

Common Reporting Deficiencies and Best Practices

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In-charge



Common Reporting Deficiencies

MD&A – GAAP & OCBOA (*applies to both)

- *Requirements primarily covered by GASB Statement No. 34 (par 8-11)
 - Objective and easily readable analysis
 - Discuss current-year results in comparison with prior year
 - Focus on primary government
 - Discuss basic financial statements, including condensed financial information

MD&A-GAAP & OCBOA (*applies to both)

➤ MD&A, continue

- *Fund Analysis only discusses the General fund. Analysis should include ALL Major Funds
- Description of significant capital asset and long-term debt activity during the year (GAAP Basis Reporting only)

Financial Statements-OCBOA and GAAP Basis (*applies to both)

- *Capturing all vendor payments (including budgeting)
- *Budgetary Statements
- *General Revenues vs Program Revenues on the Statement of Activities
- Grant receivable/revenue
- Capital asset addition identification

Financial Statements-OCBOA, GAAP & Regulatory Basis

(*applies to all)

- *GASB 54 Fund Balance categories reported by “purpose” rather than by “function”.

	General Fund	Other Governmental Funds	Total
<u>Restricted for:</u>			
Public Safety Projects *	-	1,807,048	1,807,048
Community Development	-	373,516	373,516
Real Estate Assessment	-	881,654	881,654
Court Computerization	-	65,598	65,598
Other Purposes **	-	921,495	921,495
Total Restricted	-	4,049,311	4,049,311
<u>Assigned for:</u>			
Encumbrances:			
Courts	38,930	-	38,930
Public Safety**	39,612	-	39,612
Other Purposes	13,369	-	13,369
Subsequent Year Appropriations	4,246,410	-	4,246,410
Total Assigned	4,338,321	-	4,338,321
Unassigned	4,014,888	(54,747)	3,960,141
Total Fund Balance	\$ 8,353,209	\$ 3,994,564	\$ 12,347,773

* This amount includes, most significantly, amounts restricted for felony delinquent care operations and for providing E911 services.

** This amount includes, most significantly, amounts restricted for the dog and kennel operations.

Notes-OCBOA and GAAP Basis (*applies to both)

- *Proper identification of jointly governed organizations and/or joint ventures (evaluate annually)
- *Significant accounting policies
- *Deferred inflows/outflows
- *Sufficient detail on interfund balances and/or transfers
- *Capital asset commitments

Notes-OCBOA and GAAP Basis (*applies to both)

- *Long Term Debt – Primary related to Refunded Debt
- Leases – capital and operating
- *Disclosure of “material” budgetary violations in accordance with ORC for individual funds affected.
- Update disclosures for changes in contracts as necessary

Common Deficiencies - CAFR

- Disclosing which governmental funds will liquidate long-term liabilities
- Donated assets at “acquisition value” (not “fair value”) – footnote disclosure
- Use of “unqualified” as opposed to “unmodified” opinion

Common Deficiencies - CAFR

- Statistical Tables (GASB 34 and GASB 44)
 - Incorrect amounts used in the calculation of the ratio of total debt service expenditures to noncapital expenditures
 - Calculation of ratios of outstanding debt
 - Include for “all” debt (including Notes Payable and Capital Leases)
 - Governmental and Business Type
 - Include premiums, discounts, etc
 - Calculation of ratios of net general bonded debt
 - Only include “bonded” debt
 - Calculations should be “net” of resources available at year end restricted for the payment of principal (ie. debt service fund balance on the accrual basis of accounting)

Common Deficiencies - CAFR

- Statistical Tables (GASB 34 and GASB 44)
 - Schedule of Direct and Overlapping Debt
 - Include “all” long-term debt, not just bonded debt
 - Only include Governmental Activities
 - Exclude short-term debt
 - Include premiums, discounts, etc.
 - Do NOT include amounts available that are restricted for the payment of principal

Common Deficiencies - PAFR

- Make sure you are using the CAFR reported amounts
- Make sure you reference the information is derived from the CAFR
- If it differs, explanation as to how
- Provide information on how someone can access the CAFR for further details (address, internet link, etc)

BEST PRACTICES

Best Practices for In-House Prep

■ Overall Preparation Tips

- Timely – should be issued within 60 days after year end (non-GAAP entities) or 150 days after year end (GAAP entities)
- Prepare checklists for preparation and review
- Prepare request lists for outside departments
 - Include due dates and follow up
- Coordinate timeline with your external auditors
- Conduct weekly progress meeting with team
 - Communicate results to your auditors

