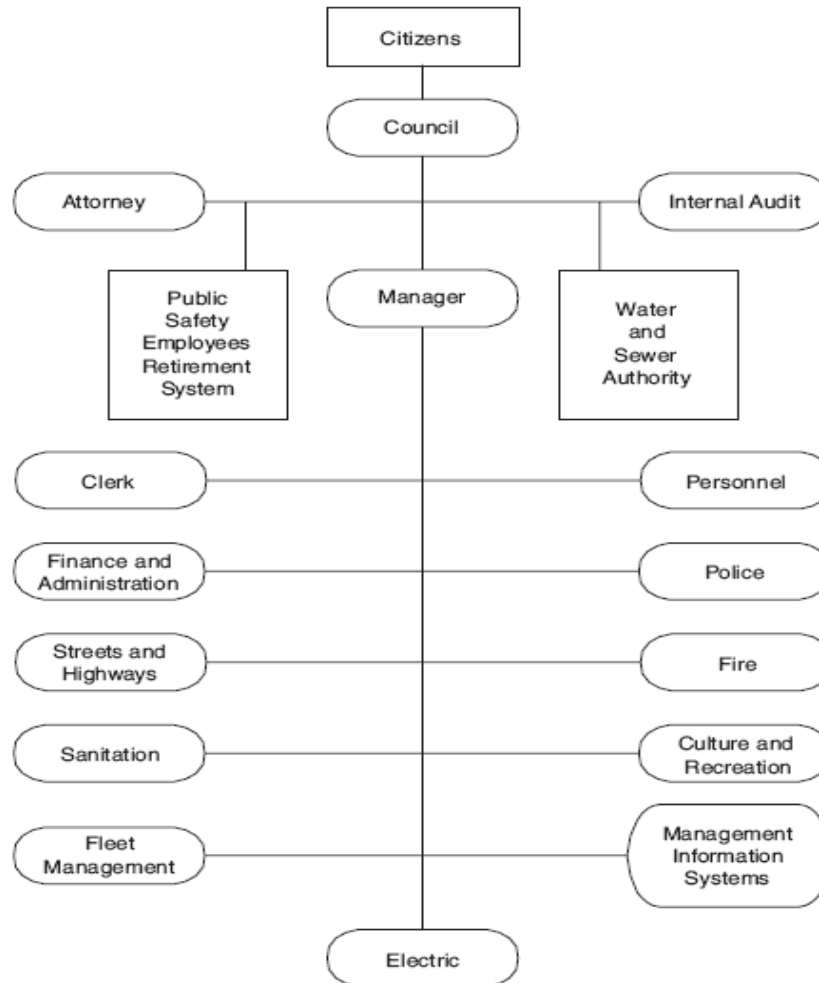
- Function = To identify factors that could cause today's *financial position* to improve or deteriorate in the future
- Types of information useful for this purpose
 - Information regarding the local economy
 - Results of long-term financial planning
 - Relevant financial policies
 - Major initiatives
 - Budget

4. Awards and Acknowledgements

- Objective indicators of the quality of the government's financial management
 - Awards related to financial management; both from GFOA and other

Organizational Chart

Name of Government Organizational Chart



List of Principal Officials

Name of Government
List of Elected and Appointed Officials
December 31, 2015

Elected Officials

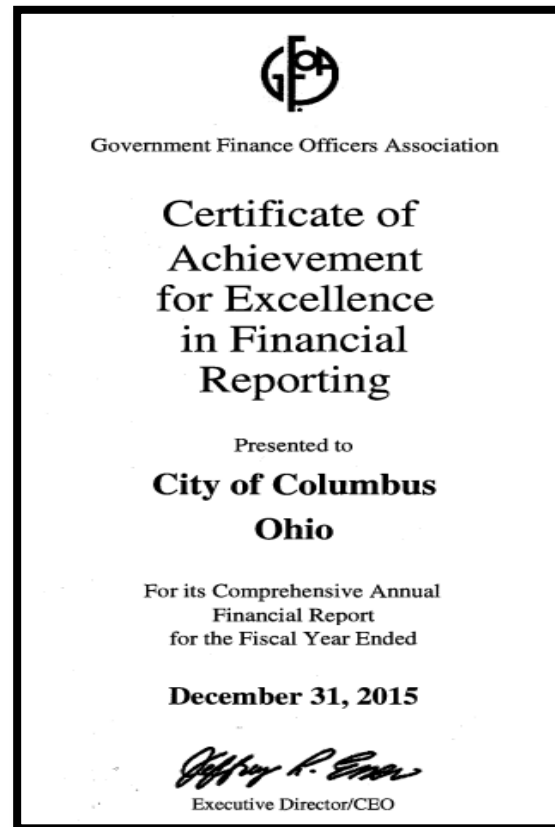
Mayor	Barbara J. McCown
Council Member – Ward 1	Marc Christian
Council Member – Ward 2	Brittain A. Neal
Council Member – Ward 3	Paul Édouard
Council Member – Ward 4	Wilma J. Gouge
Council Member – Ward 5	Gregory Joseph
Council Member – Ward 6	Marie Desmarais
Council Member – At large	Hannah Lee
Council Member – At large	Nathan Scott

Appointed Officials

Manager	Lorraine M. Desmarais
Assistant Manager	Josephine Paquette
Attorney	James M. Falconer
Clerk	Lynn Nguyen
Culture and Recreation Director	John D. Fishbein
Electric Manager	Julius G. Howard III
Finance Director	Susan L. Wakefield
Fire Chief	James A. Phillips
Fleet Management Director	Delores Smith
Internal Audit Director	Bonnie Ashman
Management Information Systems Director	Kathleen Schultz
Personnel Director	Zhikuan Hu
Police Chief	Asia Roberson
Sanitation Director	Krisztina Mihaly
Streets and Highways Director	Carole Colin
Public Safety Employees Retirement System President	Richard M. Stefanovich
Water and Sewer Authority Chair	Qun Wang

Certificate of Achievement

- Reproduce the Certificate of Achievement for the preceding year





Question 1

What is the source of guidance for the contents of the introductory section of a CAFR?

- A. Authoritative accounting standards
- B. GFOA
- C. Both A and B



Question 2

The letter of transmittal may be used to

- A. Address topics not addressed in MD&A
- B. Provide subjective analysis on topics addressed in MD&A
- C. Both A and B
- D. Neither A nor B



Question 3

The letter of transmittal should provide

- A. Background on the government and its operations
- B. Information useful in assessing economic condition
- C. Neither A nor B
- D. Both A and B



Question 4

In the letter of transmittal, management should expressly refer to

- A. The independent auditor's report
- B. MD&A
- C. Neither A nor B
- D. Both A and B

Management's Discussion and Analysis (MD&A)



Government Finance Officers Association

Purpose, Status, and Location

- Purpose
 - To furnish an objective and easily readable *analysis* of a government's financial activities
- Status
 - Required supplementary information (RSI)
 - Unaudited
 - Subject to certain limited procedures
- Location
 - Immediately following the independent auditor's report
 - Unlike other types of RSI

Contents – General Rules

- “The minimum is the maximum”
 - Only topics specifically prescribed by authoritative standards may be addressed
 - Additional detail on those topics is encouraged
- Only objective information
 - “Currently known...”
- Avoid duplication with notes

Contents - Specific

1. A discussion of the basic financial statements
2. Condensed comparative data
3. An analysis of the government's overall financial position and results of operations
4. An analysis of the balances and transactions of individual funds
5. An analysis of budgetary variations

Contents - Specific (cont.)

6. A description of capital asset and long-term debt activity
7. A discussion of infrastructure (if the modified approach is used)
8. A discussion of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations

1. Discussion of the Basic Financial Statements

- Relationship between government-wide financial statements and fund financial statements
 - Analysis of significant differences resulting from the use of a different measurement focus and basis of accounting

2. Condensed Comparative Data

- Condensed government-wide financial statements
 - Two years of data
- If presenting comparative basic financial statements
 - Three years of data
- May use charts and graphs to *supplement* the required presentation, but not as a substitute

3. Overall Analysis

- Reasons for major changes in financial position and results of operations for
 - Governmental activities
 - Business-type activities
- Economic factors that affected results of operations
- Emphasis on the current period

4. Fund Analysis (Individual Major Funds)

- Reasons for change
- Restrictions, commitments, or other limitations that affect future use

5. Budgetary Variations (General Fund Only)

- Reasons for significant variations
 - Original vs. final amended budget
 - Final amended budget vs. actual

- Currently known reasons for variations that are expected to have a significant effect on
 - Future service levels
 - Liquidity

6. Capital Asset and Long-term Debt Activity

- Significant activity involving capital assets and long-term debt
- Examples
 - Commitments for capital expenditures
 - Changes in credit ratings
 - Debt limitations that could affect financing or service levels
 - Summary information, with reference to details in the notes

7. Infrastructure (Modified Approach)

- Significant changes in condition levels
- Current vs. targeted condition levels
- Significant disparity in the current period between maintenance/preservation estimated to be necessary and actual amounts spent

8. Other Potentially Significant Matters

- Currently known facts, decisions, or conditions expected to have a significant effect
 - Award of a major grant
 - Settlement of a significant lawsuit
 - Adoption of an increase in the sales tax rate
 - Approval of an increase in college tuition
 - Major change in property tax base
 - Signed agreement to locate a new plant within the jurisdiction
 - Signing of new labor contract with union employees

Question 1

What is the independent auditor's responsibility for MD&A?

- A. Provide an opinion regarding fair presentation
- B. Read and assess for consistency with financial statements
- C. Conduct certain limited procedures

Question 2

One of the key contributions of an MD&A is to allow management to provide a subjective assessment of the government's finances.

- A. True
- B. False

Question 3

Governments may use charts and graphs to supplement or replace condensed comparative data in MD&A.

