Accounting Academy

August 2026| 24 CPE Credits

Day 4

Course Agenda – Day 4

- Government-wide financial statements (continued)
- Summary of significant accounting policies and notes to the financial statements
- Management's discussion and analysis (MD&A)
- Required Supplementary Information
- Financial Statement Audit
- The Annual Comprehensive Financial Report (ACFR)
  - Overview
  - Introductory section, including the letter of transmittal (LOT)
  - Combining and individual fund statements
  - Statistical section

Government-Wide Statement of Activities

Format

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

Expense

\- Revenue

Net change

NAME OF GOVERNMENT
Statement of Activities
For the Year Ended June 30, 2027

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
					Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Urban Renewal Agency	Cable Television
Functions/Programs:									
Primary government:									
Governmental activities:									
General government	$ 32,216,739	$ 7,953,182	$ -	$ 241,967	$ (24,021,590)	$ -	$ (24,021,590)	$ -	$ -
Public safety	59,935,190	14,620,151	3,552,551	130,171	(41,632,317)	-	(41,632,317)	-	-
Highways and streets	33,882,810	9,296,585	874,480	2,611,220	(21,100,525)	-	(21,100,525)	-	-
Sanitation	10,909,555	2,682,219	-	-	(8,227,336)	-	(8,227,336)	-	-
Culture and recreation	17,678,163	3,300,105	3,705,651	-	(10,672,407)	-	(10,672,407)	-	-
Community development	8,190,154	67,703	6,575,657	-	(1,546,794)	-	(1,546,794)	-	-
Interest	3,246,111	-	-	-	(3,246,111)	-	(3,246,111)	-	-
Total governmental activities	166,058,722	37,919,945	14,708,339	2,983,358	(110,447,080)	-	(110,447,080)	-	-
Business-type activities:									
Water	8,359,864	9,454,008	10,967	3,615	-	1,108,726	1,108,726	-	-
Transit	5,974,954	930,131	390,474	1,174,511	-	(3,479,838)	(3,479,838)	-	-
Total business-type activities	14,334,818	10,384,139	401,441	1,178,126	-	(2,371,112)	(2,371,112)	-	-
Total primary government	$ 180,393,540	$ 48,304,084	$ 15,109,780	$ 4,161,484	(110,447,080)	(2,371,112)	(112,818,192)	-	-
Component units:									
Urban Renewal Agency	$ 739,627	$ -	$ -	$ -				(739,627)	-
Cable Television	662,682	755,557	-	-				-	92,875
Total component units	$ 1,402,309	$ 755,557	$ -	$ -				(739,627)	92,875
General Revenues and transfers									
General revenues:									
Property taxes					45,060,105	-	45,060,105	-	-
Sales taxes					44,368,865	-	44,368,865	-	-
Franchise taxes					1,537,833	-	1,537,833	-	-
Grants and contributions not restricted to specific programs					1,753,982	-	1,753,982	75,043	-
Unrestricted investment earnings					3,973,515	287,010	4,260,525	10,717	2,061
Payments in lieu of taxes					2,345,545	-	2,345,545	-	-
Gain on sale of capital assets					22,276	-	22,276	-	-
Miscellaneous					2,596,367	-	2,596,367	-	8,810
Transfers					(3,728,209)	3,728,209	-	-	-
Total general revenues and transfers					97,930,279	4,015,219	101,945,498	85,760	10,871
Change in net position					(12,516,801)	1,644,107	(10,872,694)	(653,867)	103,746
Net position - beginning of year, as previously presented					157,938,679	32,483,492	190,422,171	3,399,510	604,480
Restatements					(620,087)	(11,109)	(631,196)	-	-
Net position - beginning of year, as restated					157,318,592	32,472,383	189,790,975	3,399,510	604,480
Net position - end of year					$ 144,801,791	$ 34,116,490	$ 178,918,281	$ 2,745,643	$ 708,226

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

Must Separate Different Identifiable Activities

- Examples
  - Water utility and electric utility
    - Separate lines (different services)
  - Separate units that provide the *same* service to different geographical areas
    - Single line (same service)

Direct vs. 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 if presented in a separate column
  - Column 1: Direct cost per function
  - Column 2: Allocation of indirect costs

Function/program	Expenses	Indirect costs	Total
Governmental activities:			
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

- Normally indirect costs only allocated within governmental activities
  - However, indirect costs *may be* allocated to business-type activities as well

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

Interest as a Functional/Program Expense

- If a "borrowing is essential to the creation or continuing existence of a program and it would be misleading to exclude the interest from direct expenses of the program"
  - Borrowing used to fund low-interest loans
- Re-label separate line for remaining interest expense
  - *Unallocated* interest expense

Contrast with Business-Type Activities

- In business-type activities
  - Depreciation expense is *not* reported as a separate line item
  - Interest expense is *not* reported as a separate line item

Losses Related to Governmental Activities

- Loss on impairment of a capital asset (if not reported as an unusual or infrequent item)
  - Report in the function that reported the asset

- Loss on disposal of a capital asset
  - Two options (depending on circumstances)
    1. Report in general government function
    2. Report in the function that reported the asset

Gains Related to Governmental Activities

- Gain on impairment of a capital asset (i.e., insured value exceeds carrying value)
  - Program revenue (*charges for services*)

- Gain on disposal of a capital asset
  - Two options (depending on circumstances)
    1. General revenue
    2. Program revenue (charges for services) in related 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 (even if not described as such)
    - Developer fee based on value of property
  - Revenues from tax-increment financing
  - Grants and contributions that are *not* program specific

Identification of Program Revenues (cont.)

- Include
  - Revenues from special assessments
  - Program specific grants
    - All expenditure-driven grants
    - All single-program grants
      - Even if allocated over multiple functions/programs
    - Award or application specifies amounts used for different functions/programs
  - Contributions of capital assets
    - Practical restriction on use

Component Units That Function as Business-Type Activities

- Typically do *not* distinguish program revenues from general revenues in separately issued financial reports

- Reclassification
  - Most revenues likely derive from “programmatic” activity = program revenues
  - Other revenues reported separately as general revenue

Display of Program Revenues

- Three basic categories
  1. Charges for services
     - Including revenues related to interfund services provided and used
  2. Operating grants and contributions
  3. Capital grants and contributions

- Options
  - More descriptive titles
  - More detail within categories

Capital Grants and Contributions

- Capital = <u>Not</u> 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 <u>not</u> *capital* from the perspective of the pass-through government

Assigning Program Revenue 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 vs. judicial

Net Program Cost Format

		Program revenues			
Function/program	Expenses	Charges for services	Operating grants & contributions	Capital grants & contributions	Net (expense) revenue
A	$500	$100	$10	$100	($290)

Governmental vs. Business-Type Activities

- Separation helps to highlight different expectations
  - Governmental activities
    - Program revenue <u>not</u> expected to recover a significant portion of the cost
  - Business-type activities
    - Program revenue expected to recover a significant portion, if not all, of the cost

Separate Activity Columns

			Program revenues			Primary government Net (expense) revenue		
	Function/ program	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

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

General Revenues

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

Component Units

- Presented in 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

Additional Presentation Items

- Optional presentations
  - Total column for reporting entity
  - Comparative data
- Contribution of principal to endowment or permanent fund
  - Report as a separate line
- Unusual or infrequent items
  - Report each as a separate line

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

Note Disclosures

Purpose of Note Disclosures

- Note disclosures contain information that
  - Explains, describes, or supplements the financial statements, and
  - Is essential to users in making economic, social, or political decisions or assessing accountability
- Notes are integral to BFS
- Notes are necessary to make financial statements complete
  - Thus the term basic financial statements *includes* note disclosures

What Must Be Disclosed?

- Policies underlying the amounts displayed in the financial statements
  - Additional detail or explanations concerning amounts displayed, and 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)
- Must have a clear and demonstrable relationship to information in the financial statements, and be essential to the user’s understanding of the financial statements
- Avoid negative disclosure

Criteria for Note Disclosures

- Notes to financial statements are **essential** to users in making economic, social, or political decisions, or assessing accountability

- Information in note disclosures *should* include
  - Descriptions of accounting and finance-related policies underlying amounts recognized in financial statements
  - Additional detail about, or explanations of, amounts recognized in financial statements
  - Information about the financial position or inflows or outflows of resources that does not meet the criteria for recognition
  - Other finance-related information associated with the accountability of the government

Criteria for Note Disclosures (cont.)

- Information in note disclosures *should not* include
  - Subjective assessments of the effects of reported information on government's future financial position
    - EXCEPTION: Assumptions about the future that are inputs to measures (estimates) in the current financial statements
  - Predictions about the effects of future events on future financial position
  - General or educational information that is not specific to the government

Essentiality

- Characteristics of essential information
  - Information has, or is expected to have, a *meaningful effect* on users' analysis for making decisions or assessing accountability
  - A breadth or depth of users utilize, or are expected to utilize, the information in their analyses for making decisions or assessing accountability

Summary of Significant Accounting Policies (SSAP)

SSAP Contents

- Description of government-wide financial statements
- Basis of presentation (including measurement focus and basis of accounting) – government-wide financial statements
  - Component units (include *specific* criteria for incorporation)
  - Governmental and business-type activities
- Basis of presentation (including measurement focus and basis of accounting) – fund financial statements; including descriptions of activities for:
  - Major funds (governmental and enterprise)
  - Fund types (internal service, each type of fiduciary)

Description of the Reporting Entity

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting entity

The NAME OF GOVERNMENT (government) is a municipal corporation governed by an elected mayor and six-member Governing Council (Council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government.

