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# RETRO GASB WEBINAR SERIES

*Revisiting the Standards That Shaped Government Financial Reporting*

THURSDAY

## AUGUST 20

10:00 AM PST

## GASB 34

**PAST GUIDANCE.**
Learn from where it all started.

**PRESENT IMPACT.**
See how legacy standards still shape today.

**EARN 1 CPE CREDIT!**

# Disclaimer

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# Your Presenter

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# Retro Series Background

GASB standards don't exist in a vacuum — today's updates are built on years of prior guidance, evolving expectations, and lessons learned across the public sector.

As new standards reshape financial reporting, many finance teams must adapt quickly — often without the full context of how we got here.

This Retro GASB Series steps back to connect the dots — revisiting the key legacy standards that still influence today's reporting requirements.

Portions of Statement 34 is no longer applicable (superseded by subsequent statements). This session focuses on the relevant aspects and flags what's been superseded.

# Agenda

1. GASB 34 Background and Objectives
2. External Financial Reporting Model
3. Management's Discussion & Analysis (MD&A)
4. Basic Financial Statements — Fund & Gov-Wide
5. Notes to the Financial Statements
6. Required Supplementary Information (RSI)
7. Lessons Learned and Best Practices

# POLLING QUESTION #1

How does executive management and governance at your government perceive the external/audited financial statements?

A. Providing essential and valuable information
B. Just another compliance requirement to get through
C. Not important; only the budget matters
D. Both B and C

# GASB 34 Background and Objectives

# Background and Objectives

*Issued June 1999 after ~15 years of research and due process*

- Purpose — make annual reports more comprehensive, understandable, and useful, so users can assess both short-term compliance and long-term sustainability.
- Built on GASB Concepts Statement No. 1 — accountability is the paramount objective.
  - The citizenry has a “right to know.”
- Introduced interperiod equity — are current-year revenues sufficient to pay for current-year services?
- Replaced a fund-only model with a dual-perspective model.

> Because governments lack a single bottom-line measure such as net income, users must assess performance through a variety of measures — which is precisely why governmental reporting differs from business reporting.

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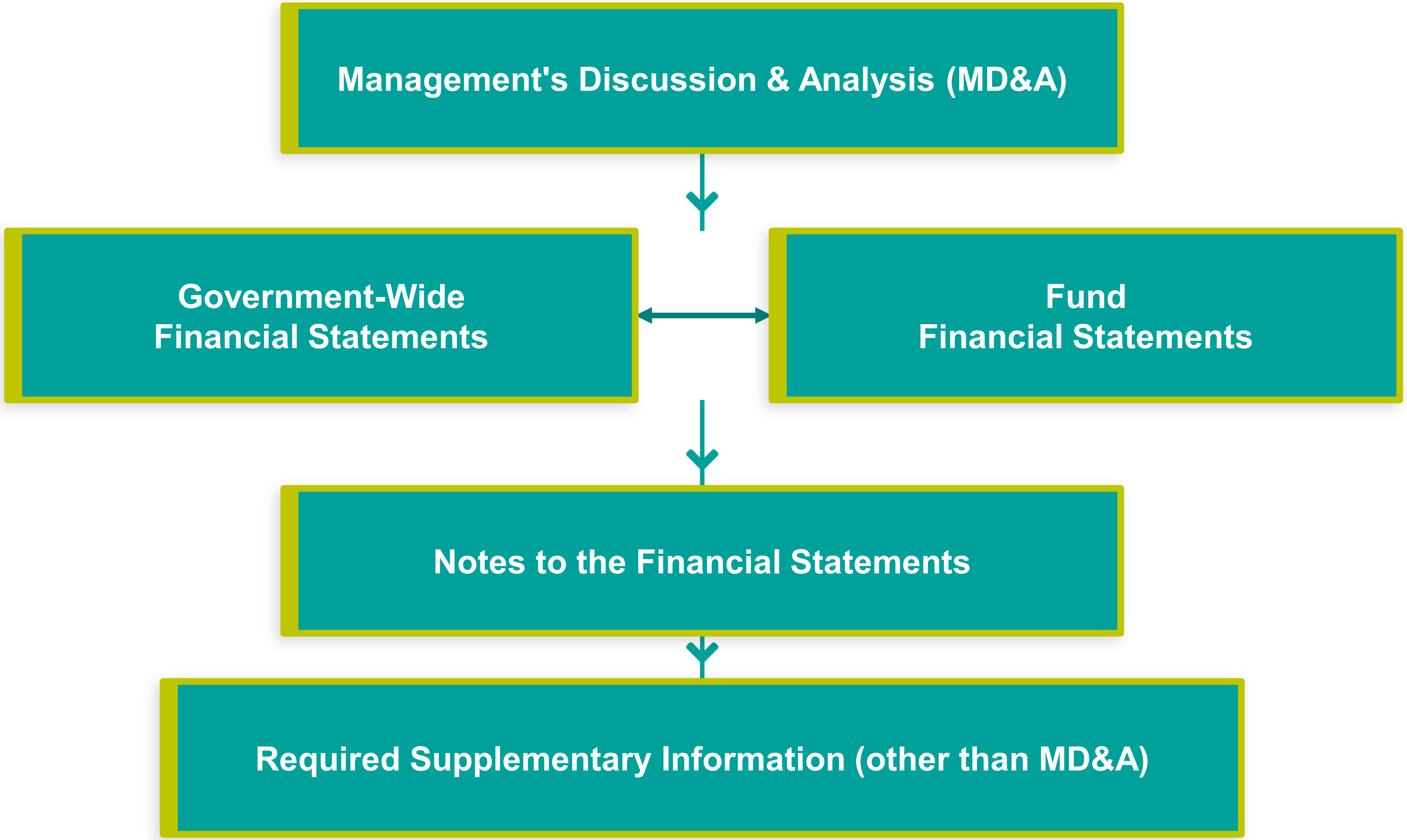
# Background and Objectives: What Changed?

| BEFORE — Fund-only model | AFTER — Dual-perspective model |
|---|---|
| • Governmental activities: modified accrual only<br>• Capital assets & long-term debt in "account groups"<br>• Infrastructure largely unreported<br>• No required narrative (no MD&A) | • Required MD&A precedes the financial statements<br>• Adds a government-wide, full-accrual basis<br>• Capital assets, infrastructure & LT debt on the financial statements<br>• "Major fund" reporting<br>• Reconciliation to the government-wide statements |

# External Financial Reporting Model

# External Financial Reporting Model

*The minimum external financial reporting model established by GASB 34*



# Management's Discussion & Analysis (MD&A)

- Opportunity for financial managers to speak to the users of the financial statements.
- Required Supplementary Information that precedes the basic financial statements.
- Objective, easily readable analysis — written for non-experts.
- Must explain WHY balances and results changed, not just restate the amounts.
- Condensed comparative data; capital asset & debt activity; and known facts/decisions ahead.

