



Governmental Accounting Key Principles and Concepts

Agenda

Fund Accounting Overview

Governmental Funds

Proprietary Funds

Fiduciary Funds

Financial Statements

Basis of Accounting and Framework

Budgets

Common Entries

Summary and Conclusion

Comparison of Governmental Accounting to Private Sector



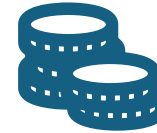
Unique
Objectives



Funding
Sources



Reporting
Standards



Financial
Statements



Environment



Unique Objectives

- **Private Sector Accounting:** Aims at profit maximization and shareholder value.
- **Governmental Accounting:** Focuses on public accountability and budgetary compliance for the use of public funds.

Example:

- **Public Water Utility:** Prioritizes providing safe, affordable water to the community while ensuring compliance with regulatory standards.
- **Private Water Utility:** Focuses on maximizing profits and shareholder returns by efficiently managing costs and setting competitive pricing (not to say that they don't ensure safety or compliance with regulations).

Funding Sources

- **Governmental Accounting:** Funded primarily by taxes and grants.
- **Private Sector Accounting:** Primarily funded through sales, investments, and private capital.
- **Example:**
 - Government Road- Taxes, Grants, Bonds
 - Private Entity Toll Road Agreement- Tolls, Investors



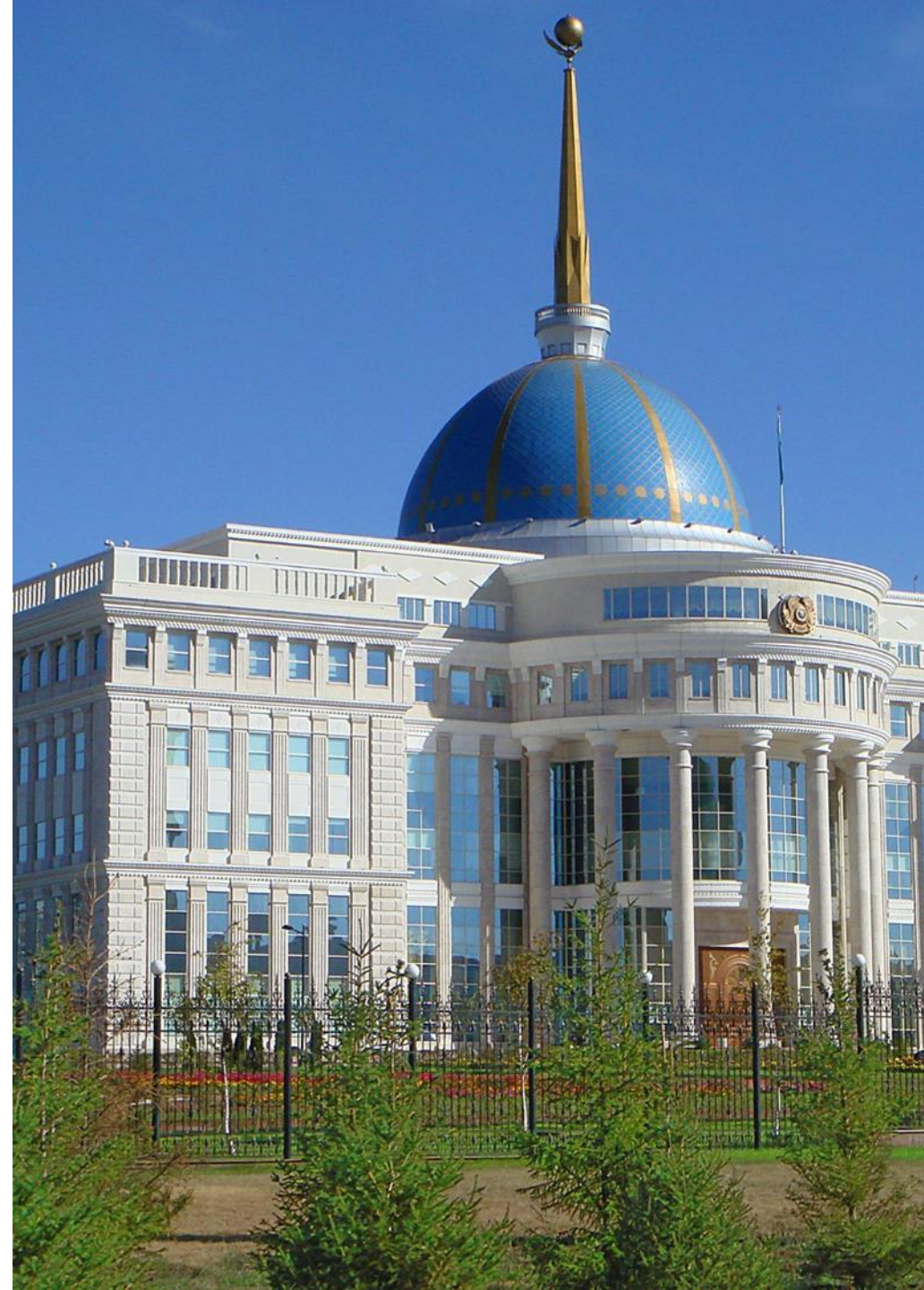
Reporting Standards

- Government accounting follows GASB standards.
- Private sector uses FASB and IFRS guidelines.



Financial Statements

- Government reports include budgetary and financial statements. (Statement of Net Position, Statement of Activities)
- Private sector focuses on income statements and balance sheets. (Income Statement, Balance Sheet, Statement of Cash Flow)





Environment

- **Government:** Government decisions are often shaped by political considerations, such as public opinion, electoral cycles, and legislative requirements.
- **Private Sector:** Decisions prioritize market demands, focusing on profitability and competitive advantage.
- **Example:** A new public parking garage may be constructed to address community needs for increased parking availability caused by citizen concerns about parking and other political pressures. In contrast, a new private parking garage might be built to capitalize on high-demand areas, optimizing pricing strategies and service offerings to maximize profit.



Environment- Example

Government Decision-Making:

- **Public Health Initiatives:** Government decisions, such as implementing a public health campaign to combat obesity, are often influenced by political considerations and public accountability. For instance, a government may decide to promote healthier eating and exercise programs due to rising healthcare costs and pressure from advocacy groups. The objective is to improve public health outcomes, which is influenced by political pressures, such as the need to respond to public opinion or the priorities of elected officials.

Private Sector Decision-Making:

- **Product Development:** In contrast, a private company, like a beverage manufacturer, may decide to launch a new low-calorie drink based on market demand and profitability. The decision would stem from consumer trends towards healthier options and the potential for profit in a competitive market. Their focus is on maximizing shareholder value by responding to consumer preferences and maximizing profit margins.



Key Differences

- Lack of profit motive
- Resource providers
- Political process
- Non-revenue producing assets
- Public services
- Public goods



Generally Accepted Accounting Principles

Consistency and Transparency

GAAP standards ensure consistency and transparency in the preparation of financial statements, making it easier for stakeholders to compare the financial performance of different organizations.

Comparable Financial Statements

GAAP standards ensure that financial statements are comparable across different organizations, making it easier for stakeholders to make informed decisions based on accurate financial information.

Statutory Requirements

Every state in the U.S, including Florida, has statutory requirements to use GAAP for its financial reporting, ensuring that financial statements are prepared according to a consistent set of standards.

GAAP? GASB?

U.S. GAAP

FASB

Non Governmental
Entities

GASB

State and Local
Governmental
Entities

GAAP: Generally Accepted Accounting Principles

GAAP is a set of generally accepted accounting principles that are used in the United States for financial reporting purposes. Understanding GAAP is essential for financial reporting in most organizations.

GASB: Governmental Accounting Standards Board

The Governmental Accounting Standards Board (GASB) is a private organization that establishes accounting standards for state and local governments, including general and special purpose entities, and some non-profit organizations, and public entities. Such as libraries, hospitals, colleges, universities and closely related direct service organizations.

FASB vs GASB vs IFRS

FASB

- FASB is the Financial Accounting Standards Board.
- FASB is focused on the US private sector, for profit and non-profit.
- FASB is overseen by the Financial Accounting Foundation. (FAF)

GASB

- GASB is the Governmental Accounting Standards Board.
- GASB is focused on the public sector.
- GASB is overseen by the Governmental Accounting Standards Board.
- GASB's standards are used by state and local governments.

IFRS

- IFRS is the International Financial Reporting Standards
- Used by many companies around the world.



Governmental Accounting Standards Board

GASB Establishment

The Governmental Accounting Standards Board (GASB) was established in 1984 to set accounting and financial reporting standards for state and local governments in the United States.

GASB Standards

The standards set by GASB are recognized as authoritative for financial reporting by state and local governments in the United States.

Funds and Fund Accounting



125,058	154,568	95,054	124,500
125,487	56,845	97,511	125,000
124,000	110,000	99,011	154,000
150,000	150,000	99,216	95,000
35,000	101,090	101,684	154,200
	101,962		110,000
			89,000
			50,000
			10,700



Purpose of Fund Accounting

- **Promotes Accountability and Transparency**
- **Decision Making**
- **Compliance & Control**
- **Segregation of Resources**



Fiscal & Accounting Entity

- A Fund is a Fiscal & Accounting Entity is a self-balancing set of accounts
- It includes cash and financial resources, liabilities and residual equity/balances
- Changes are made in accordance with regulations, restrictions and limitations
- Specific activities are segregated for the purpose of attaining certain objectives

Fund Accounting Overview

- Types of Funds
 - Governmental funds for public services.
 - Proprietary funds for business-like activities.
 - Fiduciary funds for assets held in trust.
- Accounting and Reporting Standards
 - Each fund type adheres to specific accounting and reporting guidelines.