Description of the Reporting Entity (cont.)

The Cable TV Commission (Commission) was created in 1981 to operate the NAME OF GOVERNMENT's cable access channels and facilities and acts as franchise administrator for the NAME OF GOVERNMENT. The Commission is reported as a component unit because the mayor appoints its governing body and can remove its members at will. The NAME OF GOVERNMENT also guarantees the Commission's debt obligation. There was no debt outstanding as of June 30, 2027.

Be specific!

Separately issued financial reports are available for the Urban Renewal Agency and the Cable TV Commission. These reports may be obtained by contacting the following offices.

Urban Renewal Agency 5825 River Road Government City	Cable TV Commission 2259 Stone Drive Government City

Basis of Presentation – Government-wide

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the NAME OF GOVERNMENT's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the NAME OF GOVERNMENT has two discretely presented component units. While neither the Urban Renewal Agency nor the Cable Television Commission are considered to be a major component unit, they are nevertheless shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided, and other charges between the NAME OF GOVERNMENT's water and transit functions and various other functions of the NAME OF GOVERNMENT. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Funds

The NAME OF GOVERNMENT reports the following major governmental funds:

The *general fund* is the NAME OF GOVERNMENT's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *capital projects fund* accounts for the acquisition and construction of the NAME OF GOVERNMENT's major capital facilities, other than those financed by proprietary funds.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The NAME OF GOVERNMENT reports the following major enterprise funds:

The *water fund* accounts for the activities of the Authority, a blended component unit of the NAME OF GOVERNMENT. The Authority operates the water distribution system for residents of the NAME OF GOVERNMENT.

The *transit fund* accounts for the NAME OF GOVERNMENT's transit services, including public transportation trains, buses, and facilities.

SSAP Contents (cont.)

- Other explanations and definitions, including
  - Cash and cash equivalents
  - Deferred resource flows
  - Capitalization policies
  - Valuation bases
  - Flow policies for resources used
    - Restricted v unrestricted
    - Committed, assigned, unassigned

Elements of the Statement of Net Position

1. ***Cash and cash equivalents***

The NAME OF GOVERNMENT's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the NAME OF GOVERNMENT's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2. ***Investments***

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension and OPEB trust funds are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

The State Treasurer's Investment Pool (Pool) is managed by the State, Office of the Treasurer, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in the Pool are valued at the Pool's share price, the price at which the investment could be sold.

3. ***Inventories and prepaid items***

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Budgetary Data

- Budgetary basis of accounting when budgetary comparisons are presented in the Basic Financial Statements – Impacted by GASB 103
  - 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

Revenues and Expenditures/Expenses

- Types of transactions included in program revenues in the government-wide statement of net position

- 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

Revenues and Expenditures/Expenses (cont.)

- Property tax revenue recognition
  - Indicate the lien dates, levy dates, due dates, and the collection dates, along with the availability period used for property taxes
- Compensated absences
  - Are employees reimbursed for sick time upon retirement?
- Define operating revenues and operating expenses in proprietary fund, and distinguish between operating and nonoperating revenues

Detailed Notes to the Financial Statements

Major Categories of Note Disclosures Other Than SSAP

- Reconciliations between government-wide and fund financial statements
- Stewardship, compliance and accountability
- Accounting changes
- Bankruptcies
- Going-concern considerations

Rare!

- Detailed disclosures on all activities and funds

Details of a Summary Reconciliation

- Required if a reconciling item in the basic financial statements involves netting or combines several balances or transactions

Example 1

- Reconciling item that nets items

Reporting annul depreciation expense instead of expenditures for capital outlays	$1,500

- Detail

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

Example 2

- 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	30
Effect of adding general long-term liabilities not due and payable in the current period	$780

Stewardship, Compliance, and Accountability

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

Disclosures for Accounting Changes and Error Corrections

- Accounting changes
  - Changes in accounting principle
  - Changes in accounting estimates
  - Changes to or within the financial reporting entity
- Correction of errors

Detailed Disclosures on All Activities and Funds – Overview

All Activities and Funds

- Assets
- Deferred outflows of resources
- Liabilities
- Deferred inflows of resources
- Net position
- Fund balance
- Interfund balances
- Revenues
- Expenditures/expenses
- Interfund transactions

Other Disclosures

- Segment information
- Major discretely presented CUs
- Related organizations, joint ventures and jointly governed organizations, and related-party transactions
- Contingencies
- Subsequent events
- Budgetary reporting (when presented in BFS)

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

EXERCISE

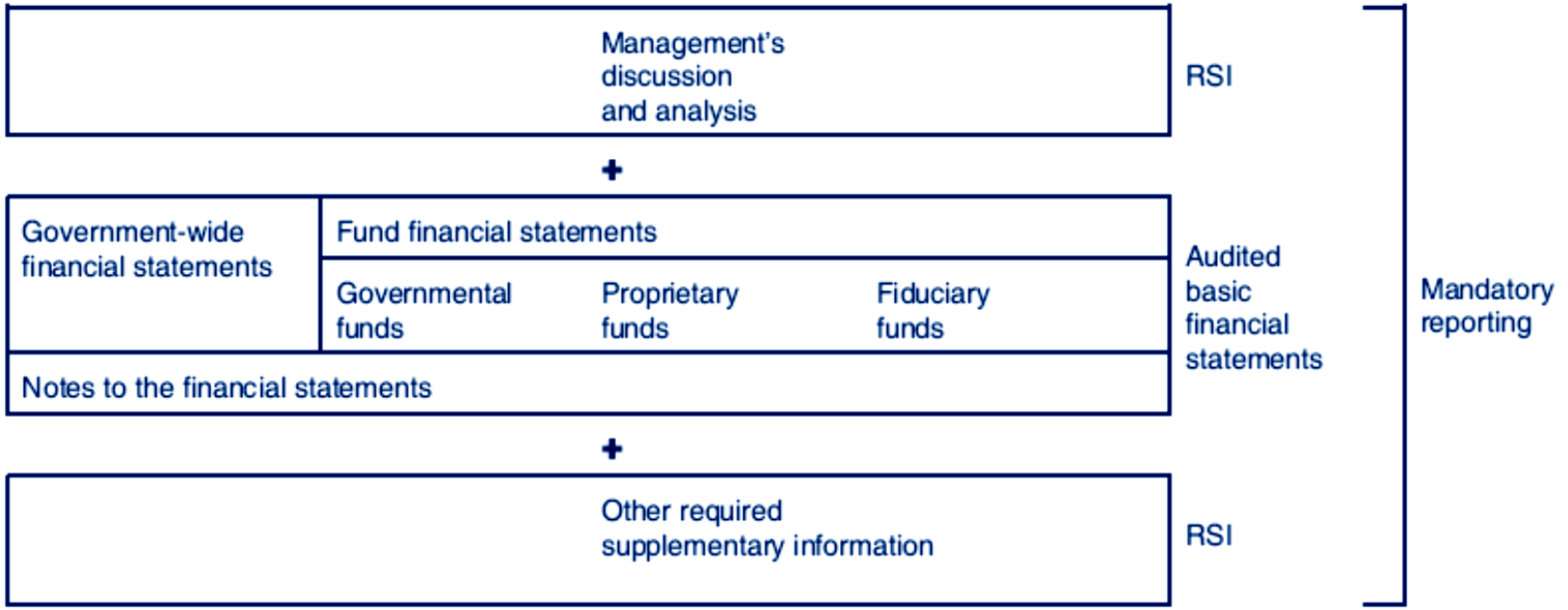
SSAP and Notes Section – Answer Key

Annual Financial Statements

Place in Authoritative Standards

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

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



Management Discussion & Analysis (MD&A)

Financial Section

What is Management's Discussion and Analysis?

- Required supplementary information
- Purpose
  - Analysis of financial position and results (why things are the way they are)
  - "Objective and easily readable"
- *Currently known* facts, decisions, or conditions
- Focus on primary government
- Reference notes, but do not duplicate notes
- Topics limited by GASB Codification 2200.109 (GASB Statement No. 34)
  - "Minimum is the maximum"

Contents of MD&A

Current	GASB 103
1. Discussion of the basic financial statements	1. Overview of the financial statements
2. Condensed financial information	2. Financial summary
3. Analysis of the government's overall financial position and results of operations	3. Detailed analyses
4. Analysis of the balances and transactions of individual funds	
5. Description of capital asset and long-term debt activity	4. Significant capital asset and long-term financing activity
6. Currently known facts, decisions or conditions of future significance	5. Currently known facts, decisions, or conditions
7. Analysis of budgetary variations	N/A [Moved to notes to RSI other than MD&A]
8. Discussion of infrastructure accounted for using the modified approach	

1. Overview of the financial statements

- Financial statement overview
  - Parts of the financial report
  - 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
  - Other funds reported

1. Overview of the financial statements (cont.)

- Financial highlights
  - Total revenues, expenses by activity type (governmental and business-type)
  - Net position by activity type
  - Total fund revenues by major source; total fund expenditures/expenses by major function/activity
  - Restrictions on fund balance/net position
  - Significant changes in debt balances

2. Financial Summary (Condensed Financial Information)

- Specific format (see next slide)
- Government-wide
  - Report governmental activities and business-type activities separately
- Report two years – current and prior years only
  - If basic financial statements are comparative, report three years
- May use charts and graphs to *supplement* the required presentation, but not as a substitute
- Often times, overall analysis (part 3) is combined with the condensed comparative data