**Superseded by GASB 103**

GASB 103 supersedes the MD&A requirements in GASB 34.
Budgetary analysis and modified infrastructure discussions were removed from MD&A.

# POLLING QUESTION #2

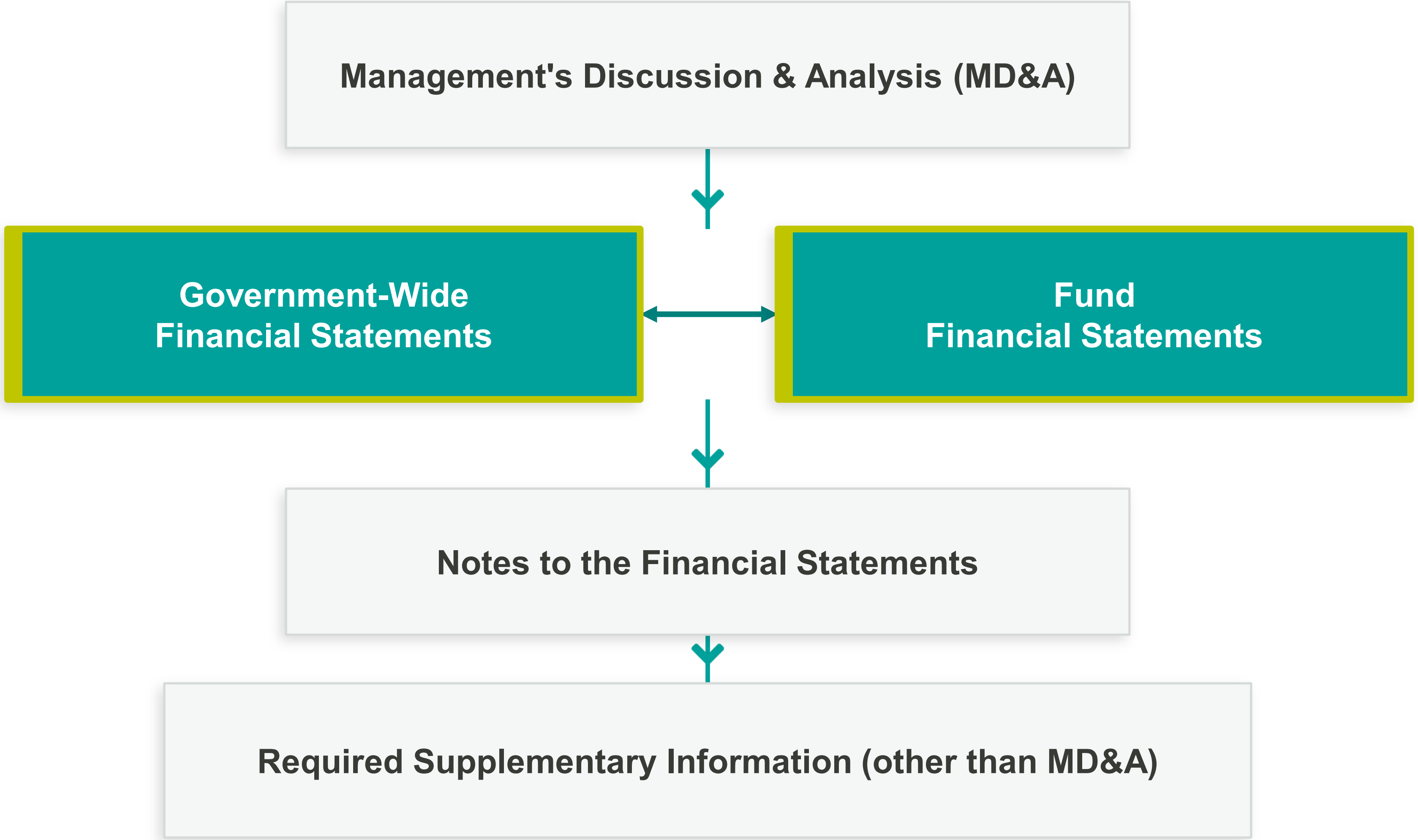
Which of the following best describes your governing body's understanding of the unique/technical aspects of governmental accounting?

A. Expert
B. Advanced
C. Intermediate
D. Little to none

# Basic Financial Statements

# Basic Financial Statements

*GASB 34 introduces a dual reporting approach — government-wide and fund*



# Basic Financial Statements

*GASB 34 introduces a dual reporting approach*

### Fund Level

**Separate** fund financial statements for **each** fund category

### Government-Wide

Reports the government **as a whole**, full-accrual basis

**Fund categories**

- Governmental
- Proprietary
- Fiduciary

# Fund Level Financials: Major Funds

- Major fund focus for Governmental and Enterprise funds.
- Major funds are determined on quantitative and/or qualitative factors.
- Major funds are presented separately on the fund financial statements.
- **The General fund is always major.**
- Nonmajor funds are aggregated and presented as a single column.

**FS Presentation**

**General Fund**
Always major

**Major Funds**
Separate columns

**Nonmajor Funds**
Aggregated — single column

# Fund Level Financials: Major Funds

*Quantitative calculation of major funds*

**10%** of the corresponding element* total for all funds of that category or type (total governmental OR total enterprise funds)…

**AND**

**5%** the same element* is at least 5% of the corresponding element total for all governmental AND enterprise funds combined.

****Element* = total assets + deferred outflows, total liabilities + deferred inflows, revenues, **or** expenditures/expenses of an individual fund.*

- Officials may also report any other fund as major based on qualitative characteristics — even if it doesn't meet the calculation.
- The inverse is NOT allowed: a fund meeting the calculation cannot be suppressed into the nonmajor aggregate.
- Consider GASB 100 when electing to present funds as major.