- A. True
- B. False

Question 4

Analysis, strictly speaking, focuses on providing an answer to which of the following questions?

- A. Why?
- B. What?
- C. How?
- D. All of the above

Question 5

Analysis of budgetary variations should focus on

- A. Original budget vs. final amended budget
- B. Final amended budget vs. actual
- C. Either A or B
- D. Both A and B

Question 6

Analysis of budgetary variations should focus on

- A. The general fund
- B. Major special revenue funds
- C. All governmental funds with legally adopted annual budgets
- D. Both A and B
- E. All of the above



Question 7

Which of the following might properly be addressed in MD&A?

- A. A potential grant
- B. A planned rate increase
- C. The settlement of a lawsuit
- D. All of the above
- E. None of the above

Question 8

In the MD&A, a government may

- A. Address topics not specifically prescribed for inclusion in MD&A
- B. Provide additional detail on topics prescribed for inclusion in MD&A
- C. Both A and B
- D. Neither A nor B

Summary of Significant Accounting Policies (SSAP) and Notes to the Financial Statements



Government Finance Officers Association



Summary of Significant Accounting Policies (SSAP)

Need

- Specialized environment
- Alternatives under generally accepted accounting principles (GAAP)
- Application of professional judgment

Presentation Options

- Precedes all other disclosures
 - Separate section preceding the notes to the financial statements, or
 - First of the notes to the financial statements

Practical Application

- Disclose
 - Variations of GAAP unique to state and local governments
 - Selection of an accounting treatment from among several GAAP alternatives
 - Application of GAAP in an unusual or innovative manner

Discretely Presented Component Units

- Information included only if essential to the fair presentation of the financial statements of the financial reporting entity
 - Evaluated based on the nature of the relationship between the discretely presented component unit and the primary government
- If included, clearly distinguishable from similar information provided for the primary government



SSAP Specific Disclosures

Description of Government-wide Financial Statements*

- Essential contents
 - Mention that fiduciary funds and fiduciary-type component units are *not* included

**Not required if there are no fiduciary funds or fiduciary-type component units*

Component Units and their Relationship

- Essential contents
 - Describe each unit and its relationship to the primary government
 - Identify the *specific* criteria used as a basis for incorporating *each* unit
 - Explain whether the data for a given unit were blended or discretely presented
 - Indicate how to obtain each component unit's separately issued financial statements
 - If it is the component unit of another government
 - Identify primary government
 - Explain relationship to primary government

Basis of Presentation: Government-wide Financial Statements

- Essential contents
 - Governmental and business-type activities, major component units
 - Explain how data from the fund financial statements are incorporated into either *governmental activities* or *business-type activities*, and
 - Identify major discretely presented component units and indicate where information on individual units can be found within the basic financial statements

Basis of Presentation: Government-wide Financial Statements (cont.)

- Essential contents (cont.)
 - Policy for eliminating internal activity
 - Explain which elements of internal activity have been eliminated from the government-wide statement of activities and which have been retained
 - Effect of component units with differing fiscal year-ends
 - Identify any difference in fiscal years, and
 - Describe the effect of the difference on amounts reported for the period



Basis of Presentation: Fund Financial Statements

- Major and nonmajor governmental and enterprise funds; internal service funds and fiduciary funds by fund type
 - Identify each of the fund types used in the fund financial statements
 - Indicate the fund type for each of the major funds

Basis of Presentation: Fund Financial Statements (cont.)

- Descriptions of activities accounted for in the major funds, internal service fund type, and fiduciary fund types
 - Provide at least a generic description of the activities of the general fund
 - Provide a specific description of the activities of
 - Each major fund, other than the general fund, and
 - Each fund-type column



Basis of Presentation: Fund Financial Statements (cont.)

- Interfund eliminations in fund financial statements not apparent from headings
 - Disclose the elimination of internal balances and transfers between governmental funds or between enterprise funds, if a separate eliminations column is not presented in the fund financial statements

Basis of Accounting

- Accrual – government-wide financial statements
 - Indicate that the accrual basis of accounting is used for the government-wide financial statements
 - Explain how revenues and expenses are recognized using the accrual basis of accounting

Basis of Accounting (cont.)

- Modified accrual – governmental fund financial statements, including the length of time used to define *available* for purposes of revenue recognition
 - Indicate that the modified accrual basis of accounting is used for governmental fund financial statements
 - Explain how revenues and expenditures are recognized using the modified accrual basis of accounting
 - Disclose the availability period used for revenue recognition

Basis of Accounting (cont.)

- Accrual – proprietary and fiduciary fund statements
 - Indicate that the accrual basis of accounting is used for proprietary fund and fiduciary fund financial statements

Budgetary Data

- **Budgetary basis of accounting**
 - Describe the budgetary basis of accounting (if other than GAAP) and how it differs from GAAP

- **Excess of expenditures over appropriations**
 - Disclose any excess of expenditures over appropriations in the general fund and individual major special revenue funds, for which an annual (or biennial) budget is legally adopted (if not otherwise visible)

Elements of the Statement of Net Position

- Definition of *cash and cash equivalents*
 - If the statement of cash flows focuses on both cash and cash equivalents, provide the definition used for *cash equivalents*
- Disclosure of valuation bases
 - Describe the methods used to value different types of assets (i.e. inventory and prepaids)

Elements of the Statement of Net Position (cont.)

- Capitalization policy, estimated useful lives of capital assets
 - Describe the government's policy for capitalizing assets
 - Describe the government's policy for estimating the useful lives of capital assets for purposes of calculating depreciation expense
 - Identify the method used to calculate depreciation expense

Elements of the Statement of Net Position (cont.)

- Description of the modified approach for reporting infrastructure assets (if used)
 - Describe the modified approach
- Explain *deferred outflows of resources* or *deferred inflows of resources*, if presented



Elements of the Statement of Net Position (cont.)

- Significant or unusual accounting treatment for material account balances or transactions
 - Describe any unusual or innovative accounting treatments
 - Describe any accounting treatment that is especially significant because of unusual circumstances

Elements of the Statement of Net Position (cont.)

- Policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available
 - Describe the flow assumption used for *restricted net position* v. *unrestricted net position*

Elements of the Fund Financial Statements

- Policy regarding whether to first apply restricted or unrestricted resources when expenditures are incurred in governmental funds for purposes for which both restricted and unrestricted fund balance are available
- Policy for applying the various components of unrestricted fund balance, i.e. committed, assigned and unassigned
 - Describe the flow assumption

Elements of the Fund Financial Statements (cont.)

- Fund balance disclosures
 - The government's highest level of decision-making authority
 - The formal action required to commit fund balance and remove the commitment
 - The body or official authorized to assign amounts to a specific purpose
 - The policy used to authorize the assignment of resources

Revenues and Expenditures/Expenses

- Types of transactions included in program revenues in the government-wide statement of net position
 - Describe the specific revenues classified as program revenues

Revenues and Expenditures/Expenses (cont.)

- Policy for allocating indirect expense to functions in the government-wide statement of activities
 - Mention if indirect costs are reported as a functional expense as the result of an administrative cost recovery element built into a charge for centralized services
 - Mention how indirect costs have been allocated to functions or programs if indirect costs have been allocated in a separate column



Revenues and Expenditures/Expenses (cont.)

- Unusual or significant accounting policy for material revenues, expenditures, and expenses
 - Describe any unusual or innovative accounting treatments
 - Describe any accounting treatment that is especially significant because of unusual circumstances



Revenues and Expenditures/Expenses (cont.)

- Property tax revenue recognition
 - Indicate the lien dates, levy dates, due dates, and the collection dates
 - Indicate the length of the availability period used for property taxes, if it is in excess of 60 days, and the unusual circumstances that justify its use



Revenues and Expenditures/Expenses (cont.)

- Vacation, sick leave, and other compensated absences
 - Mention if employees are reimbursed for unused sick leave upon retirement, or if unused sick leave is treated as additional service time in the calculation of postemployment benefits



Revenues and Expenditures/Expenses (cont.)

- Policy for defining operating revenues and operating expenses in proprietary fund statements of revenues, expenses, and changes in fund net position
 - Provide definition used to distinguish *operating revenues* from *nonoperating revenues*

Question 1

Which of the following must be described in the SSAP?

- A. The selection among GAAP alternatives
- B. The application of professional judgment
- C. Specialized practices characteristic of the environment
- D. All of the above
- E. Both (A) and (C)

Question 2

The description of the financial reporting entity should provide a generic description of the criteria used to identify component units.

- A. True
- B. False

Question 3

For which of the following columns may it be necessary to provide description of the specific activities reported in the column?

- A. Major fund columns
- B. Fund-type columns
- C. Nonmajor fund columns
- D. All of the above
- E. Both (A) and (B)

Question 4

Which of the following should be disclosed for property taxes?

- A. Levy date
- B. Due date
- C. Revenues related to prior years recognized in the current year
- D. All the above
- E. Both (A) and (B)

Question 5

Which of the following is a required disclosure for governmental funds?

- A. Flow assumption for restricted fund balance v. unrestricted components of fund balance
- B. Flow assumption within the unrestricted components of fund balance
- C. Both (A) and (B)



Notes to the Financial Statements

What needs to be disclosed?