2. Financial Summary (Condensed Financial Information)

	Net Position					
	Governmental activities		Business-type activities		Total	
	2027	2026	2027	2026	2027	2026
Assets						
Current and other assets	$ 58,053,771	$ 72,976,276	$ 11,338,000	$ 9,759,615	$ 69,391,771	$ 82,735,891
Capital assets	287,294,033	283,764,694	39,978,277	39,818,579	327,272,310	323,583,273
Total assets	345,347,804	356,740,970	51,316,277	49,578,194	396,664,081	406,319,164
Total deferred outflows of resources	10,909,796	12,044,596	98,738	167,014	11,008,534	12,211,610
Liabilities						
Long-term liabilities outstanding	181,002,462	180,254,642	11,368,917	12,458,917	192,371,379	192,713,559
Other liabilities	20,175,107	25,243,349	5,681,748	4,657,192	25,856,855	29,900,541
Total liabilities	201,177,569	205,497,991	17,050,665	17,116,109	218,228,234	222,614,100
Total deferred inflows of resources	9,560,666	5,268,408	234,810	146,427	9,795,476	5,414,835
Net position:						
Net investment in capital assets	204,166,769	211,236,392	28,286,203	28,563,887	232,452,972	239,800,279
Restricted	7,098,235	7,147,294	-	-	7,098,235	7,147,294
Unrestricted	(65,745,639)	(60,364,519)	5,843,337	3,918,785	(59,902,302)	(56,445,734)
Total net position	$ 145,519,365	$ 158,019,167	$ 34,129,540	$ 32,482,672	$ 179,648,905	$ 190,501,839

2. Financial Summary (Condensed Financial Information)

Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2027	2026	2027	2026	2027	2026
Revenues:						
Program revenues						
Charges for service	$ 38,104,848	$ 40,041,828	$ 10,384,139	$ 9,426,262	$ 48,488,987	$ 49,468,090
Operating grants and contributior	13,063,349	12,827,195	401,441	270,202	13,464,790	13,097,397
Capital grants and contributior	2,948,696	5,876,009	1,178,126	839,053	4,126,822	6,715,062
General revenues:						
Property taxe:	45,060,105	43,705,394	-	-	45,060,105	43,705,394
Other taxes	45,906,698	47,486,710	-	-	45,906,698	47,486,710
Payments in lieu of taxe:	2,345,545	2,288,147	-	-	2,345,545	2,288,147
Grants and contributions not restricte to specific program	1,753,982	1,692,600	-	-	1,753,982	1,692,600
Other	6,899,463	4,914,208	287,010	418,677	7,186,473	5,332,885
Total revenues	156,082,686	158,832,091	12,250,716	10,954,194	168,333,402	169,786,285
Expenses:						
General government	32,213,528	31,817,571	-	-	32,213,528	31,817,571
Public safety	59,832,918	59,427,149	-	-	59,832,918	59,427,149
Highways and street	34,754,879	35,029,059	-	-	34,754,879	35,029,059
Sanitation	10,909,333	9,914,570	-	-	10,909,333	9,914,570
Culture and recreatior	23,899,850	25,023,265	-	-	23,899,850	25,023,265
Interest on long-term debt	3,243,771	2,838,043	-	-	3,243,771	2,838,043
Water	-	-	8,357,103	8,356,237	8,357,103	8,356,237
Transit	-	-	5,974,954	5,762,334	5,974,954	5,762,334
Total expenses	164,854,279	164,049,657	14,332,057	14,118,571	179,186,336	178,168,228
Increase (decrease) in net position before tran	(8,771,593)	(5,217,566)	(2,081,341)	(3,164,377)	(10,852,934)	(8,381,943)
Transfer	(3,728,209)	(3,604,638)	3,728,209	3,604,638	-	-
Increase (decrease) in net position	(12,499,802)	(8,822,204)	1,646,868	440,261	(10,852,934)	(8,381,943)
Net position – beginning	158,019,167	166,841,371	32,482,672	32,042,411	190,501,839	198,883,782
Net position – ending	$ 145,519,365	$ 158,019,167	$ 34,129,540	$ 32,482,672	$ 179,648,905	$ 190,501,839

2. Financial Summary – Condensed Financial Information

	Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current Assets	$ 244,472,330	245,434,982	219,954,846	237,540,537	464,427,176	482,975,519
Capital Assets	425,404,061	388,631,134	951,025,750	954,521,177	1,376,429,811	1,343,152,311
Other Assets	44,523	38,950	1,014,592	174,161	1,059,115	213,111
Total Assets	669,920,914	634,105,066	1,171,995,188	1,192,235,875	1,841,916,102	1,826,340,941
Deferred Outflows	99,613,118	91,630,136	35,452,845	63,767,813	135,065,963	155,397,949
Total Assets and Deferred Outflows	769,534,032	725,735,202	1,207,448,033	1,256,003,688	1,976,982,065	1,981,738,890
Long-Term Liabilities	687,414,942	615,340,645	638,659,970	700,847,452	1,326,074,912	1,316,188,097
Other Liabilities	66,185,172	53,771,795	26,350,264	38,309,450	92,535,436	92,081,245
Total Liabilities	753,600,114	669,112,440	665,010,234	739,156,902	1,418,610,348	1,408,269,342
Deferred Inflows	150,792,245	189,033,590	65,341,158	59,076,648	216,133,403	248,110,238
Total Liabilities and Deferred Inflows	904,392,359	858,146,030	730,351,392	798,233,550	1,634,743,751	1,656,379,580
Net Position						
Net Investment in Capital Assets	330,219,732	311,238,086	496,710,665	449,328,564	826,930,397	760,566,650
Restricted	17,972,588	18,254,915	25,682,443	59,326,566	43,655,031	77,581,481
Unrestricted (Deficit)	(483,050,647)	(461,903,829)	(45,296,467)	(50,884,992)	(528,347,114)	(512,788,821)
Total Net Position	(134,858,327)	(132,410,828)	477,096,641	457,770,138	342,238,314	325,359,310

3. Detailed Analyses

- **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

3. Detailed Analyses

- Significant balances and transactions of individual major funds
  - Focus on **reasons** for significant changes in *fund balances* (governmental funds) or fund *net position* (proprietary funds) – Explain why?
  - Limitations on resource availability
  - Focus on explanations that differ from the analysis required for governmental activities and business-type activities
- *Required* for all major funds but *may* discuss nonmajor funds as well

Example - Detailed Analyses

Current Year Impacts

Governmental Activities

Governmental activities increased the Village's net position by $22,035,258. Key contributors to this net change are as follows:

Revenues:

Total revenues from governmental activities increased from 2016 by $3,773,677 or 18.7%. The largest reason was due to a one-time settlement ($1.4M) received by the Village related to a contaminated soil issue within one of the Village's parks. Tax revenue is the primary village revenue source and tax revenues increased $1,660,471 or 12.5%. However, the increase in 2017 resulted from the $0.05 increase in tax rate to fund the voter approved referendum projects within the village, larger portions of incremental tax revenue received within the Village's tax incremental districts and a 8.8% (+ $0.44) increase in the Village's operations tax rate. This increase was possible by working with the taxing jurisdiction school district that lowered their tax rate 4.6% (- $0.44). The overall assessed tax rate increased 2% in 2017. Overall, all other General Fund operating revenues were fairly constant in 2017. The debt service tax revenues increased 30% based on required debt service payments. Capital projects tax revenue increased 60% due to an increase of $190,000 levy funds directed to the Village's annual road reconstruction fund. Special Revenue Funds tax revenue decreased $107,000 due to fewer projects. Tax incremental districts tax levels vary year to year based on incremental growth. These revenues should continue to grow annually with the recent and continued development within the districts. All other revenue categories remained relatively flat from 2016 to 2017 since Village operations continue to remain constant.

Total expenses from governmental activities decreased $15,553,579 (43.4%). The majority of this decrease was related to the 2016 construction costs of three new referendum approved facilities within the village (new community center, aquatic center and auditorium). The village also had a one-time $2.5M cost in 2015 for a mandated remediation project at Klipstine Park. Overall, village expenses are constant year-over-year with minor variances due to attrition, gas and electric price variations, and costs from various village projects. The Village operations have been running status quo, with the exception of Public Safety adding a new officer in 2017 and the hiring of a village attorney (replacing a contracted legal service). The large expenditure variances over the past few years are related to large capital projects (major road reconstruction, referendum projects and larger park capital enhancements).

