

Specialized Accounting Applications

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Rea & associates
a brighter way



Topics

- 🌀 Capital Assets
 - 🌀 Debt
 - 🌀 Grants
 - 🌀 Compensated Absences
 - 🌀 Cash and Investments
 - 🌀 Other RSI – Budgetary
 - 🌀 Joint Ventures & Jointly Governed Organizations
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Chapter 25

Capital Assets



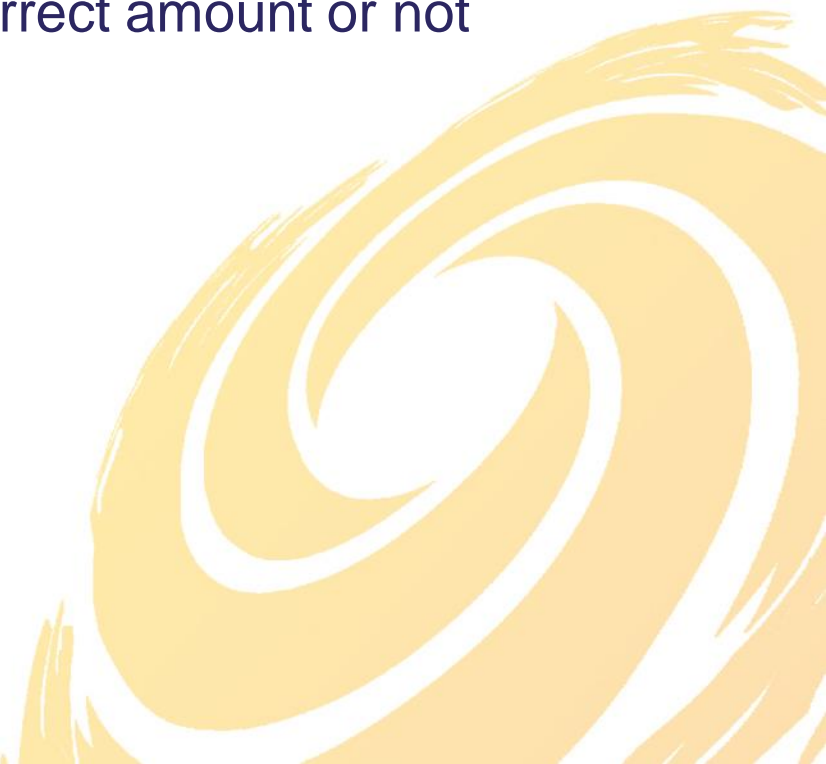
Capital Assets Overview

What will we be covering today?

- 🌀 Capital asset policies and thresholds
 - 🌀 How to compile capital asset additions
 - 🌀 How to keep track of construction in progress
 - 🌀 Maintenance/repair vs. capitalized
 - 🌀 How to compile capital asset disposals
 - 🌀 Estimated useful lives
 - 🌀 How to recognize capital asset impairment
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Audit Implications

Capital assets – common area for audit adjustments

- Incomplete additions or disposals
 - Exclusion of architect/engineering services
 - Leased assets capitalized at incorrect amount or not capitalized at all
 - Vehicles recorded net of trade-in
 - Construction in progress issues
 - Capitalization of payables
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Capital Assets vs. Inventory

Capital Assets

- Definition: assets that are used in operations and that have initial useful lives extending beyond a single reporting period
- Reported on the government-wide GAAP financial statements
- Original cost of asset exceeds the capitalization threshold
- Excludes items acquired for the purpose of sale or investment, rather than for use in operations
- Can be either tangible or intangible
 - Intangible examples: software, easements, rights of way, patents


Capital Assets vs. Inventory

Inventory

- Assets that are consumed in operations and do not extend beyond a single reporting period
 - Examples: office supplies, vehicle maintenance items, fuel
- Can also include items held for resale
 - Examples: property acquired through liens
- Cost per item typically does not exceed capitalization threshold