Best Practices for In-House Prep

- Planning can begin prior to year end
 - Assign project coordinator, identify & assign team members
 - Prepare a timeline, including items related to audit prep
 - GASB updates and new standards implementation
 - Review prior year posted and passed audit adjustments
- Things that can be done prior to year-end
 - Ensure fund balance/net position amounts agree to issued FS
 - Update current issues discussion of MD&A
 - Update capital asset schedules
 - Review audit document requests with auditor

Best Practices for In-House Prep

- Review new funds
 - Determine how they will be reported (fund type, mapped to an existing fund, etc)
 - Evaluate Gov'tl funds for proper Fund Balance Classification (GASB 54)
 - Set up trial balance, add new columns to the financial statements, etc.
- Update note disclosures that do not require financial statement information
 - Summary of Significant Accounting Policies
 - Risk Management
 - Jointly governed organizations, related organizations, etc.

Best Practices for Cash Basis Information

- Posting Issues (impacts GAAP Statements as well)
 - Ensure all direct vendor payments (from State or Others) are properly recorded and budgeted for
 - Review new debt issued during the year (including refundings)
- Check revenue and expense classifications
 - Revenue –Taxes vs. Intergovernmental (ex. Homestead & Rollback)
 - Miscellaneous revenue (less of it is better)
 - Debt Payments (proper fund, principal vs. interest)

Best Practices for Cash Basis Information

- Proper posting of budget information to system
- Transfers and Advances (do they balance?)
- Bank Reconciliations done timely and accurately
 - All accounts should be reconciled

Best Practices for Receivables

- Property Taxes Receivable
 - Amended Certificate – Include or exclude homestead/rollback, PPT loss reimbursement
 - Collectability of Delinquents
- Income Taxes Receivable
 - Change in rate and/or allocation for current year to subsequent year
- Grants Receivable
 - Reimbursable vs. Non-reimbursable
 - Completeness

Best Practices for Capital Assets

- Capital assets – most common area for audit adjustments
 - Incomplete additions or disposals
 - Exclusion of architect/engineering services from construction projects
 - Leased assets capitalized at incorrect amount or not capitalized at all
 - Vehicles recorded net of trade-in
 - Construction in progress issues
 - Capitalization of Payables

Best Practices for Capital Assets

■ Capitalization Threshold

- Accounting standards do not need to be applied to items that are of only minimal interest to financial statement users
- Materiality
- GFOA recommends a minimum of \$5,000
- Governments are required by Ohio Administrative Code (OAC) to report at least 80% of their capital assets

■ Update capital assets additions throughout year

Best Practices for Capital Assets

■ 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 (chip and seal, roof replacement)

Best Practices for Capital Assets

- Cost basis – 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
- Assets acquired where credit was given for “trade-ins”
 - Cash paid for new asset plus remaining undepreciated value of asset traded in, if any

Best Practices for Capital Assets

■ 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
- Once the project is complete, each component will have to be added to the appropriate class of assets (building, furniture, equipment, etc)
- Accumulate information for contracts/retainage payable and contractual commitment note at this time

Best Practices for Capital Assets

- Identifying disposals
 - Request disposals from departments
 - Review ledgers for certain receipt codes
 - Review lease agreements for maturity
 - Review vehicle and equipment purchases made during the year for “trade-Ins”

Best Practices for Capital Assets

■ Impairment 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
- 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
- Construction or internal software development stopped on a project
- Must be permanent, cannot be temporary

Best Practices for Accounts Payable

- Define methodology on preparation
 - Set scope (\$\$) or not
 - How far to go into subsequent year
- Items to look for:
 - Service date
 - Open purchase orders

Best Practices for Accounts Payable

- Examples (assume a June 30 year-end):
 - Significant expenditures under a grant agreement (reimbursement based) are incurred during June, however not invoiced until October 15. Current payment cycle is 45 days and policy indicates that invoices received after 45 days will not be reviewed. Should this invoice be accrued?

Best Practices for Compensated Absences

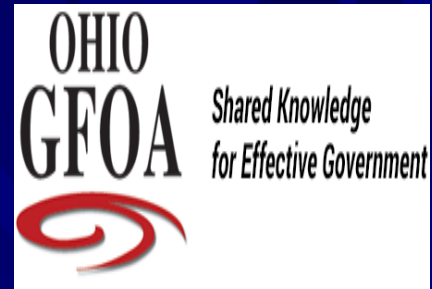
- Define and evaluate methodology
- Vesting method
 - Apply to those currently eligible and those EXPECTED to become eligible
 - Based on Entity's history of employee turnover
- Do you need to accrue vacation, personal, comp time?