4. Capital Asset and Long-Term Financing Activity

- Capital Assets
  - Significant additions/deletions
  - Construction commitments
- Long-Term Financing
  - Significant changes in balances
  - Changes in credit ratings
  - Effects on debt limitations
- Exclude no-commitment special assessment debt, but not related asset
- Summarize and reference notes but do not duplicate notes

5. Currently Known and Expected to Impact Future

- *Currently known* facts, decisions, or conditions expected to have a significant effect on financial position or results of operations
  - "Currently known" = known by management as of the date of the comprehensive annual financial report audit
  - Factors already in place
    - A bill that has been enacted
    - A resolution has been adopted
    - A decision has been agreed upon
    - A contract that has been signed
  - Cover both governmental and business-type activities
  - Discuss all applicable items, both internal and external
  - Refer to the notes but do not duplicate

Required Supplementary Information
(Other than MD&A)

Financial Section

Topic Introduction

1. Budgetary comparisons
2. Condition assessments for infrastructure
3. Pension and other postemployment (OPEB) defined benefit information
4. Trend data for risk pools

1. Budgetary Comparison Schedules

- Mandatory budgetary comparisons for General Fund and major Special Revenue Funds
  - In RSI, use “schedule” rather than statement
  - Present related disclosures as notes to RSI rather than as notes to the financial statements (except material violation)
  - 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

1. Budgetary Comparison (cont.)

- Required for the General Fund and major Special Revenue Funds
- “The minimum is the maximum”
  - Exclude
    - Other fund types
    - Nonmajor Special Revenue Funds

1. Budgetary Comparison (cont.)

Item	Mandatory Budgetary Comparisons
Location	Required supplementary information
Funds included	General fund and major special revenue funds
Minimum level of detail	Function or program (like statement of revenues, expenditures and changes in fund balance activities)
Original budget	Required
Final amended budget	Required
Actual results *on budgetary basis*	Required
Variance – original v. final budget	Required
Variance – final budget v. actual	Required
Reconciliation to GAAP?	Required

1. Budgetary Comparison (cont.)

NAME OF GOVERNMENT
Required Supplementary Information
General Fund
Schedule of Revenues Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2027

	Budgeted Amounts		Variance with Original Budget - Over (Under)		Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Actual	Actual
REVENUES					
Taxes:					
Property	$ 32,077,856	$ 32,077,856	$ -	$ 31,331,171	$ (746,685)
Sales	45,400,000	45,400,000	-	44,368,865	(1,031,135)
Franchise	1,345,000	1,345,000	-	1,537,833	192,833
Licenses and permits	4,166,256	4,166,256	-	2,649,889	(1,516,367)
Intergovernmental	11,381,830	11,414,391	32,561	9,705,931	(1,708,460)
Charges for services	17,738,732	17,738,732	-	19,207,530	1,468,798
Fines and forfeitures	7,762,650	7,762,650	-	6,670,562	(1,092,088)
Investment earnings	1,258,200	1,258,200	-	3,352,747	2,094,547
Payments in lieu of taxes	2,412,555	2,412,555	-	2,345,545	(67,010)
Miscellaneous	2,472,224	2,474,024	1,800	2,299,217	(174,807)
Total Revenues	126,015,303	126,049,664	34,361	123,469,290	(2,580,374)

1. Budgetary Comparison (cont.)

- Notes to RSI
  - Explanation of the budgetary basis of accounting
  - Excess of expenditures over appropriations
  - For the General Fund and each major SRF budgetary comparison
    - Explanation of significant variations between original and final budget amounts
    - Explanation of significant variations between final budget and actual results

1. Budgetary Comparison (cont.)

3. **General Fund Budgetary Highlights**

Original budget compared to final budget. During the year, there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, there was a need to make an amendment to reallocate appropriations among departments when it became clearer which departments would be charged for certain employee benefits such as pensions and other postemployment benefits. Generally, the movement of the appropriations between departments was not significant. The exception was the appropriation for the Council department in the general government function, which was increased to $2,033,040.

4. **Community Development Block Grant Fund Budgetary Highlights**

The intergovernmental revenues were less than the budgeted amount due to reductions in state funding for the community development programs. Accordingly, the spending in this program was less than budgeted to reflect the reduced revenue.

2. Modified Approach for Infrastructure: Condition Assessments

- Three most recently completed condition assessments (at least once every 3 years)
  - Only one assessment required at date of initial implementation of modified approach
- Five years of maintenance and preservation costs (each year)
  - Estimate of amount needed
  - Actual expense (always on GAAP basis)

2. Modified Approach for Infrastructure: Condition Assessments (cont.)

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

3. Employers in *Defined Benefit* Pension and OPEB Plans

- Single employers and agent multiple-employers
- Cost-sharing employers
- Nonemployer contributors

Pensions/OPEB – Single Employers and Agent Multiple-Employers

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

**Only applies to plans operated through a qualifying trust*

A. Schedule of Changes in Pension Liability

	2027	2026	2025
Total Police Pension Liability			
Service Cost	$ 930,360	$ 902,512	$ 869,052
Interest	2,569,074	2,327,122	2,209,490
Differences Between Expected and Actual Experience	(162,296)	(452,617)	173,329
Assumption Changes	1,105,003	2,428,575	362,532
Benefit Payments, Including Refunds of Member Contributions	(1,501,494)	(1,403,422)	(1,284,577)
Net Change in Total Pension Liability	2,940,647	3,802,170	2,329,826
Total Pension Liability - Beginning	31,257,071	27,454,901	25,125,075
Total Police Pension Liability - Ending	**$ 34,197,718**	**$ 31,257,071**	**$ 27,454,901**
Police Pension Fund Fiduciary Net Position			
Contributions - Employer	$ 1,088,216	$ 959,354	$ 949,282
Contributions - Members	548,946	546,385	588,421
Net Investment Income	2,827,101	1,118,949	117,325
Benefit Payments, Including Refunds of Member Contributions	(1,501,494)	(1,403,422)	(1,284,577)
Administrative Expense	(4,838)	(3,652)	(5,096)
Net Change in Plan Fiduciary Net Position	2,957,931	1,217,614	365,355
Plan Fiduciary Net Position - Beginning	18,990,598	17,772,984	17,407,629
Police Pension Fiduciary Net Position - Ending	**$ 21,948,529**	**$ 18,990,598**	**$ 17,772,984**
NAME OF GOVERNMENT'S NET PENSION LIABILITY	**$ 12,249,189**	**$ 12,266,473**	**$ 9,681,917**
Police Pension Fiduciary Net Position as a Percentage of the Total Police Pension Liability	64.2%	60.8%	64.7%
NAME OF GOVERNMENT's Police Pension Covered Payroll	$ 15,684,171	$ 15,611,012	$ 16,812,029
NAME OF GOVERNMENT's Net Pension Liability as a Percentage of Police Pension Covered Payroll	78.1%	78.6%	57.6%

A. Schedule of Changes in OPEB Liability

	2027	2026	2025	2024	2023
Total Public Safety OPEB Liability					
Service Cost	$ 71,940	$ 68,789	$ 66,241	$ 68,329	$ 67,999
Interest	119,009	113,562	110,252	108,887	1,107,544
Differences Between Expected and Actual Experience	(6,099)	(85,223)	(52,112)	(300,186)	(12,235)
Assumption Changes	1,282,367	-	456,324	215,624	-
Benefit Payments, Including Refunds of Member Contributions	(1,590,142)	(1,447,759)	(1,399,854)	(1,388,611)	(1,287,955)
Net Change in Total Pension Liability	(122,925)	(1,350,631)	(819,149)	(1,295,957)	(124,647)
Total OPEB Liability - Beginning	24,355,547	25,706,178	26,525,327	27,821,284	27,945,931
Total Public Safety OPEB Liability - Ending	**$ 24,232,622**	**$ 24,355,547**	**$ 25,706,178**	**$ 26,525,327**	**$ 27,821,284**
Public Safety Plan Fiduciary Net Position					
Contributions - Employer	$ 1,605,905	$ 1,400,521	$ 1,390,522	$ 1,370,741	$ 1,257,445
Contributions - Members	163,063	130,033	100,152	88,558	65,514
Net Investment Income	162,743	83,142	(24,887)	500,777	125,122
Benefit Payments, Including Refunds of Member Contributions	(1,590,142)	(1,447,759)	(1,399,854)	(1,388,611)	(1,287,955)
Administrative Expense	(1,739)	(1,448)	(1,399)	(1,454)	(1,952)
Net Change in Plan Fiduciary Net Position	339,830	164,489	64,534	570,011	158,174
Public Safety Plan Fiduciary Net Position - Beginning	957,208	792,719	728,185	158,174	-
Public Safety Plan Fiduciary Net Position - Ending	**$ 1,297,038**	**$ 957,208**	**$ 792,719**	**$ 728,185**	**$ 158,174**
NAME OF GOVERNMENT'S Public Safety Plan Net OPEB Liability	**$ 22,935,584**	**$ 23,398,339**	**$ 24,913,459**	**$ 25,797,142**	**$ 27,663,110**
Public Safety Plan Fiduciary Net Position as a Percentage of the Plan Total OPEB Liability	5.4%	3.9%	3.1%	2.7%	0.6%
NAME OF GOVERNMENT'S Public Safety Plan Covered-Employee Payroll	$ 29,128,511	$ 28,697,806	$ 29,488,729	$ 26,560,208	$ 24,762,602
NAME OF GOVERNMENT'S Net Public Safety Plan OPEB Liability as a Percentage of Public Safety Plan Covered-Employee Payroll	78.7%	81.5%	84.5%	97.1%	111.7%

Covered vs. Covered-Employee Payroll

- Covered payroll
  - Only includes the payroll on which contributions to pension/OPEB plan are based
- Covered-employee payroll
  - Total payroll of employees covered in a pension/OPEB plan; may include certain forms of payment that are not included in calculating the pension/OPEB benefit of an employee, e.g., overtime

B. 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. Measure of pay*
  e. Contributions as % of measure of pay (b/a)

* Refer to prior slide

Information on Contributions (Pension): Actuarially Determined Contribution

	2027	2026	2025	2024	2023
Actuarially Determined Contribution	$ 1,086,355	$ 965,115	$ 951,594	$ 809,112	$ 765,125
Contributions in Relation to the Actuarially Determined Contribution	1,088,216	959,354	949,282	801,347	751,547
Contribution Excess (Deficiency)	$ 1,861	$ (5,761)	$ (2,312)	$ (7,765)	$ (13,578)
NAME OF GOVERNMENT's Police Pension Covered Payroll	$ 15,684,171	$ 9,737,335	$ 9,357,318	$ 9,278,456	$ 9,193,456
Contributions as a Percentage of Police Pension Covered Payroll	6.9%	9.9%	10.1%	8.6%	8.2%