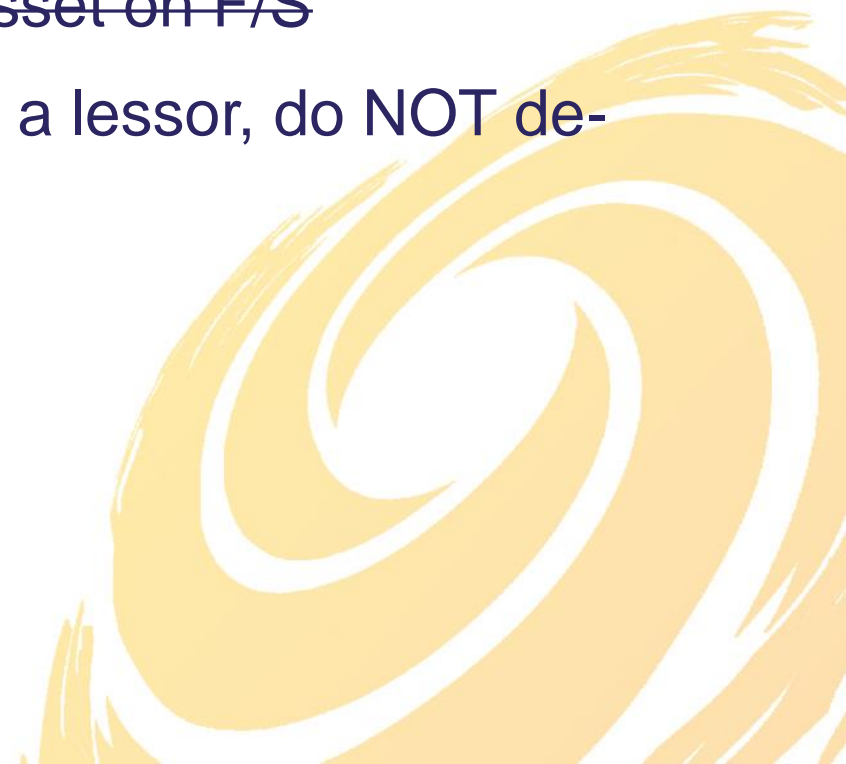
Major Classes of Assets

- 🌀 Land
 - 🌀 Buildings & Building Improvements
 - 🌀 Improvements Other than Buildings
 - Also called “Land Improvements”
 - Examples: fences, retaining walls, parking lots, landscaping
 - 🌀 Furniture and Equipment
 - 🌀 Vehicles
 - 🌀 Infrastructure
 - Example: water and sewer lines, roads
 - 🌀 Intangibles
 - Example: right-to-use by asset class for GASB 87, easements
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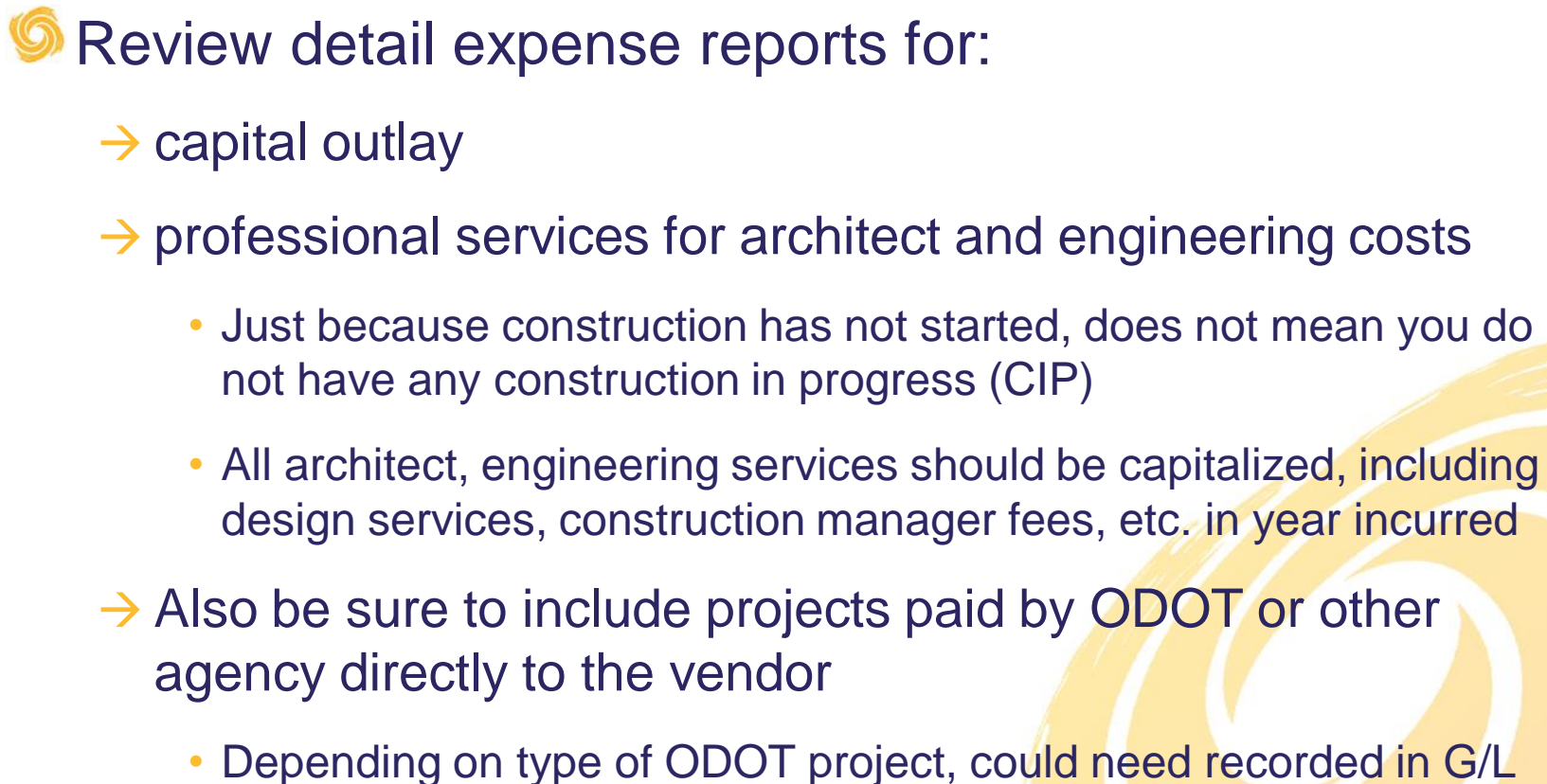
Capitalization Threshold

- Accounting standards do not need to be applied to items that are of only minimal interest to financial statement users
 - Materiality – only need to report capital assets if they exceed a predetermined amount, commonly known as a *capitalization threshold*
 - GFOA recommends a minimum of \$5,000
 - Governments are required by Ohio Administrative Code (OAC) to report at least 80% of their capital assets
 - Keep this rule in mind if you ever increase your threshold (i.e. increasing your threshold cannot remove more than 20% of amount previously reported)

Which Entity Should Report an Asset

- 🌀 Not uncommon for one govt to acquire a capital asset for use by another
 - 🌀 Applies similar when between funds of same govt
 - ~~🌀 Only one entity can report an asset on F/S~~
 - 🌀 Under GASB 87 – when govt is a lessor, do NOT de-recognize the asset
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Identifying Capital Asset Additions

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- Review detail expense reports for:
 - capital outlay
 - professional services for architect and engineering costs
 - Just because construction has not started, does not mean you do not have any construction in progress (CIP)
 - All architect, engineering services should be capitalized, including design services, construction manager fees, etc. in year incurred
 - Also be sure to include projects paid by ODOT or other agency directly to the vendor
 - Depending on type of ODOT project, could need recorded in G/L

Identifying Capital Asset Additions (Cont)

🌀 Review new debt agreements entered into during the year

→ Most debt has capital assets associated with it

🌀 Capital leases

→ Must review lease agreement to determine if it is capital lease or operating lease

- Any 1 of 4 criteria makes a lease capital (most common are transfer of ownership to the municipality at the end of the lease and/or a bargain purchase option (typically \$1))

→ If the lease is a capital lease, you must capitalize the related assets in the same amount (with rare exceptions)

→ Assets should be capitalized at the total principal amount of the capital lease

Identifying Capital Asset Additions (Cont)


- 🌀 Review Council minutes for the following:
 - Approval of large contracts - ORC requires Council approval for most contracts > \$25,000
 - Donations of capital assets (since no cash is involved in these transactions, they will not show up in ledgers)
- 🌀 Meet with Engineer and other key departments



Asset Additions – ODOT Projects

Local Let

- Project is administered by Government
- Project is paid by ODOT; invoices approved by Government
- On-behalf transactions recorded and budgeted by Government
- Government reports federal expenditures

-  Government reports 100% of project as a capital asset
 - Government contribution + ODOT contribution
 - Addition = Ledgers (as long as on-behalf properly recorded)

Asset Additions – ODOT Projects (Cont)

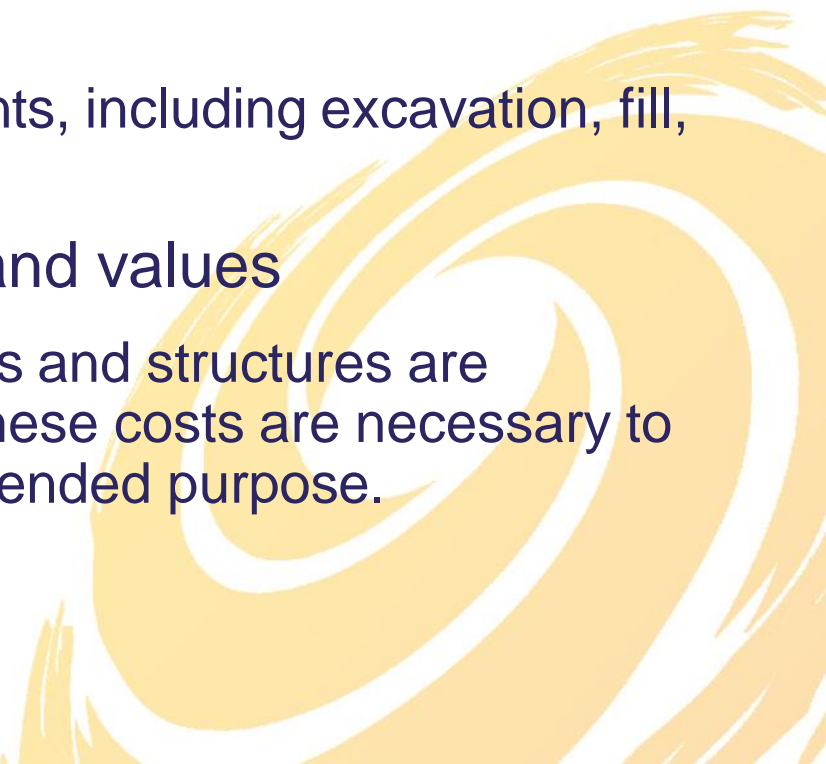
ODOT Let

- Project is administered by ODOT
- Project is paid by ODOT; invoices do not require City/County approval
- City/County does NOT report on-behalf transactions
- City/County does NOT report federal expenditures

Government reports a percentage of project as a capital asset

- Percentage reported determined by “GASB Local Request for Reportable Costs”
 - <http://www.dot.state.oh.us/Divisions/Finance/Pages/GASB34.aspx>
- Portion ODOT contributes to the project reported as a capital contribution on Statement of Activities/Proprietary Fund statement
- Noncash activity for ODOT contribution reported as a footnote on the cashflow