Best Practices for Equity

- GASB 54 Fund Balance Classifications – discussed earlier
- Net Investment in Capital Asset calculation
 - Exclude unspent debt proceeds
 - Exclude debt not related to capital assets
 - Include payables related to capital assets

Best Practices for Notes

- Update Notes each year
 - Look at Auditor of State samples
 - New accounting principles
 - Completeness – new line item on FS probably = new disclosure



Questions?

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Audit Hot Topics and Emerging Issues

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In-Charge



Goal of this session

- Briefly review issued GASBs that will impact upcoming audits
- Make you aware of projects that GASB is currently working on

GASB 84 – *Fiduciary Activities*

■ Scope:

- Establishes criteria for identifying fiduciary activities and guidance on reporting those activities.
 - Also, clarifies that stand-alone business type activities should report fiduciary activities.

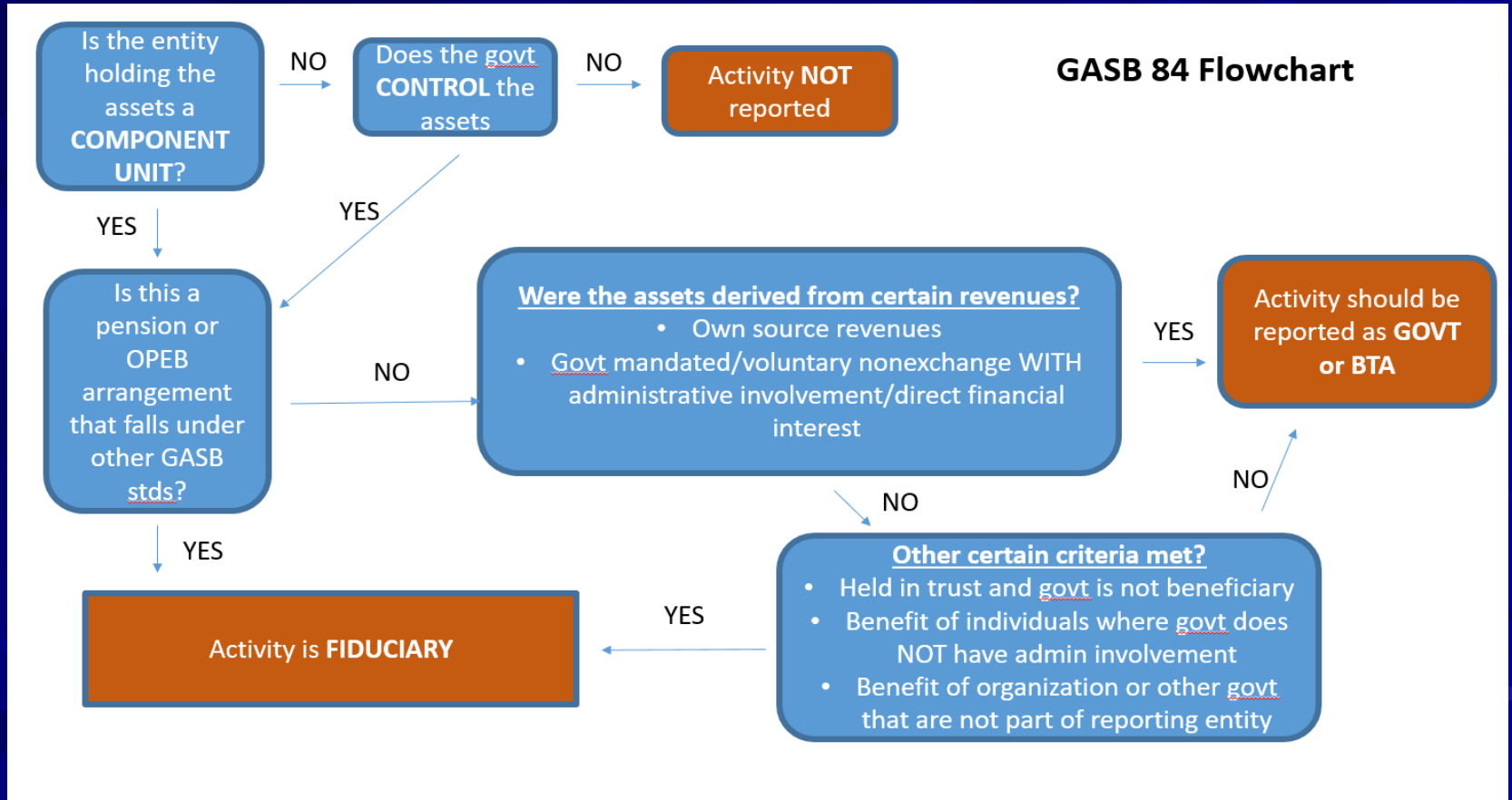
■ Timing:

