



Governmental Financial Reporting

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Overview

- Basics of Fund Accounting and Governmental Financial Statements
- Journal Entries – behind the scenes of your software
- GASB Updates

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Fund Types

Governmental Funds

Proprietary Funds

Fiduciary Funds

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Governmental Funds

General Fund

Special Revenue Fund

Capital Projects Fund

Debt Service Fund

Permanent Fund

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Proprietary Funds

- Enterprise Funds
- Internal Service Funds

Fiduciary Funds

- Investment Trust Funds
- Private Purpose Trust Funds
- Pension Trust Funds
- Custodial Funds (previously Agency Funds)

**GASB 84 changes

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Measurement Focus

Current Financial Resource Focus

- Focus is on change in current financial resources, financial assets (cash, investments, receivables), and near-term liabilities.
- Transactions recorded when resources are received or consumed during the fiscal year or soon after

Economic Resources

- Focus is on change in all assets, financial and capital and all related liabilities
- Transactions recorded when economic resources are earned or consumed

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Modified Accrual Basis of Accounting

Revenue recognized when measurable and available

Measurable- You know how much

Available- Received during the current period or soon after in order to pay current obligations

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Accrual Basis of Accounting

Revenues are earned

Expenses are incurred

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Managements Discussion and Analysis (MD&A)

Basic Financial Statements

Government-Wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

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Management's Discussion and Analysis

Brief discussion of financial statements

Condensed government-wide financial information

Analysis of position and results of operations

Analysis of individual funds

Budget analysis

Description of currently known facts

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Government-Wide Financial Statements

-Measurement Focus

All economic resources (assets, liabilities, and other)

-Basis of Accounting

Accrual Accounting

-Emphasis on the government as a whole and illustrates overall financial health

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Government-Wide Financial Statements

Statement of Net Position

Governmental Activities and Business-Type Activities separated

Assets

+ Deferred Outflows

- Liabilities

- Deferred Inflows

Total Net Position

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Deferred outflow of resources –

a consumption of net assets by the government that is applicable to a future reporting period. For example, prepaid items and deferred charges

Deferred inflow of resources –

an acquisition of net assets by the government that is applicable to a future reporting period. For example, deferred revenue and advance collections

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Statement of Activities

- Cost of providing services by function
- Related program revenues derived from the function
- Net burden that each function places on the entity and general revenues
- Sources from which the net cost of the government's activities are financed

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Fund Financial Statements

-Measurement Focus

Current financial resources (cash, investments and receivables and claims to those assets)

-Basis of Accounting

Modified Accrual Accounting

-Emphasis on the individual activities (during current period) and illustrates inflows and outflows of current financial resources

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Fund Financial Statements

Governmental Funds

-Balance Sheet

-Statement of Revenues, Expenditures, and Changes in Fund Balance

-Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

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Fund Financial Statements (continued)

Proprietary Funds (using Accrual)

- Balance Sheet
- Statement of Revenues, Expenditures, and Changes in Fund Net Position
- Statement of Cash Flow (Direct Method)

Fiduciary Funds (using Accrual)

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position

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Notes to the Financial Statements

- Integral part of the financial statements
- Necessary for the fair presentation of statements
- GASB required notes

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CAFR – Comprehensive Annual Financial Statement

Introduction Section

- Letter of Transmittal
- Organizational Chart with Principal Officers

Financial Section

- General purpose external financial statements and auditors report

Statistical Section

- Financial trends
- Revenue capacity information
- Debt capacity information
- Demographic and economic information
- Operating Information

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Governmental Accounting Software

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Governmental Budgeting

- Budget calendar
- Required legislation
- Recording process

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City Council enacted a motel excise tax to support tourism within the city limits.

Estimated Revenues-Motel Tax Levy	\$450,000
Appropriations - Salaries and Wages	\$180,000
Appropriates – Advertising	\$ 80,000
Appropriations – Supplies	\$ 95,000
Appropriations – Community Events	\$ 70,000
Budgetary Fund Balance	\$ 25,000

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Encumbrances

- The restriction placed on a use of funds
- Ensures the availability of budgeted funds to complete a transaction

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The Mayor's office requests approval for advertising related to the Motel Tax in the amount of \$22,000. Entries made to the Motel Tax Levy Fund.

Date of approval

Encumbrance Control	\$22,000	
Fund Balance-Reserved for Encumbrances		\$22,000

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Invoice received

Fund Balance-Reserved for Encumbrances	\$22,000	
Encumbrance Control		\$22,000
Expenditures-Advertising	\$21,860	
Vouchers Payable		\$21,860

Payment issued

Vouchers Payable	\$21,860	
Cash		\$21,860

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GASB

- Who
- What
- When
- Where

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GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance

- Issued to provide relief due to COVID-19
- Delayed required implementation dates for statements and implementation guides

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GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance

One Year

Statement 83	Implementation Guide 2017-3
Statement 84	Implementation Guide 2018-1
Statement 88	Implementation Guide 2019-1
Statement 90	Implementation Guide 2019-2
Statement 91	
Statement 92	
Statement 93	

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GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*

18 Months

Statement 87
Implementation Guide 2019-3

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GASB Statement No. 83, *Certain Asset Retirement Obligations*

*Original effective date for reporting periods beginning after
June 15, 2018*

- Establishes criteria for recording the liability and deferred outflow of resources for a ARO (Asset Retirement Obligation)

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GASB Statement No. 84, *Fiduciary Activities*

Original effective date for reporting periods beginning after December 15, 2018

- Change of Fund Types for Fiduciary Funds
- Eliminate the Agency Funds
- Create Custodial Funds
 - Fiduciary Component Unit (Non-Pension)
 - Fiduciary Component Unit (Pension)
 - Non-Component Unit (Pension)
 - Non-Component Unit (Non-Pension)

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GASB Statement No. 87, *Leases*

Original effective date for reporting periods beginning after December 15, 2019

- Improving accounting and financial reporting for leases

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GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

Original effective date for reporting periods beginning after June 15, 2018

- Update to note disclosures for the government financial statements in regard to debt

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GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period

Original effective date for reporting periods beginning after December 15, 2019

- Interest incurred before the end of a construction period are to be recognized as an expense in the period where they occur

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GASB Statement No. 90, *Majority Equity Interests*—an amendment of GASB Statements No. 14 and No. 61

Original effective date for reporting periods beginning after December 15, 2018

-Focus on consistency and comparability of a government's majority equity interest in legally separate organizations and improve financial reporting

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GASB Statement No. 91, *Conduit Debt Obligations*

Original effective date for reporting periods beginning after December 15, 2020

-Reporting for conduit debt
-Leases associated with conduit debt

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GASB Statement No. 92, *Omnibus 2020*

- Improve consistency and enhance financial reporting by addressing practice issues within statements and implementation guides

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GASB Statement No. 93, *Replacement of Interbank Offered Rates*

- Reference rate reform

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GASB New Statements on Schedule

GASB 94

GASB 96

GASB 97

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GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

***Effective date for reporting periods beginning after
June 15, 2022***

**-Public-Private and Public-Public Partnerships and Availability
Payment Arrangements**

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GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

*Effective date for reporting periods beginning after
June 15, 2022*

- Accounting and reporting for Subscription-Based Information Technology Arrangements

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GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32

*Effective date for reporting periods beginning after
June 15, 2022*

-Component unit criteria and accounting and reporting for IRS Code Section 457 Deferred Compensation Plans

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Upcoming GASB Initiatives

Disclosures

Revenue Recognition

Recognition of Elements

Financial Reporting Model