*Or covered-employee payroll

Statutorily or Contractually Determined Contribution

- Only applicable if an ADC is not calculated
- Same type of information as in previous schedule

Pensions/OPEB - Cost-Sharing Employers

- Schedule of funding progress (10 years)
  - Employer's proportionate share of collective net pension/OPEB liability (NPL/NOL) As a % and $
  - Employer's measure of pay
  - Ratio: Employer's proportionate share of collective NPL/NOL as % of measure of pay (a/b)
  - Ratio: Fiduciary net position as % of TPL/TOL
- Schedule of employer contributions (10 years)
  - If statutorily or contractually required
  - As of the most recent reporting date

Schedule of Funding Progress - Cost-Sharing Employers

NAME OF GOVERNMENT
Required Supplementary Information
Schedule of the Government's Proportionate Share of the Net Pension Liability
General Employees Retirement Fund (GERF)
Last Ten Years
June 30, 2027

	2027	2026	2025	2024	2023	2022
NAME OF GOVERNMENT's Proportion of the Net Pension Liability	0.0201%	0.0189%	0.1835%	0.1885%	0.1880%	0.1879%
NAME OF GOVERNMENT's Proportionate Share of the Net Pension Liability	$ 25,921,746	$ 26,754,800	$ 25,368,592	$ 24,721,781	$ 25,647,852	$ 24,589,179
NAME OF GOVERNMENT's GERF Covered Payroll	$ 31,514,588	$ 30,726,723	$ 29,543,744	$ 28,415,173	$ 27,358,129	$ 26,592,101
NAME OF GOVERNMENT's Proportionate Share of the Net Pension Liability as a Percentage of its GERF Covered Payroll	82.3%	87.1%	85.9%	87.0%	93.7%	92.5%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.9%	55.9%	52.0%	51.1%	50.9%	50.3%

See Notes to Required Supplementary Information

Pensions/OPEB - Nonemployer Contributors

- Schedule of funding progress (10 years)
  - Nonemployer share of NPL/NOL
    - As % and $
  - FNP as % of TPL/TOL
- Schedule of nonemployer contributions (10 years)
  - If statutorily or contractually required

Notes to RSI

- Significant methods and assumptions for actuarially determined contribution (if applicable)
- Disclose factors that significantly affect trends
- Restate prior years as required

4. Trend Data for Risk Pools

- Trend data on revenue and claims development
  - 10 years of data
  - Include changes in pool’s liability for claims
  - Only required if no separate report is issued for the pool
    - How to obtain separately issued report

Claims Development Information – Risk Management

(Dollars in Thousands)

Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	2010	2011	2012	2013
1. Required contribution and investment revenue:				
Earned	$ 5,485	$ 4,131	$ 5,019	$ 5,043
Ceded (a)	—	—	—	—
Net earned	5,485	4,131	5,019	5,043
2. Unallocated expenses	1,269	1,310	1,382	1,273
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	3,404	3,213	5,390	3,394
Ceded (a)	—	—	—	—
Net incurred	3,404	3,213	5,390	3,394
4. Net paid (cumulative) as of:				
End of policy year	412	396	1,677	335
One year later	2,236	1,940	4,468	3,401
Two years later	5,237	3,943	7,554	8,118
Three years later	6,744	4,317	8,137	8,278
Four years later	7,013	4,380	8,991	7,702
Five years later	7,653	4,392	9,034	7,747
Six years later	7,937	4,401	9,200	7,946
Seven years later	7,951	4,417	9,200	
Eight years later	7,951	4,669		
Nine years later	7,951			

Fiscal and Policy Year Ended	2010	2011	2012	2013
5. Reestimated ceded claims and expenses (a)	—	—	—	—
6. Reestimated incurred claims and expenses:				
End of policy year	3,404	3,213	5,390	3,394
One year later	6,096	3,919	8,704	9,397
Two years later	8,428	4,523	9,107	9,939
Three years later	8,640	4,570	9,727	10,333
Four years later	8,692	4,474	9,368	8,213
Five years later	7,894	4,444	9,307	7,980
Six years later	8,108	4,456	9,206	8,057
Seven years later	7,978	4,417	9,206	
Eight years later	7,966	4,669		
Nine years later	7,951			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	4,547	1,456	3,816	4,663

Knowledge Check

RSI, other than MD&A

Question 1

Mandatory budgetary comparisons are:

A. Always reported in the basic financial statements
B. Always reported in RSI
C. Either reported in the basic financial statements or RSI

Question 2

Which of the following would be included in a mandatory 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 3

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

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

The Financial Statement Audit

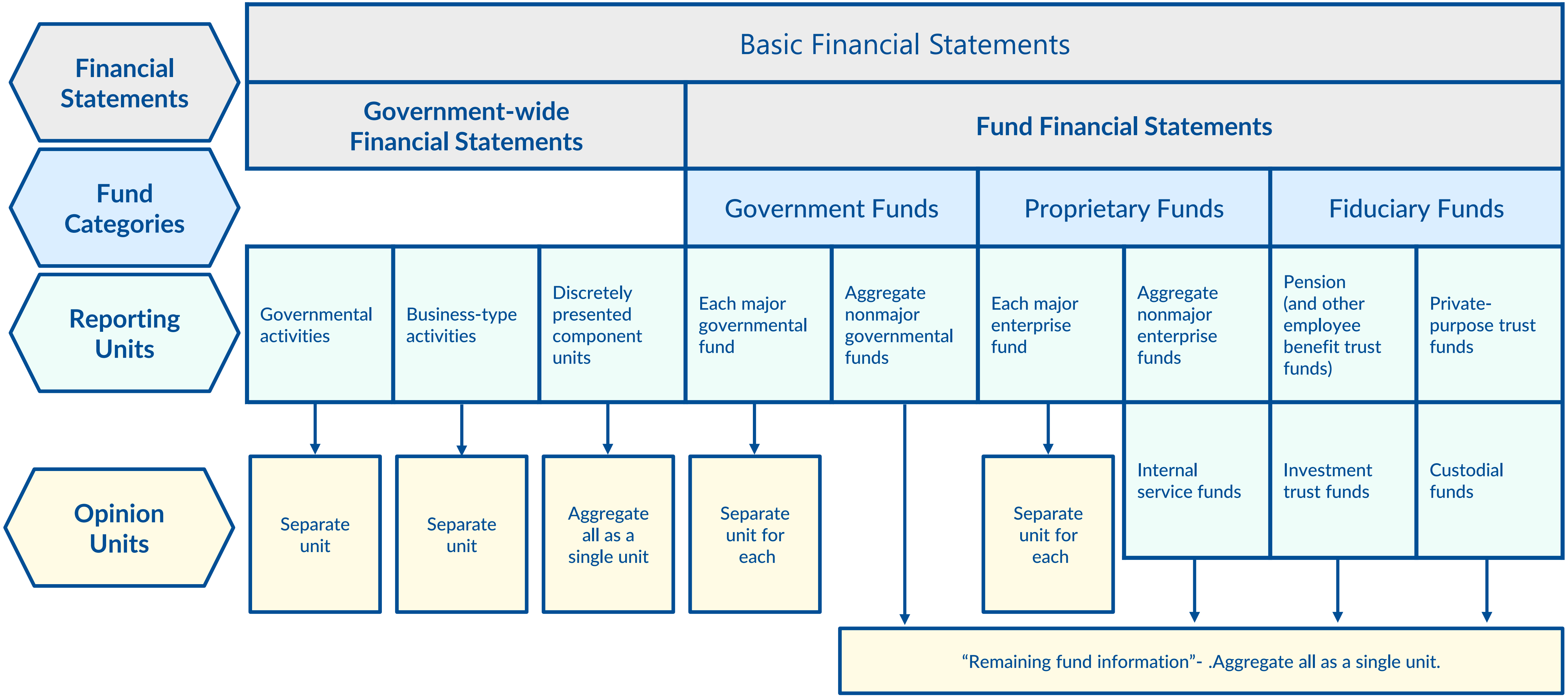
Financial Section

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



Which Sections are Audited?