- Policies underlying the amounts displayed in the financial statements
 - Summary of significant accounting policies (SSAP – already discussed)
 - Additional detail or explanations concerning amounts displayed
 - Additional information on items that are *not* displayed because they do *not* meet the criteria for recognition (i.e. can't be measured with sufficient reliability)

Negative Disclosure

- Normally to be avoided
 - A reader may presume that if a disclosure is missing it is not relevant

Limitations on Disclosure

- Notes must always
 - Have a *clear and demonstrable relationship* to information in the financial statements
 - Be *essential* to a user's understanding of the financial statements
- Notes should *not* include
 - Subjective assessments of the effects of reported items on *future* financial position
 - Predictions about the effects of future events on *future* financial position



Display v. Disclosure

- Notes are never a substitute for display

Discretely Presented Component Units

- Only if essential to the fair presentation of the *reporting entity's* financial statements
 - Nature of the component unit's relationship with the primary government
- Application of materiality
 - Quantitative materiality
 - Qualitative materiality
- If included, distinguish from similar information provided for the primary government



Other Detailed Note Disclosures



Details of a Reconciliation

- Required if a reconciling item
 - Combines several similar balances or transactions
 - Involves netting

Example 1

- Reconciling item that combines similar balances

adding general long-term liabilities not due and payable in the current period \$780

- Detail

Bonds payable	\$700
Compensated absences	50
Claims and judgments	<u>30</u>
Effect of adding general long-term liabilities not Due and payable in the current period	\$780

Example 2

- Reconciling item that nets items

Reporting annual depreciation expense instead of expenditures for capital outlays: \$1,500

- Detail

Capitalized expenditures	\$2,000
Depreciation expense	<u>(500)</u>
Net effect of reporting depreciation expense rather than expenditures for capital outlays	\$1,500



Stewardship, Compliance, and Accountability

- Violations of legal or contractual provisions
 - Nature
 - Action taken
- Deficits in individual funds
 - If not displayed

Other Disclosures

- Accounting changes
 - Prior period adjustments
 - Changes in accounting principles
 - Changes in estimate
 - Changes in entity
- Bankruptcies
- Going-concern considerations

Detailed Notes on Activities and Funds

- Assets and deferred outflows of resources
 - Cash deposits with financial institutions
 - Investments
 - Derivative instruments
 - Reverse repurchase agreements
 - Securities lending transactions
 - Receivable balances
 - Capital assets

Detailed Notes on Activities and Funds (cont.)

- Assets and deferred outflows of resources (cont.)
 - Collections
 - Impairments and insurance recoveries
 - Sponsor disclosures for external investment pools
 - Lease receivables
 - Deferred outflows of resources



Detailed Notes on Activities and Funds (cont.)

- Liabilities and deferred inflows of resources
 - Payable balances
 - Pension plan obligations and OPEB
 - Termination benefits
 - Construction and other significant commitments
 - Claims and judgments

Detailed Notes on Activities and Funds (cont.)

- Liabilities and deferred inflows of resources (cont.)
 - Lease obligations
 - Short-term debt and liquidity
 - Long-term debt
 - Landfill closure and postclosure care
 - Pollution remediation obligations
 - Deferred inflows of resources

Detailed Notes on Activities and Funds (cont.)

- Net position
 - Amounts restricted pursuant to enabling legislation
- Fund balance
 - Details of restricted, committed, and assigned fund balances
 - Stabilization arrangements

Detailed Notes on Activities and Funds (cont.)

- Revenues and expenditures/expenses
 - Discounts and allowances
 - Interest expense included in direct expense
 - Future revenues that have been sold
 - On-behalf payments for fringe benefits and salaries



Detailed Notes on Activities and Funds (cont.)

- Revenues and expenditures/expenses (cont.)
 - Transactions that would be reported as special items, had they been within the control of management
 - Significant transactions involving major discretely presented component units
 - Transactions not reported because they are not measurable

Detailed Notes on Activities and Funds (cont.)

- Revenues and expenditures/expenses (cont.)
 - Foreign currency transactions
 - Nonmonetary transactions
 - Contracts to perform research and development
 - Service concession arrangements
 - Donor-restricted endowments
 - Interfund transfers

Other

- Segment information for enterprise funds
- Individual major discretely presented component unit disclosures
- The nature of the primary government's accountability for related organizations
- Joint ventures and jointly governed organizations

Other (cont.)

- Related-party transactions
- Summary disclosure of significant contingencies
 - Loss contingencies
 - Contingent liability for debt
 - Gain contingencies
- Significant effects of subsequent events

Question 1

Which of the following may be included in the notes to the financial statements?

- A. Assessments concerning the effect of reported information on future financial position
- B. Predictions concerning the effect of future information on future financial position
- C. Both (A) and (B)
- D. Neither (A) nor (B)

Question 2

To be included in the notes to the financial statements, information should

- A. Have a clear and demonstrable relationship to information in the financial statements
- B. Be essential to users' understanding of the financial statements
- C. Both (A) and (B)
- D. Neither (A) nor (B)

Question 3

Since the notes to the financial statements are a part of the basic financial statements, presentation in the notes may always substitute for display on the face of the financial statements.

- A. True
- B. False

Question 4

When authoritative standards prescribed a disclosure that is not relevant to a government's circumstances, the notes should explain that fact.

- A. True
- B. False

Question 5

The requirement to disclose in the notes deficits in individual funds applies to all funds.

A. True

B. False

Combining and Individual Fund Financial Statements



Government Finance Officers Association

Contents

- Combining statements (nonmajor funds and discretely presented component units)
- Individual fund financial statements and schedules

Combining Financial Statements

- Data for individual funds not presented as such in the basic financial statements
- Purpose: Support related column in basic financial statements
 - Nonmajor governmental funds
 - Nonmajor enterprise funds
 - Fund-type columns

Example

- Basic financial statements

<u>Enterprise Funds</u>				Internal
<u>Fund 1</u>	<u>Fund 2</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>	<u>Service</u>
\$100	\$75	\$20	\$195	<u>Funds</u> \$30

- Combining financial statements

<u>Fund 3</u>	<u>Fund 4</u>	<u>Fund 5</u>	<u>Fund 6</u>	<u>Total Nonmajor</u> <u>Enterprise Funds</u>
\$4	\$5	\$8	\$3	\$20

Governmental Funds

- Information needed by fund type

<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>		<u>Debt Service Funds</u>		<u>Total Nonmajor</u>
<u>Fund 1</u>	<u>Fund 2</u>	<u>Fund 3</u>	<u>Fund 4</u>	<u>Fund 5</u>	<u>Fund 6</u>	<u>Fund 7</u>	<u>Governmental Funds</u>
\$3	\$2	\$4	\$12	\$6	\$4	\$5	\$36

- If numerous funds
 - Sub-combine statements by fund type



Format: Complete Sets of Financial Statements

- Nonmajor governmental funds
 - Balance sheet
 - Statement of revenues, expenditures, and changes in fund balances
- Nonmajor enterprise funds
 - Statement of net position
 - Statement of revenues, expenses, and changes in net position
 - Statement of cash flows



Format: Complete Sets of Financial Statements (cont.)

- Internal service funds
 - Statement of net position
 - Statement of revenues, expenses, and changes in net position
 - Statement of cash flows
- Private-purpose trust funds
 - Statement of fiduciary net position
 - Statement of changes in fiduciary net position
- Pension (and other employee benefits) trust funds
 - Statement of fiduciary net position
 - Statement of changes in fiduciary net position



Format: Complete Sets of Financial Statements (cont.)

- Investment trust funds
 - Statement of fiduciary net position
 - Statement of changes in fiduciary net position
- Custodial funds
 - Statement of fiduciary net position
 - Statement of changes in fiduciary net position
- Nonmajor discretely presented component units
 - Statement of net position
 - Statement of activities

Format (cont.)

- Cover page for each set of financial statements
 - Description of the nature and operations of each of the individual funds or component units

- No reference to the notes to the financial statements for statements that receive only *in-relation-to* audit coverage

Individual Fund Statements

- Only for information beyond what is already presented in the combining statements
 - Budgetary comparisons
 - Governmental funds other than the general fund and major special revenue funds with annual (or biennial) appropriated budgets
 - General fund and major special revenue funds if legal level of control lower than the function/program level
 - Comparative data
 - Additional detail

Component Units

- Data drawn from the total columns of the government-wide financial statements in the component unit's separately issued report
 - If a separate report is *not* issued, the basic fund financial statements of the component unit must be included in the financial subsection of the CAFR

Formatting

- Same approach as combining statements
 - Complete sets of financial statements
 - Cover page with a description of the nature and operations of the individual fund
 - No reference to the notes for individual fund statements that receive only *in-relation-to* audit coverage

Schedules

- Purpose
 - Demonstrate legal compliance
 - Additional financial information of potential benefit to financial statement users
- Placed immediately following related statements
 - If not related to statements, in a separate section at the end of the financial section of the CAFR

Question 1

Which of the following may be included in combining statements?

- A. Major governmental funds other than the general fund
- B. Nonmajor governmental funds
- C. Both A and B



Question 2

Only one combining statement is required for custodial funds.