- Issued January 2017
- Effective for reporting periods beginning after 12/15/2018
 - Essentially effective starting with December 31, 2019 year ends.
 - Apply retroactively for all periods presented (if practicable)

GASB 84 – *Fiduciary Activities*

- Changes the definition of a fiduciary activity (this is a biggie!)
 - Provides in depth framework to analyze various activities
 - Changes how we think about fiduciary activities
- Provides reporting guidance for those activities that are considered fiduciary
 - Redefines the various fiduciary fund types
 - Changes terminology of AGENCY funds to CUSTODIAL funds
 - Requires a statement of changes (income statement) for all custodial funds
 - Custodial funds no longer would necessarily be reporting liabilities equal to their assets

GASB 84 – *Fiduciary Activities*



GASB 84 – *Fiduciary Activities*

- Paths to identifying fiduciary activities
 - Other CUs are fiduciary activities if they met one of the following characteristics:
 - Assets are administered through a trust
 - Assets are for the benefit of individuals
 - Assets are for the benefit of organizations or other governments

GASB 84 – *Fiduciary Activities*

Must meet all the following criteria:	PLUS Any of the following :
Assets controlled by government	Assets held in a qualifying trust in which gov't is not beneficiary, legally protected and dedicated to providing benefits to recipients OR
Assets not derived from own source revenues	Assets held for the benefit of individuals without the government having administrative or direct financial involvement OR
Assets not derived from government mandated or voluntary nonexchange transactions	Assets held for the benefit of outside organizations not part of the government's reporting entity

GASB 84 – *Fiduciary Activities*

■ Four Fund Types:

- Pension and Other Employee Benefit Trust Funds
- Investment Trust Funds
- Private Purpose Trust Funds
- Custodial Funds

GASB 84 – *Fiduciary Activities*

Pension and OPEB Trust Funds

- Report Pension and OPEB plan activity administered through **trusts**
- Other Employee Benefit Plans where resources held in trust and contributions are irrevocable

Investment Trust Funds

- Assets held in **trust**
- External portion of investment pools

Private-purpose Trust Funds

- Fiduciary activities held in **trust** that are NOT required to be reported as pension, other employee benefit or investment funds

Custodial Funds

- Report fiduciary activities not held in trust
- Report external portion of investment pool not held in trust in separate “external investment pool fund” column under custodial funds

GASB 84 – *Fiduciary Activities*

- Financial Statement Reporting
 - Current reporting for Agency Funds
 - Assets/Liabilities
 - Assets=Liabilities
 - Reporting for Custodial funds under GASB 84
 - Assets/Deferred Outflows/Liabilities/Deferred Inflows/Net Position
 - Additions/Deductions
 - Assets+Deferred Outflows-Liabilities-Deferred Inflows=Net Position

GASB 84 – *Fiduciary Activities*

Government ABC
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 20X2
(in thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ASSETS				
Cash and cash equivalents	\$ 184,351	\$ 840,693	\$ 104,747	\$ 58,196
Receivables:				
Employee	2,123	—	—	—
Employer	83,004	—	—	—
Taxes for other governments	—	—	—	206,937
Interest and dividends	175,402	12,166	—	—
Sale of investments	30,879	—	—	—
Total receivables	<u>291,408</u>	<u>12,166</u>	<u>—</u>	<u>206,937</u>
Investments at fair value:				
Short-term investments	2,268,960	241,645	61,591	—
Bonds, notes, mortgages, and preferred stock	14,115,391	804,576	187,650	—
Common stock	20,342,440	—	520,196	—
Real estate	3,408,145	—	—	—
International investments	1,723,951	—	—	—
Mutual funds	72,315	178,046	—	—
Pooled investment funds	23,128	—	—	—
Total investments	<u>41,954,330</u>	<u>1,224,267</u>	<u>769,437</u>	<u>—</u>
Securities lending collateral	1,746,544	—	—	—
Other assets	13,519	181	81,157	361
Total assets	<u>44,190,152</u>	<u>2,077,307</u>	<u>955,341</u>	<u>265,494</u>
LIABILITIES				
Accounts payable and other liabilities	130,846	1,361	61,447	1,451
Due to local governments	—	—	—	164,201
Obligations under securities lending	1,346,544	—	—	—
Other long-term liabilities	1,617	—	7,870	—
Total liabilities	<u>1,479,007</u>	<u>1,361</u>	<u>69,317</u>	<u>165,652</u>
NET POSITION				
Restricted for:				
Pensions	29,897,802	—	—	—
Postemployment benefits other than pensions	12,813,343	—	—	—
Pool participants	—	2,075,946	—	—
Individuals, organizations, and other governments	—	—	886,024	99,842
Total net position	<u>\$ 42,711,145</u>	<u>\$ 2,075,946</u>	<u>\$ 886,024</u>	<u>\$ 99,842</u>