Item	Status	Responsibility
Introductory Section (including letter of transmittal)	Unaudited	Read for consistency
Management's discussion & 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 & individual fund financial statements & schedules	Other supplementary information	Render an opinion on fair representation ***in relation to*** the basic financial statements
Other financial schedules	Other Supplementary Information	Render an opinion on fair representation ***in relation to*** 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 vs. 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 vs. letter to management

Audit Findings

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

Audit Procurement

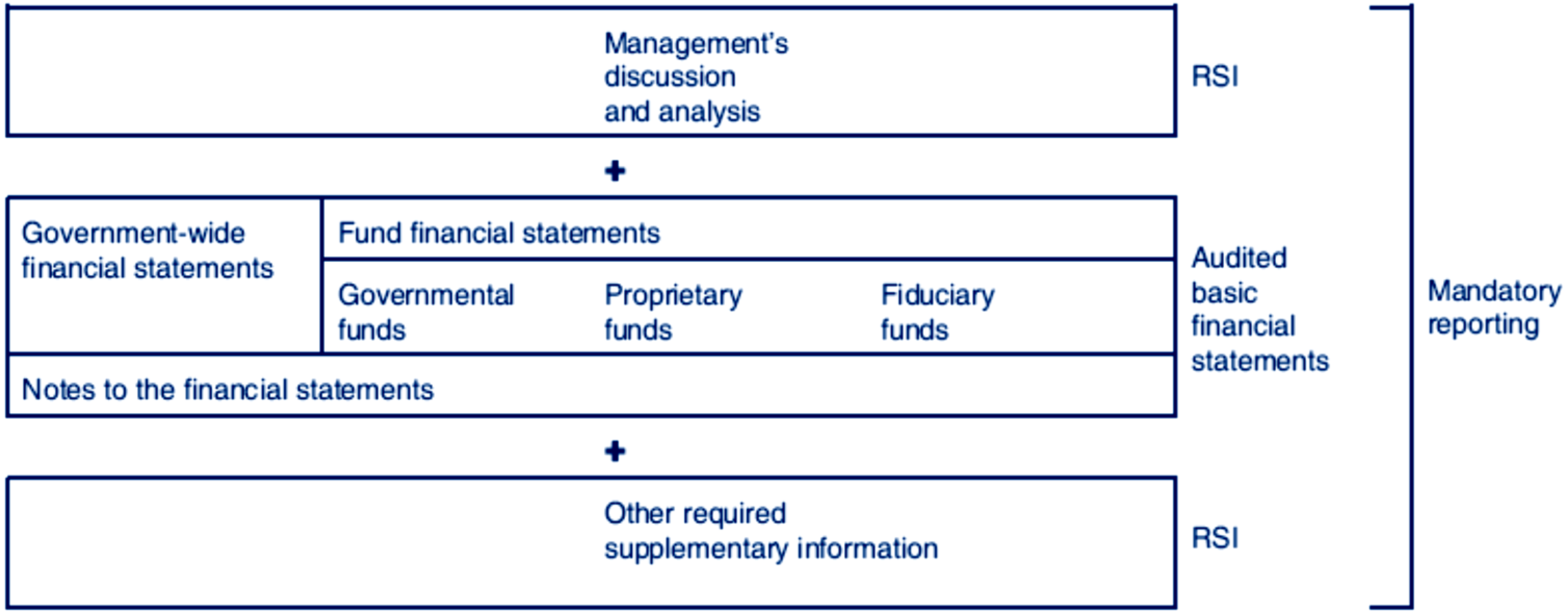
- Closely tied to audit quality
- Process should
  - Be open and competitive
  - Produce a comprehensive request for proposals (RFP)
  - Give priority to auditor qualifications
  - Be documented in a written agreement
- Other GFOA recommendations
  - Use a multi-year audit contract (five-year minimum)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

Annual Comprehensive Financial Report (ACFR)

Place in Authoritative Standards

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

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



Challenges to Financial Statement Users

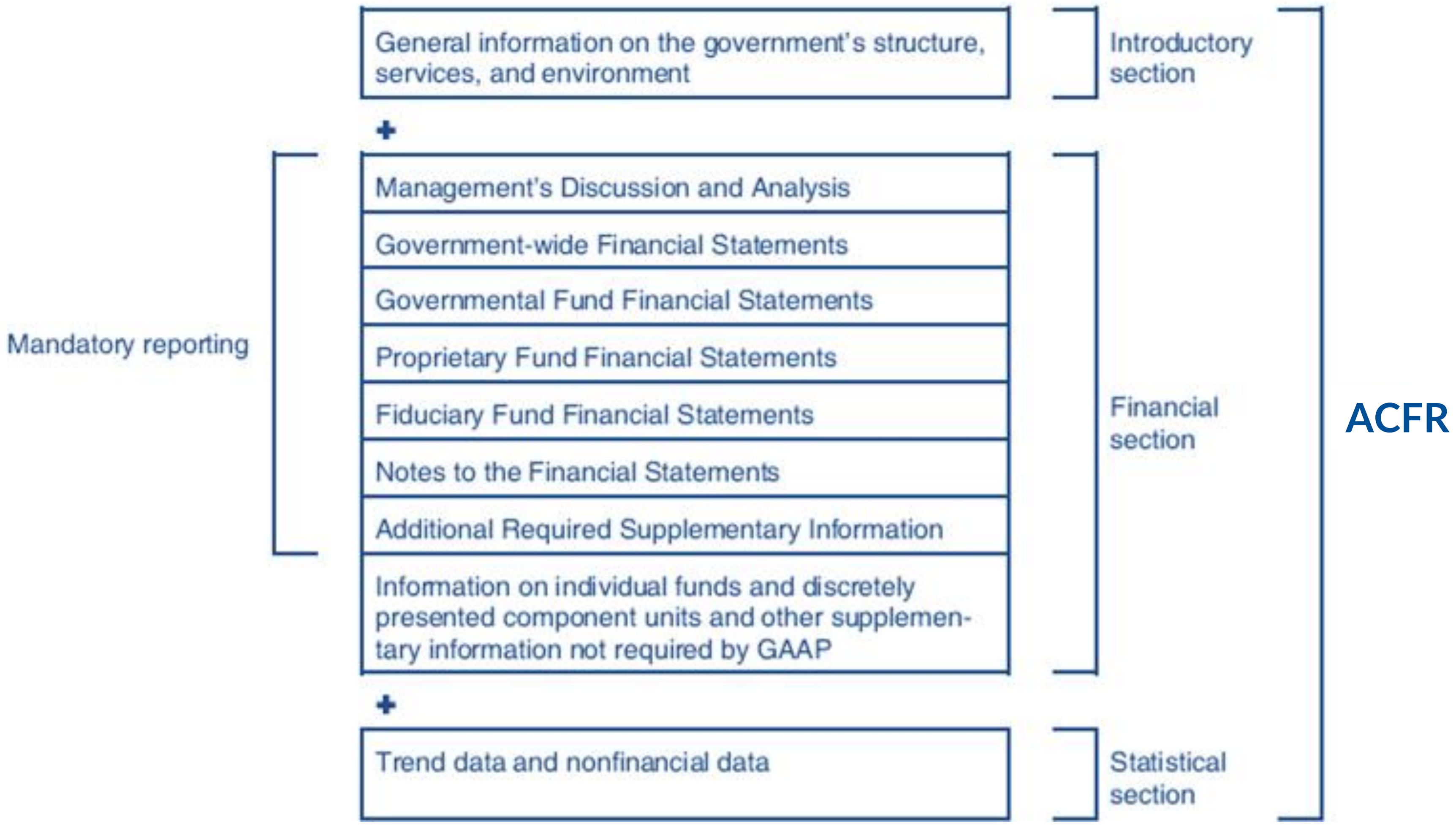
- Governments differ from one another in important ways (structure, authority, services provided)
- The basic financial statements provide individual fund data only for *major* funds
- Basic financial statements may not be sufficient to demonstrate compliance with finance-related legal or contractual provisions
- Trend data and nonfinancial information are needed to provide context
- Users also desire management's subjective assessment

ACFR

- Provides users of the government's financial statements with important additional information
  - Profile of the government
  - Information on individual funds
  - Demonstrating compliance
  - Context for analysis
  - Subjective analysis

- Authoritative accounting and financial reporting standards *encourage* governments to prepare an ACFR, but *it is not required*

Structure of an ACFR



Overview of an ACFR

Three basic sections

INTRODUCTORY SECTION
- Table of Contents
- Letter of Transmittal
- Organizational Chart
- List of Principal Officials
- Certificate of Achievement for Excellence in Financial Reporting

FINANCIAL SECTION
- Auditor's Report
- Management's Discussion & Analysis
- **Basic Financial Statements & Notes**
- RSI
- Combining Statements
- Individual Fund Statements

STATISTICAL SECTION
- Financial Trends
- Revenue Capacity
- Debt Capacity/Limitations
- Demographic/Economic Information
- Operating Information

Additional Specialized Sections

- Investment section
  - Pension and other postemployment benefit plans
  - Investment pools
- Actuarial section
  - Pension and other postemployment benefit plans

Understanding the ACFR Financial Section

EXERCISE

Financial Section – Answer Key

Financial Section – Answer Key

Financial Section – Answer Key

Introductory Section

Sources of Guidance

- Authoritative standards prescribe
  - Table of contents
  - Letter(s) of transmittal (no detail)
  - “Other material deemed appropriate by management”
- 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 of the report
  - Introductory
  - Financial
  - Statistical
  - Additional section(s) if applicable (Single Audit report)
- Subdivide financial section
  - ACFR audit
  - Management's discussion and analysis
  - Basic statements (include notes)
  - RSI other than MD&A
  - Other supplementary information
  - Full title for statements and schedules

Example - Table of Contents

NAME OF GOVERNMENT

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2027

TABLE OF CONTENTS

Letter of Transmittal

What is a Letter of Transmittal?

- Purpose
  - Introduce the government and its financial statements
  - Serve as formal 'cover letter' for the ACFR
  - Provide financial and economic analyses
  - Avoid duplication with management's discussion and analysis "MD&A"

The Letter of Transmittal is the *only place* in the ACFR where you can include prospective / subjective information

Format

- Presented on government's letterhead
- Dated (no earlier than date of independent auditor's report)
- Normally addressed to citizens and the governing board
- Keep discussion simple and straightforward
- Use charts and graphs
- Signatures
  - Chief financial officer (minimum)
  - Chief executive/operating officer
  - May have two separate letters

Format (cont.)

Four Parts

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

$\}$ Required for the GFOA's Certificate of Achievement for Excellence in Financial Reporting Award

Authoritative guidance requires a comprehensive report include a letter of transmittal, however, the format and content of the letter are not specified. (GASB COD 2200.704-1; GASBIG 2016-1 Q 5.10)

Example - Formal Transmittal

Management assumes full responsibility for the completeness and reliability of the information contained in the report, based upon a comprehensive framework of internal control that it has established for this purpose.

