



Avoidable Errors

Lessons Learned from Submissions to GFOA's Certificate Program

After completing this session you should...

- ☐ Be familiar with the relative frequency of errors in each section of annual comprehensive financial reports (ACFRs) submitted to GFOA's Certificate of Achievement for Excellence in Financial Reporting Award Program (COA)

- ☐ Be aware of the most common errors made in those ACFRs

And, time permitting:

- ☐ Understand the correct calculation of net investment in capital assets

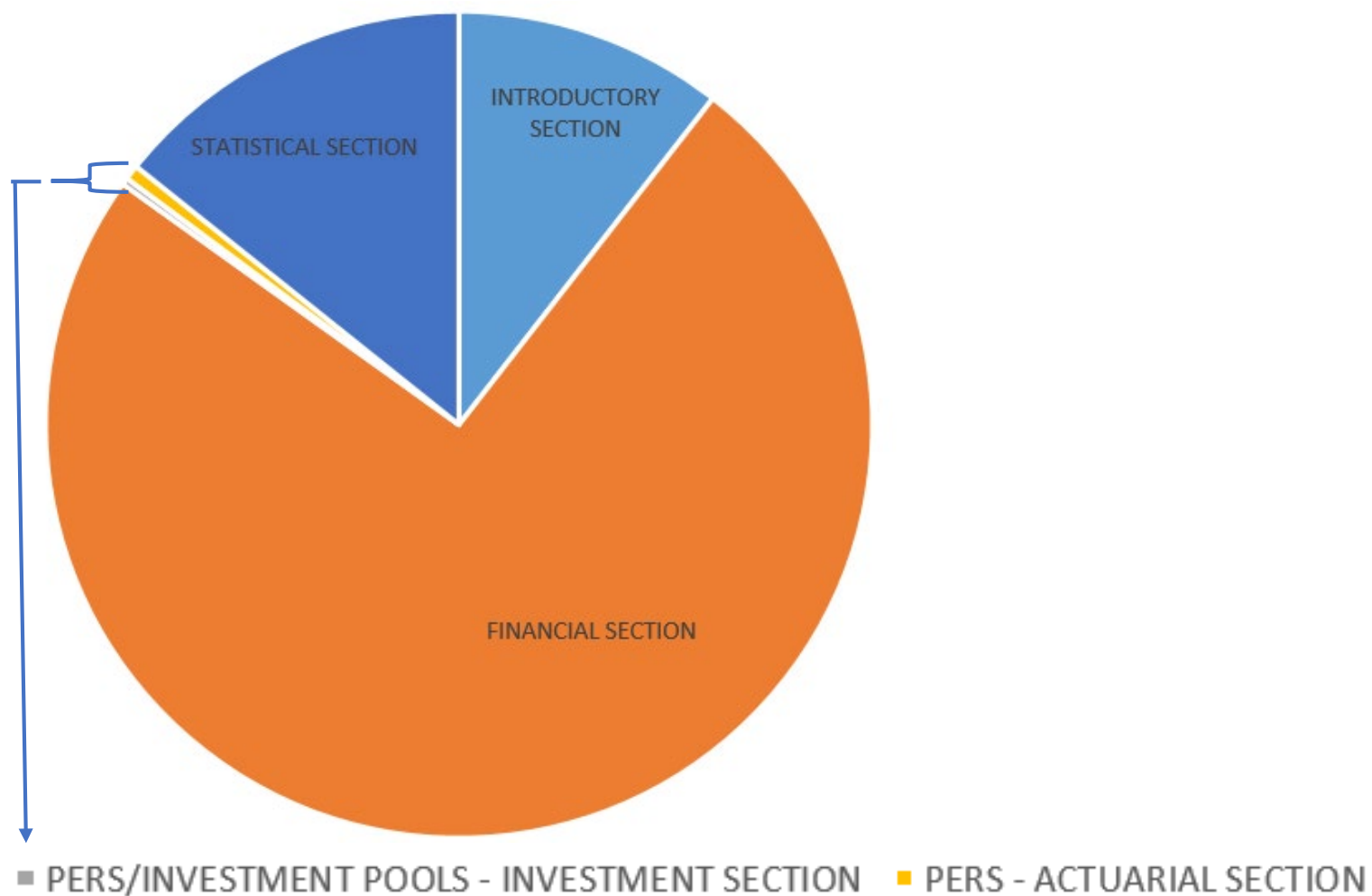
- ☐ Distinguish analysis from other information provided in management's discussion and analysis (MD&A)

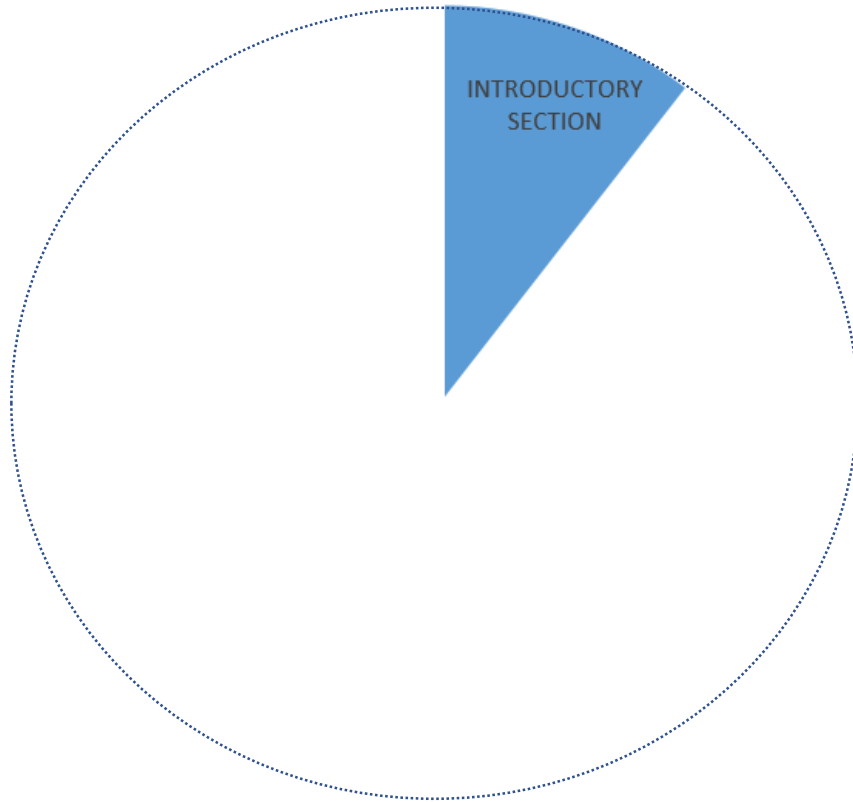
- ☐ Identify the significance of budgetary accountability in governmental financial reporting