# Fund Level Financials: Governmental

**FOCUS**

Current financial resources

**BASIS**

Modified accrual

**EMPHASIS**

Near-term results & budgetary compliance

**STATEMENTS**

Balance sheet;
Statement of revenues, expenditures & changes in fund balance

**Fund types**

- **General** — Always major
- **Special Revenue**
- **Capital Projects**
- **Debt Service**
- **Permanent**

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# Fund Level Financials: Governmental

*Balance sheet & Statement of revenues, expenditures and changes in fund balance*

| Balance Sheet | Revenues, Expenditures & Changes in FB |
|---|---|
| • No capital assets or long-term liabilities reported<br>• Five classifications of fund balance<br>• Reconciliation to government-wide statements (see gov-wide section) | • Revenues presented by major revenue source.<br>• Expenditures reported by function.<br>• Other financing sources (uses):<br>  • transfers in/out;<br>  • debt issuances incl. premiums/discounts;<br>  • proceeds from sale of capital assets;<br>  • leases & SBITAs |

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# Fund Level Financials: Governmental

## KPIs

- General fund reserves ratio
    - Unrestricted fund balance / Total GF expenditures and transfers
    - Unrestricted fund balance = committed + assigned + unassigned
- General fund liquidity ratio
    - Cash and investment / GF liabilities
- Revenues sufficient to cover expenditures

Governmental Funds
Balance Sheet
June 30, 2027

| | General | Community Development Block Grant | Capital Projects | Debt Service | Total Nonmajor Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Cash | $ 8,181,444 | $ 2,270,694 | $ 1,089,244 | $ 708,788 | $ 2,140,653 | $ 14,390,823 |
| Investments | 14,989,065 | - | 4,980,521 | 1,000,000 | 538,805 | 21,508,391 |
| Receivables (net of allowance for uncollectibles) | 6,067,247 | - | - | 4,304,918 | 3,968 | 10,376,133 |
| Intergovernmental receivable | 513,579 | 2,408,817 | 507,459 | - | 685,673 | 4,115,528 |
| Lease receivable | 301,773 | - | - | - | - | 301,773 |
| PPP receivable | 2,364,241 | - | - | - | - | 2,364,241 |
| Due from other funds | 435,148 | - | 335,895 | - | - | 771,043 |
| Due from component unit | 32,615 | - | - | - | - | 32,615 |
| Inventories | 806,623 | - | - | - | - | 806,623 |
| Prepaid items | 48,114 | - | - | - | 614 | 48,728 |
| Total assets | $ 33,739,849 | $ 4,679,511 | $ 6,913,119 | $ 6,013,706 | $ 3,369,713 | $ 54,715,898 |
| **LIABILITIES** | | | | | | |
| Accounts payable | 3,670,348 | 213,708 | - | - | 492,731 | 4,376,787 |
| Contracts payable | - | - | 1,129,196 | - | - | 1,129,196 |
| Retainage payable | - | - | 1,070,044 | - | - | 1,070,044 |
| Accrued liabilities | 2,504,060 | - | - | - | 419,984 | 2,924,044 |
| Deposits payable | - | - | - | - | 18,367 | 18,367 |
| Due to other funds | 335,895 | 15,000 | - | - | 432,148 | 783,043 |
| Bond anticipation notes payable | - | - | 6,905,200 | - | - | 6,905,200 |
| Unearned revenue-other | 2,089,936 | - | - | - | 227,585 | 2,317,521 |
| Total liabilities | 8,600,239 | 228,708 | 9,104,440 | - | 1,590,815 | 19,524,202 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | |
| Unavailable revenue-property taxes | 617,497 | - | - | 26,429 | - | 643,926 |
| Unavailable revenue-special assessments | - | - | - | 4,225,300 | - | 4,225,300 |
| Unavailable revenue-grants | - | 274,244 | - | - | - | 274,244 |
| Lease related | 303,578 | - | - | - | - | 303,578 |
| PPP related | 2,389,671 | - | - | - | - | 2,389,671 |
| Total deferred inflows of resources | 3,310,746 | 274,244 | - | 4,251,729 | - | 7,836,719 |
| **FUND BALANCES (DEFICITS)** | | | | | | |
| **Nonspendable:** | | | | | | |
| Endowment | - | - | - | - | 10,000 | 10,000 |
| Inventories | 806,623 | - | - | - | - | 806,623 |
| Prepaid items | 48,114 | - | - | - | 614 | 48,728 |
| Long-term receivables and interfund loans | 2,956,162 | - | - | - | - | 2,956,162 |
| **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 | - | 4,176,559 | - | - | 937 | 4,177,496 |
| Capital projects | - | - | - | - | - | - |
| Law enforcement | - | - | - | - | 376,200 | 376,200 |
| Youth programs | - | - | - | - | 1,297 | 1,297 |
| General obligation debt | - | - | - | 257,977 | - | 257,977 |
| 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 |
| Nonrecurring repairs and other parking improvements | - | - | - | - | 338,917 | 338,917 |
| 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)** | 13,302,201 | - | (4,266,321) | - | - | 9,035,880 |
| Total fund balances (deficits) | 21,828,864 | 4,176,559 | (2,191,321) | 1,761,977 | 1,778,898 | 27,354,977 |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | $ 33,739,849 | $ 4,679,511 | $ 6,913,119 | $ 6,013,706 | $ 3,369,713 | $ 54,715,898 |