- A. True
- B. False

Question 3

A reference on the face of the combining statements to the notes to the financial statements is

- A. Normally inappropriate
- B. Sometimes required
- C. Both A and B

Question 4

If a combining statement is presented, individual fund statements are

- A. Always required
- B. Never required
- C. Sometimes required

Budgetary Reporting



Government Finance Officers Association

Two Types

- Mandated reporting
 - Must always be presented in connection with the basic financial statements
 - Option 1: present as basic financial statement
 - “Statement”
 - Audited
 - Option 2: present as required supplementary information (RSI)
 - “Schedule”
 - Not audited
- Extended reporting
 - Required in Comprehensive Annual Financial Report (CAFR)

Mandated Reporting

- Scope
 - Required for the general fund and major special revenue funds
 - “The minimum is the maximum”
 - Exclude
 - Other fund types
 - Nonmajor special revenue funds

Extended Reporting in CAFR

- Scope
 - Required for funds that meet each of 3 criteria
 1. Governmental fund (v. enterprise fund)
 2. Appropriated budget (force of law) v. “financial plan”
 3. Annual (or biennial) v. project-length

Contents of Budgetary Reports

- Mandated reporting
 - Original budget
 - Final amended budget
 - Actual (budgetary basis)
- Extended reporting
 - Final amended budget
 - Actual (budgetary basis)

Level of Detail

- Mandated reporting
 - Function or program level
 - As in the statement of revenues, expenditures, and changes in fund balances
- Extended reporting
 - Legal level of control
 - The level at which resources cannot be reassigned without approval

GAAP v. Budget

- Mandated reporting
 - Reconcile the budgetary basis with GAAP if different
 - Either on the face of the comparison or in the notes
- Extended reporting
 - No reconciliation required

Variance Columns (Optional)

- Presentation encouraged
 - Difference between the final amended budget and actual amounts
 - Almost always presented
- Presentation permitted
 - Difference between the original budget and the final amended budget (mandated reporting only)
 - Uncommon

Labeling Variance Columns

- Managerial accounting
 - *Favorable v. unfavorable*
- Problematical in the public sector
 - Focus on providing services rather than generating revenue
 - Spending less money than planned is not necessarily a “good thing” if services suffered as a result
 - Collecting more taxes than needed is not necessarily a “good thing” from the point of view of taxpayers
- Recommendation
 - Do not provide a columnar description
 - Neutral terminology (e.g., “variance” or “difference”)

Question 1

A budgetary comparison schedule could be found as

- A. A basic financial statement
- B. RSI
- C. Either A or B

Question 2

Mandated budgetary comparisons are

- A. Always audited
- B. Sometimes audited
- C. Never audited

Question 3

Which of the following would be included in a mandated budgetary comparison?

- A. Major special revenue fund
- B. Nonmajor special revenue fund
- C. Major debt service fund
- D. Nonmajor debt service fund
- E. Both A and C

Question 4

Budgetary reporting for enterprise funds is

- A. Always required
- B. Sometimes required
- C. Never required

Question 5

Which of the following would be required in connection with extended reporting?

- A. Original budget
- B. Variance column
- C. Reconciliation between basis of budgeting and GAAP
- D. All of the above
- E. None of the above

Question 6

What is the minimum level of detail at which budgetary comparisons must be presented in connection with mandated reporting?

- A. Function or program level
- B. Legal level of control
- C. Either A or B

Required Supplementary Information (RSI)



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Location

- After the notes to the financial statements
 - Exception: Management Discussion and Analysis (MD&A)

Budgetary Comparison

- Generally same guidelines as when included in the basic financial statements
- Differences
 - *Schedule* rather than *statement*
 - Related disclosures as *notes to RSI* rather than as *notes to the financial statements* (except material violation)

Budgetary Comparison (cont.)

- Provide reconciliation if basis of budgeting is different from GAAP
- Use the budgetary framework for reporting
 - Required even if scope of budgetary framework is broader than general fund and major special revenue funds



Condition Assessments: Modified Approach

- Three most recently completed condition assessments
 - Only one assessment required at date of initial implementation of new model
- Maintenance and preservation costs (5 years)
 - Estimate of amount needed
 - Actual expense (always on GAAP basis)

Condition Assessments: Modified Approach (cont.)

- Notes to RSI
 - Basis for condition assessment
 - Measurement scale
 - Target level
 - If changed, effect of change on estimated maintenance and preservation in period
 - Factors that significantly affect trends



Pensions/OPEB – Single Employers and Agent Multiple-employers

- Required disclosures
 1. Schedule of changes in the net pension/OPEB liability and related ratios (10 years)
 - Reported as of the measurement date
 2. Schedule of required contributions (10 years)
 - Reported as of the most recent reporting date (fiscal year-end)

1. Schedule of Changes in Net Pension/OPEB Liability

- Contents
 - Beginning balance
 - Specific changes
 - Service cost
 - Interest on total pension/OPEB liability
 - Changes in benefit terms
 - Expected v. actual
 - Changes in assumptions
 - Contributions
 - Net investment income
 - Benefit payments and refunds
 - Administrative expense
 - Ending balance



1. Schedule of Changes in Net Pension/OPEB Liability – Related Ratios

- Contents
 - a. Total pension/OPEB liability (TPL/TOPEBL)
 - b. Fiduciary net position (FNP)
 - c. Net pension/OPEB liability (NPL/NOPEBL)
[a - b = c]
 - a. FNP as % of TPL/TOPEBL [b/a]
 - b. Covered payroll (CP)**
 - c. NPL as % of CP [c/e]

This can be a separate schedule, but in practice is combined with schedule of changes in NPL/NOPEBL

2. Schedule of Required Contributions

- Required if contribution is
 - Actuarially determined
 - Not actuarially determined, but statutorily or contractually required
- Contents
 - a. Target contribution
 - b. Actual contribution
 - c. Difference (a – b)
 - d. Covered Payroll (CP)
 - e. Contributions as % of CP (b/a)



Pensions/OPEB - Cost-sharing Employers

- Schedule of funding progress (10 years)
 - a. Employer share of Net Pension/OPEB Liability (NPL/NOPEBL) As a % and \$
 - b. Employer share of Covered Payroll (CP)
 - c. Employer share of NPL/NOPEBL as % of CP (a/b)
 - d. Total Plan Fiduciary Net Position as % of TPL
- Schedule of employer contributions (10 years)
 - If statutorily or contractually required
 - As of the most recent reporting date



Pensions/OPEB - Nonemployer Contributors

- Schedule of funding progress (10 years)
 - Nonemployer's share of NPL/NOPEBL
 - As %
 - As \$
 - PNP as % of TPL/TOPEBL
- Schedule of employer contributions (10 years)
 - If statutorily or contractually required

**Total Pension Liability**

	<u>20X9</u>	<u>20X8</u>	<u>20X7</u>	<u>20X6</u>
Service Cost	\$ 75,864	\$ 74,276	\$ 71,157	\$ 69,344
Interest	216,515	205,038	188,845	174,694
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(37,539)	(15,211)	(3,562)	38,438
Changes of assumptions	-	-	61,011	-
Benefit Payments	<u>(119,434)</u>	<u>(112,603)</u>	<u>(104,403)</u>	<u>(95,376)</u>
Net change in total Pension liability	135,406	151,500	213,048	187,100
Total Pension Liability - beginning	<u>2,853,455</u>	<u>2,701,955</u>	<u>2,488,907</u>	<u>2,301,807</u>
Total Pension Liability - ending	<u>\$ 2,988,861</u>	<u>\$ 2,853,455</u>	<u>\$ 2,701,955</u>	<u>\$ 2,488,907</u>
Plan fiduciary net position				
Contributions-employer	\$ 79,713	\$ 86,607	\$ 89,828	\$ 91,963
Contributions-employee	31,451	30,550	29,137	28,547
Net investment income	196,154	(44,099)	(16,138)	298,260
Benefit Payments	(119,434)	(112,603)	(104,403)	(95,376)
Administrative expense	<u>(3,365)</u>	<u>(3,370)</u>	<u>(2,601)</u>	<u>(2,757)</u>
Net change in plan fiduciary net position	184,519	(42,915)	(4,177)	320,637
Plan fiduciary net position - beginning	<u>2,052,589</u>	<u>2,095,504</u>	<u>2,099,681</u>	<u>1,779,044</u>
Plan fiduciary net position - ending	<u>\$ 2,237,108</u>	<u>\$ 2,052,589</u>	<u>\$ 2,095,504</u>	<u>\$ 2,099,681</u>
Net Pension Liability	<u>\$ 751,753</u>	<u>\$ 800,866</u>	<u>\$ 606,451</u>	<u>\$ 389,226</u>
Plan fiduciary net position as a percentage of the total pension liability	74.85%	71.93%	77.56%	84.36%
Covered Payroll	\$ 449,296	\$ 436,424	\$ 416,243	\$ 407,812
Net pension liability as a percentage of covered payroll	167.32%	183.51%	145.70%	95.44%



	<u>20X9</u>	<u>20X8</u>	<u>20X7</u>	<u>20X6</u>
Total OPEB Liability				
Service Cost	\$ 19,051	\$ 18,190	\$ 16,642	\$ 16,732
Interest	30,663	27,176	26,061	25,394
Changes of benefit terms	-	-	-	(36,889)
Differences between expected and actual experience	8,925	11,845	(18,490)	11,845
Changes of assumptions	-	-	(1,369)	-
Benefit Payments	<u>(7,899)</u>	<u>(7,758)</u>	<u>(7,601)</u>	<u>(7,425)</u>
Net change in total OPEB liability	50,740	49,453	15,243	9,657
Total OPEB Liability - beginning	<u>432,472</u>	<u>383,019</u>	<u>367,776</u>	<u>358,119</u>
Total OPEB Liability - ending	<u>\$ 483,212</u>	<u>\$ 432,472</u>	<u>\$ 383,019</u>	<u>\$ 367,776</u>
Plan fiduciary net position				
Contributions-employer	\$ 22,424	\$ 25,255	\$ 28,260	\$ 24,737
Net investment income	44,215	28,698	32,698	25,691
Benefit Payments	(7,899)	(7,758)	(7,601)	(7,425)
Administrative expense	<u>(148)</u>	<u>(144)</u>	<u>(137)</u>	<u>(128)</u>
Net change in plan fiduciary net position	58,592	46,051	53,220	42,875
Plan fiduciary net position - beginning	<u>418,254</u>	<u>372,203</u>	<u>318,983</u>	<u>276,108</u>
Plan fiduciary net position - ending	<u>\$ 476,846</u>	<u>\$ 418,254</u>	<u>\$ 372,203</u>	<u>\$ 318,983</u>
Net OPEB Liability	<u>\$ 6,366</u>	<u>\$ 14,218</u>	<u>\$ 10,816</u>	<u>\$ 48,793</u>
Plan fiduciary net position as a percentage of the total OPEB liability	98.68%	96.71%	97.18%	86.73%
Covered Payroll	\$ 535,043	\$ 524,209	\$ 511,884	\$ 510,760
Net OPEB liability as a percentage of covered payroll	1.19%	2.71%	2.11%	9.55%