Fund Financial Statements

Governmental
Funds

Proprietary Funds

Fiduciary Funds

Each
Major Gov.
Fund

Aggregate
Nonmajor
Gov. Fund

Each
Major
Enterprise
Fund

Aggregate
Nonmajor
Enterprise
Funds

Internal
Service
Fund

Pension/
OPEB
Trust Fund

Investmen
t Trust
Fund

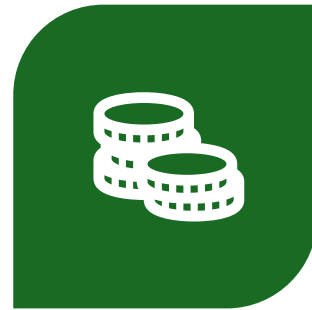
Private
Purpose
Trust Fund

Custodial
Fund

Governmental Funds



GENERAL FUND
001



SPECIAL REVENUE FUNDS
100S



DEBT SERVICE
200S



CAPITAL PROJECTS
300S

Governmental Funds: General Fund

Main Operating Fund of Government

- Accounts for all non-specific financial activities

Comprised of Various Revenues

- Includes taxes, fees, fines, and grants

Expenditures for Public Services

- Funds general government services like public safety and education

Governmental Funds: Special Revenue Funds

- Definition of Special Revenue Funds
 - Accounts for specific revenue sources restricted, committed or assigned for certain purposes.
- Examples and Applications
 - Gas tax revenues for road maintenance and construction.
- Financial Oversight
 - Subject to budgetary control and legal compliance.
- 100 fund group Uniform Accounting Systems Manual





Governmental Funds: Capital Funds

- Purpose of Capital Project Funds
 - To account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays.
- Usage of Funds
 - For buildings, infrastructure, equipment
- Regulatory Compliance
 - Must adhere to legal and contractual obligations
- 300 fund group Uniform Accounting Systems Manual

Governmental Funds: Debt Service Fund

- Definition and Purpose of the Debt Service Fund
- Sources and Uses of Debt Service Fund Resources
- Special Accounting and Reporting Requirements
- 200 fund group Uniform Accounting Systems Manual



Major Funds vs. Aggregated Non-Major Funds

- Major Funds are significant to financial reporting and are reported individually.
- Non-Major Funds are aggregated and reported together for financial simplicity.

Test	Criteria
10% Test	Fund's total assets plus deferred outflows of resources (DOR), liabilities plus deferred inflows of resources (DIR), revenues, or expenditures/expenses must be at least 10% of the corresponding total for all governmental or all enterprise funds.
5% Test	Fund's total assets plus DOR, liabilities plus DIR, revenues, or expenditures/expenses must be at least 5% of the corresponding total for all governmental and enterprise funds combined.

- Exceptions to these rules include the General Fund, which is always considered a Major Fund, and Internal Service Funds, which are never reported as Major Funds.

APPENDIX D • ILLUSTRATIVE ACFR

NAME OF GOVERNMENT
 Balance Sheet
 Governmental Funds
 June 30, 2027

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 8,132,952	\$ 1,090,139	\$ 842,804	\$ 4,281,747	\$ 14,347,642
Investments	14,989,065	4,980,521	1,000,000	538,805	21,508,391
Receivables (net of allowance for uncollectibles)	6,067,247	-	4,309,618	2,502,201	12,879,066
Intergovernmental receivable	513,579	507,459	-	688,445	1,709,483
Lease receivable	301,773	-	-	-	301,773
Due from other funds	145,000	335,000	-	-	480,000
Due from component unit	32,615	-	-	-	32,615
Inventories	806,623	-	-	-	806,623
Prepaid items	48,114	-	-	614	48,728
Advances to other funds	290,148	-	-	-	290,148
Total assets	\$ 31,327,116	\$ 6,913,119	\$ 6,152,422	\$ 8,011,812	\$ 52,404,469
LIABILITIES					
Accounts payable	3,670,348	-	-	594,466	4,264,814
Contracts payable	-	1,129,196	-	-	1,129,196
Retainage payable	-	1,070,044	-	-	1,070,044
Accrued liabilities	2,504,060	-	-	431,957	2,936,017
Deposits payable	-	-	-	18,367	18,367
Due to other funds	335,000	-	-	157,000	492,000
Advances from other funds	-	-	-	290,148	290,148
Bond anticipation notes payable	-	6,905,200	-	-	6,905,200
Unearned revenue-other	2,089,936	-	-	227,585	2,317,521
Total liabilities	8,599,344	9,104,440	-	1,719,523	19,423,307

Example



Proprietary Funds



Proprietary Funds

Proprietary Funds

Proprietary funds are a type of government fund that are intended to be self-supporting, and are accounted for in a similar manner to commercial businesses.

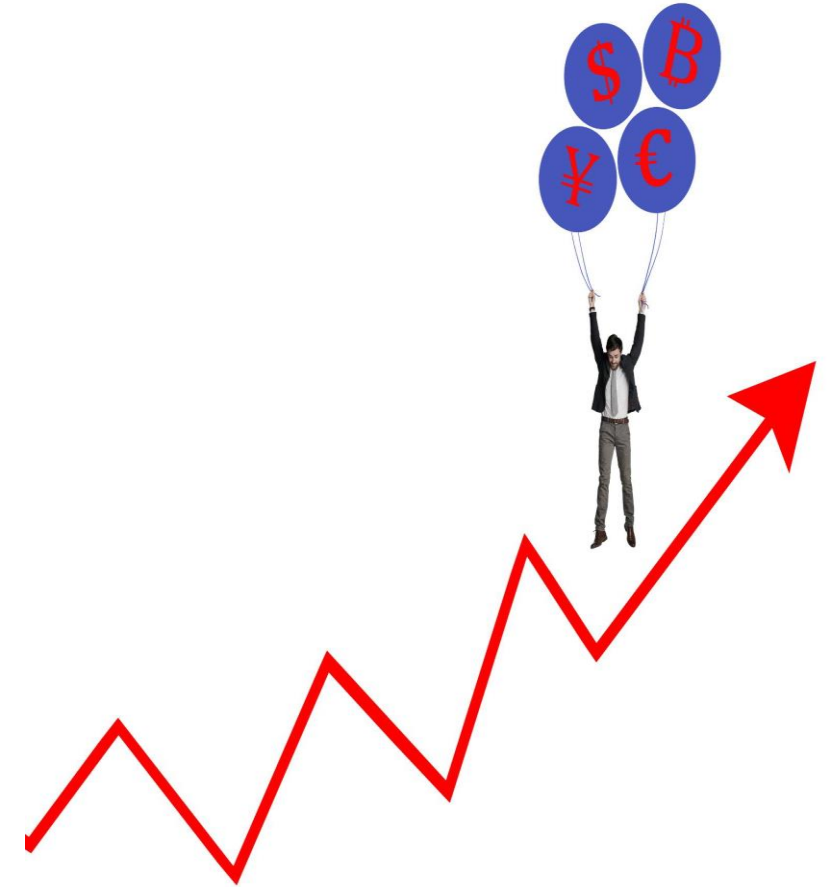
- **Enterprise Funds**
- **Internal Service Funds**

Proprietary Funds: Enterprise Funds

Purpose of Enterprise Funds: Used for government-run activities that resemble private businesses (e.g., public utilities, airports, transit systems).

Self-Supporting: Enterprise funds operate similarly to a private business, with revenue covering all expenses, including operational costs and debt service. These funds rely on user fees or charges rather than taxes.

Revenue Generation: Revenues generated by services provided (such as water utilities) fund operations and debt, maintaining financial independence.