Determining Cost of Assets

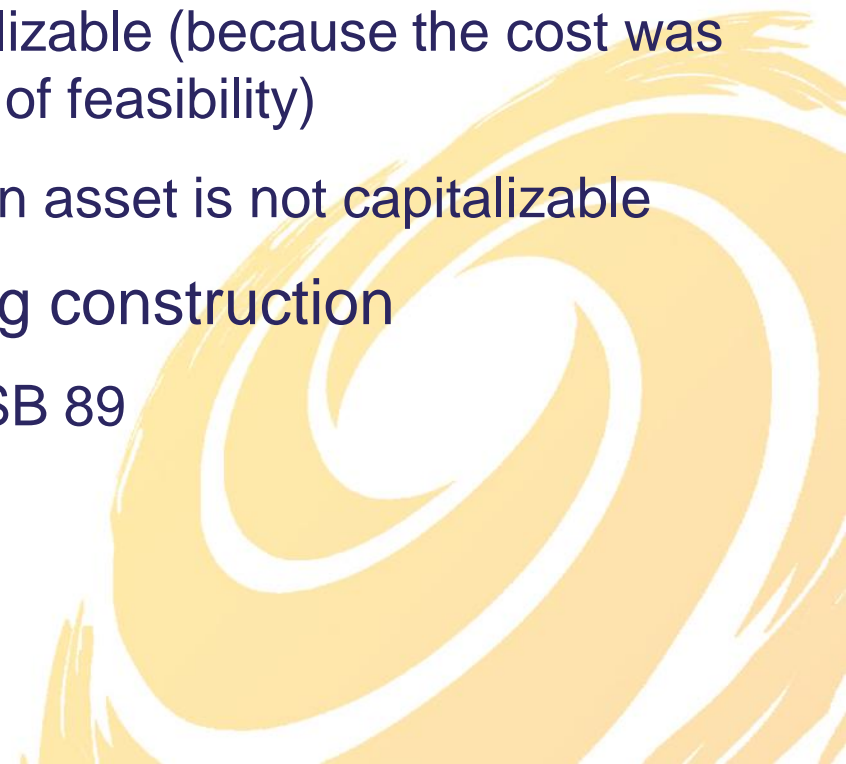
- 🌀 In general – cost of assets also include any “ancillary charges necessary to place the asset into its intended location and condition for use” (GASB 34)
 - 🌀 Land – includes any land preparation cost that will have an indefinite useful life
 - Examples: basic site improvements, including excavation, fill, grading
 - 🌀 Demolition costs are added to land values
 - Removal of timber or old buildings and structures are considered land costs because these costs are necessary to get the land in condition for its intended purpose.
- 

Determining Cost of Assets (Continued)

Tracking Construction in Progress

- Can be difficult due to extending over multiple fiscal years
- Do not recommend just recording all expenditures in a construction fund
- Recommend utilizing an excel spreadsheet by vendor (example in handouts)
- Certain project costs may be related to items that should not be capitalized
 - Particularly furniture & fixtures (filing cabinets, smaller equipment, etc)
- Once the project is complete, each component will have to be added to the appropriate class of assets (building, infrastructure, equipment, etc)
 - This can be a monumental task if not tracked during the course of the project!

Determining Cost of Assets (Continued)

- ☉ Shipping and freight charges are included in cost
 - ☉ Installation fees are included in cost
 - ☉ Two exceptions:
 - Feasibility studies are not capitalizable (because the cost was incurred prior to a determination of feasibility)
 - Training employees to operate an asset is not capitalizable
 - ☉ Interest expense incurred during construction
 - No longer capitalized under GASB 89
- 

Determining Cost of Assets (Continued)

- 🌀 General and administrative costs **should never** be capitalized
 - Examples: overhead (use of office facilities, executive management, accounting, human resources)
- 🌀 Costs directly related to the acquisition of a specific asset **should always** be capitalized
 - Example: salaries and wages of employees who worked on a construction project
- 🌀 Costs directly related to the acquisition of capital assets, but not to specific projects, should still be capitalized
 - Example: multiple projects going on (allocate to each project)
 - Construction administration, legal fees, design fees

Determining Cost of Assets (Continued)

- ☉ Internally developed software has very specific guidance on what can and cannot be capitalized.
 - Consult with GAAP preparer or auditor if you need guidance
- ☉ Donated capital assets are reported at **acquisition** value at the date of donation
 - Applies to assets purchased for \$1
- ☉ Assets acquired where credit was given for 'trade-in'
 - Cash paid for new asset + remaining undepreciated value of asset traded in, if any
- ☉ Assets transfers between funds are reported at NBV

Improvements vs. Repairs & Maintenance

Improvements (betterments)

→ Provides additional value, which is achieved by one of the following:

- Lengthening the capital asset's estimated useful life
- Increasing the capital asset's ability to provide service
 - Example 1: adding an additional lane to a road (increases capacity for traffic)
 - Example 2: reconstructing an asphalt road with concrete (would extend the original useful life of the asset)

Repairs and maintenance

→ Retain value rather than provide additional value

Improvements vs. Repairs & Maintenance

New Roofs

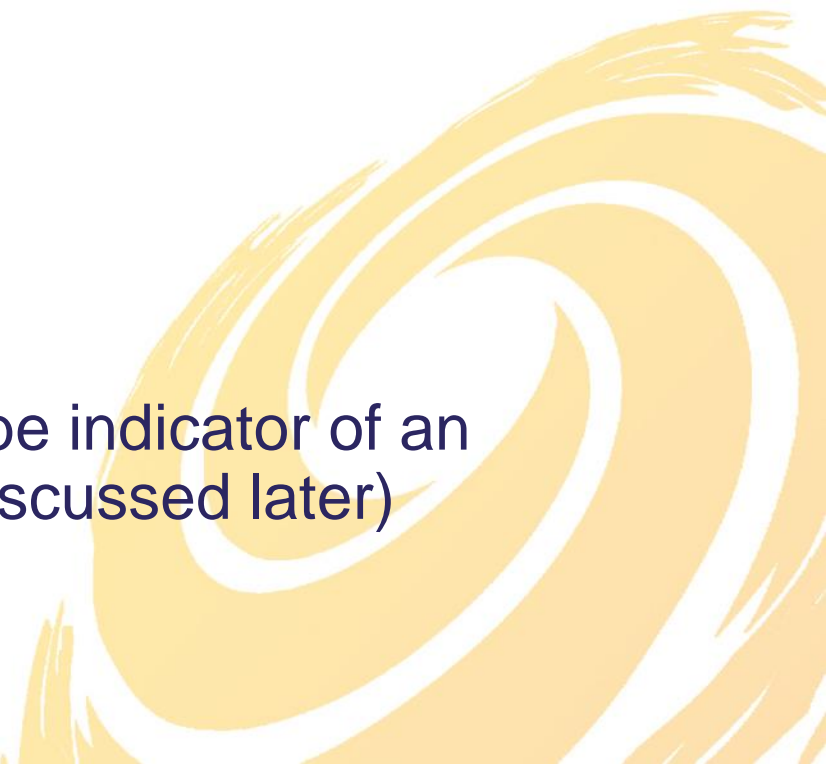
- Assume building has useful life of 80 years, but will need roof replaced in half that time.
- Assume the original roof is included in the cost of the building
- Roof replacement does not lengthen the original useful life of the building, but avoids cutting it in half
- Should be treated as a repair rather than as a replacement
- Apply similar theory to street resurfacing

 These types of items should be addressed in your capital asset policy.