The Authority is required to have an annual audit in accordance with the provisions of *Governmental Account Audit Act (50 Illinois Compiled Statutes 310/2).*

REPORT DATE, 2022
The Honorable J.B. Pritzker Office of the Governor
207 S. Spring St. Springfield, Illinois 62704
Dear Governor Pritzker, Members of the IHDA Board, and Citizens of Illinois:

It is our pleasure to present the Annual Comprehensive Financial Report for the Illinois Housing Development Authority (IHDA, the Authority) for the fiscal year ended June 30, 2022, which provides an in-depth, detailed analysis of our financial transactions and standing for the fiscal year. Management assumes full responsibility for the completeness and reliability of the information contained in the report, based upon the design, implementation, and maintenance of a framework of internal control that it has established to ensure the Authority's financial statements are free from material misstatement, whether due to fraud or error. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide a reasonable, rather than absolute, assurance that the financial statements are free of any misstatements.

The Authority is required to have an annual audit in accordance with the Governmental Account Audit Act (50 Illinois Compiled Statutes 310/2) and to file a complete audit, including annual financial statements, to the Illinois Office of the Comptroller.
This report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and in conformance with the financial reporting principles and standards established by the Governmental Accounting Standards Board (GASB). Additionally, this report follows the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and will be submitted for its review and evaluation.

Profile of the Government

- Who does the government serve?
- How do they govern?
- Possible factors for inclusion:
  - Population
  - Structure (e.g., council-manager vs. mayor-council)
  - Types and levels of services provided
  - Component units
    - Any potential component units excluded
  - Brief summary of budget process
  - Governmental funds with annual/biennial appropriated budget
  - Legal level of budgetary control

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

Awards and Acknowledgements

- Awards
  - Objective indicators of the quality of the government's *financial* management
    - Certificate of Achievement for Excellence in Financial Reporting
    - Other awards
- Acknowledgements
  - Those who played a significant role in preparing the report or internal control

List of Principal Officials

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF ILLINOIS)
AGENCY OFFICIALS
YEAR ENDED JUNE 30, 2020

BOARD OFFICERS

Chairman (07/11/16 – Present)	Mr. King Harris
Vice Chair (10/21/05 – 07/17/20)	Ms. Karen Davis
Vice Chair (03/13/17 – Present)	Ms. Luz Ramirez
Secretary (02/25/13 – Present)	Mr. Salvatore Tornatore
Treasurer (09/14/06 – 10/20/19)	Ms. Mary Kane
Treasurer (10/21/19 – Present)	Mr. Darrell Hubbard
Member (05/18/15 – 01/09/20)	Ms. Alyssa Rapp
Member (10/21/19 – Present)	Ms. Sonia Berg
Member (01/10/20 – Present)	Ms. Aarti Kotak
Member (11/19/19 – Present)	Mr. Tom Morsch

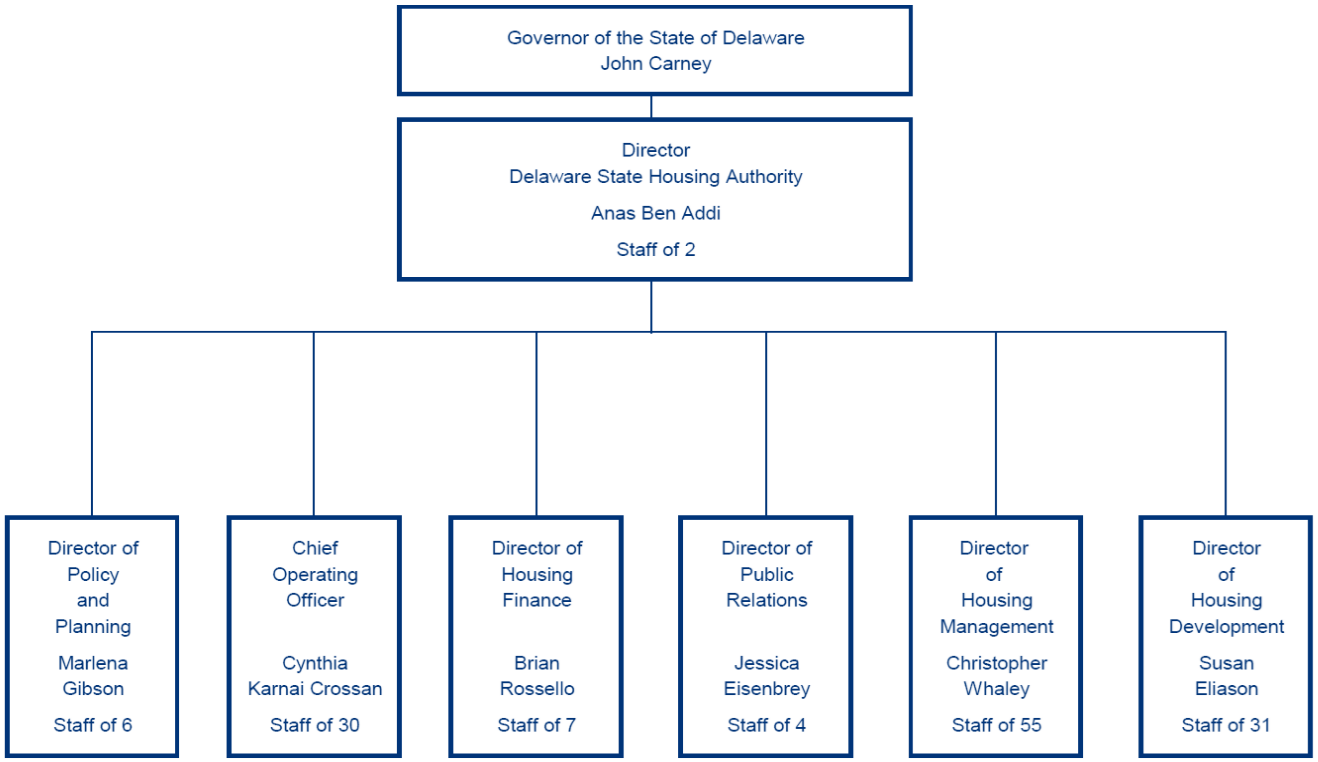
AGENCY OFFICIALS

Executive Director (11/12/19)	Ms. Kristin Faust
Executive Director (8/16/19 – 11/11/19)	Vacant
Executive Director (2/22/16 – 8/15/19)	Ms. Audra Hamernik
Assist. Executive Director/Chief of Staff (4/12/16-3/13/20)	Ms. Debra Olson
Assist. Executive Director/Chief of Staff (3/02/20)	Mr. Herman Brewer
General Counsel	Ms. Maureen G. Ohle
Chief Financial Officer (3/31/20)	Mr. Edward Gin
Chief Financial Officer (Acting) (10/19/19-3/30/20)	Ms. Tracy Grimm
Chief Financial Officer (4/21/14-10/18/19)	Ms. Nandini Natarajan
Controller	Mr. Timothy J. Hicks
Chief Internal Auditor	Mr. Kevin O'Connor

Organizational Chart - Example

Delaware State Housing Authority
Component Unit of the State of Delaware

Organizational Chart
Including Principal Officials



Certificate of Achievement

- Reproduce the Certificate of Achievement for the preceding year

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Name of Government
State

For its Annual Comprehensive Financial Report
For the Fiscal Year Ended

June 30, 2026

Christopher P. Morrill
Executive Director/CEO

Combining & Individual Fund Financial Statements

Financial Section

Combining Financial Statements

- Data for individual funds not presented as such in the basic financial statements

- Purpose: Support the related column in the basic financial statements
    - Nonmajor governmental funds
    - Nonmajor enterprise funds
    - Fund-type columns
    - Discretely presented component units column

Example

- Basic financial statements

Enterprise Funds				Internal Service Funds
Fund 1	Fund 2	Nonmajor Funds	Total	
$100	$75	$20	$195	$30

- Combining financial statements

Fund 3	Fund 4	Fund 5	Fund 6	Total Nonmajor Enterprise Funds
$4	$5	$8	$3	$20

Governmental Funds

- Information needed by fund type

Special Revenue Funds			Capital Projects Funds		Debt Service Funds		Total Nonmajor
Fund 1	Fund 2	Fund 3	Fund 4	Fund 5	Fund 6	Fund 7	Governmental Funds
$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 changes in net position

Combining Statements

- Cover page for each set of financial statements
  - Description of the nature and operations of each of the individual funds or component units (if not readily discernable from the name of the fund or unit)

- 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
  - Supplementary 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 is lower than the function/program level
  - Comparative data for certain individual funds
  - Additional detail, such as descriptive account titles

Combining Statements for Component Units

- Data drawn from the entity-wide totals of the government-wide financial statements which appear 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 annual comprehensive financial report

Format for Component Unit Combining Statements

- Same approach as combining statements
  - Complete sets of financial statements
  - Cover page with a description of the nature and operations of the individual fund, if not readily discernable from its name
  - No reference to the notes for individual fund statements that receive only *in-relation-to* audit coverage

Schedules

- Purpose
  - Demonstrate legal compliance
  - Provide additional financial information of potential benefit to financial statement users
    - Example: Schedule of cash receipts and disbursements – general fund
- If related to a given set of financial statements, place immediately following those related statements
  - If not, place in a separate section at the end of the financial section of the annual comprehensive financial report