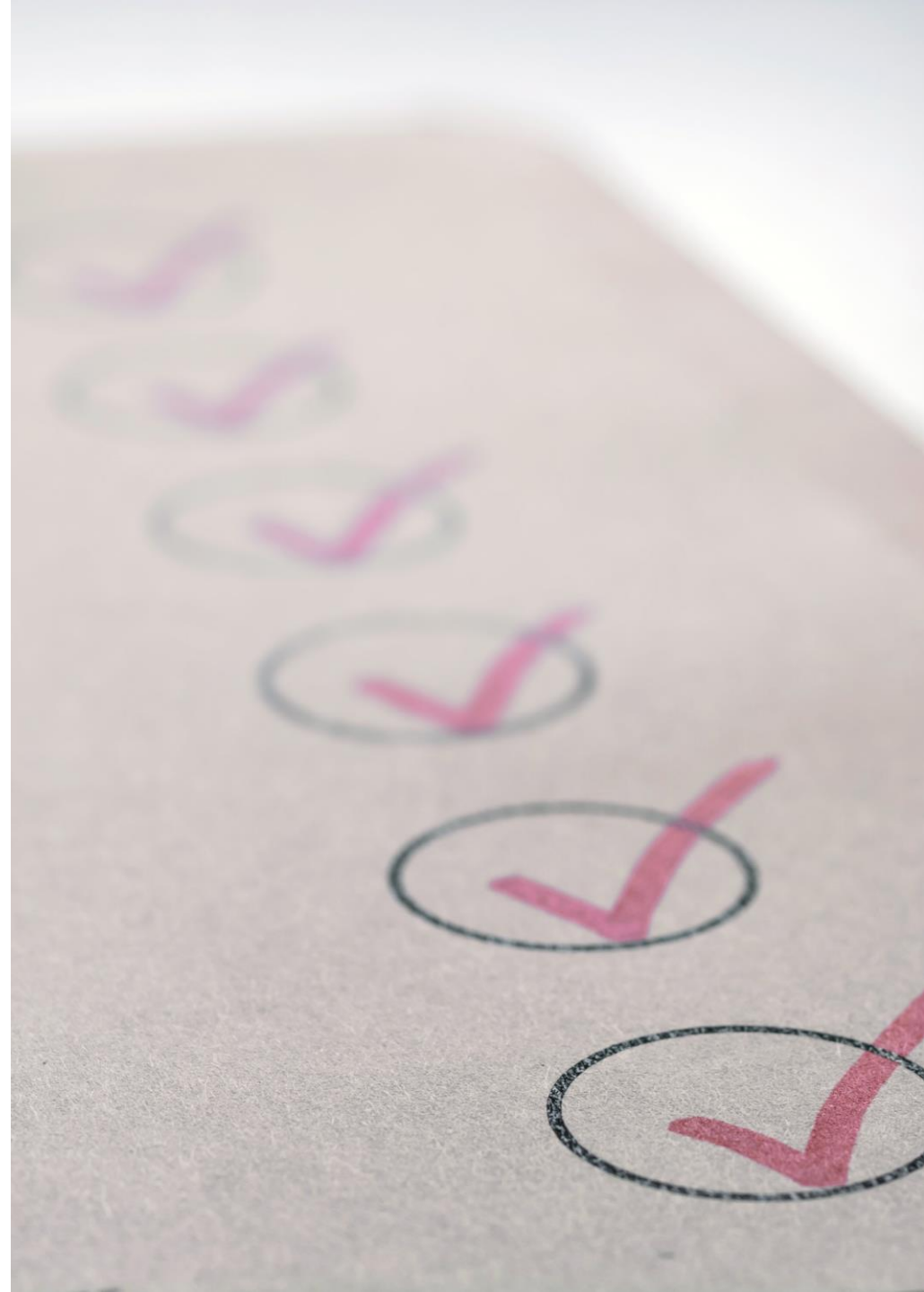


Enterprise Fund Reporting Criteria

Enterprise funds may be used to report activities with fees charged to external users.

They are required if they meet certain criteria:

- **Financed by Debt:** Debt secured by net revenues from fees.
- **Legal Requirements:** Laws mandate cost coverage by fees.
- **Cost Recovery:** Pricing policies aim to recover all costs.





Proprietary Funds: Internal Service Funds

Definition of Internal Service Funds

Internal service funds are funds that government entities use to account for activities where they provide goods or services to other departments or agencies within the same government.

Example of Internal Service Funds

An example of an internal service fund is a city using these funds to provide IT services to all city departments, including hardware, software and technical support., as well as fleet management, Health Insurance.

500 fund group Uniform Accounting Systems Manual

Reporting Internal Service Fund Balances

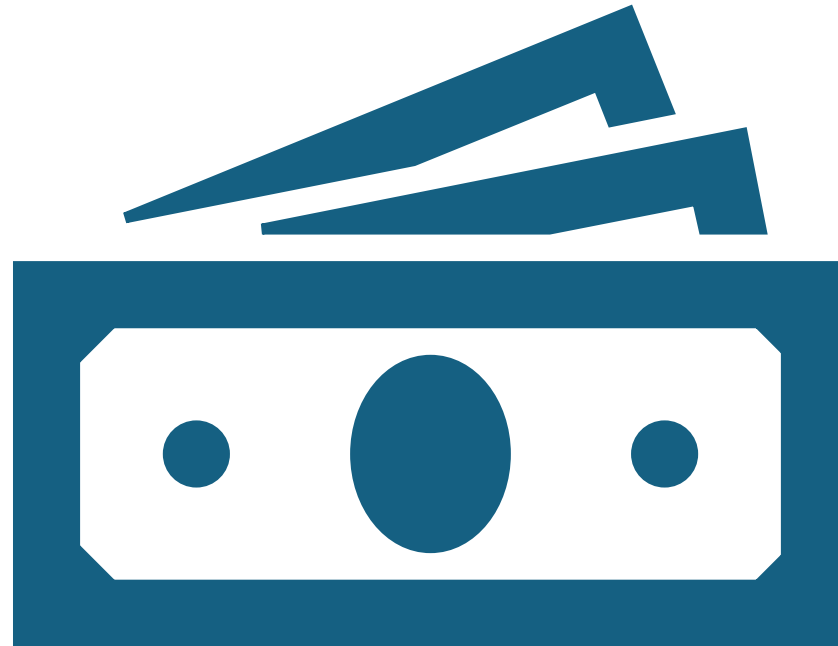
Internal service fund asset and liability balances that are not eliminated in the statement of net assets should normally be reported in the governmental activities column. Although internal service funds are reported as proprietary funds, the activities accounted for in them (the financing of goods and services for other funds of the government) are usually more governmental than business-type in nature. However, if enterprise funds are the predominant or sole participants in an internal service fund, the government should report that internal service fund's residual assets and liabilities within the business-type activities column in the statement of net assets. (GASB 34 para 62)

APPENDIX D • ILLUSTRATIVE ACFR

	NAME OF GOVERNMENT			
	Statement of Net Position			
	Proprietary Funds			
	June 30, 2027			
	Business-type Activities			Governmental
			Total	Internal
	Water	Transit	Enterprise	Service
			Funds	Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 1,388,998	\$ 2,310,846	\$ 3,699,844	\$ 5,883,720
Investments	2,136,642	-	2,136,642	611,286
Restricted assets-customer deposits	30,715	-	30,715	-
Interest receivable	22,468	2,383	24,851	7,079
Accounts receivable, net	4,145,017	33,734	4,178,751	-
Due from other funds	-	12,000	12,000	-
Intergovernmental receivable	-	877,295	877,295	129,192
Inventories	-	117,581	117,581	22,671
Prepaid items	-	-	-	37,823
Total current assets	7,723,840	3,353,839	11,077,679	6,691,771
Noncurrent Assets:				
Capital Assets:				
Land	584,715	1,326,685	1,911,400	-
Buildings	5,274,379	7,639,062	12,913,441	87,745
Machinery, equipment, and vehicles	1,376,709	9,952,998	11,329,707	5,283,268
Water distribution system	35,422,287	-	35,422,287	-
Construction-in-progress	5,363,783	-	5,363,783	-
Less accumulated depreciation	(17,093,131)	(9,869,210)	(26,962,341)	(2,466,987)
Total noncurrent assets	30,928,742	9,049,535	39,978,277	2,904,026
Total assets	38,652,582	12,403,374	51,055,956	9,595,797

Example

Fiduciary Funds





Fiduciary Overview

What are fiduciary funds?

Purpose and Examples

Types of Fiduciary Funds

What are Fiduciary Funds?

Definition of Fiduciary Funds

Fiduciary funds are used by governments to account for assets held in a trustee or agency capacity for the benefit of external parties. These funds do not involve the government's own resources and are therefore excluded from the government-wide financial statements.

Types of Fiduciary Funds

There are several types of fiduciary funds, which include pension trust funds, investment trust funds, custodial and private-purpose trust funds. Each type of fund has unique characteristics and serves a specific purpose.

Excluded from Government-Wide Financial Statements

Fiduciary funds do not involve the government's own resources and are therefore excluded from the government-wide financial statements.



Purpose

Accounting for Assets

The primary purpose of fiduciary funds is to ensure that assets held by a government in trust for external parties are accounted for properly and transparently.

Building Trust and Confidence

By ensuring proper accounting and transparency in the management of fiduciary funds, governments can build trust and confidence among external parties who have vested interests in those funds.





Pension Trust Funds

Retirement Benefits

Pension trust funds are used to provide retirement benefits for employees. These funds are managed by the government on behalf of the employees, and the government and employees both make contributions.

Investment

Pension trust funds are invested to accumulate resources for retirement benefits. The government manages these funds and ensures a return on investment for the employees.

650 fund group Uniform Accounting Systems Manual



RETURN ON INVESTMENT

Investment Trust Funds

Investment trust funds are a type of investment pools that are managed by the government on behalf of other entities.

They are governed by specific agreements with the other entities and are typically managed by the sponsoring government.

700 fund group Uniform Accounting
Systems Manual

Private-Purpose Trust Funds as Fiduciary Funds

- They are used to account for resources held in trust for individuals or private organizations.
- Private-purpose trust funds are excluded from the government-wide financial statements.