Exercise - Classifying Transactions

Project	Inventory	Repair & Maint	Capital Asset
Roof Replacement			
Road Resurfacing			
Widening a road from 2 lanes to 4 lanes			
Meters			
Property acquired through lien			
Engineering/architecture fees related to new building			
General & admin costs related to construction of new bldg			
Reconstructing a road using concrete vs. asphalt			

Identifying Capital Asset Disposals

- 🌀 Request disposals from departments
 - This could include providing a current listing to each department to review, update and return to finance office
 - 🌀 Review detail receipt report for:
 - Sale of Fixed Assets
 - Compensation for Loss of Assets
 - Sale of Personal Property
 - Insurance Proceeds
 - 🌀 Insurance proceeds could also be indicator of an impairment of a capital asset (discussed later)
- 

Identifying Capital Asset Disposals (Cont)

- 🌀 Review lease agreements for maturity
 - If a lease has expired, do you still have the asset(s)?
 - Did the assets get traded in on new ones?
- 🌀 Review vehicle and equipment purchases made during the year for “trade-ins”



Impairments of Capital Assets

🌀 Definition: a significant and unexpected decrease in the service utility of a capital asset that will continue to be used in operation

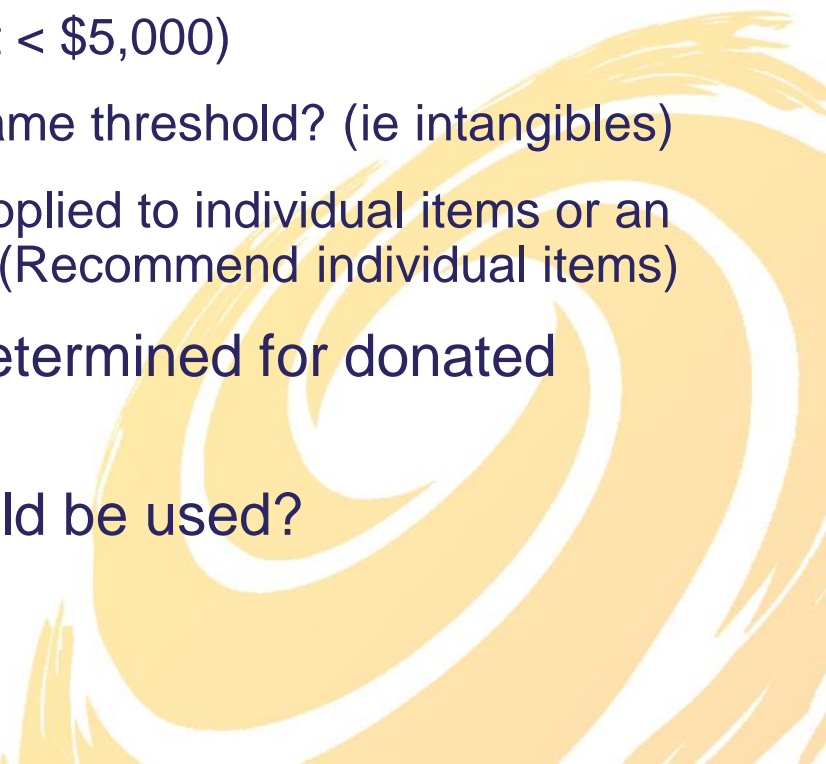
🌀 Indicators of a potential impairment

- Physical damage requiring restoration of asset
 - Examples: fire, flood damage
- Changes in technology that negatively impact asset's effectiveness or result in the asset becoming obsolete
- Change in the manner an asset is being used
 - An instructional building being used for storage (often when a new building is constructed)
- Construction stopped on a project
- Development of internal software stopped

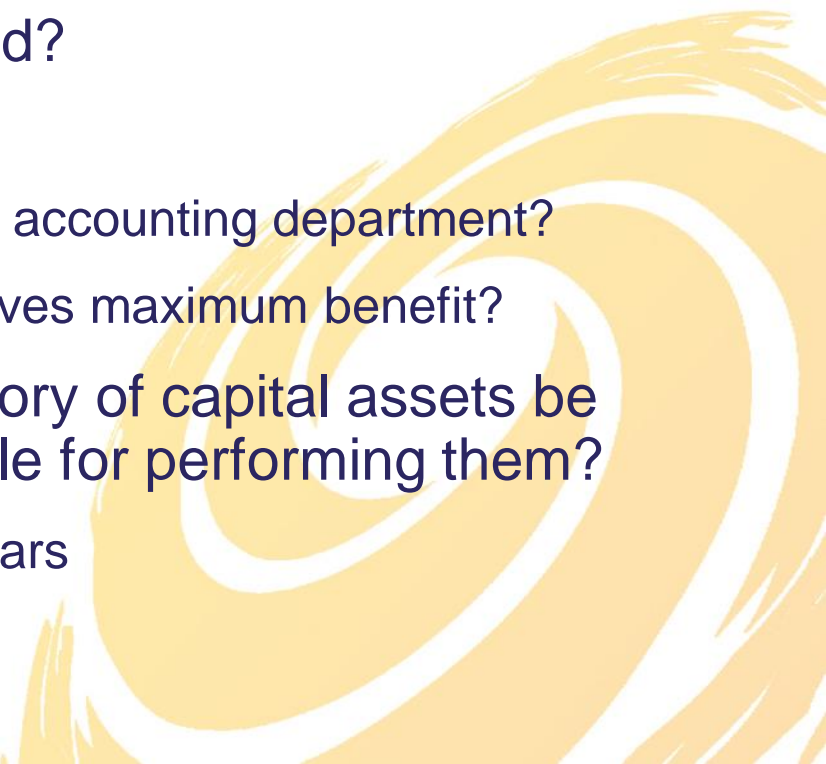
Reporting C/A Transfers & Donations

	From Govt'l to Enterprise	From Enterprise to Govt'l	Donated from Outside the Govt
Cost of Asset	NBV (cost – AD)	NBV (cost – AD)	Acquisition value
Stmt of Activities	Transfers In/Out	Transfers In/Out	Program Revenue -Capital Grants and Contrib
Modified Operating Stmt	Nothing reported	Nothing reported	Nothing reported
Enterprise Operating Stmt	Capital Contributions	Non-operating Expense (e.g., loss on disposal)	Capital Contributions
Enterprise Cash Flow Stmt	At bottom as non-cash transaction	At bottom as non-cash transaction	At bottom as non-cash transaction

Capital Asset Policies

- ☉ Most capital asset policies do not contain all the necessary components
 - Results in inconsistent treatment
 - ☉ Which items should be capitalized?
 - Capitalization threshold (typically not < \$5,000)
 - Will each class of assets have the same threshold? (ie intangibles)
 - Will the capitalization threshold be applied to individual items or an entire group if purchased together? (Recommend individual items)
 - ☉ How should acquisition value be determined for donated assets?
 - ☉ What major classes of assets should be used?
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Capital Asset Policies (Continued)

- 🌀 How should control be maintained over items not capitalized (under threshold)?
 - Best done at the department level
 - 🌀 Which items should be tagged?
 - 🌀 How should disposals be addressed?
 - Who can authorize a disposal?
 - How to ensure it gets reported to the accounting department?
 - How to ensure the government receives maximum benefit?
 - 🌀 How often should a physical inventory of capital assets be performed? Who will be responsible for performing them?
 - GFOA recommends once every 5 years
- 

Capital Asset Policies (Continued)

Depreciation

→ Depreciation method (typically straight line)

- Including method of depreciating for partial years (year of acquisition and disposal)
 - Examples: half year, monthly, full year in year of acquisition and none in year of disposal