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

| | General | Community Development Block Grant | Capital Projects | Debt Service | Total Nonmajor Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | |
| Property taxes | $ 31,331,171 | $ - | $ - | $ 7,935,396 | $ 5,539,162 | $ 44,805,729 |
| 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 | 2,326,726 | 874,480 | - | 6,135,542 | 19,042,679 |
| Charges for services | 19,207,530 | - | - | - | - | 19,207,530 |
| Fines and forfeitures | 6,670,562 | - | - | - | - | 6,670,562 |
| Investment earnings | 3,352,747 | 8,795 | 201,620 | 241,967 | 29,886 | 3,835,015 |
| Fees | - | 50,534 | - | - | 4,441,023 | 4,491,557 |
| Special assessments | - | - | - | 470,000 | - | 470,000 |
| Payments in lieu of taxes | 2,345,545 | - | - | - | - | 2,345,545 |
| Miscellaneous | 2,299,217 | - | - | - | 297,150 | 2,596,367 |
| Total revenues | 123,469,290 | 2,386,055 | 1,076,100 | 8,647,363 | 16,442,763 | 152,021,571 |
| **EXPENDITURES** | | | | | | |
| Current: | | | | | | |
| General government | 29,778,662 | - | - | - | - | 29,778,662 |
| Public Safety | 56,455,090 | - | - | - | 390,828 | 56,845,918 |
| 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 | - | - | - | 7,073,916 | 16,720,404 |
| Community development | - | 2,652,346 | - | - | 4,665,591 | 7,317,937 |
| Debt service: | | | | | | |
| Principal | - | - | - | 5,357,958 | - | 5,357,958 |
| Interest | - | - | - | 3,250,148 | - | 3,250,148 |
| Issuance costs | 15,254 | - | 150,541 | 122,710 | - | 288,505 |
| 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 | 127,268,715 | 2,652,346 | 14,792,450 | 8,730,816 | 16,369,314 | 169,813,641 |

| OTHER FINANCING SOURCES (USES) | | | | | | |
|---|---|---|---|---|---|---|
| Transfers in | 20,944 | - | 1,982,520 | 1,226,340 | 252,695 | 3,482,499 |
| Transfers out | (5,090,719) | - | (1,214,133) | (621,625) | (284,231) | (7,210,708) |
| 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 | - | - | (10,354) | - | - | (10,354) |
| Payment to refunded bond escrow agent | - | - | - | (5,937,204) | - | (5,937,204) |
| Leases issued (as lessee) | 57,517 | - | - | - | - | 57,517 |
| SBITA | 42,105 | - | - | - | - | 42,105 |
| Sale of general capital assets | 31,450 | - | - | - | - | 31,450 |
| Insurance recoveries | 194,082 | - | - | - | - | 194,082 |
| Total other financing sources (uses) | (2,744,621) | - | 5,458,033 | 727,425 | (31,536) | 3,409,301 |
| Net change in fund balances | (6,544,046) | (266,291) | (8,258,317) | 643,972 | 41,913 | (14,382,769) |
| Fund balances - beginning of year, as previously presented | 28,372,910 | - | 6,066,996 | 1,118,005 | 6,179,835 | 41,737,746 |
| Adjustments | - | 4,442,850 | - | - | (4,442,850) | - |
| Fund balances - beginning of year, as adjusted | 28,372,910 | 4,442,850 | 6,066,996 | 1,118,005 | 1,736,985 | 41,737,746 |
| Fund balances (deficit) - end of year | $ 21,828,864 | $ 4,176,559 | $ (2,191,321) | $ 1,761,977 | $ 1,778,898 | $ 27,354,977 |

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# Fund Level Financials: Proprietary

**FOCUS**

Economic resources

**BASIS**

Full accrual

**MODEL**

Operate similar to private-sector entities

**STATEMENTS**

Net position; Revenues, expenses & changes in net position; Cash flows

### Fund types & presentation

**Enterprise**

By major & aggregated nonmajor

**Internal Service (ISF)**

No major fund funds; shown right of enterprise

**Terminology note**

Statement 34 uses “net assets” (assets − liabilities)

# Fund Level Financials: Proprietary

*Three financial statements*

### Statement of Net Position

- Presented in classified format
- Three components of net position

### Revenues, Expenses & Changes

- Distinguish operating vs. nonoperating
- See GASB 103 for revisions
  - Defined operating vs. nonoperating
  - Change in presentation format;
  - Introduced subsidies

### Statement of Cash Flows

- Four categories
  - Financing activity split
- Direct method + indirect reconciliation
- Significant noncash activities presented



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# Fund Level Financials: Proprietary

## KPIs

- Working capital = current assets – current liabilities
  - Similar to unrestricted fund balance for governmental funds
- Current ratio = current assets / current liabilities
- Operating income
  - Cost recovery
  - Not in the business of generating profit

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

| | Business-type Activities | | | Governmental Activities |
|---|---|---|---|---|
| | Water | Transit | Total Enterprise Funds | Internal Service Funds |
| **ASSETS** | | | | |
| Current Assets: | | | | |
| Cash | $ 1,389,681 | $ 2,310,846 | $ 3,700,527 | $ 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 | 7,724,523 | 3,353,839 | 11,078,362 | 6,691,771 |
| Noncurrent Assets: | | | | |
| Capital Assets: | | | | |
| Land | 584,715 | 1,326,685 | 1,911,400 | - |
| Construction-in-progress | 5,363,783 | - | 5,363,783 | - |
| 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 | - |
| Less accumulated depreciation | (17,093,133) | (9,869,210) | (26,962,343) | (2,466,987) |
| Total noncurrent assets | 30,928,740 | 9,049,535 | 39,978,275 | 2,904,026 |
| Total assets | 38,653,263 | 12,403,374 | 51,056,637 | 9,595,797 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Pension related | 90,303 | - | 90,303 | 90,301 |
| OPEB related | 8,435 | - | 8,435 | 8,435 |
| Total deferred outflows of resources | 98,738 | - | 98,738 | 98,736 |

| | | | | |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| Current liabilities: | | | | |
| Accounts payable | 1,092,628 | 532,741 | 1,625,369 | 824,705 |
| Accrued liabilities | - | 11,412 | 11,412 | - |
| Compensated absences | 24,188 | - | 24,188 | 16,679 |
| Claims and judgments | - | - | - | 2,174,256 |
| Retainage payable | 24,937 | - | 24,937 | - |
| Customer deposits payable-restricted assets | 30,715 | - | 30,715 | - |
| Accrued interest payable | 143,219 | - | 143,219 | - |
| Bond anticipation note payable | 1,625,000 | - | 1,625,000 | - |
| Intergovernmental payable | - | 28,547 | 28,547 | - |
| Bonds payable - current | 938,000 | - | 938,000 | - |
| Unearned revenue | - | 2,192,549 | 2,192,549 | - |
| Total current liabilities | 3,878,687 | 2,765,249 | 6,643,936 | 3,015,640 |
| Noncurrent liabilities: | | | | |
| Compensated absences | 49,207 | - | 49,207 | 36,950 |
| Claims and judgments | - | - | - | 1,386,533 |
| Bonds payable | 9,104,000 | - | 9,104,000 | - |
| Net pension liability | 777,652 | - | 777,652 | 777,652 |
| Net OPEB liability | 489,231 | - | 489,231 | 489,231 |
| Total noncurrent liabilities | 10,420,090 | - | 10,420,090 | 2,690,366 |
| Total liabilities | 14,298,777 | 2,765,249 | 17,064,026 | 5,706,006 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Pension related | 5,387 | - | 5,387 | 5,387 |
| OPEB related | 229,423 | - | 229,423 | 229,422 |
| Total deferred inflows of resources | 234,810 | - | 234,810 | 234,809 |
| **NET POSITION** | | | | |
| Net investment in capital assets | 19,780,014 | 9,049,535 | 28,829,549 | 2,904,026 |
| Restricted for wheelchair accessibility | - | 257,452 | 257,452 | - |
| Unrestricted | 4,438,400 | 331,138 | 4,769,538 | 849,692 |
| Total net position | $ 24,218,414 | $ 9,638,125 | 33,856,539 | $ 3,753,718 |