Information on Contributions: Actuarially Determined Contribution

	<u>20X9</u>	<u>20X8</u>	<u>20X7</u>	<u>20X6</u>
Actuarially determined contribution	\$ 79,713	\$ 86,607	\$ 89,828	\$ 91,963
Contributions in relation to the actuarially determined contribution	<u>\$ 79,713</u>	<u>\$ 86,607</u>	<u>\$ 89,828</u>	<u>\$ 91,963</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 449,293	\$ 436,424	\$ 416,243	\$ 407,812
Contributions as a percentage of covered payroll	17.74%	19.84%	21.58%	22.55%

Notes to RSI

- Significant methods and assumptions for actuarially determined contribution (if applicable)
- Factors that significantly affect trends
 - No restatement of information from prior years

Risk Pools

- Revenues and claim development
 - 10 years of data
 - Only required if no separate report issued for the pool
 - How to obtain separately issued report

Statistical Section



Government Finance Officers Association

Focus of Statistical Section

- Economic condition



Financial Position v. Economic Condition

- Financial position
 - [Assets + deferred outflows of resources] – [liabilities + deferred inflows of resources] = net position
- Economic condition
 - Factors that indicate that today's net position may improve or deteriorate in the future

Five Objectives

- Provide information on financial trends
- Provide information on revenue capacity
- Provide information on debt capacity
- Provide demographic and economic information
- Provide operating information

Financial Trends

- Data extracted from the government-wide financial statements (10 years)
 - Net position
 - Changes in net position

Net Position

Governmental activities

Net investment in capital assets

Restricted

Unrestricted

Total:

Business-type activities:

Net investment in capital assets

Restricted

Unrestricted

Total:

Primary government:

Net investment in capital assets

Restricted

Unrestricted

Total:

Net Position (example)

	Fiscal Year									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental activities										
Net investment in capital assets	\$ 11,322,389	\$ 11,561,679	\$ 9,442,738	\$ 9,480,613	\$ 9,683,284	\$ 10,223,827	\$ 10,047,981	\$ 9,359,116	\$ 8,896,436	\$ 8,380,630
Restricted	1,793,905	1,376,838	1,175,796	1,270,172	1,087,913	965,409	994,123	845,846	1,537,935	1,197,065
Unrestricted	195,063	534,104	1,632,147	1,525,628	1,445,634	1,198,370	1,143,425	1,278,575	1,237,789	1,083,110
Total governmental activities net position	\$ 13,311,357	\$ 13,472,621	\$ 12,250,681	\$ 12,276,413	\$ 12,196,831	\$ 12,387,606	\$ 12,185,529	\$ 11,483,537	\$ 11,672,160	\$ 10,660,805
Business-type activities										
Net investment in capital assets	\$ 8,374,996	\$ 8,681,749	\$ 9,009,480	\$ 9,093,854	\$ 9,405,612	\$ 9,569,155	\$ 9,407,680	\$ 9,362,899	\$ 9,609,839	\$ 8,491,981
Restricted	162,001	162,001	162,001	162,001	-	-	-	-	-	-
Unrestricted	1,203,991	969,888	965,785	854,792	702,225	401,139	347,123	90,267	(87,503)	(555,216)
Total business-type activities net position	\$ 9,740,988	\$ 9,813,638	\$ 10,137,266	\$ 10,110,647	\$ 10,107,837	\$ 9,970,294	\$ 9,754,803	\$ 9,453,166	\$ 9,522,336	\$ 7,936,765
Primary government										
Net investment in capital assets	\$ 19,697,385	\$ 20,243,428	\$ 18,452,218	\$ 18,574,467	\$ 19,088,896	\$ 19,792,982	\$ 19,455,661	\$ 18,722,015	\$ 18,506,275	\$ 16,872,611
Restricted	1,955,906	1,538,839	1,337,797	1,432,173	1,087,913	965,409	994,123	845,846	1,537,935	1,197,065
Unrestricted	1,399,054	1,503,992	2,597,932	2,380,420	2,147,859	1,599,509	1,490,548	1,368,842	1,150,288	527,894
Total primary government net position	\$ 23,052,345	\$ 23,286,259	\$ 22,387,947	\$ 22,387,060	\$ 22,304,668	\$ 22,357,900	\$ 21,940,332	\$ 20,936,703	\$ 21,194,496	\$ 18,597,570

Changes in Net Position

Expenses:	
Governmental activities:	
By function/program ⁹	
Business-type activities:	
By identifiable activities	
Total – primary government	
Program revenues:	
Governmental activities:	
Charges for services (by function for the most significant items)	
Operating grants and contributions	
Capital grants and contributions	
Business-type activities:	
Charges for services (by function for the most significant items)	
Operating grants and contributions	
Capital grants and contributions	
Total – primary government	
Net (expense) revenue	
Governmental activities	
Business-type activities	
Total – primary government	
	General revenues and other changes in net position
	Governmental activities
	Business-type activities
	Total – primary government
	Total change in net position
	Governmental activities
	Business-type activities
	Total – primary government

Name of Government
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Fiscal Year</u> <u>2018</u>
Expenses					
Governmental Activities:					
General government	\$ 31,887,579	\$ 28,317,571	\$ 24,734,046	\$ 23,825,828	\$ 22,360,541
Public safety	63,309,737	59,427,149	55,970,449	55,015,513	52,051,097
Highways and streets	37,109,026	29,529,059	27,742,706	24,544,783	23,399,935
Sanitation	10,571,560	9,914,570	10,606,726	10,102,997	9,451,147
Culture and recreation	24,711,598	27,023,265	26,660,621	25,404,083	24,408,633
Interest	3,232,134	2,838,043	2,550,891	2,394,391	2,589,890
Total Governmental Activities	<u>170,821,634</u>	<u>157,049,658</u>	<u>148,265,438</u>	<u>141,287,595</u>	<u>134,261,243</u>
Business-type Activity-					
Water	8,447,428	8,356,237	7,625,604	7,038,281	7,060,813
Transit	5,974,954	5,762,334	5,604,867	5,382,817	5,505,039
Total Business-type Activities	<u>14,422,382</u>	<u>14,118,571</u>	<u>13,230,471</u>	<u>12,421,098</u>	<u>12,565,852</u>
Total Expenses	<u>\$ 185,244,016</u>	<u>\$ 171,168,229</u>	<u>\$ 161,495,909</u>	<u>\$ 153,708,693</u>	<u>\$ 146,827,095</u>
Program Revenues					
Governmental Activities:					
Charges for services					
General government	\$ 7,677,948	\$ 7,841,202	\$ 6,838,367	\$ 6,819,679	\$ 6,380,477
Public safety	12,377,439	11,548,967	10,635,881	10,109,547	9,645,217
Highways and streets	9,301,285	8,974,640	8,879,220	8,849,489	8,496,213
Sanitation	2,682,219	2,212,837	2,121,670	1,919,971	1,725,498
Culture and recreation	3,824,583	3,564,183	3,108,349	3,099,854	2,627,490
Operating grants and contributions	14,019,870	12,827,195	8,982,551	8,222,199	8,085,497
Capital grants and contributions	7,802,833	5,876,009	3,602,599	3,334,484	2,923,455
Total Governmental Activities	<u>57,686,177</u>	<u>52,845,033</u>	<u>44,168,637</u>	<u>42,355,222</u>	<u>39,883,847</u>
Business-type Activity-					
Charges for services					
Water	9,457,623	8,535,444	7,836,344	6,560,748	5,946,111
Transit	930,131	890,818	876,150	863,805	842,354
Operating grants and contributions	401,441	270,202	54,123	-	203,324
Capital grants and contributions	1,174,511	1,251,689	515,564	644,220	549,912
Total Business-type Activity	<u>11,963,706</u>	<u>10,948,153</u>	<u>9,282,181</u>	<u>8,068,773</u>	<u>7,541,701</u>
Total Program Revenues	<u>\$ 69,649,883</u>	<u>\$ 63,793,186</u>	<u>\$ 53,450,818</u>	<u>\$ 50,423,995</u>	<u>\$ 47,425,548</u>
Net (Expense)/Revenue					
Governmental Activities	\$ (113,135,457)	\$ (104,204,625)	\$ (104,096,801)	\$ (98,932,373)	\$ (94,377,396)
Business-type Activity	(2,458,676)	(3,170,418)	(3,948,290)	(4,352,325)	(5,024,151)
Total Net Expense	<u>\$ (115,594,133)</u>	<u>\$ (107,375,043)</u>	<u>\$ (108,045,091)</u>	<u>\$ (103,284,698)</u>	<u>\$ (99,401,547)</u>