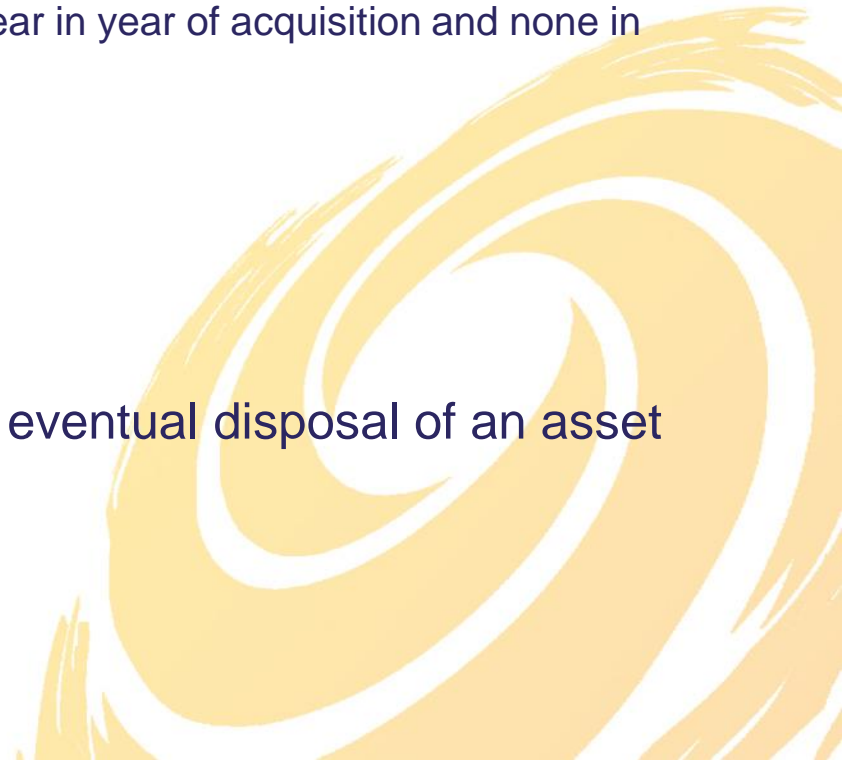
→ Useful lives for each class of assets

- Can be a range

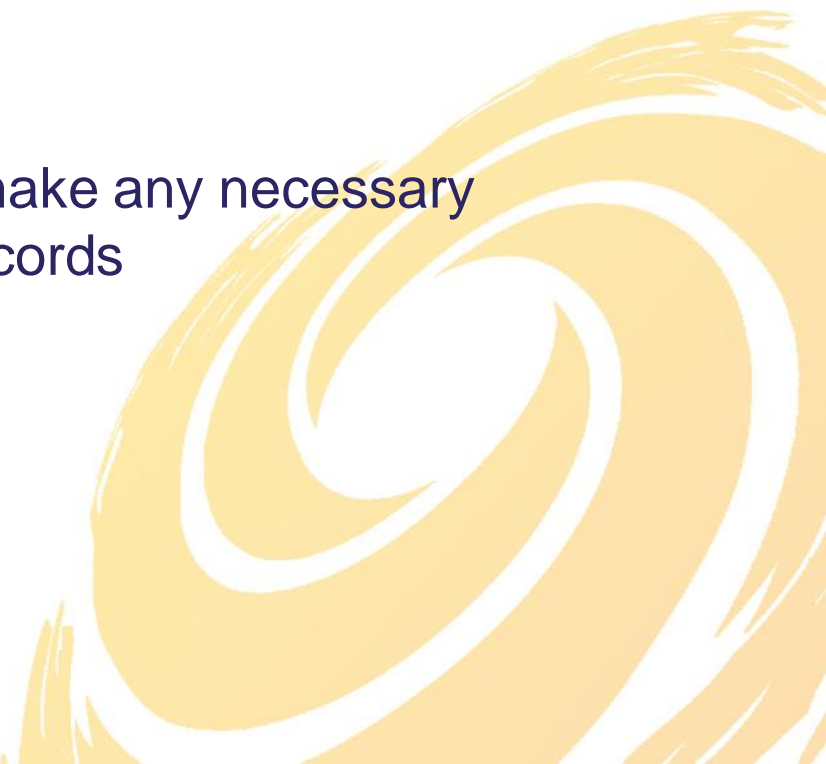
Salvage value of assets

→ Definition: estimated proceeds from eventual disposal of an asset

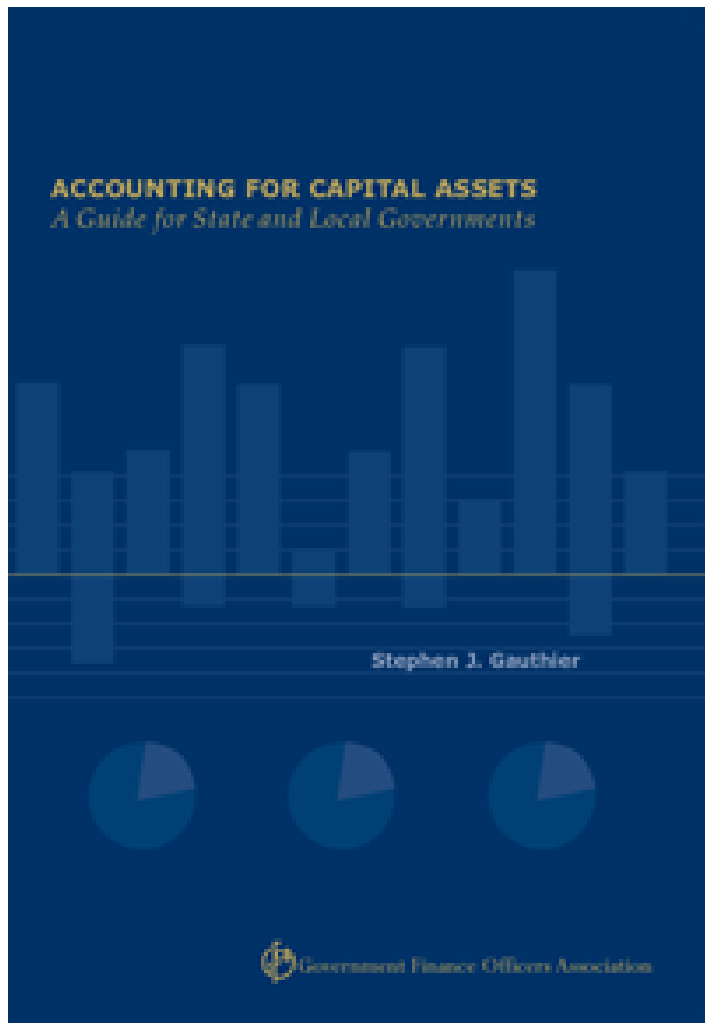
→ Typically zero to ten percent of cost



Periodic Physical Inventories

- Can be done by a valuation company
 - If done internally, necessary components:
 - Data in the accounting records is compared with the actual physical assets
 - An exception report is generated
 - The exception report is used to make any necessary adjustments to the accounting records
- 

Resources – Accounting for Capital Assets




Chapter 26

Debt



Types of Debt

- General Obligation Bonds
 - Refundings** (aka refinancing)
 - Special Assessment Bonds
 - Proprietary Fund Debt**
 - Manuscript Debt**
 - Conduit Debt
 - Anticipation Notes (BANs, TANs, RANs)**
- 

Debt Refunding

- 🌀 Bonds are issued to repay existing bonds (aka refinance)
 - 🌀 Current Refundings ONLY
 - 🌀 Common cause of audit adjustments/findings
 - Not recording in your ledger (even if no cash received or paid
 - including premiums and issuance costs)
 - Not amending budgets
 - Certificate of Estimated Resources
 - Appropriations
 - Result = material noncompliance!
- 


Proprietary Fund Debt

- 🌀 A proprietary fund should report any debt:
 - Related to the fund AND
 - Expected to be repaid from fund resources
- 🌀 Regardless of Type (G.O., revenue bonds, S/A, etc.)

Proprietary Fund Debt Example

- 🌀 Government issues GO debt for \$20 million
 - \$10 million for new golf course enterprise fund to build a course; repaid from general tax revenues
 - \$10 million for transit fund enterprise fund to provide additional funding; repaid from resources from transit fund
 - a) \$20m reported as general govt-govt'l activities debt
 - b) \$10m reported as golf course debt and \$10m as transit fund debt
 - c) \$10m reported as golf course debt and \$10m as general govt debt
 - d) \$10m reported as transit fund debt and \$10m as general govt debt