NAME OF GOVERNMENT
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2027

| | Business-type Activities | | | Governmental Activities |
|---|---|---|---|---|
| | Water | Transit | Total Enterprise Funds | Internal Service Funds |
| Operating revenues: | | | | |
| Charges for services: | | | | |
| Metered water sales | $ 9,312,150 | $ - | $ 9,312,150 | $ - |
| Tap fees | 8,435 | - | 8,435 | - |
| Passenger fares | - | 762,983 | 762,983 | - |
| Contract transit | - | 126,353 | 126,353 | - |
| Charter | - | 248 | 248 | - |
| Risk management | - | - | - | 2,632,108 |
| Fleet management | - | - | - | 1,902,063 |
| Miscellaneous | 133,423 | 40,547 | 173,970 | - |
| Total operating revenues | 9,454,008 | 930,131 | 10,384,139 | 4,534,171 |
| Operating expenses: | | | | |
| Personnel services | 2,665,948 | - | 2,665,948 | 615,357 |
| Materials and supplies | 3,556,232 | 1,050,965 | 4,607,197 | 944,229 |
| Contractual services | 781,741 | 4,008,669 | 4,790,410 | 1,251,500 |
| Claims | - | - | - | 1,761,680 |
| Depreciation | 886,242 | 827,289 | 1,713,531 | 373,469 |
| Total operating expenses | 7,890,163 | 5,886,923 | 13,777,086 | 4,946,235 |
| Operating income (loss) | 1,563,845 | (4,956,792) | (3,392,947) | (412,064) |

| | | | | |
|---|---|---|---|---|
| Noncapital subsidies | | | | |
| Intergovernmental | 10,967 | 390,474 | 401,441 | - |
| Transfers in | - | 3,728,209 | 3,728,209 | - |
| Total noncapital subsidies | 10,967 | 4,118,683 | 4,129,650 | - |
| Operating income (loss) and noncapital subsidies | 1,574,812 | (838,109) | 736,703 | (412,064) |
| Other nonoperating revenues (expenses): | | | | |
| Investment earnings | 276,191 | 10,819 | 287,010 | 139,530 |
| Capital contributions | 3,615 | 1,174,511 | 1,178,126 | - |
| Loss on disposal of property | (2,278) | (88,031) | (90,309) | - |
| Interest expense | (446,820) | - | (446,820) | - |
| Total other nonoperating revenues (expenses) | (169,292) | 1,097,299 | 928,007 | 139,530 |
| Increase (decrease) in net position | 1,405,520 | 259,190 | 1,664,710 | (272,534) |
| Net position - beginning of year, as previously presented | 22,824,003 | 9,378,935 | 32,202,938 | 4,035,613 |
| Restatements | (11,109) | - | (11,109) | (9,361) |
| Net position - beginning of year, as restated | 22,812,894 | 9,378,935 | 32,191,829 | 4,026,252 |
| Net position - end of year | $ 24,218,414 | $ 9,638,125 | $ 33,856,539 | $ 3,753,718 |

Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2027

| | Business-type Activities | | | Governmental Activities |
|---|---|---|---|---|
| | Water | Transit | Total Enterprise Funds | Internal Service Funds |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Receipts from customers | $ 8,898,450 | $ 914,592 | $ 9,813,042 | $ 111,312 |
| Receipts from interfund charges for transit services | - | 8,000 | 8,000 | - |
| Receipts from interfund charges for fleet management services | - | - | - | 1,774,063 |
| Receipts from interfund charges for risk management services | - | - | - | 2,631,049 |
| Receipt of customer deposits | 1,215 | - | 1,215 | - |
| Other receipts | 133,423 | - | 133,423 | - |
| Payments to suppliers and service providers | (4,355,973) | (4,939,960) | (9,295,933) | (3,996,418) |
| Payments to employees for salaries and benefits | (2,570,570) | - | (2,570,570) | (351,799) |
| Payments to other funds for services provided | (354,452) | (234,455) | (588,907) | - |
| Return of customer deposits | (5,915) | - | (5,915) | - |
| Net cash provided by (used for) operating activities | 1,746,178 | (4,251,823) | (2,505,645) | 168,207 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | | |
| Transfers from other funds | - | 3,728,209 | 3,728,209 | - |
| Operating grants | 10,967 | 276,728 | 287,695 | - |
| Net cash provided by noncapital financing activities | 10,967 | 4,004,937 | 4,015,904 | - |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | |
| Proceeds from bond anticipation notes | 1,500,000 | - | 1,500,000 | - |
| Connection fees | 3,615 | - | 3,615 | - |
| Capital grants and contributions | - | 1,075,131 | 1,075,131 | - |
| Acquisition and construction of capital assets | (863,678) | (843,151) | (1,706,829) | (639,405) |
| Principal paid on capital debt | (1,027,000) | - | (1,027,000) | - |
| Interest paid on capital debt | (448,474) | - | (448,474) | - |
| Proceeds from the sale of assets | 20,450 | 22,694 | 43,144 | - |
| Net cash provided by (used for) capital and related financing activities | (815,087) | 254,674 | (560,413) | (639,405) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Purchase of investments | (3,277,717) | - | (3,277,717) | (2,438,442) |
| Proceeds from sale of investments | 2,989,249 | - | 2,989,249 | 2,407,638 |
| Interest on investments | 253,723 | 16,964 | 270,687 | 137,355 |
| Net cash provided by investing activities | (34,745) | 16,964 | (17,781) | 106,551 |
| Net increase (decrease) in cash and cash equivalents | 907,313 | 24,752 | 932,065 | (364,647) |
| Cash, beginning of year (including $35,415 for the water fund reported in restricted accounts) | 513,083 | 2,286,094 | 2,799,177 | 6,248,367 |
| Cash, end of year (including $30,715 for the water fund reported in restricted accounts) | $ 1,420,396 | $ 2,310,846 | $ 3,731,242 | $ 5,883,720 |

**Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Operating income (loss) | $ | 1,563,845 | $ | (4,956,792) | $ | (3,392,947) | $ | (412,064) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | | | | |
| Depreciation expense | | 886,242 | | 827,289 | | 1,713,531 | | 373,469 |
| (Increase) decrease in accounts receivable | | (422,135) | | 4,461 | | (417,674) | | - |
| (Increase) in due from other funds | | - | | (12,000) | | (12,000) | | - |
| (Increase) in intergovernmental receivables | | - | | - | | - | | (17,747) |
| (Increase) decrease in inventories | | - | | 35,948 | | 35,948 | | (22,671) |
| (Increase) decrease in prepaid items | | 1,275 | | - | | 1,275 | | (37,823) |
| Decrease in pension related deferred outflows of resources | | 17,095 | | - | | 17,095 | | 17,094 |
| Decrease in OPEB related deferred outflows of resources | | 49,828 | | - | | 49,828 | | 49,828 |
| (Decrease) in deposits payable | | (4,700) | | - | | (4,700) | | - |
| (Decrease) increase in accounts payable | | (304,273) | | (76,480) | | (380,753) | | 474,878 |
| (Decrease) in amounts payable related to equipment purchases | | (69,454) | | - | | (69,454) | | - |
| (Decrease) in accrued liabilities | | - | | (3,623) | | (3,623) | | - |
| (Decrease) increase in compensated absences | | (6,100) | | - | | (6,100) | | 17,729 |
| (Decrease) in intergovernmental payable | | - | | (70,626) | | (70,626) | | - |
| (Decrease) in claims and judgments payable | | - | | - | | - | | (309,040) |
| (Decrease) in net pension liability | | (24,992) | | - | | (24,992) | | (24,994) |
| (Decrease) in net OPEB liability | | (28,836) | | - | | (28,836) | | (28,836) |
| (Decrease) in pension related deferred inflows of resources | | (24,691) | | - | | (24,691) | | (24,691) |
| Increase in OPEB related deferred inflows of resources | | 113,074 | | - | | 113,074 | | 113,075 |
| Total adjustments | | 182,333 | | 704,969 | | 887,302 | | 580,271 |
| Net cash provided by (used for) operating activities | $ | 1,746,178 | $ | (4,251,823) | $ | (2,505,645) | $ | 168,207 |

**Schedule of non-cash capital and related financing activities:**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Contributions of capital assets | $ | - | $ | 213,126 | $ | 213,126 | $ | - |
| Purchase of machinery, equipment, and vehicles on account | | 69,454 | | - | | 69,454 | | - |

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# Fund Level Financials: Fiduciary

**PURPOSE**

Resources held in a trustee/fiduciary capacity — cannot support the government's own programs

**FOCUS**

Economic resources

**BASIS**

Full accrual

**REPORTING**

**Major-fund reporting does not apply** — presented by fund type

**Fund types**

- **Pension (OPEB) Trust**
- **Investment Trust**
- **Private-Purpose Trust**
- **Custodial** — *GASB 84 replaced agency funds*

# Fund Level Financials: Fiduciary

*Two financial statements*

| Statement of Fiduciary Net Position | Statement of Changes in Fiduciary Net Position |
| --- | --- |
| Report assets, deferred outflows, liabilities, deferred inflows, and fiduciary net position. | • Report additions instead of revenues<br>• Deductions instead of expenses. |

**NAME OF GOVERNMENT**
**Fiduciary Funds**
**Statement of Fiduciary Net Position**
**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 | $ 1,949,318 | $ 16,635,601 | $ 2,750 | $ 229,936 | $ 562,541 |
| Investments: | | | | | |
| U.S. government and agency obligations | 3,822,318 | 145,408,222 | - | - | 1,125,994 |
| 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 | 172,269,920 | 70,050 | 229,936 | 2,044,979 |
| **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 | - | 172,239,470 | - | - | - |
| Individuals and organizations | - | - | 70,050 | 91,753 | - |
| Other governments | - | - | - | - | 2,039,291 |
| Total net position | $ 23,245,567 | $ 172,239,470 | $ 70,050 | $ 91,753 | $ 2,039,291 |

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

| | Pension (and Other Employee Benefit) Trust Funds | Investment Trust Fund | Private-Purpose Trust Fund | Custodial Funds: Bania Fund | Custodial Funds: External Investment Pool Fund |
|---|---|---|---|---|---|
| **ADDITIONS** | | | | | |
| Contributions: | | | | | |
| Employer | $ 2,694,121 | $ - | $ - | $ - | $ - |
| Plan members | 712,009 | - | - | - | - |
| Private contributions | - | - | 53,085 | 3,422,212 | - |
| Total contributions | 3,406,130 | - | 53,085 | 3,422,212 | - |
| 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 | 3,049,781 | 3,193,095 | 3,746 | 7,224 | 763,348 |
| Less investment expense | 59,937 | 218,601 | - | - | - |
| Net investment earnings | 2,989,844 | 2,974,494 | 3,746 | 7,224 | 763,348 |
| Total additions | 6,395,974 | 2,974,494 | 56,831 | 3,429,436 | 763,348 |
| **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 | - | 1,149,741 | - | - | 753,258 |
| Recipient payments | - | - | - | 3,553,958 | - |
| Total deductions | 3,098,213 | 1,165,691 | 42,810 | 3,553,958 | 758,781 |
| Net increase (decrease) in fiduciary net position | 3,297,761 | 1,808,803 | 14,021 | (124,522) | 4,567 |
| Net position - beginning | 19,947,806 | 170,430,667 | 56,029 | 216,275 | 2,034,724 |
| Net position - ending | $ 23,245,567 | $ 172,239,470 | $ 70,050 | $ 91,753 | $ 2,039,291 |

# Government-Wide Financial Statements

# Government-Wide Financials

- Reports the government as a whole — no individual funds displayed
- Distinguish between the primary government and discretely presented component units.
- Distinguish governmental vs. business-type activities for the primary government.
- **Exclude fiduciary activities.**
- Eliminate certain internal activity — ISF profit; interfund payables/transfers (except gov↔enterprise).
- Report general capital assets and long-term liabilities as governmental activities.
- Conversion from modified accrual to full accrual is required.