Name of Government
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	-				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Fiscal Year</u> <u>2018</u>
General Revenues					
Governmental Activities:					
Property Taxes	45,060,105	43,705,394	41,562,032	\$ 40,677,976	\$ 39,560,991
Sales Tax	44,368,865	45,962,388	44,853,309	42,886,257	41,429,781
Franchise taxes	1,537,833	1,524,322	1,393,945	1,490,316	1,373,286
Intergovernmental-unrestricted	1,753,982	1,692,600	11,129,981	10,448,692	9,398,195
Unrestricted investment earnings	3,440,745	3,402,933	2,603,890	2,128,736	1,983,331
Gain (loss) on sale of capital assets	22,276	-	-	-	-
Miscellaneous	2,322,567	3,799,422	9,088,610	5,373,620	3,056,187
Transfers in/out	(3,728,209)	(3,604,638)	(4,283,068)	(3,922,228)	(4,324,124)
Special Item	-	-	-	-	-
Total general revenues, transfers, and special item	<u>94,778,164</u>	<u>96,482,421</u>	<u>106,348,699</u>	<u>99,083,369</u>	<u>92,477,647</u>
Business-type Activity-					
Unrestricted investment earnings	264,891	156,928	172,708	163,298	156,366
Gain (loss) on sale of capital assets	-	-	-	-	-
Miscellaneous	-	261,749	112,033	201,767	227,227
Transfers in/out	3,728,209	3,604,638	4,283,068	3,922,228	4,324,124
Total Business-type activities	<u>3,993,100</u>	<u>4,023,315</u>	<u>4,567,809</u>	<u>4,287,293</u>	<u>4,707,717</u>
Total primary government	<u>\$ 98,771,264</u>	<u>\$ 100,505,736</u>	<u>\$ 110,916,508</u>	<u>\$ 103,370,662</u>	<u>\$ 97,185,364</u>
Change in Net Position					
Governmental Activities	\$ (18,357,293)	\$ (7,722,204)	\$ 2,251,898	\$ 150,996	\$ (1,899,749)
Business-type Activity	1,534,424	852,897	619,519	(65,032)	(316,434)
Total Change in Net Position	<u>\$ (16,822,869)</u>	<u>\$ (6,869,307)</u>	<u>\$ 2,871,417</u>	<u>\$ 85,964</u>	<u>\$ (2,216,183)</u>

Financial Trends

- Data extracted from the governmental fund financial statements (10 years)
 - Fund balances
 - Changes in fund balances
 - Ratio - Debt service/noncapital expenditures
 - Formula:
Principal + interest/(total expenditures – capitalized expenditures)



Fund Balance

	Fiscal Year																																																																																																																																																																														
	2016	2015	2014	2013	2012	2011 (1)	2010	2009	2008	2007																																																																																																																																																																					
General fund																																																																																																																																																																															
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																																																																																																																																																																					
Unreserved	-	-	-	-	-	-	686,795	743,849	858,012	857,428																																																																																																																																																																					
Nonspendable	5,000	11,483	6,857	6,905	8,504	6,583	-	-	-	-																																																																																																																																																																					
Restricted	598	-	-	-	-	-	-	-	-	-																																																																																																																																																																					
Unassigned	1,086,841	1,370,723	1,142,583	993,341	884,432	792,910	-	-	-	-	Total general fund	\$ 1,092,439	\$ 1,382,206	\$ 1,149,440	\$ 1,000,246	\$ 892,936	\$ 799,493	\$ 686,795	\$ 743,849	\$ 858,012	\$ 857,428	All other governmental funds											Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,864	\$ 128,864	\$ 128,864	\$ 128,864	Unreserved reported in	-	-	-	-	-	-	-	-	-	-	Special revenue funds	-	-	-	-	-	-	583,367	402,345	604,837	736,571	Debt service funds	-	-	-	-	-	-	85,990	2,225	172,137	1,637	Capital project funds	-	-	-	-	-	-	376,509	756,398	710,016	390,569	Permanent funds	-	-	-	-	-	-	30,063	22,575	17,775	12,375	Nonspendable	131,564	128,864	128,864	128,864	128,864	128,864	-	-	-	-	Restricted	1,637,595	1,247,974	1,038,198	1,132,315	913,448	576,623	-	-	-	-	Committed	-	-	-	-	-	-	-	-	-	-	Assigned	24,148	9,205	8,734	8,993	25,601	301,267	-	-	-	-	Unassigned	-	-	-	-	-	-	-	-	-	-	Total all other governmental funds	\$ 1,793,307	\$ 1,386,043	\$ 1,175,796	\$ 1,270,172	\$ 1,067,913	\$ 1,006,774	\$ 1,204,793	\$ 1,312,407	\$ 1,633,629	\$ 1,270,016	Total general and all other governmental	\$ 2,885,746	\$ 2,768,249	\$ 2,325,236	\$ 2,270,418	\$ 1,960,849	\$ 1,806,267	\$ 1,891,588	\$ 2,056,256	\$ 2,491,641	\$ 2,127,444
Total general fund	\$ 1,092,439	\$ 1,382,206	\$ 1,149,440	\$ 1,000,246	\$ 892,936	\$ 799,493	\$ 686,795	\$ 743,849	\$ 858,012	\$ 857,428	All other governmental funds											Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,864	\$ 128,864	\$ 128,864	\$ 128,864	Unreserved reported in	-	-	-	-	-	-	-	-	-	-	Special revenue funds	-	-	-	-	-	-	583,367	402,345	604,837	736,571	Debt service funds	-	-	-	-	-	-	85,990	2,225	172,137	1,637	Capital project funds	-	-	-	-	-	-	376,509	756,398	710,016	390,569	Permanent funds	-	-	-	-	-	-	30,063	22,575	17,775	12,375	Nonspendable	131,564	128,864	128,864	128,864	128,864	128,864	-	-	-	-	Restricted	1,637,595	1,247,974	1,038,198	1,132,315	913,448	576,623	-	-	-	-	Committed	-	-	-	-	-	-	-	-	-	-	Assigned	24,148	9,205	8,734	8,993	25,601	301,267	-	-	-	-	Unassigned	-	-	-	-	-	-	-	-	-	-	Total all other governmental funds	\$ 1,793,307	\$ 1,386,043	\$ 1,175,796	\$ 1,270,172	\$ 1,067,913	\$ 1,006,774	\$ 1,204,793	\$ 1,312,407	\$ 1,633,629	\$ 1,270,016	Total general and all other governmental	\$ 2,885,746	\$ 2,768,249	\$ 2,325,236	\$ 2,270,418	\$ 1,960,849	\$ 1,806,267	\$ 1,891,588	\$ 2,056,256	\$ 2,491,641	\$ 2,127,444											
All other governmental funds											Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,864	\$ 128,864	\$ 128,864	\$ 128,864	Unreserved reported in	-	-	-	-	-	-	-	-	-	-	Special revenue funds	-	-	-	-	-	-	583,367	402,345	604,837	736,571	Debt service funds	-	-	-	-	-	-	85,990	2,225	172,137	1,637	Capital project funds	-	-	-	-	-	-	376,509	756,398	710,016	390,569	Permanent funds	-	-	-	-	-	-	30,063	22,575	17,775	12,375	Nonspendable	131,564	128,864	128,864	128,864	128,864	128,864	-	-	-	-	Restricted	1,637,595	1,247,974	1,038,198	1,132,315	913,448	576,623	-	-	-	-	Committed	-	-	-	-	-	-	-	-	-	-	Assigned	24,148	9,205	8,734	8,993	25,601	301,267	-	-	-	-	Unassigned	-	-	-	-	-	-	-	-	-	-	Total all other governmental funds	\$ 1,793,307	\$ 1,386,043	\$ 1,175,796	\$ 1,270,172	\$ 1,067,913	\$ 1,006,774	\$ 1,204,793	\$ 1,312,407	\$ 1,633,629	\$ 1,270,016	Total general and all other governmental	\$ 2,885,746	\$ 2,768,249	\$ 2,325,236	\$ 2,270,418	\$ 1,960,849	\$ 1,806,267	\$ 1,891,588	\$ 2,056,256	\$ 2,491,641	\$ 2,127,444																						
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,864	\$ 128,864	\$ 128,864	\$ 128,864																																																																																																																																																																					
Unreserved reported in	-	-	-	-	-	-	-	-	-	-																																																																																																																																																																					
Special revenue funds	-	-	-	-	-	-	583,367	402,345	604,837	736,571																																																																																																																																																																					
Debt service funds	-	-	-	-	-	-	85,990	2,225	172,137	1,637																																																																																																																																																																					
Capital project funds	-	-	-	-	-	-	376,509	756,398	710,016	390,569																																																																																																																																																																					
Permanent funds	-	-	-	-	-	-	30,063	22,575	17,775	12,375																																																																																																																																																																					
Nonspendable	131,564	128,864	128,864	128,864	128,864	128,864	-	-	-	-																																																																																																																																																																					
Restricted	1,637,595	1,247,974	1,038,198	1,132,315	913,448	576,623	-	-	-	-																																																																																																																																																																					
Committed	-	-	-	-	-	-	-	-	-	-																																																																																																																																																																					
Assigned	24,148	9,205	8,734	8,993	25,601	301,267	-	-	-	-																																																																																																																																																																					
Unassigned	-	-	-	-	-	-	-	-	-	-	Total all other governmental funds	\$ 1,793,307	\$ 1,386,043	\$ 1,175,796	\$ 1,270,172	\$ 1,067,913	\$ 1,006,774	\$ 1,204,793	\$ 1,312,407	\$ 1,633,629	\$ 1,270,016	Total general and all other governmental	\$ 2,885,746	\$ 2,768,249	\$ 2,325,236	\$ 2,270,418	\$ 1,960,849	\$ 1,806,267	\$ 1,891,588	\$ 2,056,256	\$ 2,491,641	\$ 2,127,444																																																																																																																																															
Total all other governmental funds	\$ 1,793,307	\$ 1,386,043	\$ 1,175,796	\$ 1,270,172	\$ 1,067,913	\$ 1,006,774	\$ 1,204,793	\$ 1,312,407	\$ 1,633,629	\$ 1,270,016	Total general and all other governmental	\$ 2,885,746	\$ 2,768,249	\$ 2,325,236	\$ 2,270,418	\$ 1,960,849	\$ 1,806,267	\$ 1,891,588	\$ 2,056,256	\$ 2,491,641	\$ 2,127,444																																																																																																																																																										
Total general and all other governmental	\$ 2,885,746	\$ 2,768,249	\$ 2,325,236	\$ 2,270,418	\$ 1,960,849	\$ 1,806,267	\$ 1,891,588	\$ 2,056,256	\$ 2,491,641	\$ 2,127,444																																																																																																																																																																					

Note:
 Permanent Funds were established at the time the City implemented GASB 34
 (1) 2011 is the first year of implementation of GASB 54