Manuscript Debt

- 🌀 Govts borrowing money from themselves rather than issue outside debt
 - 🌀 School Districts - limited to cash available in Debt Service Fund
 - 🌀 Counties/Cities - not limited to a particular fund, monies not needed for immediate use
 - 🌀 Must charge proper interest
 - 🌀 Cannot exceed 5 years
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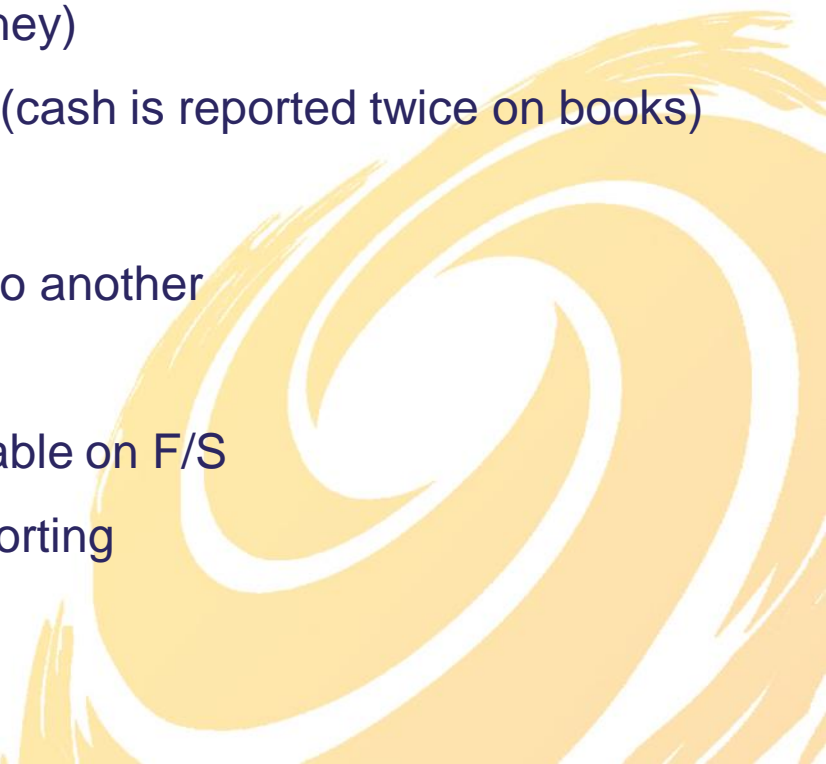
Manuscript Debt (Continued)

Accounting for Manuscript Debt

→ Investment Method

- record note proceeds in the borrowing fund
- Record an investment in the investment record (do not decrease the balance of the fund loaning the money)
- This will result in a reconciling item (cash is reported twice on books)

→ Advance Method

- Record an advance from one fund to another
 - Cash is no longer duplicated
 - Report an interfund receivable/payable on F/S
 - Only method allowed for GAAP reporting
- 

Anticipation Notes

- 🌀 RANs – always short-term notes payable
- 🌀 TANs – short-term notes payable unless used to purchase capitalizable assets
- 🌀 BANs
 - If simply paid off (not refinanced) – short-term
 - If refinanced **after** the audit opinion date – short-term
 - If refinanced **before** the audit opinion date – long-term
 - must be evidenced by a subsequent event note detailing this
 - “If NOT replaced by long-term bonds prior to issuance of F/S nor agreement in place to guarantee refinancing and long-term basis – notes are short-term”

Chapter 30

Grants (as Recipient)

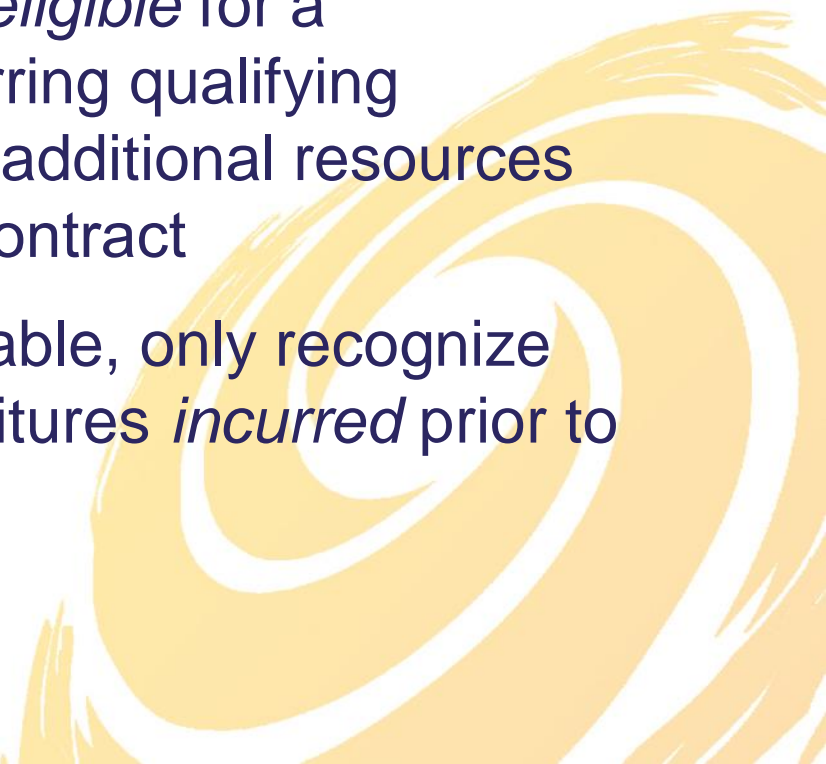


Grants

- 🌀 Expenditure-driven (aka reimbursable)
- 🌀 Entitlements and Shared Revenues (aka formula grants)
- 🌀 Endowments
- 🌀 Commodities
- 🌀 Pass-through Grants
- 🌀 On-Behalf Payments




Grants – Expenditure-driven

- 🌀 *Reimburse* recipient for qualifying expenditures incurred for the purpose of the grant
 - 🌀 Recognized only when all eligibility requirements met
 - 🌀 A grantee technically becomes *eligible* for a reimbursable grant only by incurring qualifying expenditures and providing any additional resources (“matching”) required by grant contract
 - 🌀 When recording revenue/receivable, only recognize amount of reimbursable expenditures *incurred* prior to FYE, not entire grant award
- 

Grants – Entitlements and Shared Revenues

- ☉ Offered resources based upon a formula
- ☉ Recognized only when all eligibility requirements met
- ☉ Entitlements are not ‘earned’ so performance not a basis for recognition nor are they triggered by an expenditure
 - *Purpose restrictions* do not effect recognition
- ☉ Associated with a designated period so critical factor for revenue recognition is commencement of the period to which they relate (*time requirement*)
- ☉ Grantee’s *eligibility* is established at start of that period

Grants – Endowments

- ☉ Intended to be invested, rather than spent
 - ☉ Earnings on endowment intended to be spent
 - ☉ Recognized only when all eligibility requirements met
 - ☉ Since eligibility requirement is to preserve (*not* spend), revenue recognized only upon receipt
 - ☉ NO receivable
- 

Grants – Commodities

- 🌀 Recognized as revenue when received
- 🌀 Most commonly seen as food to school lunch programs



Grants – Pass-through Grants

- Recognize revenue when all eligibility requirements met, even if resources have not yet been remitted to subrecipient



Grants – On-Behalf Payments

🌀 When one entity makes payments to a third party on behalf of another entity (i.e. ODOT, OPWC)

🌀 GAAP PURPOSES

- Benefitting government should recognize revenue in period when payments are made or due to the third party
- Recognize expenditure for same amount

Grants – On-Behalf Payments (Cont)

ACCOUNTING SYSTEM

- Record memorandum receipt and disbursement in the year the on-behalf disbursements are made
- Not recording can result in material audit adjustments
- Transactions can be obtained from:
 - City's department handling the project (i.e. engineer, water, street)
 - Grantor agencies websites

Grants – On-Behalf Payments (Cont)

BUDGETARY

- Establish fund(s) necessary to meet grant requirements
- Must include in Certificate of Estimated Resources
- Must appropriate for memo disbursements
- If not - Material Noncompliance may result