**Basis at a glance**

**Measurement focus**
Economic resources

**Basis of accounting**
Full accrual

**Statements**
Statement of net position;
Statement of activities

# Government-Wide Financials

*Statement of Net Position*

- Reports all financial and capital resources of the government.
- Present assets and liabilities in order of liquidity.
- Report capital assets, distinguishing depreciable vs. non-depreciable.
- Report long-term liabilities — due within one year vs. due in more than one year.
- Present the three components of net position.

**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 | $ 20,274,543 | $ 3,700,527 | $ 23,975,070 | $ 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) | 10,559,689 | 4,203,602 | 14,763,291 | 3,000 | 273,328 |
| Intergovernmental receivable | 4,115,528 | 877,295 | 4,992,823 | - | - |
| Lease receivable | 301,773 | - | 301,773 | - | - |
| PPP receivable | 2,364,241 | - | 2,364,241 | - | - |
| Due from component unit | 32,615 | - | 32,615 | - | - |
| Internal balances | (271,951) | 271,951 | - | - | - |
| Inventories | 829,294 | 117,581 | 946,875 | - | - |
| Prepaids | 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 | 227,980,140 | 32,703,092 | 260,683,232 | - | 206,426 |
| Total assets | 348,329,390 | 51,316,588 | 399,645,978 | 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 amount on refunding | 726,762 | - | 726,762 | - | - |
| Total deferred outflows of resources | 10,909,796 | 98,738 | 11,008,534 | - | - |

| | | | | | |
|---|---|---|---|---|---|
| **LIABILITIES** | | | | | |
| Accounts payable and other accrued liabilities | 8,125,536 | 1,636,781 | 9,762,317 | 5,801 | 31,260 |
| Contracts and retainage payable | 2,199,240 | 24,937 | 2,224,177 | - | - |
| Accrued interest payable | 716,657 | 143,219 | 859,876 | - | - |
| Deposits payable | 18,367 | 30,715 | 49,082 | 16,218 | 11,260 |
| Intergovernmental payable | - | 28,547 | 28,547 | - | - |
| Due to primary government | - | - | - | 32,615 | - |
| Bond anticipation notes payable | 6,905,200 | 1,625,000 | 8,530,200 | - | - |
| Revenue anticipation note payable | - | - | - | 4,000,000 | - |
| Unearned revenues | 2,317,521 | 2,192,549 | 4,510,070 | - | 150,000 |
| Long-term liabilities: | | | | | |
| Due within one year: | | | | | |
| Total pension liability - non-funded plan | 1,341,542 | - | 1,341,542 | - | - |
| Bonds, notes, leases, subscriptons, claims, compensated absences | 8,077,380 | 962,188 | 9,039,568 | - | 1,050 |
| Due in more than one year: | | | | | |
| Net pension liability - actuarially funded | 37,393,283 | 777,652 | 38,170,935 | - | - |
| Total pension liability - non-funded plan | 10,161,092 | - | 10,161,092 | - | - |
| Net OPEB liability | 38,754,055 | 489,231 | 39,243,286 | - | 42,000 |
| Bonds, notes, leases, subscriptons, claims, compensated absences | 85,936,983 | 9,153,207 | 95,090,190 | - | 1,216 |
| Total liabilities | 201,946,856 | 17,064,026 | 219,010,882 | 4,054,634 | 236,786 |
| | | | | | |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Lease related | 303,578 | - | 303,578 | - | - |
| PPP related | 2,929,873 | - | 2,929,873 | - | - |
| Pension related | 1,749,441 | 5,387 | 1,754,828 | - | - |
| OPEB related | 7,507,647 | 229,423 | 7,737,070 | - | - |
| Total deferred inflows of resources | 12,490,539 | 234,810 | 12,725,349 | - | - |
| | | | | | |
| **NET POSITION** | | | | | |
| Net investment in capital assets | 204,208,178 | 28,829,549 | 233,037,727 | 6,601,630 | 206,426 |
| Restricted for: | | | | | |
| Debt service | 1,045,320 | - | 1,045,320 | - | - |
| Housing services | 625,881 | - | 625,881 | - | - |
| Law enforcement | 376,200 | - | 376,200 | - | - |
| Wheelchair accessibility | - | 257,452 | 257,452 | - | - |
| Community redevelopment: | | | | | |
| Expendable | 4,177,496 | - | 4,177,496 | - | - |
| Nonexpendable | 10,000 | - | 10,000 | - | - |
| Other purposes | 53,573 | - | 53,573 | - | - |
| Unrestricted (deficit) | (65,694,857) | 5,029,489 | (60,665,368) | (3,855,987) | 501,800 |
| Total net position | $ 144,801,791 | $ 34,116,490 | $ 178,918,281 | $ 2,745,643 | $ 708,226 |

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# Government-Wide Financials

*Statement of Activities*

- Expenses reported by function, including depreciation
  - interest reported separately in most cases.
- Revenues reported as either program revenues or general revenues.
  - Program revenues — derived directly from the program:
    - charges for services; program-specific grants & contributions (operating and capital).
  - General revenues — all taxes and nontax revenues that don't meet program criteria; plus transfers and unusual/infrequent items.
- Report net (expense) revenue by individual function — showing each function's financial burden on taxpayers.
- Demonstrates the government's reliance on general revenues to finance functional deficits.

Statement of Activities
For the Year Ended June 30, 2027

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

# Government-Wide Financials

## KPIs

- Net position over time
  - View statistical tables
- Government-wide debt burden
  - LT debt / total revenue
- Net Worth
  - Governmental unrestricted net position / gov-wide total revenue
- Net (expense) revenue for functions

# POLLING QUESTION #3

Does your government prepare its own external financial statements?