Changes in Fund Balances

- 10 years of data

- Revenues

- [By source]

- Expenditures

- [By function]

- [By component for debt service]

- Other financing sources (uses)

- [By type]

- Other changes in fund balances

- [By type]

- Total changes in fund balances

- Ratio of debt service to noncapital expenditures

$$\frac{\text{Principal + interest}}{\text{Total expenditures – capitalized expenditures}}$$

Changes in Fund Balances (example)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues			
Taxes	\$ 1,835,132	\$ 1,743,665	\$ 1,697,424
Intergovernmental revenues			
Federal	1,121	27,102	102,423
State	1,395,729	2,030,118	1,101,536
Licenses and permits	13,170	17,289	14,781
Charges for services	285,790	304,227	285,088
Fines	96,236	103,536	90,981
Special assessment	-	-	-
Donations	55,257	51,293	160,897
Miscellaneous	206,085	134,028	228,609
Total revenues	3,888,520	4,411,258	3,681,739
Expenditures			
Current			
General government	726,975	659,905	673,435
Public safety	1,352,254	1,236,276	1,266,957
Public works and streets	677,157	459,616	466,412
Culture and recreation	473,525	420,145	417,260
Debt service			
Principal	127,435	126,270	130,561
Interest	103,949	109,039	115,315
Capital Outlay	269,728	956,994	476,981
Total expenditures	3,731,023	3,968,245	3,546,921
Revenues over (under) expenditures	157,497	443,013	134,818
Other financing sources (uses)			
Bond/note proceeds	-	-	-
Transfers in	719,911	271,510	281,200
Transfers out	(759,911)	(271,510)	(361,200)
Total other financing sources (uses)	(40,000)	-	(80,000)
Net changes in fund balances	\$ 117,497	\$ 443,013	\$ 54,818
Debt service as a percentage of noncapital expenditures	6.6%	7.8%	8.0%

Information on Revenue Capacity

- Most significant “own source” revenue
- Exclude
 - Intergovernmental aid
 - Shared revenue
- 4 schedules
 1. Information on revenue base
 2. Information on revenue rates
 3. Information on principal revenue payers
 4. Information on property tax levies and collections (if property taxes are significant own-source revenue)

1. Information on Revenue Base

- 10 years of data
 - Each major component of the revenue base
 - The total direct rate applied to that base

Revenue Base (example)

Name of Government
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	One-Three Family Residences	Condo, Co-ops, Apartments	Commercial	Less Tax-Exempt Property	Total Taxable Assessed Value	Taxable	Estimated Actual Taxable Value	Total Direct Rate
						Assessed Value as a Percentage of Estimated Actual Value		
2022	\$ 121,005,719	\$ 72,739,746	\$ 248,431,682	\$ 151,987,770	\$ 290,189,377	2.75%	\$ 10,552,340,982	147.48
2021	120,796,989	72,115,083	253,648,541	156,658,202	289,902,411	2.75%	10,541,905,855	141.93
2020	120,349,269	72,309,698	258,470,800	154,975,203	296,154,564	3.24%	9,140,572,963	132.64
2019	119,440,434	66,388,333	268,331,520	151,904,088	302,256,199	3.54%	8,538,310,706	123.05
2018	118,563,640	64,679,083	275,369,362	153,931,776	304,680,309	3.82%	7,975,924,319	117.61
2017	117,932,903	64,189,864	282,257,581	147,275,814	317,104,534	4.45%	7,125,944,584	104.31
2016	117,927,223	63,724,104	283,224,518	145,441,665	319,434,180	4.71%	6,782,042,038	97.00
2015	116,736,008	63,651,429	283,447,393	145,410,174	318,424,656	6.35%	5,014,561,512	91.48
2014	115,635,003	63,825,309	282,725,648	145,141,310	317,044,650	7.09%	4,471,715,797	91.48
2013	110,803,152	53,130,144	152,440,740	N/A (1)	316,074,036	7.45%	4,242,604,510	89.15

2. Information on Revenue Rates

- 10 years of data
 - Individual direct rates
 - Total direct rate
 - Rates of overlapping governments



Revenue Rates (example)

Name of Government
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Name of Government (1)				Overlapping Rates					Total Direct and Overlapping
	Operating Millage	Library Millage	Debt Service Millage	Total Direct Rate	School District	County			Total County	
						County	Sewer Districts	Refuse Disposal District		
2022	\$ 103.19	\$ 17.70	\$ 26.59	147.48	\$ 503.01	\$ 102.80	\$ 14.51(2) 17.53(3)	\$ 9.82	\$ 127.13(2) 130.15(3)	\$ 777.61(2) 780.63(3)
2021	141.93	-	-	141.93	474.62	93.22	12.96(2) 15.75(3)	10.15	116.33(2) 119.12(3)	732.88(2) 735.67(3)
2020	132.64	-	-	132.64	443.77	88.89	10.32(2) 13.29(3)	10.24	109.45(2) 112.42(3)	685.86(2) 688.83(3)
2019	123.05	-	-	123.05	410.45	86.10	9.82(2) 12.43(3)	10.28	106.20(2) 108.81(3)	639.70(2) 642.31(3)

3. Information on Principal Revenue Payers

- Current year/9 years prior
 - Ten principal revenue payers (or as many as needed to account for at least 50 percent of payments)
 - Amount paid/due from each and percentage of total



Principal Revenue Payers (example)

		Name of Government Principal Property Taxpayers Current Year and Nine Years Ago					
		2022			2013		
Rank	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
1	Mall Management Company, LP	\$11,079,450	1	3.82%	\$13,253,400	2	4.19%
2	Electric Power Company	10,563,972	2	3.64	13,326,544	1	4.22
3	Riverrun Galleria	8,100,000	3	2.79			
4	4532 Kostner Property LLC	4,270,000	4	1.47			
5	RKD Realty Associates, LP	4,010,000	5	1.38	4,839,200	9	1.53
6	Willowbrook Plaza	3,394,800	6	1.17			
7	Weston Group, Inc	3,275,000	7	1.13			
8	American Telephone & Telegraph	3,125,000	8	1.08	7,939,492	6	2.51
9	Initech, LLC	2,200,000	9	0.76			
10	Verizon, Inc.	2,084,689	10	0.72			
	BLK Life Ins. Co.				10,350,000	3	3.27
	Cadillac Mall				8,610,000	4	2.72
	IBM				7,995,500	5	2.53
	Northern Properties				6,522,000	7	2.06
	Westhaven One				6,370,000	8	2.02
	State Telephone Company				3,989,894	10	1.26
		<u>\$ 52,102,911</u>		<u>23.51%</u>	<u>\$ 83,196,030</u>		<u>32.75%</u>

4. Information on Property Taxes

- Levies and collections (10 years)
 - Collected initially
 - Amount and percentage
 - Collected to date
 - Amount and percentage



Property Tax Levies and Collections (examples)

- Identify levy based on year it was intended to finance

<u>Levy</u>	<u>Collected in First Period</u>		<u>Collections in Subsequent Periods</u>	<u>Total Collections</u>	
	<u>Amount</u>	<u>Percentage</u>		<u>Amount</u>	<u>Percentage</u>
\$6,881	\$6,841	99.4%	\$22	\$6,863	99.7%

- Modification for tax appeals

<u>Original Levy</u>	<u>Adjustments</u>	<u>Adjusted Levy</u>	<u>Collected in First Period</u>		<u>Collected in Subsequent Periods</u>	<u>Total Collections</u>	
			<u>Amount</u>	<u>Percentage of Original Levy</u>		<u>Amount</u>	<u>Percentage of Adjusted Levy</u>
\$6,881	\$119	\$7,000	\$6,841	99.4%	\$22	\$6,863	98%

Debt Capacity Schedules

- 5 schedules
 1. Ratios of outstanding debt
 2. Ratios of general bonded debt
 3. Information about direct and overlapping debt
 4. Information about debt limitations
 5. Information about pledged revenue coverage

1. Outstanding Debt

- 10 year schedule
- Debt related to governmental activities (by type)
- Debt related to business-type activities (by type)
- Total debt—primary government
- Ratio of total outstanding debt/personal income
- Ratio of total debt per capita



Outstanding Debt (example)

Name of Government
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities:			Business-type Activities		Total Outstanding Debt	Percentage of Personal Income (2)	Population (3)	Debt per Capita
	General Obligation Bonds (1)	Capital Leases	Special Assessment Bonds (1)	General Obligation Bonds					
2022	\$ 73,522,878	\$ 146,042	\$ 4,691,000	\$ 10,042,137	\$ 88,402,057	4.92%	57,468	1,538	
2021	77,491,180	-	-	11,069,820	77,491,180	4.32%	57,100	1,357	
2020	60,529,569	-	-	11,021,931	60,529,569	3.34%	57,079	1,060	
2019	57,905,557	-	-	9,154,143	57,905,557	3.36%	56,972	1,016	
2018	60,593,966	-	-	7,189,734	60,593,966	3.61%	57,250	1,058	
2017	60,379,961	-	-	5,919,739	60,379,961	3.79%	56,825	1,063	
2016	57,501,584	-	-	5,136,116	57,501,584	3.77%	56,216	1,023	
2015	55,279,362	-	-	4,458,149	55,279,362	3.85%	55,664	993	
2014	54,067,251	-	-	3,669,056	54,067,251	3.93%	54,297	996	
2013	60,371,744	-	-	2,880,209	60,371,744	4.68%	53,307	1,133	

-Includes ratio of total outstanding debt to personal income and ratio of total outstanding debt per capita

2. General Bonded Debt

- Debt that is backed, in whole or in part, by resources of the general government, *even if the debt is properly reported as debt of an enterprise fund*
 - 10 years
 - By type and in total
 - Ratio of general bonded debt/estimated actual value of taxable property
 - Ratio of general bonded debt per capita
- If have resources that are externally restricted for debt repayment, modify presentation to include them