750 fund group Uniform Accounting Systems Manual



Custodial Funds - Fiduciary Funds

- To account for assets held by a government in a purely custodial capacity.
- They are typically used for the safekeeping of assets.
- 600 fund group Uniform Accounting Systems Manual



NAME OF GOVERNMENT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2027

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Fund	Private-purpose Trust Fund	Custodial Funds	
				Bania Fund	External Investment Pool Fund
ASSETS					
Cash and cash equivalents	\$ 1,949,318	\$ 17,635,601	\$ 2,750	\$ 229,936	\$ 562,541
Investments:					
U.S. government and agency obligations	3,822,318	145,408,222	-	-	1,879,252
State and local obligations	424,354	-	-	-	356,444
Corporate bonds	2,654,365	-	-	-	-
Mutual funds	14,387,892	8,999,552	-	-	-
Certificates of deposit	-	1,000,000	66,379	-	-
Receivables	94,124	226,545	921	-	-
Total assets	23,332,371	173,269,920	70,050	229,936	2,798,237
LIABILITIES					
Accounts payable	11,683	30,450	-	-	5,688
Claims payable	74,121	-	-	-	-
Refunds payable	1,000	-	-	-	-
Due to local governments	-	-	-	138,183	-
Total liabilities	86,804	30,450	-	138,183	5,688
NET POSITION					
Restricted for:					
Pensions	21,948,529	-	-	-	-
Postemployment benefits other than pensions	1,297,038	-	-	-	-
Pool participants	-	173,239,470	-	-	-
Individuals and organizations	-	-	70,050	91,753	-
Other governments	-	-	-	-	2,792,549
Total net position	\$ 23,245,567	\$ 173,239,470	\$ 70,050	\$ 91,753	\$ 2,792,549

Example

**Fund
Balance or
Net Position?**



**ASSETS
= LIABILITIES + EQUITY**



**ASSETS + DOR =
LIABILITIES + DIR +
NET POSITION OR
FUND BALANCE**



Governmental Funds - Fund Balance

Fund Balance

The fund balance for governmental funds is made up of various subcategories, including nonspendable, restricted, committed, assigned, and unassigned. Each subcategory is used to govern the use of the funds and ensure that they are spent according to the intended purpose.

Nonspendable

Definition of Nonspendable

Nonspendable fund balance represents resources that are not in spendable form

Examples of Nonspendable

Examples of nonspendable resources include inventories, long-term receivables, and prepaids.



Restricted

Restricted fund balance refers to resources that are subject to legal constraints or limitations, and cannot be used for general operating expenses or other purposes.

Example:

- **Externally imposed restrictions:** These can come from creditors (such as through debt covenants), grantors or contributors
- **Imposed by law:** Restrictions might be enforced through constitutional provisions or enabling legislation.





Committed

Committed fund balance refers to money the government has specifically set aside for particular purposes.

This is formalized through a resolution or ordinance approved by the governing body prior to the end of the fiscal year.

Key Features:

- Funds are not available for other uses unless the commitment is removed by the same governing action.
- Typically used for projects, initiatives, or special purposes that the government plans to undertake.

Example:

- A local government passes a resolution to allocate \$500,000 from the general fund for building a new community center. This money is **committed** and cannot be used for any other purpose without another official resolution.

Assigned

Assigned fund balance represents resources intended to be used for specific purposes but are neither restricted nor committed.

These funds can be assigned by the government's highest level of decision-making authority or a designated body/individual.

Key Features:

- Unlike restricted or committed funds, the **assigned fund balance** can be reallocated for other purposes without a formal resolution.
- It is often used for planned expenditures or reserves for future needs.

Example:

- A city assigns \$200,000 from the general fund to cover potential future repairs of city vehicles, but this money can be reassigned by management if the need arises.



Unassigned

Unassigned fund balance is the residual fund balance that is not restricted, committed, or assigned. It is available for future spending or to address unexpected needs.



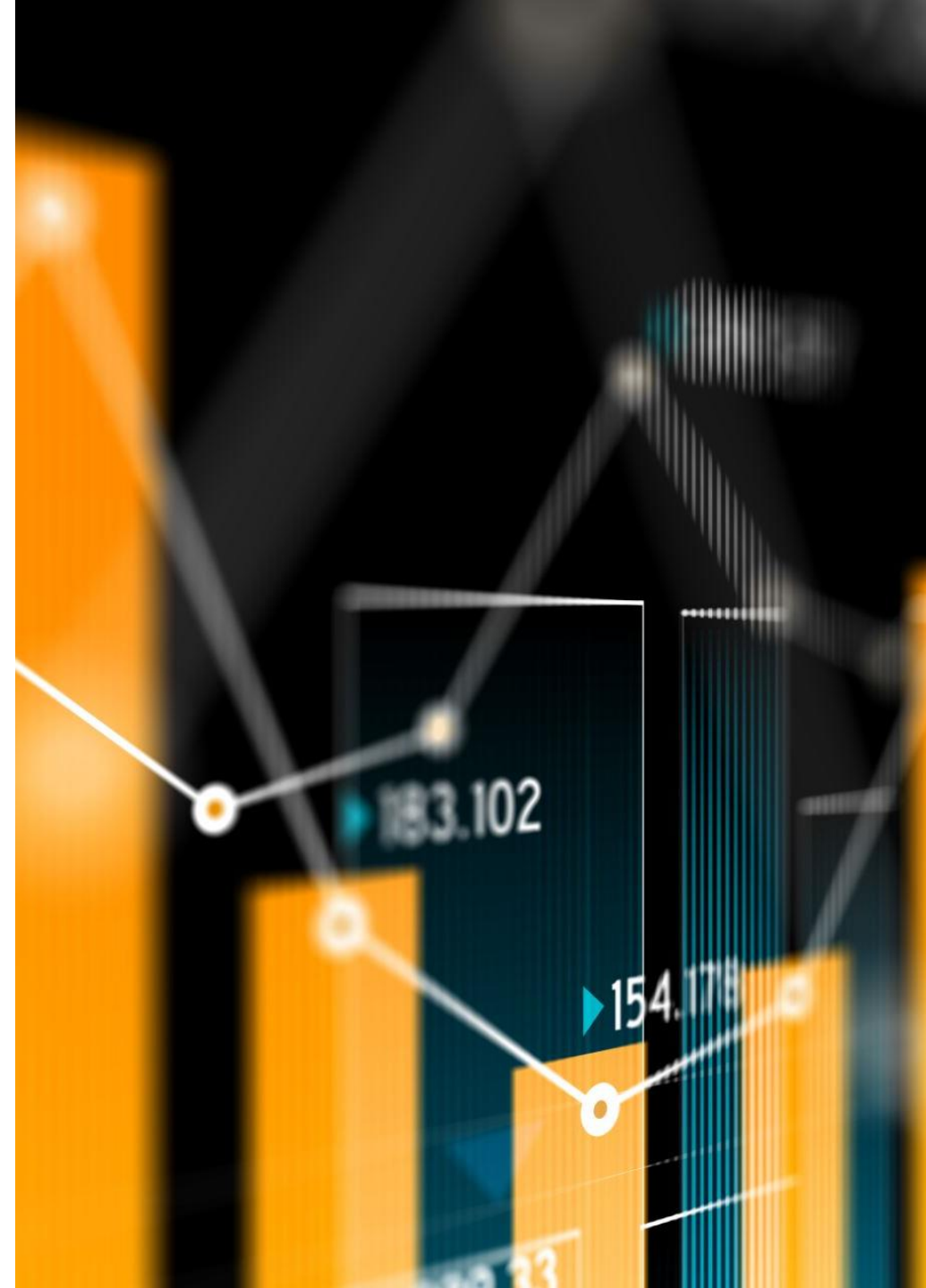
Proprietary Funds - Net Position

Proprietary Funds

Proprietary funds are used to account for business-type activities, such as utilities or airports.

Net Position

The net position for proprietary funds is made up of various subcategories, including net investment in capital assets, restricted, and unrestricted.



Net Investment in Capital Assets

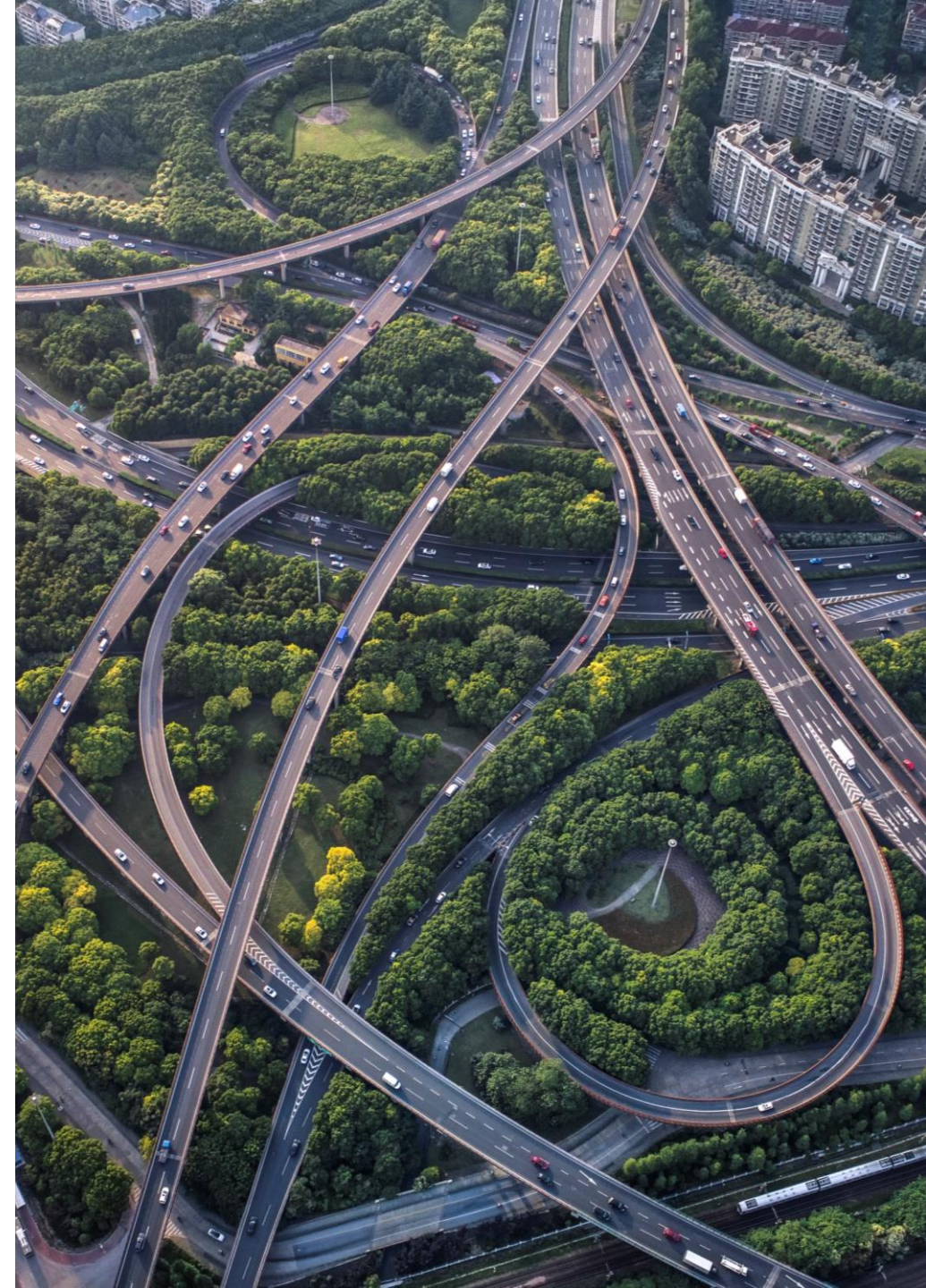
Net investment in capital assets is a measure of the portion of the net position that is invested in capital assets like land, buildings, and equipment.