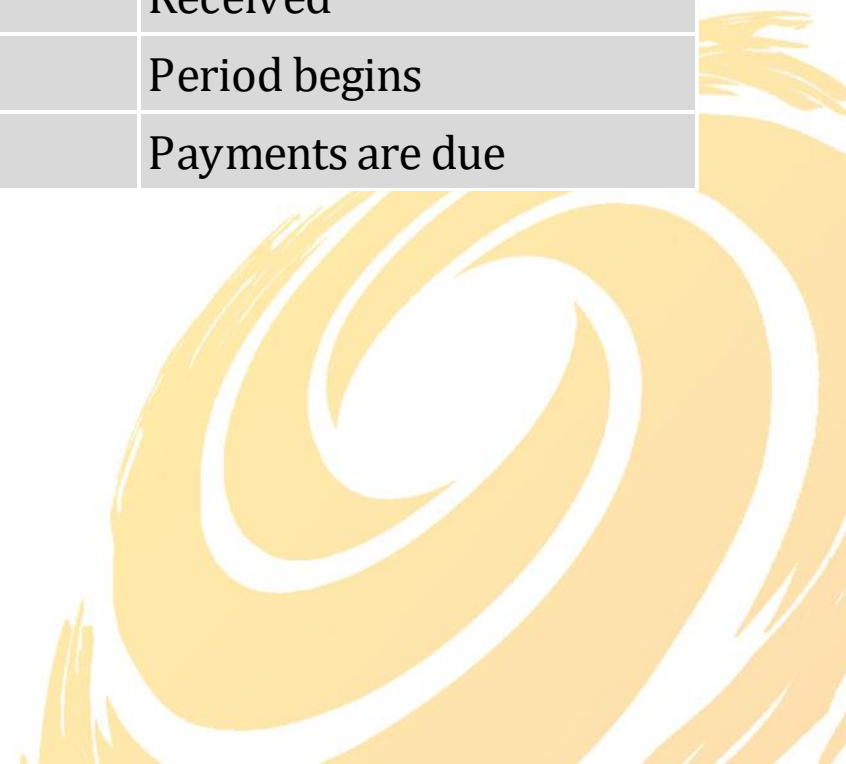
FEDERAL SCHEDULE

- If federal, must be included





Grants - Summarized

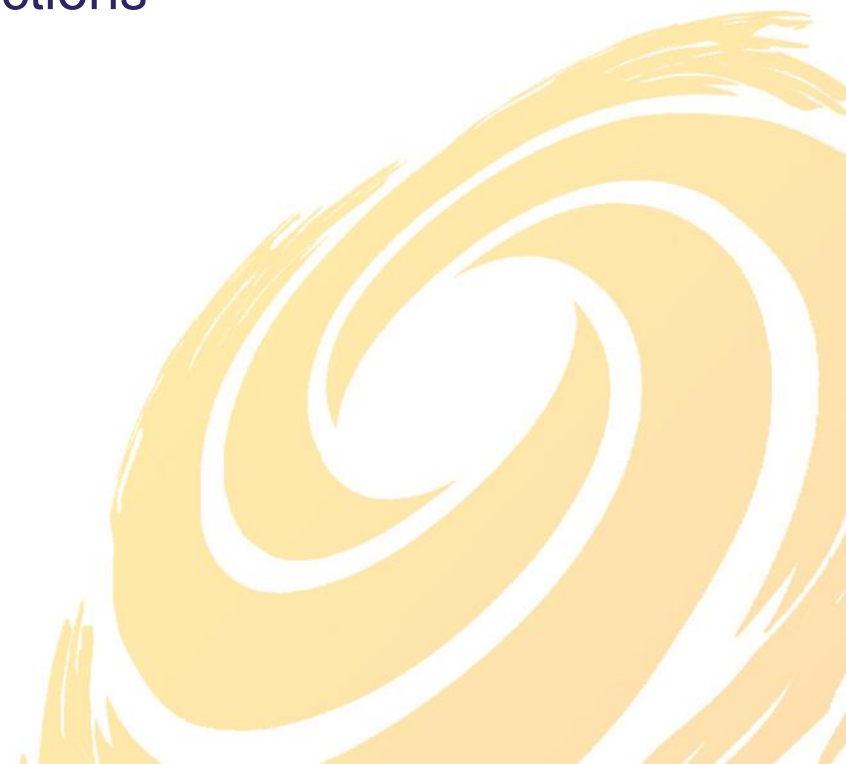
Type of Grant	Recognition Criteria	Basis
Reimbursable	Eligibility reqts met	Expenditure incurred
Formula	Eligibility reqts met	Period begins
Endowments	Eligibility reqts met	Received
Commodities	Eligibility reqts met	Received
Pass-through	Eligibility reqts met	Period begins
On-Behalf Payments	Eligibility reqts met	Payments are due



Exercises

-  Which of the following is essential to revenue recognition for an expenditure-driven grant?
- A. Incurrence of a qualifying expenditure
 - B. Compliance with matching requirements
 - C. Compliance with filing requirements
 - D. All of the above
 - E. Both A and B
- 

Exercises

- 🌀 Which of the following is essential to revenue recognition for entitlements and shared revenues?
- A. Compliance with the relevant time requirement
 - B. Compliance with purpose restrictions
 - C. Both A and B
 - D. Neither A nor B
- 


Chapter 30

Compensated Absences



Compensated Absences

For financial reporting purposes, a liability for compensated absences is recorded when **both** of the following criteria are met:

- 🌀 Leave is attributable to services already rendered
 - 🌀 Leave is not contingent on a specific event (such as illness) that is outside the control of the employer and employee
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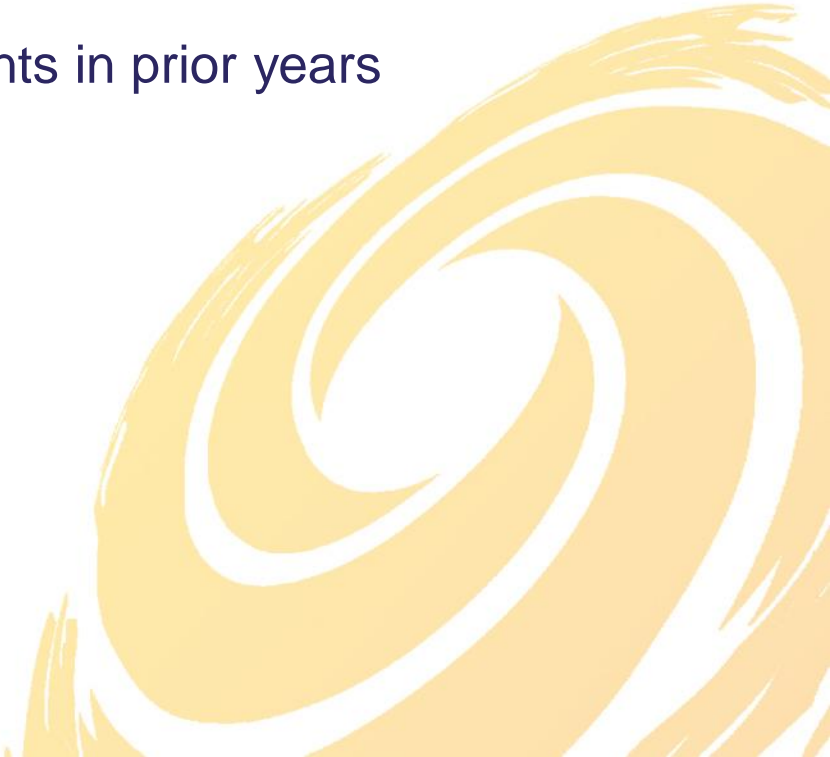
Compensated Absences

Sick Leave

- Matured Compensated Absences Payable
 - Current liability reported on both modified and accrual basis
 - Known severance payments due as of the balance sheet date
 - Based on actual payments, not an estimate
- Due Within One Year/Due in More than One Year
 - Long-term liability reported on accrual basis only
 - Estimated utilizing the vesting or termination method

Compensated Absences

Estimating Due Within One Year

- Based on severance payments known or expected to be paid in subsequent FY
 - Client budget amounts for severance payments
 - Average annual severance payments in prior years
 - Other – test for reasonableness
- 

Compensated Absences

🌀 Two methods can be used to measure the amount of the liability for unused sick leave payable upon termination:

1. **Termination Method** - a government estimates the amount of sick leave that will be paid out upon termination based on its experience in making such payments.

- ❖ Preferred method – easier for client and GAAP preparer. Also, easier to audit.
- ❖ Must have several years of history available to switch to this method.

Compensated Absences

2. Vesting Method - The accrued sick leave liability would be based on the sick leave accumulated at the balance sheet date by those employees who currently **are eligible** to receive termination payments as well as other employees who are **expected to become eligible** in the future to receive such payments. Accruals for those employees who are expected to become eligible in the future should be *based on assumptions concerning the probability* that individual employees or classes or groups of employees will become eligible to receive termination payments.