GASB 84 – *Fiduciary Activities*

Government ABC
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
for the Year Ended June 30, 20X2
(in thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS				
Contributions:				
Members	\$ 297,846	\$ —	\$ —	\$ —
Employers	1,259,384	—	—	—
Other plans	148,792	—	—	—
Gifts and bequests	—	—	197,258	—
Total contributions	<u>1,706,022</u>	<u>—</u>	<u>197,258</u>	<u>—</u>
Investment earnings:				
Net increase in fair value of investments	1,852,408	64,663	33,702	—
Interest, dividends, and other	1,416,448	58,465	30,378	—
Securities lending income	76,075	—	—	—
Total investment earnings	<u>3,344,931</u>	<u>123,128</u>	<u>64,080</u>	<u>—</u>
Less investment costs:				
Investment activity costs	32,281	50,236	63	—
Securities lending costs	73,642	—	—	—
Net investment earnings	<u>3,239,008</u>	<u>72,892</u>	<u>64,017</u>	<u>—</u>
Capital share and individual account transactions:				
Shares sold	—	2,817,210	—	—
Reinvested distributions	—	72,892	—	—
Shares redeemed	—	(2,776,843)	—	—
Net capital share and individual account transactions	<u>—</u>	<u>113,259</u>	<u>—</u>	<u>—</u>
Sales tax collections for other governments	—	—	—	1,811,120
Miscellaneous	1,130	—	—	1,468
Total additions	<u>4,946,160</u>	<u>186,151</u>	<u>261,275</u>	<u>1,812,588</u>
DEDUCTIONS				
Benefits paid to participants or beneficiaries	1,963,047	—	—	—
Medical, dental, and life insurance for retirees	536,027	—	—	—
Refunds and transfers to other systems	170,514	—	—	—
Administrative expense	19,920	—	43	293
Beneficiary payments to individuals	—	—	211,179	—
Payments of sales tax to other governments	—	—	—	1,811,120
Distributions to shareholders	—	72,892	—	—
Total deductions	<u>2,689,508</u>	<u>72,892</u>	<u>211,222</u>	<u>1,811,413</u>
Net increase (decrease) in fiduciary net position	<u>2,256,652</u>	<u>113,259</u>	<u>50,053</u>	<u>1,175</u>
Net position—beginning	40,454,493	1,962,687	835,971	98,667
Net position—ending	<u>\$ 42,711,145</u>	<u>\$ 2,075,946</u>	<u>\$ 886,024</u>	<u>\$ 99,842</u>

Custodial funds could have TWO columns underneath – external investment pools, and other custodial funds

GASB 84 – *Fiduciary Activities*

■ Reporting Nuances

- Business-type activities
 - 3 month exception
- Additions/deductions schedule
 - Aggregation for transactions held 3 months or less
- Custodial funds
 - Liabilities no longer automatically= assets
 - Liabilities to beneficiaries recognized only when event occurs that compels the government to disburse resources
 - Demand for resources made
 - No further action, approval or condition is required to be taken or met by beneficiary to release the assets

GASB 84 – *Fiduciary Activities*

- Implications – this standard could have considerable impact:
 - Activities that previously were fiduciary could now be governmental or proprietary
 - Budget considerations
 - Activities that previously were governmental or proprietary could now meet the definition of a fiduciary activity
 - Financial systems will need to change
 - Tracking of additions and deductions within custodial funds.
 - In consideration of any changes in activity classifications
 - Budgetary impacts
 - BTA only reporters that now have to report fiduciary funds

GASB 84 – *Fiduciary Activities*

■ Action items:

- Read GASB 84 and the related (draft) GASB Implementation Guide
- Identify population of activities that require analysis under GASB 84
- Analyze activities under GASB 84 guidance; make a determination as to whether or not they are fiduciary funds
- Identify and implement changes in the financial system

GASB 84 – *Fiduciary Activities*



GASB 87 – *Leases*

- Under existing GAAP, there are two types of leases:
 - Capital leases
 - Record capital asset and long-term debt
 - Disclose future minimum payments
 - Operating leases
 - Record expense as payments are made
 - Disclose future minimum lease payments