It is calculated as the capital assets less the related outstanding debt.

- Don't include debt not associated with capital assets
- Do Add back unspent debt proceeds
- Do include Payables for capital assets
Retainage/Construction Payables

GFOA Sample template-

<https://www.gfoa.org/materials/net-investment-calculation-template>



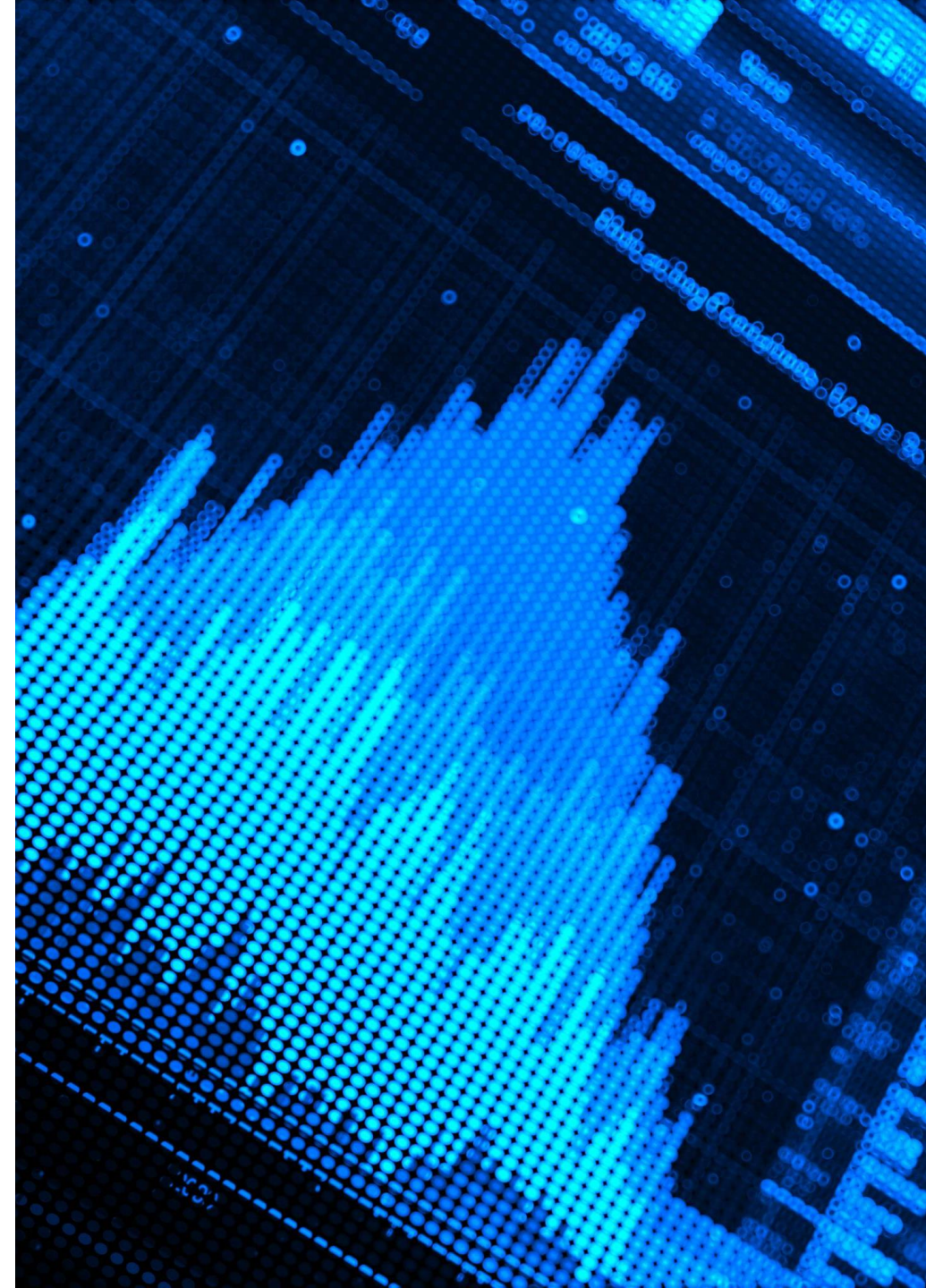
Restricted

Restricted net position represents resources that are subject to external legal restrictions or constraints, such as grant funds or endowments.



Unrestricted

Unrestricted net position is the portion of the net position that is available for future spending or to address unexpected needs. It represents the residual net position that is available for any purpose and is not restricted.



Fiduciary Net Position

The fiduciary fund net position has the same subcategories as proprietary funds: net investment in capital assets, restricted, and unrestricted.





Government Financial Statements

Financial Statements: Government-wide Statements

Key Aspects of Government-Wide Financial Statements

Statement	Focus	Accounting Basis	Components
Net Position	Economic Resources	Accrual	Assets, Liabilities, Net Position
Activities	Economic Resources	Accrual	Revenues, Expenses, Net Position Changes

- Government-Wide Financial Statements
 - Includes the statement of net position and the statement of activities
 - Utilizes economic resources measurement focus and accrual accounting
- Statement of Net Position
 - Displays assets, liabilities, and net position
 - Distinguishes between governmental and business-type activities
- Statement of Activities
 - Shows revenues, expenses, and changes in net position
 - Separates program revenues from general revenues

Government-wide Financial Statements

NAME OF GOVERNMENT
Statement of Net Position
June 30, 2027

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Urban Renewal Agency	Cable Television
ASSETS					
Cash and cash equivalents	\$ 20,231,362	\$ 3,699,844	\$ 23,931,206	\$ 195,647	\$ 462,992
Investments	22,119,677	2,136,642	24,256,319	-	-
Restricted assets-customer deposits	-	30,715	30,715	-	-
Receivables (net of allowance for uncollectibles)	13,015,337	4,203,602	17,218,939	3,000	273,328
Intergovernmental receivable	1,709,483	877,295	2,586,778	-	-
Lease receivable	301,773	-	301,773	-	-
Due from component unit	32,615	-	32,615	-	-
Internal balances	(272,321)	272,321	-	-	-
Inventories	829,294	117,581	946,875	-	-
Prepays	86,551	-	86,551	-	2,266
Capital assets not being depreciated	59,937,290	7,275,183	67,212,473	6,601,630	-
Capital assets, net of accumulated depreciation/ amortization	227,356,743	32,703,094	260,059,837	-	206,426
Total assets	345,347,804	51,316,277	396,664,081	6,800,277	945,012
DEFERRED OUTFLOWS OF RESOURCES					
Pension related	8,176,794	90,303	8,267,097	-	-
OPEB related	2,006,240	8,435	2,014,675	-	-
Deferred charge on refunding	726,762	-	726,762	-	-
Total deferred outflows of resources	10,909,796	98,738	11,008,534	-	-

Statement of Net Position

The Statement of Net Position provides information about the government's assets, liabilities, and net position. It helps in understanding the overall financial position of the government.