A. Yes
B. No, our auditors do
C. No, but we would if we had more resources/time

# Government-Wide Conversion

# Government-Wide Conversion

*How do we convert modified accrual to full accrual for governmental activities?*

GASB 34 requires a reconciliation from the governmental financials to the government-wide financials — usually performed through journal entries known as “conversion / GASB 34 / worksheet / government-wide entries.”

**Common reconciling items**

- **Capital asset activity**
- **Long-term debt**
- **Revenue-related items**
- **Leases / SBITAs**
- **Pension / OPEB**
- **Internal service allocation**
- **Accrued expenses (comp. absences, interest)**

# Government-Wide Conversion

- Assume the government reported $7M of capital asset additions as part of capital outlay expenditures in its governmental fund financials

| Account | Dr | Cr |
|---|---|---|
| Capital assets | 7,000,000 | |
| Capital outlay expenditures | | (7,000,000) |

- Assume the finance department calculated annual depreciation expense on its governmental activities capital assets as $1M

| Account | Dr | Cr |
|---|---|---|
| Depreciation expense | 1,000,000 | |
| Accumulated depreciation | | (1,000,000) |

# Government-Wide Conversion

- Assume the government reported $3M of bonds principal payments in its governmental fund financials

| Account | Dr | Cr |
|---|---|---|
| Bonds payable | 3,000,000 | |
| Principal expenditures | | (3,000,000) |

- Assume the government issued a $15M bond in its capital projects fund at a premium of $1M

| Account | Dr | Cr |
|---|---|---|
| Other financing sources – bonds issued | 15,000,000 | |
| Other financing sources –premium on bonds issued | 1,000,000 | |
| Bonds payable | | (15,000,000) |
| Premium on bonds payable | | (1,000,000) |

# Government-Wide Conversion

- Assume the government reported $750K of deferred inflow – unavailable revenue related to taxes in its governmental fund financials

| Account | Dr | Cr |
|---|---|---|
| Deferred inflow – unavailable revenue | 750,000 | |
| Taxes revenue | | (750,000) |

# Government-Wide Conversion

Appendix D • Illustrative ACFR

**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 | | $ | 27,354,977 |
| Capital assets of $514,663,041, net of accumulated depreciation of $229,649,637, used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | | 285,013,404 |
| 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 | (7,278,225) | | |
| Total deferred outflows and inflows related to postemployment benefits | | | 1,062,019 |
| Some receivables will not be available to pay for current-period expenditures and are offset by unavailable revenues in the governmental funds and thus are not included in fund balance. Certain tax and other revenues that are considered unavailable for governmental funds but are recognized as revenue for the government-wide statements. | | | 5,190,755 |

Appendix D • Illustrative ACFR

**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 | | $ | (14,382,769) |
| 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/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period. | | | |
| Depreciation/amortization expense | (11,967,131) | | |
| Capital outlays | 15,132,383 | | |
| | | | 3,165,252 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | | |
| Earned but unavailable property taxes and special assessment revenues | 4,479,676 | | |
| Earned but unavailable grants | 274,244 | | |
| PPP revenue | 11,025 | | |
| Interest | (1,030) | | |
| | | | 4,763,915 |
| 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 | 128,756 | | |
| Sale of capital assets | (9,174) | | |
| | | | 119,582 |

# POLLING QUESTION #4

Does your government use government-wide tracking funds for capital assets and long-term liabilities?

A. Yes
B. No, we track them off the books
C. No, we let our auditors figure it out
D. No, but we plan to in the near future



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# Notes to the Financial Statements

# Notes to the Financial Statements

*An integral part of the basic financial statements*

Management's Discussion & Analysis (MD&A)

↓

Government-Wide Financial Statements ↔ Fund Financial Statements

↓

**Notes to the Financial Statements**

↓

Required Supplementary Information (other than MD&A)

# Notes to the Financial Statements

*Capital assets & long-term liabilities*

## Capital Assets

- Presented by major classes
- Beginning balances
- Historical cost & accumulated depreciation shown separately
- Capital acquisitions and dispositions
- Depreciation expense by function
- Consider GASB 104

## Long-Term Liabilities

- Long-term debt & other long-term liabilities (comp. absences, claims, judgments)
- Beginning balances
- Increases and decreases
- Portions due within one year
- Governmental funds used to liquidate other long-term liabilities
- Future debt service requirements

# Required Supplementary Information (RSI)

*RSI other than MD&A — completes the reporting model*

**Management's Discussion & Analysis (MD&A)**

↓

**Government-Wide Financial Statements** ↔ **Fund Financial Statements**

↓

**Notes to the Financial Statements**

↓

**Required Supplementary Information (other than MD&A)**

# Required Supplementary Information (RSI)

- Budgetary schedules for the General Fund and each major SRF with a legally adopted budget.
  - Consider GASB 103 revisions.
- Pension and OPEB tables (GASB 68 and 75).
- Infrastructure assets under the modified approach.
- Auditors do not opine on RSI — they perform limited procedures.

**GASB 103 change**

Budgetary schedules are no longer allowed to be presented as basic financial statements.

**On the horizon**

A new statement on infrastructure assets is expected to be issued in 2027.

# Best Practices & Lessons Learned

# Best Practices & Lessons Learned

**Prioritize the annual financial statements**
Communicate their importance to executive management and governance.

**Use GASB 103 to revisit the MD&A**
Refresh the content and narrative provided.

**Establish gov-wide tracking funds**
Maintain for governmental activities and update regularly.

**Reconcile capital outlay to additions**
Consider separate accounts for capitalizable vs. non-capitalizable capital outlay.

**Add identifiers for functions & revenues**
This will help ensure accounts map correctly to functional expenses and program revenues.

**Review functional expense allocations**
Update depreciation, ISF allocation and compensated absences to current practice.

# Questions?

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# Sources

- https://gasb.org/page/ShowPdf?path=GASBS+34.pdf&title=GASB%20STATEMENT%20NO.%2034,%20BASIC%20FINANCIAL%20STATEMENTS%E2%80%94AND%20MANAGEMENT%27S%20DISCUSSION%20AND%20ANALYSIS%E2%80%94FOR%20STATE%20AND%20LOCAL%20GOVERNMENTS

- https://www.gfoa.org/materials/gaafr-appendix-d

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