GASB 87 – *Leases*

■ New GAAP – GASB 87:

- Follows a similar project by the Financial Accounting Standards Board (FASB)
- Establishes a single model for lease accounting
- Based on the foundational principle that leases are financings of the right to use an underlying asset
- Effective beginning with December 31, 2020 year ends

GASB 87 – *Leases*

■ Definition:

- A contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction
- A contract could be a lease even if “lease” terminology is not used in the document

GASB 87 – *Leases*

■ Exclusions:

- Short term leases – leases that, at the beginning of the lease, have a maximum possible term of 12 months (or less)
- Contracts that transfer ownership. A contract is excluded from GASB 87 treatment if it:
 - Transfer ownership of the underlying asset to the lessee by the end of the contract, AND
 - Does not contain termination options (other than fiscal funding or cancellation clauses)
- Transactions that are not exchange or exchange-like (\$1 per year leases)
- The underlying asset is an investment

GASB 87 – *Leases*

■ Exclusions (continued):

- Intangible assets
- Biological assets
- Inventory
- Service concession arrangement (GASB 60)
- Assets financed with outstanding conduit debt unless both the asset and conduit debt are reported by the lessor
- Supply contracts
- Contracts for services
- Regulated leases

GASB 87 – *Leases*

■ Lessee Accounting:

– Beginning of lease term

- Credit a lease liability equal to the present value of payments expected to be made during the lease term (less any lease incentives)
- Debit a lease asset equal to the lease liability plus any payments made to the lessor at or before the commencement of the lease and certain direct costs

– Ongoing

- Reduce the lease liability as payments are made and record an expense for interest on the liability
- Amortize the lease asset over the shorter of the lease term or useful life of the asset (think depreciation)

GASB 87 – *Leases*

■ Lessor Accounting:

– Beginning of lease term

- Debit a lease receivable equal to the present value of payments expected to be received during the lease term
- Credit a deferred inflow of resources equal to lease receivable plus any payments made to the lessor at or before the commencement of the lease that relate to future periods
- Do not write-off the underlying asset

– Ongoing

- Reduce the lease receivable as payments are received and record revenue for interest on receivable
- Amortize the lease asset over the shorter of the lease term or useful life of the asset (think depreciation)

GASB 87 – *Leases*

■ What to do now:

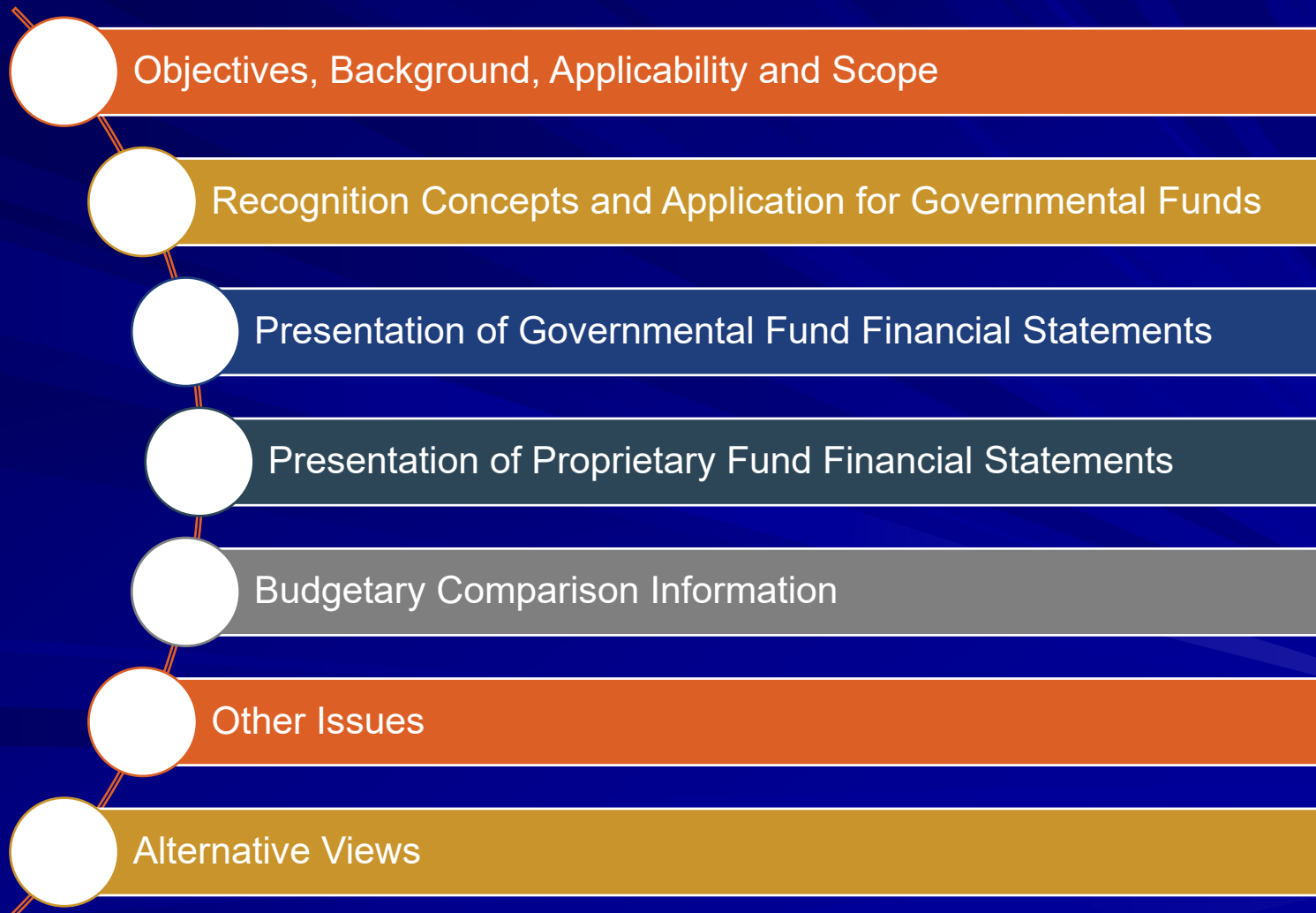
- Begin identifying leases
 - Current operating leases
 - Review capital asset listings
 - Scan trial balance
 - Review cash receipts/disbursements
 - Review board minutes
 - Speak to department heads
- Gather the data
 - Lease agreements, extensions, and amendments
 - Key terms: lease term, options to extend or terminate, payment terms, other components, discount rate