Government-wide Financial Statements

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-type Activities	Total	Urban Renewal Agency
Primary government:								
Governmental activities:								
General government	\$ 32,213,528	\$ 7,676,610	\$ -	\$ 241,967	\$ (24,294,951)	\$ -	\$ (24,294,951)	\$ -
Public safety	59,832,918	14,620,151	5,306,533	130,171	(39,776,063)	-	(39,776,063)	-
Highways and streets	34,754,879	9,301,285	874,480	2,482,464	(22,096,650)	-	(22,096,650)	-
Sanitation	10,909,333	2,682,219	-	-	(8,227,114)	-	(8,227,114)	-
Culture and recreation	23,899,850	3,824,583	6,882,336	94,094	(13,098,837)	-	(13,098,837)	-
Interest	3,243,771	-	-	-	(3,243,771)	-	(3,243,771)	-
Total governmental activities	164,854,279	38,104,848	13,063,349	2,948,696	(110,737,386)	-	(110,737,386)	-
Business-type activities:								
Water	8,357,103	9,454,008	10,967	3,615	-	1,111,487	1,111,487	-
Transit	5,974,954	930,131	390,474	1,174,511	-	(3,479,838)	(3,479,838)	-
Total business-type activities	14,332,057	10,384,139	401,441	1,178,126	-	(2,368,351)	(2,368,351)	-
Total primary government	\$ 179,186,336	\$ 48,488,987	\$ 13,464,790	\$ 4,126,822	(110,737,386)	(2,368,351)	(113,105,737)	-
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					3,926,230	287,010	4,213,240	10,717
Payments in lieu of taxes					2,345,545	-	2,345,545	-
Gain on sale of capital assets					22,276	-	22,276	-
Miscellaneous					2,950,957	-	2,950,957	8,810
Transfers					(3,728,209)	3,728,209	-	-
Total general revenues and transfers					98,237,584	4,015,219	102,252,803	85,760
Change in net position					(12,499,802)	1,646,868	(10,852,934)	(653,867)
Net position - beginning					158,019,167	32,482,672	190,501,839	3,399,510
Net position - ending					\$ 145,519,365	\$ 34,129,540	\$ 179,648,905	\$ 2,745,643

Statement of Activities

The Statement of Activities provides information about the government's revenues, expenses, gains, and losses. It helps in understanding the overall financial performance of the government



Financial Statements: Governmental Fund Statements

- Balance Sheet
 - Provides a snapshot of financial position
- Statement of Revenues, Expenditures, and Changes in Fund Balances
 - Details financial performance over a period
- Reconciliation to Government-Wide Statements
 - Aligns fund statements with government-wide financials

Governmental Fund Financials – Balance Sheet

APPENDIX D • ILLUSTRATIVE ACFR

	NAME OF GOVERNMENT				
	Balance Sheet				
Governmental Funds					
June 30, 2027					
	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 8,132,952	\$ 1,090,139	\$ 842,804	\$ 4,281,747	\$ 14,347,642
Investments	14,989,065	4,980,521	1,000,000	538,805	21,508,391
Receivables (net of allowance for uncollectibles)	6,067,247	-	4,309,618	2,502,201	12,879,066
Intergovernmental receivable	513,579	507,459	-	688,445	1,709,483
Lease receivable	301,773	-	-	-	301,773
Due from other funds	145,000	335,000	-	-	480,000
Due from component unit	32,615	-	-	-	32,615
Inventories	806,623	-	-	-	806,623
Prepaid items	48,114	-	-	614	48,728
Advances to other funds	290,148	-	-	-	290,148
Total assets	<u>\$ 31,327,116</u>	<u>\$ 6,913,119</u>	<u>\$ 6,152,422</u>	<u>\$ 8,011,812</u>	<u>\$ 52,404,469</u>
LIABILITIES					
Accounts payable	3,670,348	-	-	594,466	4,264,814
Contracts payable	-	1,129,196	-	-	1,129,196
Retainage payable	-	1,070,044	-	-	1,070,044
Accrued liabilities	2,504,060	-	-	431,957	2,936,017
Deposits payable	-	-	-	18,367	18,367
Due to other funds	335,000	-	-	157,000	492,000
Advances from other funds	-	-	-	290,148	290,148
Bond anticipation notes payable	-	6,905,200	-	-	6,905,200
Unearned revenue-other	2,089,936	-	-	227,585	2,317,521
Total liabilities	<u>8,599,344</u>	<u>9,104,440</u>	<u>-</u>	<u>1,719,523</u>	<u>19,423,307</u>

Governmental Fund Financials – Balance Sheet

DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	617,585	-	26,429	-	644,014
Unavailable revenue-special assessments	-	-	4,230,000	-	4,230,000
Lease related	303,578	-	-	-	303,578
Total deferred inflows of resources	<u>921,163</u>	<u>-</u>	<u>4,256,429</u>	<u>-</u>	<u>5,177,592</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Endowment	-	-	-	10,000	10,000
Inventories	806,623	-	-	-	806,623
Prepaid items	48,114	-	-	614	48,728
Long-term interfund advances	290,148	-	-	-	290,148
Restricted:					
Special assessment project	-	875,000	-	-	875,000
Public service vehicles	1,500,000	-	-	-	1,500,000
Library purposes	-	-	-	52,276	52,276
Housing services	-	-	-	625,881	625,881
Community redevelopment	-	-	-	4,514,328	4,514,328
Law enforcement	-	-	-	376,200	376,200
Youth programs	-	-	-	1,297	1,297
Nonrecurring repairs and other parking improvements	-	-	-	338,917	338,917
General obligation debt	-	-	391,993	-	391,993
Special assessment debt	-	-	1,504,000	-	1,504,000
Committed:					
Special assessment project	-	1,200,000	-	-	1,200,000
Revenue stabilization reserve	407,377	-	-	-	407,377
Open space	-	-	-	372,776	372,776
Assigned:					
Purchases on order	592,659	-	-	-	592,659
Subsequent year's budget: appropriation of fund balance	2,215,728	-	-	-	2,215,728
Unassigned (deficits)	<u>15,945,960</u>	<u>(4,266,321)</u>	<u>-</u>	<u>-</u>	<u>11,679,639</u>
Total fund balances (deficits)	<u>21,806,609</u>	<u>(2,191,321)</u>	<u>1,895,993</u>	<u>6,292,289</u>	<u>27,803,570</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 31,327,116</u>	<u>\$ 6,913,119</u>	<u>\$ 6,152,422</u>	<u>\$ 8,011,812</u>	<u>\$ 52,404,469</u>

Gov Funds – Statement of Rev, Exp, and Chg in Fund Balance

APPENDIX D • ILLUSTRATIVE ACFR

NAME OF GOVERNMENT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2027

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 31,331,083	\$ -	\$ 7,935,396	\$ 5,539,162	\$ 44,805,641
Sales taxes	44,368,865	-	-	-	44,368,865
Franchise taxes	1,537,833	-	-	-	1,537,833
Licenses and permits	2,649,889	-	-	-	2,649,889
Intergovernmental	9,705,931	874,480	-	7,185,616	17,766,027
Charges for services	19,107,871	-	-	-	19,107,871
Fines and forfeitures	6,670,562	-	-	-	6,670,562
Investment earnings	3,352,747	201,620	241,967	38,681	3,835,015
Fees	-	-	-	4,976,526	4,976,526
Special assessments	-	-	470,000	-	470,000
Payments in lieu of taxes	2,345,545	-	-	-	2,345,545
Miscellaneous	2,299,163	-	-	329,712	2,628,875
Total revenues	123,369,489	1,076,100	8,647,363	18,069,697	151,162,649
EXPENDITURES					
Current:					
General government	29,778,662	-	-	-	29,778,662
Public Safety	56,335,850	-	-	390,828	56,726,678
Highways and streets	23,233,034	-	-	4,238,979	27,472,013
Sanitation	8,140,187	-	-	-	8,140,187
Culture and recreation	9,646,488	-	-	13,295,900	22,942,388
Debt service:					
Principal	-	-	5,226,247	-	5,226,247
Interest	-	-	3,247,843	-	3,247,843
Issuance costs	15,254	150,000	122,710	-	287,964
Capital outlay:					
General government	-	462,180	-	-	462,180
Public Safety	-	1,465,901	-	-	1,465,901
Highways and streets	-	9,574,399	-	-	9,574,399
Sanitation	-	1,696,099	-	-	1,696,099
Culture and recreation	-	1,443,330	-	-	1,443,330
Total expenditures	127,149,475	14,791,909	8,596,800	17,925,707	168,463,891
Excess (deficiency) of revenues over expenditures	(3,779,986)	(13,715,809)	50,563	143,990	(17,301,242)

Gov Funds – Statement of Rev, Exp, and Chg in Fund Balance

OTHER FINANCING SOURCES (USES)

Transfers in	20,944	1,981,625	1,226,340	252,695	3,481,604
Transfers out	(5,089,824)	(1,214,133)	(621,625)	(284,231)	(7,209,813)
Notes issued	2,000,000	-	-	-	2,000,000
Refunding bonds issued	-	-	5,810,000	-	5,810,000
Premium on refunding bonds issued	-	-	249,914	-	249,914
Special assessment bonds issued	-	4,700,000	-	-	4,700,000
Discount on special assessment bonds issued	-	(10,000)	-	-	(10,000)
Payment to refunded bond escrow agent	-	-	(5,937,204)	-	(5,937,204)
Leases (as lessee)	57,517	-	-	-	57,517
Sale of general capital assets	31,450	-	-	-	31,450
Insurance recoveries	194,082	-	-	-	194,082
Total other financing sources (uses)	<u>(2,785,831)</u>	<u>5,457,492</u>	<u>727,425</u>	<u>(31,536)</u>	<u>3,367,550</u>
Net change in fund balances	(6,565,817)	(8,258,317)	777,988	112,454	(13,933,692)
Fund balances-beginning	<u>28,372,426</u>	<u>6,066,996</u>	<u>1,118,005</u>	<u>6,179,835</u>	<u>41,737,262</u>
Fund balances (deficit)-ending	<u>\$ 21,806,609</u>	<u>\$ (2,191,321)</u>	<u>\$ 1,895,993</u>	<u>\$ 6,292,289</u>	<u>\$ 27,803,570</u>

The notes to financial statements are an integral part of this statement.