Compensated Absences

Vesting Method Continued:

- Must update all employees' pay rates and sick leave balances annually
- Must update for changes in government's severance policies annually
 - Maximum days allowed to accrue
 - Payout percentages and maximums



Compensated Absences

- Common mistake made - Must calculate liability for all employees who are currently eligible to retire and those who are expected to become eligible
 - Eligible – based on OPERS/OPF/STRS/SERS guidelines
 - Expected to become eligible – must be determined by client based on their history of severance payouts

Compensated Absences

Vacation Leave:

Governments record a liability for vacation leave if it meets **both** of the following conditions:

- Related to services already rendered
- Probable leave will be paid



Compensated Absences

🌀 Accrued Vacation Continued:

- The only time vacation liability should be recorded on the modified basis is if it is included in "Matured Compensated Absences Payable". For example, employees who left service / retired prior to year end, and were paid out their unused vacation balance subsequent to year-end. This liability would be reflected in the same account and amount on both the Balance Sheet and the Statement of Activities.


🌀 *Hint: GASB 101 will change everything you just heard*

Chapter 30

Cash and Investments



Cash and Investments

- Equity in Pooled Cash and Cash Equivalents
 - Equity in Pooled Cash and Investments
 - Segregated Cash and Cash Equivalents
 - Must be attributable to ONE fund only
 - Cash with Fiscal/Escrow Agent
 - Investments
 - Restricted Cash and Cash Equivalents
- 

Cash Equivalents

Cash Equivalents

→ **Must** meet BOTH criteria:

- Readily convertible to known amounts of cash
- Mature within 3 months of acquisition (not BS date)

→ No flexibility in how define 'cash'

→ May set narrower definition of cash equivalent

Cash and Cash Equivalents - Examples

☉ Cash - Currency, Coin, Checks, Money orders

☉ Cash Equivalents

→ Treasury bills

→ Commercial paper

→ Money market funds

→ Certain securities are Invsts in the Notes to disclose credit and market risks but cash equiv. for face of F/S


☉ Cash with Fiscal Agent – deposits with fiscal agents, like commercial banks, for payment of bonds

Chapter 30

Joint Ventures and Jointly Governed Org.



Joint Ventures

- 🌀 Pooling resources and sharing the costs, risks and benefits of providing certain goods and services
 - 🌀 Characteristics
 - Legal entity that results from contractual agreement
 - > 2 participants
 - Joint control
 - Ongoing financial interest OR financial responsibility
 - 🌀 Ex. Consortium created to construct, maintain, & operate water lines for delivery of bulk water
- 

Joint Ventures (Continued)

Accounting/Reporting

- Explicit, measurable equity interest
- Reported as an asset as a single line item on FS
- How much? share of JV's net income/loss entitled
- Where? Based on govt's primary goal:
 - Generate income = General revenue/non-operating (ie invst income)
 - Provide goods/services = program or operating income
- May qualify as a component unit to one of participating govts

Jointly Governed Organization

🌀 Joint Venture EXCEPT:

→ No ongoing financial interest

→ No ongoing financial responsibility

🌀 Reporting – Note Disclosure only

🌀 Ex. – COG formed to facilitate economic development




Chapter 32

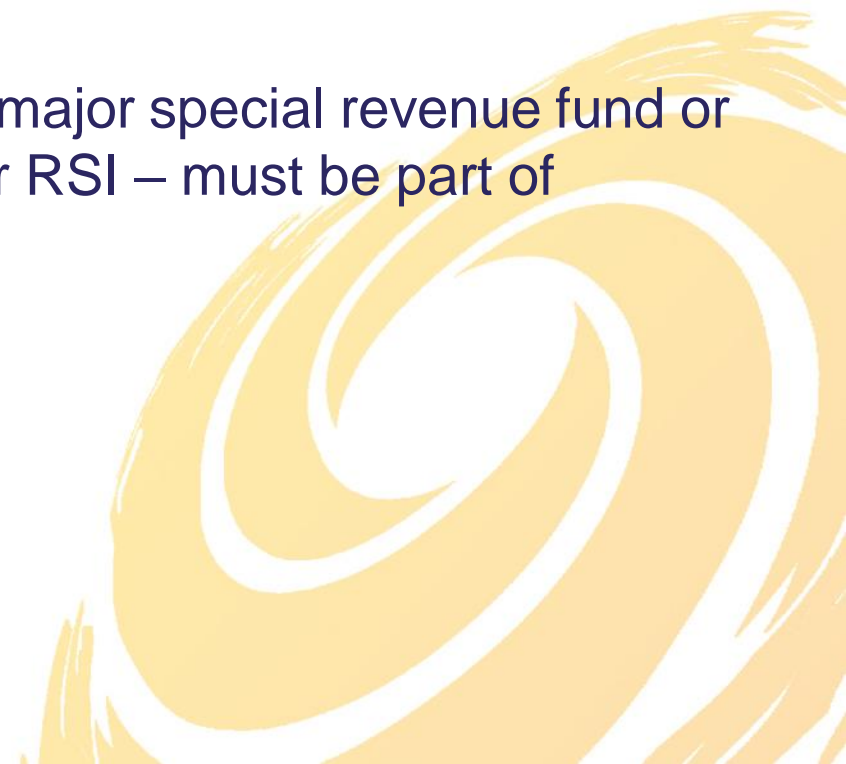
Other RSI



Other RSI Components

- 🌀 **Budgetary Reporting (unless reported in BFS)**
 - 🌀 Infrastructure condition and maintenance (ONLY for govts using modified approach for infrastructure)
 - 🌀 Trend Data on Revenue and Claims Development (public-entity risk pools ONLY)
 - 🌀 Trend Data related to Defined Benefit Pension Plans (GASB 68)
 - 🌀 Trend Data related to OPEB Plans (GASB 75)
- 

Other RSI

- Immediately follows the notes to the financial statements
 - Inaccurate to describe information voluntarily reported as *required* supplementary information
 - The “minimum is the maximum”
 - i.e. cannot report budget for nonmajor special revenue fund or other fund type as part of BFS or RSI – must be part of Financial Report
- 

Budgetary Reporting Requirements

🌀 Budgetary Basis of Accounting

🌀 Other RSI or Basic Financial Statements

- General Fund
- Major Special Revenue funds
- Ideally – report at the legal level of budgetary control
- Required – functional or programmatic level (the gov'tl fund stmt of revenues, exp, and changes in FB)

🌀 Financial Report

- Must be Presented at the Legal Level of Budgetary Control
- All Individual Governmental Funds with Legally Adopted Annual Budgets (includes capital projects, debt service, permanent, and nonmajor special revenue funds)

Budgetary Reporting Reqts (Continued)

🌀 Schedule vs Statement

- Statement –reported as BFS
- Schedule – reported as Other RSI and schedules

🌀 Format

- Same format, terminology, and classifications found in governmental fund statement of revenues, expenditures and changes in fund balance
- May present using format, terminology and classifications found in budget document itself

Original Budget

🌀 Original Appropriations

- First budget that covers entire period
- + Automatic carryovers from PY (encumbrances)

🌀 Original Budgeted Revenue

- Certificate dated ON or BEFORE the Original Appropriation
- Official Certificate vs Original Budget Certificate

Final Amended Budget

- Original Budget
 - + All adjustments to the budget applicable to the FY
 -
 - Final Amended Budget
-
- Blue Book – final budget includes all adjustments even if they take place after the close of the fiscal year
 - AOS Bulletin 1997-010 – AOS does not recognize *retroactive* amendments (aka made after the FYE)

Budgetary Reporting Reqts Summary

Item	Mandatory budgetary comparison	Supplementary budgetary comparisons
Original budget	Required	Not required
Final amended budget	Required	Required
Actual	Basis of budgeting	Basis of budgeting
Variance column(s)	Optional	Optional
Reconciliation (basis of budgeting/GAAP)	Required	Not required
Level of detail	Function/program	Legal level of budgetary control

Questions?

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