Financial Reporting Model – Preliminary Views

■ History of Project

- Research approved in August 2013
- Added to the technical agenda in September 2015
- Invitation to comment issued December 2016
- Preliminary Views issued September 2018
- Exposure Draft...expected by July 2020
- Final Standard...expected February 2022

Financial Reporting Model – Preliminary Views



Financial Reporting Model – Preliminary Views

- Short-term financial resources measurement focus
- Transactions would be classified as short-term or long-term
 - Short-term: normally are due to convert to or generate cash or require the use of cash within one year from the inception of the transaction
 - Long-term: normally are due to convert to or require the use of cash beyond one year from the inception of the transaction
- Period of availability would be one year

Financial Reporting Model – Preliminary Views

- Recognition would depend on the categorization of the class of transaction as either short-term or long-term

Short-term transactions	Long-term transactions
Recognized as transactions occur	Recognized when payment is due

- Examples of differences from today:
 - Accrued interest on LTD
 - Grant receivable

Financial Reporting Model – Preliminary Views

ABC Government

Short-Term Financial Resources Balance Sheet

Governmental Funds

June 30, 20XX

This financial statement presents a short-term view of governmental fund activities and reports items of a long-term nature differently from how they are reported in the government-wide financial statements.

	General Fund	Special Tax Fund	Other Governmental Funds	Total Governmental Funds
SHORT-TERM ASSETS				
Cash and cash equivalents	\$ 861,272	\$ 8,846,434	\$ 12,071,406	\$ 21,779,112
Investments	-	-	18,500,000	18,500,000
Taxes receivable	33,339,603	5,176,000	3,781,774	42,297,377
Intergovernmental receivables	662	607	83,736	85,005
Grants receivable	250,992	-	-	250,992
Other receivables	2,056,859	-	1,457,817	3,514,676
Interfund receivables	610,066	-	607,909	1,217,975
Prepaid item	-	-	13,800	13,800
Inventory	23,500	-	-	23,500
Total short-term assets	\$ 37,142,954	\$ 14,023,041	\$ 36,516,442	\$ 87,682,437
SHORT-TERM LIABILITIES, DEFERRED INFLOWS OF SHORT-TERM FINANCIAL RESOURCES, AND SHORT-TERM FINANCIAL RESOURCES FUND BALANCES				
Short-term liabilities:				
Accounts payable	\$ 904,666	\$ 493,212	\$ 1,642,560	\$ 3,040,438

Financial Reporting Model – Preliminary Views

ABC Government

Statement of Short-Term Financial Resource Flows

Governmental Funds

Year Ended June 30, 20XX

This financial statement presents a short-term view of governmental fund activities and reports items of a long-term nature differently from how they are reported in the government-wide financial statements.