Financial Statements: Proprietary Fund Statements

- Statement of Net Position
 - Provides a snapshot of financial health at a specific point in time
 - Includes assets, liabilities, and net position
- Statement of Revenues, Expenses, and Changes in Fund Net Position
 - Shows financial performance over a period
 - Details income, expenses, and changes in net worth
- Statement of Cash Flows
 - Tracks the inflow and outflow of cash
 - Highlights operational, investing, and financing activities



Financial Statements: Fiduciary Fund Statements

- Key Fiduciary Fund Statements
 - Statement of Fiduciary Net Position
 - Statement of Changes in Fiduciary Net Position

Fiduciary Funds – Statement of Net Position

NAME OF GOVERNMENT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2027

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Fund	Private-purpose Trust Fund	Custodial Funds	
				Bania Fund	External Investment Pool Fund
ASSETS					
Cash and cash equivalents	\$ 1,949,318	\$ 17,635,601	\$ 2,750	\$ 229,936	\$ 562,541
Investments:					
U.S. government and agency obligations	3,822,318	145,408,222	-	-	1,879,252
State and local obligations	424,354	-	-	-	356,444
Corporate bonds	2,654,365	-	-	-	-
Mutual funds	14,387,892	8,999,552	-	-	-
Certificates of deposit	-	1,000,000	66,379	-	-
Receivables	94,124	226,545	921	-	-
Total assets	<u>23,332,371</u>	<u>173,269,920</u>	<u>70,050</u>	<u>229,936</u>	<u>2,798,237</u>
LIABILITIES					
Accounts payable	11,683	30,450	-	-	5,688
Claims payable	74,121	-	-	-	-
Refunds payable	1,000	-	-	-	-
Due to local governments	-	-	-	138,183	-
Total liabilities	<u>86,804</u>	<u>30,450</u>	<u>-</u>	<u>138,183</u>	<u>5,688</u>
NET POSITION					
Restricted for:					
Pensions	21,948,529	-	-	-	-
Postemployment benefits other than pensions	1,297,038	-	-	-	-
Pool participants	-	173,239,470	-	-	-
Individuals and organizations	-	-	70,050	91,753	-
Other governments	-	-	-	-	2,792,549
Total net position	<u>\$ 23,245,567</u>	<u>\$ 173,239,470</u>	<u>\$ 70,050</u>	<u>\$ 91,753</u>	<u>\$ 2,792,549</u>

Fiduciary Funds – Statement of Changes

NAME OF GOVERNMENT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2027

	Pension (and Other Employee Benefit)			Custodial Funds	
	Trust Funds	Investment Trust Fund	Private-purpose Trust Fund	Bania Fund	External Investment Pool Fund
ADDITIONS					
Contributions:					
Employer	\$ 2,694,121	\$ -	\$ -	\$ -	\$ -
Plan members	712,009	-	-	-	-
Private contributions	-	-	53,085	3,422,212	-
Total contributions	<u>3,406,130</u>	<u>-</u>	<u>53,085</u>	<u>3,422,212</u>	<u>-</u>
Investment earnings:					
Interest	434,402	2,074,433	3,663	7,224	532,125
Dividends	15,101	16,258	-	-	-
Net increase in the fair value of investments	2,600,278	1,102,404	83	-	231,223
Total investment earnings	<u>3,049,781</u>	<u>3,193,095</u>	<u>3,746</u>	<u>7,224</u>	<u>763,348</u>
Less investment expense	59,937	218,601	-	-	-
Net investment earnings	<u>2,989,844</u>	<u>2,974,494</u>	<u>3,746</u>	<u>7,224</u>	<u>763,348</u>
Total additions	<u>6,395,974</u>	<u>2,974,494</u>	<u>56,831</u>	<u>3,429,436</u>	<u>763,348</u>
DEDUCTIONS					
Benefits	3,082,382	-	-	-	-
Refunds of contributions	9,254	-	-	-	-
Administrative expenses	6,577	15,950	-	-	5,523
Purchases by inmates	-	-	42,810	-	-
Distributions to shareholders	-	149,741	-	-	-
Recipient payments	-	-	-	3,553,958	-
Total deductions	<u>3,098,213</u>	<u>165,691</u>	<u>42,810</u>	<u>3,553,958</u>	<u>5,523</u>
Net increase (decrease) in fiduciary net position	3,297,761	2,808,803	14,021	(124,522)	757,825
Net position - beginning	19,947,806	170,430,667	56,029	216,275	2,034,724
Net position - ending	<u>\$ 23,245,567</u>	<u>\$ 173,239,470</u>	<u>\$ 70,050</u>	<u>\$ 91,753</u>	<u>\$ 2,792,549</u>

Measurement Focus and Accounting Basis

The image shows a close-up, angled view of a financial spreadsheet or ledger. The cells contain various numerical values, including 9.80, 527.00, 589.10, 541.44, 638.20, 742.70, 733.90, 910.20, 123.45, 150.23, 9,891.16, 19,788.50, 7,937.29, 8,341.68, 8,985.28, 9,642.52, 7,924.81, 8,052.76, 6,132.66, 20,327.80, 1,847.41, 4,916.90, 4,899.28, 5,486.76, 5,563.20, 6,201.12, 4,706.20, 7,037.00, and 4,000.00. The text is slightly blurred and the overall color scheme is a monochromatic blue.

Measurement Focus and Accounting Basis

Measurement focus indicates the type of resources being measured such as current financial resources or economic resources

The **basis of accounting** indicates the timing of recognition in the financial statements of various kinds of transactions or events.



Measurement Focus and Accounting Basis

COMPARISON OF MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Type of Fund	Measurement Focus	Basis of Accounting
Governmental Funds	Current Financial Resources	Modified Accrual
Proprietary Funds	Economic Resources	Accrual

- Accounting Characteristics
 - Measurement focus and basis of accounting vary by fund category
- Governmental Funds
 - Use current financial resources measurement focus
 - Adopt modified accrual basis of accounting
- Proprietary Funds
 - Use economic resources measurement focus
 - Adopt accrual basis of accounting
- Measurement Focus
 - Determines reported assets, liabilities, revenues, and expenses

Modified Accrual Accounting

Revenue Recognition

.

Expenditures Timing

Under modified accrual accounting, expenditures are recognized in the period in which they are incurred, except for certain long-term assets. Capital assets are recorded as expenditures in the period in which they are acquired, while debt service expenditures are recognized when due.



Recognition of Revenues

Modified Accrual Method:

- Under the modified accrual method, revenues are recognized when they are both measurable and available.
 - **Measurable** means the amount can be reasonably estimated.
 - **Available** generally means collectible within the current period or soon enough thereafter (usually 60 days after year-end) to be used to pay current liabilities.
- Revenues are typically recorded when cash is received or when they are expected to be received soon after the fiscal year.
- **Example-** Annual State Funding are recognized as revenue when they are expected to be collected within 60 days of year-end.

Recognition of Revenues



Full Accrual Method:

- Revenue is recognized when it's earned, regardless of when cash is received. Full accrual accounting focuses on long-term financial activities, and recognizes expenses when they're incurred.

Example:

- In a utility fund, revenue is recognized when the utility service is provided, even if the cash is collected later.

Timing of Expenditures

Modified Accrual Method

Expenditures are recognized when the fund liability is incurred, measurable, and expected to be paid within a fiscal period. However, there are some exceptions, such as unmatured principal and interest on long-term debt, which are recorded when due.

Full Accrual Method

Under the full accrual method, expenditures are recognized when they are incurred. Timing of expenditures is regardless of when they are paid. Full accrual accounting applies the matching principle, which matches expenses with the revenues they generate.



Asset and Liability Recognition

Full Accrual Method

Under the full accrual method, assets and liabilities are recognized when they are incurred. This means that the full accrual method includes long-term liabilities such as debt, notes, pension, OPEB and compensated absences.

Modified Accrual Method

In contrast to full accrual method, under the modified accrual method, only recognizes the current portion of long-term liabilities as it matures and becomes due. It can be reported to the extent of liquidation with available financial resources that are expendable.