Supplementary Budgetary Reporting

Financial Section

Supplementary Reporting

- Required in an Annual Comprehensive Financial Report
- Required for funds that meet all the following criteria:
  - **Governmental Fund** (vs. Enterprise Fund)
  - **Appropriated budget** (force of law) vs. "financial plan"
  - **Annual (or biennial)** vs. project-length

Content and Detail of Budgetary Reports

- Supplementary reporting
  - Final amended budget
  - Actual (budgetary basis)
    - No reconciliation to GAAP required
  - Detail presented at legal level of control
    - The level at which resources cannot be reassigned without approval

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 (mandatory reporting only)
    - Rarely presented

Labeling Variance Columns

- Managerial accounting
  - Favorable vs. unfavorable terminology
- 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
  - Neutral terminology (e.g., “variance” or “difference”)

Summary – Budgetary Reporting

Item	Mandatory Budgetary Comparisons	Supplementary Budgetary Comparisons
Location	Required supplementary information	(Other) supplementary information – in financial section after RSI
Funds included	General fund and major special revenue funds	All governmental funds with legally-adopted, time-based budgets
Minimum level of detail	Function or program (like statement of revenues, expenditures and changes in fund balance activities)	Legal level of budgetary control (some or all changes require legislative approval)
Original budget	Required	Not required
Final amended budget	Required	Required
Actual results *on budgetary basis*	Required	Required
Variance – original v. final budget	Required	Not required
Variance – final budget v. actual	Required	Not required
Reconciliation to GAAP?	Required	Not required

Knowledge Check

Combining Statements and Supplementary Budgetary Comparisons

Question 1

Information on which of the following funds could be found in the *combining* financial statements?

A. Major special revenue fund
B. Nonmajor special revenue fund
C. Major enterprise fund
D. 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

Question 5

Budgetary reporting for Enterprise Funds is:

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

Question 6

Which of the following would be required in connection with supplementary budgetary 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

Statistical Section

Focus of Statistical Section

- Economic condition

Financial Position vs. 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

1. Financial Trends
   - Trend information to help the reader understand how the government's financial performance and well-being have changed over time
2. Revenue Capacity
   - Information useful in assessing a government's ability to raise own-source revenue
3. Debt Capacity
   - Information useful in assessing a government's ability to issue new debt

Five Objectives (cont.)

4. Demographic and Economic Information
    - Demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place

5. Operating Information
    - Information on the size of a government's workforce, the levels of services that it provides, and its capital assets

Financial Trends Example

NAME OF GOVERNMENT
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2027	**2026**	**2025**	**2024**	**2023**	**2022**	**2021**
Governmental activities							
Net investment in capital assets	$ 204,208,178	$ 205,689,215	$ 213,680,405	$ 214,948,718	$ 216,997,086	$ 218,452,330	$ 214,738,456
Restricted	6,288,470	7,147,294	7,423,430	7,057,070	6,509,427	7,289,225	8,468,799
Unrestricted	(65,694,857)	(54,897,830)	(54,262,464)	(56,216,315)	(56,668,036)	(55,803,329)	(59,606,134)
Total governmental activities net position	$ 144,801,791	$ 157,938,679	$ 166,841,371	$ 165,789,473	$ 166,838,477	$ 169,938,226	$ 163,601,121
Business-type activities							
Net investment in capital assets	$ 28,829,549	$ 28,564,707	$ 27,573,605	$ 27,163,979	$ 27,592,642	$ 26,727,785	$ 27,311,185
Restricted	257,452	-	-	-	-	-	-
Unrestricted	5,029,489	3,918,785	4,468,806	4,258,913	3,895,282	5,076,573	5,601,452
Total business-type activities net position	$ 34,116,490	$ 32,483,492	$ 32,042,411	$ 31,422,892	$ 31,487,924	$ 31,804,358	$ 32,912,637
Primary government							
Net investment in capital assets	$ 233,037,727	$ 234,253,922	$ 241,254,010	$ 242,112,697	$ 244,589,728	$ 245,180,115	$ 242,049,641
Restricted	6,545,922	7,147,294	7,423,430	7,057,070	6,509,427	7,289,225	8,468,799
Unrestricted	(60,665,368)	(50,979,045)	(49,793,658)	(51,957,402)	(52,772,754)	(50,726,756)	(54,004,682)
Total primary government net position	$ 178,918,281	$ 190,422,171	$ 198,883,782	$ 197,212,365	$ 198,326,401	$ 201,742,584	$ 196,513,758

Revenue Capacity 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 Assessed Value as a Percentage of Estimated Actual Value	Estimated Actual Value of Taxable Property	Total Direct Rate
2027	$ 121,005,719	$ 72,739,746	$ 248,431,682	$ 151,987,770	$ 290,189,377	2.75%	$ 10,552,340,982	147.48
2026	120,796,989	72,115,083	253,648,541	156,658,202	289,902,411	2.75%	10,541,905,855	141.93
2025	120,349,269	72,309,698	258,470,800	154,975,203	296,154,564	3.24%	9,140,572,963	132.64
2024	119,440,434	66,388,333	268,331,520	151,904,088	302,256,199	3.54%	8,538,310,706	123.05
2023	118,563,640	64,679,083	275,369,362	153,931,776	304,680,309	3.82%	7,975,924,319	117.61
2022	117,932,903	64,189,864	282,257,581	147,275,814	317,104,534	4.45%	7,125,944,584	104.31
2021	117,927,223	63,724,104	283,224,518	145,441,665	319,434,180	4.71%	6,782,042,038	97.00
2020	116,736,008	63,651,429	283,447,393	145,410,174	318,424,656	6.35%	5,014,561,512	91.48
2019	115,635,003	63,825,309	282,725,648	145,141,310	317,044,650	7.09%	4,471,715,797	91.48
2018	110,803,152	53,130,144	152,440,740	N/A (1)	316,374,036	7.46%	4,240,938,820	89.15

Debt Capacity Example

NAME OF GOVERNMENT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities					Business-type Activities				
Fiscal Year	General Obligation Bonds (1)	Special Assessment Bonds (1)	Private Placement Notes	Lease Liability	Subscription Liability	Revenue Bonds	Total Outstanding Debt	Percentage of Personal Income (2)	Population (3)	Debt per Capita
2027	$ 73,022,878	$ 4,690,681	$ 2,000,000	$ 49,587	$ 42,105	$ 10,042,000	$ 89,847,251	5.00%	57,468	$ 1,563
2026	77,994,507	-	-	644,165	-	11,069,000	89,707,672	5.00%	57,100	1,571
2025	60,529,569	-	-	744,279	-	11,021,000	72,294,848	3.99%	57,079	1,267
2024	57,905,557	-	-	842,430	-	9,154,000	67,901,987	3.94%	56,972	1,192
2023	60,593,966	-	-	938,657	-	7,189,000	68,721,623	4.09%	57,250	1,200
2022	60,379,961	-	-	-	-	5,919,000	66,298,961	4.17%	56,825	1,167
2021	57,501,584	-	-	-	-	5,136,000	62,637,584	4.10%	56,216	1,114
2020	55,279,362	-	-	-	-	4,458,000	59,737,362	4.16%	55,664	1,073
2019	54,067,251	-	-	-	-	3,668,000	57,735,251	4.20%	54,297	1,063
2018	60,371,744	-	-	-	-	2,880,000	63,251,744	4.90%	53,307	1,187

Demographic and Economic Information 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)
2027	57,468	37.8	$ 31,241	$ 1,795,357,788	14.9	7,067	7.1%
2026	57,100	37.9	31,442	1,795,338,200	14.9	7,167	4.6%
2025	57,079	37.6	31,728	1,811,002,512	15.0	6,820	3.5%
2024	56,972	37.8	30,222	1,721,807,784	15.1	6,940	3.7%
2023	57,250	37.9	29,315	1,678,283,750	15.3	6,727	3.6%
2022	56,825	37.8	28,007	1,591,497,775	15.4	6,972	4.2%
2021	56,216	38	27,156	1,526,601,696	15.5	6,868	4.3%
2020	55,664	38.2	25,823	1,437,411,472	15.7	6,546	4.3%
2019	54,297	38.3	25,325	1,375,071,525	15.8	6,546	3.3%
2018	53,307	38.1	24,225	1,291,362,075	15.9	6,622	3.1%

Operating Information Example

NAME OF GOVERNMENT
Operating Indicators by Function
Last Ten Years

	Fiscal Year									
	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
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 officers	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
Public Works:										
Tons collected and disposed:										
Solid waste	34,222	38,466	41,731	41,094	42,271	42,911	41,387	41,085	41,399	40,954
Metal	393	110	350	385	385	243	283	283	248	223
Papers	3,835	3,578	3,402	3,381	3,358	3,557	3,744	3,861	3,855	4,012
Recyclable containers	1,752	1,292	1,025	1,009	1,032	1,012	1,134	1,154	1,193	1,207
Leaves (cubic yards)	47,672	38,564	46,654	56,775	36,175	34,071	30,421	29,855	29,200	28,600

Statistical Section

EXERCISE

Statistical Section – Answer Key

Review

Review

Question 1

Which of the following statements best describes the relationship between authoritative standards and the issuance of an ACFR?

A. Authoritative standards *require* the issuance of an ACFR
B. Authoritative standards *encourage* the issuance of an ACFR
C. Authoritative standards *permit* the issuance of an ACFR

Question 2

An ACFR 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 ACFR normally is used to provide any subjective assessments that may be needed?

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

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

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 6

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

A. True

B. False

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

Trend data normally are presented in which section of an ACFR?

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