	General Fund	Special Tax Fund	Other Governmental Funds	Total Governmental Funds
INFLOWS OF SHORT-TERM FINANCIAL RESOURCES FOR CURRENT ACTIVITIES				
Taxes:				
Property tax	\$ 20,322,167	\$ 5,311,156	\$ 2,015,047	\$ 27,648,370
Sales tax	45,034,789	-	4,430,774	49,465,563
Use tax	3,586,753	-	-	3,586,753
Motor fuel tax	-	-	2,889,647	2,889,647
Other taxes	3,975,895	-	2,698,909	6,674,804
Payments in lieu of taxes	2,721,420	-	-	2,721,420
Special assessments	-	-	41,500	41,500
Licenses and permits	1,303,889	-	-	1,303,889
Fees for services	7,052,692	-	202,273	7,254,965
Franchise fees	1,968,522	-	-	1,968,522
Fines and citations	1,476,364	-	-	1,476,364
Intergovernmental	14,595,019	-	6,192,493	20,787,512
Investment earnings	5,829	11,384	119,043	136,256
Transfers in	500,000	-	155,204	655,204
Miscellaneous	4,216,940	654,482	771,287	5,642,709
Total inflows of short-term financial resources for current activities	106,760,279	5,977,022	19,516,177	132,253,478
OUTFLOWS OF SHORT-TERM FINANCIAL RESOURCES FOR CURRENT ACTIVITIES				
General government	14,053,444	6,961,201	2,213,691	23,228,336

Financial Reporting Model – Preliminary Views

- For proprietary funds, nonoperating revenues and expenses would include:
 - Subsidies received and provided
 - Revenues and expenses related to financing
 - Resources from the disposal of capital assets and inventory
 - Investment income and expenses
- All other revenues and expenses would be operating
- A subtotal for operating income (loss) and noncapital subsidies would be presented

Financial Reporting Model – Preliminary Views

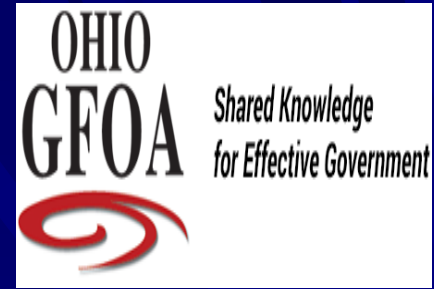
	2016	2015
Operating revenues:		
Tuition and fees (net of discounts)	\$ 574,168	\$ 525,791
Grants and contracts	292,962	278,481
Sales and services	271,345	272,244
Other operating revenues	7,868	14,861
Total operating revenues	<u>1,146,343</u>	<u>1,091,377</u>
Operating expenses:		
[Natural or functional expenses]		
Total operating expenses	<u>1,681,544</u>	<u>1,596,059</u>
Income (loss) generated by operations	<u>(535,201)</u>	<u>(504,682)</u>
Noncapital subsidies:		
Appropriations	407,702	394,767
Taxes	8,026	7,660
Grants	42,978	37,567
Gifts	99,395	90,063
Total noncapital subsidies	<u>558,101</u>	<u>530,057</u>
Operating income (loss) and noncapital subsidies	<u>22,900</u>	<u>25,375</u>
Financing and investing activities:		
Investment income	235,820	138,649
Interest expense	(12,412)	(12,853)
Loss from the disposition of capital assets	(2,385)	518
Total financing and investing activities	<u>221,023</u>	<u>126,314</u>
Income before other items	<u>243,923</u>	<u>151,689</u>
Other items:		
Capital contributions	<u>23,231</u>	<u>74,830</u>
Increase (decrease) in net position	267,154	226,519
Net position—beginning	3,061,111	2,834,592
Net position—ending	<u>\$ 3,328,265</u>	<u>\$ 3,061,111</u>

Financial Reporting Model – Preliminary Views

■ Other preliminary views:

- Eliminate some existing options, such as:
 - Presenting budgetary comparison schedules within the basic financial statements
 - Presenting condensed major component unit financial statements in the notes
- Addition of some new requirements, such as:
 - Column to show the variance between the original and amended budget in the budgetary comparison schedules
 - Schedule of natural classification of government-wide expenses by function or program/identifiable activities for entities issuing CAFRs (supplementary information)

Questions?



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