General Bonded Debt (example)

Name of Government
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended <u>June 30</u>	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2022	\$83,565,015	\$525,000	\$83,040,015	0.79%	\$1,445
2021	88,561,000	800,000	87,761,000	0.83%	1,537
2020	72,583,941	650,000	71,933,941	0.79%	1,260
2019	71,383,802	580,000	70,803,802	0.83%	1,243
2018	70,048,308	620,000	69,428,308	0.87%	1,213
2017	68,837,303	600,000	68,237,303	0.96%	1,201
2016	58,716,162	425,000	58,291,162	0.86%	1,037
2015	56,493,940	415,000	56,078,940	1.12%	1,007
2014	55,281,829	325,000	54,956,829	1.23%	1,012
2013	69,826,086	650,000	69,176,086	1.63%	1,298



3. Direct and Overlapping Debt

- Current year only
- Related to governmental activities only

Name of Government
Direct and Overlapping Governmental Activities Debt
As of June 30, 2022

<u>Government Unit:</u>	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
School District	\$ 100,170,000	100.00%	\$100,170,000
County	708,325,064	5.19%	36,796,153
Subtotal, overlapping debt			136,966,153
Name of Government direct debt			73,522,878
Total direct and overlapping debt			\$210,489,031

4. Debt Limitations

- Current year
 - Calculation of the legal debt margin
- Ten years of data
 - Amount of the legal debt margin, and
 - Ratio - Either
 - Legal debt margin/legal debt limit
 - Outstanding debt/legal debt limit



Calculation of Legal Debt Margin (example)

Name of Government
Legal Debt Margin Information
June 30, 2022

Fiscal Year	Total Taxable Assessed Value	Taxable Assessed Value as a Percentage of Estimated Actual Value	Estimated Actual Taxable Value
2022	\$ 290,189,377	2.75%	\$10,552,340,982
2021	289,902,411	2.75%	10,541,905,855
2020	296,154,564	3.24%	9,140,572,963
2019	302,256,199	3.54%	8,538,310,706
2018	304,680,309	3.82%	7,975,924,319
Total Five Year Valuation			<u>\$46,749,054,825</u>
Five Year Average Full Valuation of Taxable Real Property			<u>\$9,349,810,965</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>\$654,486,768</u>
Outstanding General Obligation Indebtness as of June 30, 2022			
Governmental Activities - General Obligation Debt			72,852,863
Business-type Activities - General Obligation Debt			10,042,137
Governmental Activities - Short-term Debt - Bond Anticipation Notes			6,905,200
Business-type Activities - Short-term Debt - Bond Anticipation Notes			1,625,000
Net Indebtness subject to debt limit			<u>91,425,200</u>
Net debt contracting margin			\$563,061,768
Percentage of net debt contracting margin available			<u>86.03%</u>
Percentage of net debt contracting power exhausted			<u>13.97%</u>

5. Pledged Revenue Coverage

- 10 years

Name of Government
Pledged-Revenue Coverage
June 30, 2022

Special Assessment Bonds

<u>Fiscal</u> <u>Year</u>	<u>Special</u> <u>Assessment</u> <u>Collections</u>	<u>Debt Service</u>		<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	
2022	\$ 658,000	\$ -	(1) \$ 188,000	3.5

Demographic and Economic Information

- 2 schedules
 1. Demographic and economic indicators (10 years)
 - Population
 - Total personal income
 - Per capital personal income
 - Unemployment rate

Demographic and Economic Information (cont.)

- 2 schedules (cont.)
 2. Principal employers (current year and 9 years prior)
 - Ten principal employers
 - Number of persons employed by each
 - Percentage of total employment represented by each employer



Demographic and Economic Indicators (example)

Name of Government
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population(1)	Median Age(1)	Per Capita Income (1)	Personal Income	Education Level in Years of Formal Schooling (2)	Public School Enrollment (2)	Unemployment Rate(3)
2022	57,468	37.8	\$31,241	\$1,795,357,788	14.9	7,067	7.1%
2021	57,100	37.9	31,442	1,795,338,200	14.9	7,167	4.6
2020	57,079	37.6	31,728	1,811,002,512	15.0	6,820	3.5
2019	56,972	37.8	30,222	1,721,807,784	15.1	6,940	3.7
2018	57,250	37.9	29,315	1,678,283,750	15.3	6,727	3.6
2017	56,825	37.8	28,007	1,591,497,775	15.4	6,972	4.2
2016	56,216	38	27,156	1,526,601,696	15.5	6,868	4.3
2015	55,664	38.2	25,823	1,437,411,472	15.7	6,546	4.3
2014	54,297	38.3	25,325	1,375,071,525	15.8	6,546	3.3
2013	53,307	38.1	24,225	1,291,362,075	15.9	6,622	3.1

Principal Employers (example)

Name of Government
Principal Employers
Current Year and Nine Years Ago

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Hospital Center	1,300	1	3.26%	1,125	1	3.38%
School District	1,155	2	2.90%	995	2	3.22%
Name of Government	1,151	3	2.89%	822	3	1.62%
IBM	700	4	1.76%	352	9	0.58%
Fortuno	650	5	1.63%	-		
Rehabilitation Hospital	550	6	1.38%	498	4	1.25%
Bloomington's	500	7	1.25%	462	5	1.22%
Nordstrom	440	8	1.10%	402	8	1.16%
National Economic Research	430	9	1.08%	-		
Alliance Capital Management Corp.	430	10	1.08%	-		
XYZ Corporation				410	7	1.19%
State Mental Health Facility				422	6	1.21%
Spark Electric				298	10	0.52%
	7,306		18.32%	5,786		15.35%

Operating Information

- 3 schedules
 1. Information about the government's employees (10 years)
 - By function/program
 - Headcount or full-time equivalent (FTE)
 - Year-end or period average
 2. Operating indicators (10 years)
 - Designed to reflect demand for and level of service (*not performance measures*)
 - By function or program
 3. Information on capital assets (10 years)
 - Volume, usage, or nature

1. Information on Government's Employees (example)

Name of Government
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

Full-time Equivalent Employees as of June 30

Function	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General government	301	309	309	311	311	313	296	306	302	310
Public safety										
Police										
Officers	177	176	175	187	183	185	180	177	182	176
Civilians	76	74	75	80	79	79	77	76	78	75
Fire										
Firefighters and officers	127	125	125	134	131	132	128	126	130	125
Civilians	42	43	42	44	43	44	43	42	44	42

2. Operating Indicators (example)

Name of Government
Operating Indicators by Function
 Last Ten Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government:										
Building permits issued	1,224	1,751	1,630	1,440	1,622	1,752	1,576	1,494	1,699	1,877
Public Safety:										
Number of police personnel and officer:	249	245	245	245	243	242	229	229	230	219
Number of arrests	4,797	4,574	4,227	4,736	4,325	3,545	2,802	2,967	2,813	3,142
Number of traffic violations	23,740	25,252	23,138	26,311	20,913	16,693	14,490	17,891	10,024	9,459
Number of parking violations	228,113	233,697	244,882	248,030	265,569	235,406	219,953	241,392	205,220	214,963
Number of paid firefighters	165	165	165	161	158	162	162	159	167	163
Number of fire emergency responses	3,825	4,197	4,372	4,163	4,106	3,829	3,346	3,351	3,339	3,441
Number of fires extinguished	76	91	85	87	140	112	75	70	71	70
Number of fire inspections	1,928	1,851	1,822	1,530	1,891	1,686	1,432	1,528	1,717	1,704
Number of school crossing guards	24	23	23	24	24	23	23	20	22	22

3. Information on Capital Assets (example)

Name of Government Capital Asset Statistics by Function Last Ten Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government:										
Number of general government buildings	2	2	2	2	2	2	2	2	2	2
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of fire stations	7	7	7	7	7	7	7	7	7	7
Parking Department:										
Number of parking garages	7	6	6	6	6	6	6	6	6	6
Public Works:										
Number of public works buildings	6	5	5	5	5	5	5	5	5	5
Miles of streets	142.2	142	142	140	140	135	135	135	135	135
Number of street lights	5,700	5,700	5,700	7,500	6,000	6,000	6,000	6,000	6,000	5,600
Miles of sanitary sewers	127.1	127.1	127	124.8	124.8	124.8	124.8	124.8	124.8	124.4
Miles of storm water drains	82.4	82.2	82	81.5	81.5	81.5	81.5	81.5	81.5	81.5
Recreation and Parks										
Number of parks and recreation facilities	23	23	23	23	23	22	20	19	19	19
Acres of parks	230.7	230.7	230.7	230.7	230.7	225.7	225.7	217.1	217.1	217.1
Water										
Miles of water mains	158.4	158.2	158.1	158.1	158.1	157.4	157.8	157.8	157.8	155.5
Number of fire hydrants	1,772	1,770	1,769	1,767	1,767	1,762	1,762	1,762	1,762	1,759

Sources: Various city departments

Question 1

What is the focus of the statistical section?

- A. The assessment of financial position
- B. The assessment of economic condition
- C. Both
- D. Neither

Question 2

Which of the following is an objective of the statistical section?

- A. Provide information on liquidity
- B. Provide information on service efforts and accomplishments
- C. Provide information on capital asset condition
- D. All of the above
- E. None of the above

Question 3

Trend data are provided in the statistical section for which of the following?

- A. Government-wide financial statements
- B. Governmental fund financial statements
- C. Proprietary fund financial statements
- D. All of the above
- E. Both A and B

Question 4

Information regarding a government's employees should be reported based on

- A. Headcount
- B. Full-time equivalent
- C. Both A and B
- D. Either A or B

Question 5

The Statistical Section is audited?

A. True

B. False