Current Financial Resources Measurement Focus

Inflows and Outflows of Resources

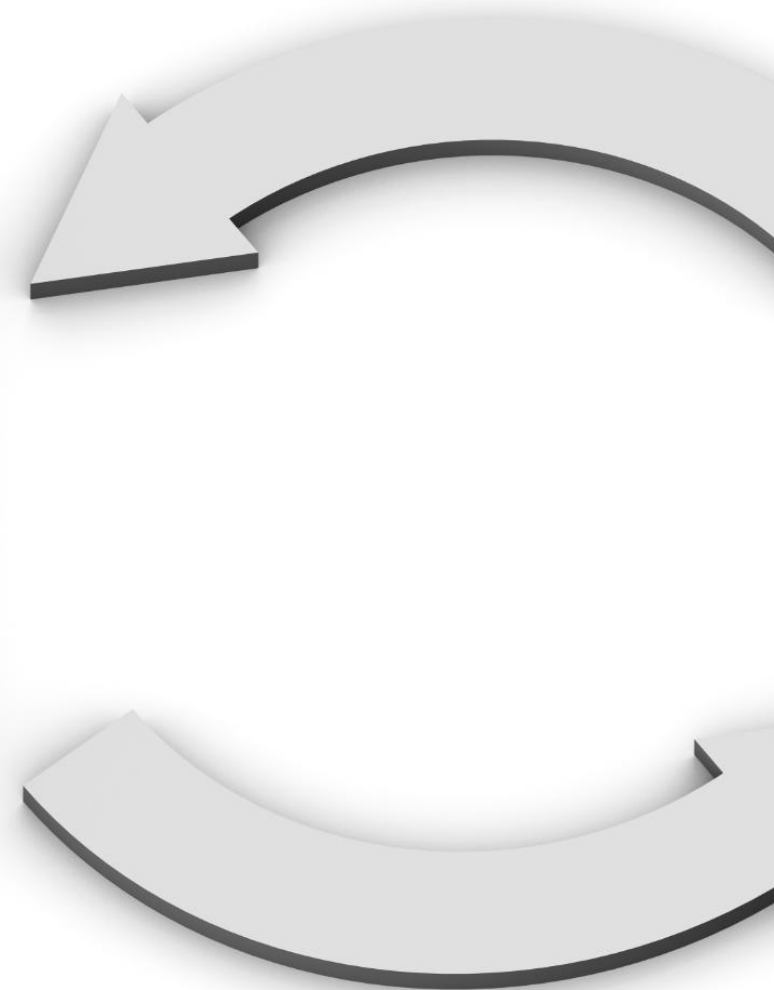
The current financial resources measurement focus measures the inflows and outflows of resources available to the government within the current fiscal period.

Availability of Cash, Investments and Other Financial Resources

The current financial resources measurement focus is concerned with the availability of cash, investments, and other financial resources that are necessary to finance current expenditures.

Ability to Pay Bills

The objective of the current financial resources measurement focus is to provide information about the government's ability to pay its bills as they come due.



Economic Resources Measurement Focus

The economic resources measurement focus measures the availability of economic resources to the government, providing information about its long-term financial position. These resources include fixed assets, long-term investments, and other assets with long-term impacts on the government's financial position.



Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Position

Capital Assets, net accumulated Depreciation

DIR/DOR for Pension and OPEB

Long-term Liabilities

- Bonds, Notes, Lease Payables
- Accrued Interest on LTD
- Net Pension Liabilities
- OPEB Liability

NAME OF GOVERNMENT
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2027

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 27,803,570
Capital assets of \$514,015,839, net of accumulated depreciation of \$229,625,832, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	284,390,007
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension related	8,086,493
Deferred outflows - OPEB related	1,997,805
Deferred inflows - pension related	(1,744,054)
Deferred inflows - OPEB related	<u>(7,278,225)</u>
Total deferred outflows and inflows related to postemployment benefits	1,062,019
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds.	4,874,014
Internal service funds are used by management to charge the cost of fleet management and risk management to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.	3,510,172

Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.

General obligation bonds payable	(72,352,863)	
Notes payable	(2,000,000)	
Special assessment bonds payable	(4,700,000)	
Compensated absences	(5,244,411)	
Pension related debt	(4,739,557)	
Leases payable	(49,587)	
Accrued interest payable on long-term debt	(716,657)	
Net OPEB liability	(38,264,824)	
Net pension liability	<u>(48,118,265)</u>	
Total long-term liabilities		(176,186,164)

Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Deferred amount on refunding	726,762	
Premium on general obligation bonds	(670,015)	
Discount on special assessment bonds	<u>9,000</u>	
Total premiums, discounts and deferred items		<u>65,747</u>

Net position of governmental activities	<u>\$ 145,519,365</u>
---	-----------------------

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

- Capital outlays as expenditures
- Revenues that did not provide current financial resources
- Donated Capital Assets and Gains/Loss on capital assets
- Debt Proceeds, Repayment on Debt other debt related items
- Changes in NPL and OPEB Liabilities
- Compensated Absences

NAME OF GOVERNMENT
**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2027**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ (13,933,692)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. 3,144,577

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Earned but unavailable taxes and special assessment revenues	4,544,820	
Property taxes	(60,356)	
Interest	<u>(48,315)</u>	
		4,436,149

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.

Donation of capital assets	128,000	
Gain on sale of assets	<u>(9,174)</u>	
		118,826

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Issuance of special assessment debt	(4,700,000)	
Issuance of refunding bonds	(5,810,000)	
Payment to escrow agent	5,937,204	
Note issued	(2,000,000)	
Lease issued	(57,517)	
Premium	(249,914)	
Discounts	10,000	
Principal paid on pension related debt	697,896	
Principal paid on bonds	<u>5,226,247</u>	
		(946,084)

The internal service funds are used by management to charge the costs of fleet management and risk management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. (244,887)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest on long-term debt	13,816	
Amortization of bond premiums and discounts and deferred amounts of refunding	82,226	
Amortization of deferred amounts of refunding	(91,970)	
Compensated absences	(380,337)	
Changes in pension liabilities and related deferred outflows and inflows of resources	(1,950,196)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>(2,748,230)</u>	
		(5,074,691)

Change in net position of governmental activities \$ (12,499,802)

Budgets and Budgetary Control



125,058	154,568	95,054	124,500
125,487	56,845	97,511	125,000
124,000	110,000	99,011	154,000
1450	150,000	99,216	95,000
	35,000	101,090	154,200
		101,684	110,000
		101,962	89,000
			50,000
			10,700

Budgetary Integration and Control

Budget as a Planning and Control Tool

- Integrates budget with accounting system for financial management
- Facilitates planning, controlling, and evaluating government activities

Budget: A Legal Financial Framework

- Authorizes expenditure and revenue collection for a set period

Variance Reporting for Accountability

- Compares actual financial operations with budgeted figures
- Highlights discrepancies for corrective action

Understanding Government Budgets

- A budget is a financial plan outlining expected revenues and expenditures.
- Government budgets are used to manage public resources and services.
- Budgets ensure accountability and transparency in the use of public funds.
- They help prioritize spending on essential services and projects.
- Budgetary control helps prevent overspending and financial mismanagement.



Budget Violations and Budget to Actual Statement

Budget to Actual Comparison

Budgetary Category	Original Budget	Final Amended Budget	Actual Amounts	Variance
Example Category	\$X	\$Y	\$Z	\$V
Example Category	\$X	\$Y	\$Z	\$V
Example Category	\$X	\$Y	\$Z	\$V

- Legal Budgetary Control
 - Expenditures must not exceed appropriations at the fund, function, or department level.
 - Violations occur when actual spending surpasses the authorized budget.
- Budgetary Comparison Statements
 - Report original and final budgets, actuals, and variances.
 - Essential for evaluating financial performance and compliance.
- Consequences of Budget Violations
 - Can affect financial condition, reputation, and credit rating.
 - Requires reporting and explanation
- Amendments and Approvals
 - Budget amendments reflect changes and require official approval.

Sample Entry- Debt Issuance

	Fund Level Modified Accrual		Entity-Wide Conversion		Entity Wide/Proprietary Full Accrual	
	Debit	Credit	Debit	Credit	Debit	Credit
Cash	99,500	-	-	-	99,500	-
Expenditure- Debt Issuance Cost	500	-	-	-	500	-
Other Financing Sources - Proceeds	-	100,000	100,000	-	-	-
Long-term Debt	-	-	-	100,000	-	100,000

Sample Entry- Debt Payment

	Fund Level Modified Accrual		Entity-Wide Conversion		Entity Wide/Proprietary Full Accrual	
Exp- Debt Service Principal	950	-	-	950	-	-
Exp- Debt Service Interest	50	-	-	-	50	-
Cash/AP	-	1,000	-	-	-	1,000
Long-term Debt	-	-	950	-	950	-

Sample Entry- Capital Asset Purchase

	Fund Level Modified Accrual		Entity-Wide Conversion		Entity Wide/Proprietary Full Accrual	
Exp- Capital Outlay	5,000	-	-	5,000	-	-
Cash/AP	-	5,000	-	-	-	5,000
Property, Plant and Equipment	-	-	5,000	-	5,000	-
Depreciation	-	-	500	-	500	-
Accum Depreciation	-	-	-	500	-	500

Sample Entry- Unavailable Revenue

	Fund Level Modified Accrual		Entity-Wide Conversion		Entity Wide/Proprietary Full Accrual	
	Debit	Credit	Debit	Credit	Debit	Credit
Accounts Receivable	1,000	-	-	-	1,000	-
DIR- Unavailable Revenue	-	1,000	1,000	-	-	-
Revenue	-	-	-	1,000	-	1,000

Valuable Resources



- Uniform Accounting System Manual- For Florida Local Governments
 - <https://myfloridacfo.com/docs-sf/accounting-and-auditing-libraries/localgov/2022-2023-uas-manual.pdf>
- Governmental Accounting Standards Board Website- **Pronouncements**
 - <https://gasb.org/standards-and-guidance/pronouncements>
- Governmental Accounting, Auditing, and Financial Reporting Appendix D: Illustrative Annual Comprehensive Financial Report- **Sample ACFR**
 - <https://www.gfoa.org/materials/gaafr-appendix-d>

Thank you

Kevin R. Smith, CPA

Audit Director

krsmith@purvisgray.com

Office: 352.378.2461

Matthew B. Ganoë, CPA

Audit Director

mganoë@purvisgray.com

Office: 352.732.3872