General

- ❑ Lots of outdated and misplaced terminology throughout ACFRs
 - NPO and NOPEBO
 - Net assets (more on this later)
 - Invested in capital assets, net of related debt (more on this later)
 - Fixed assets
 - Agency funds
 - “Expenditure” used in describing amount reported on an economic resource measurement focus

Distribution of Comments by ACFR Section

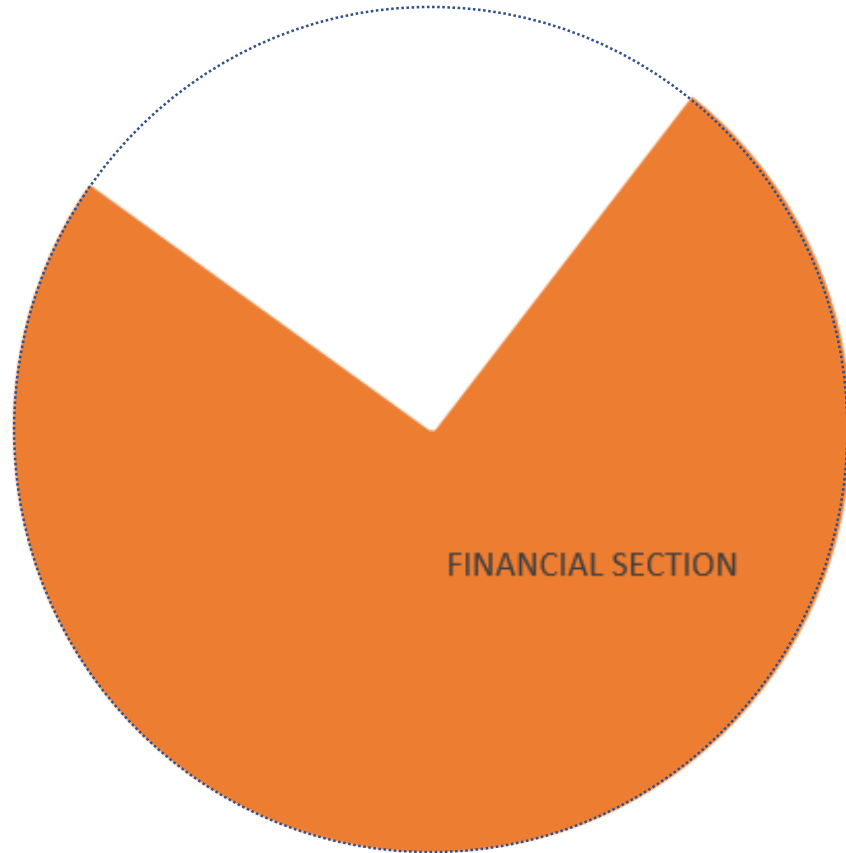




Introductory Section

Introductory Section

- ❑ Letter of transmittal missing (program requirements)
 - Management's responsibility for ACFR
 - ✓ Relying on system of internal control and inherent limitations thereof
 - Budget
 - ✓ Identifying funds with legally-adopted budgets
 - ✓ Identifying legal level of budgetary control
 - ✓ Summary of budget process
 - Expected long-term benefits of tax abatements



Financial Section

Financial Section



Financial Section - Report of the Independent Auditor

- ❑ Should provide at least an “in relation to [basic financial statements as a whole]” opinion on all statements and schedules in financial section of ACFR
 - Program requirement
- ❑ Other items solely responsibility of auditor

Financial Section - Management's Discussion and Analysis (MD&A)

- ❑ Amounts reported in MD&A should be consistent with amounts reported elsewhere in the ACFR
- ❑ Condensed comparative financial statements
 - Government-wide financial statements
 - Two years (three if accompanying comparative financial statements)
 - Required content
- ❑ Analysis of
 - Overall financial position and results of operations
 - Balances and transactions of individual funds
 - General fund budget variances



Management's Discussion and Analysis (cont.)

❑ Analysis is the explanation of underlying reasons

- Not stating the size or percent of a change
- Not breaking down the change into its components

❑ Direct readers to notes for details

- Capital assets, long-term liabilities, special/extraordinary, restatements, etc.

Most frequent
comment given
for FYE 2020
ACFRs

Financial Section – Basic Financial Statements

❑ Amounts reported should agree with related amounts shown elsewhere in the ACFR



- Other financial statements, letter of transmittal, MD&A, reconciliation, notes, statistical section, etc.

❑ Interfund transfers

- Net = \$0
- Blending of component units (CUs)
 - ✓ When and how

❑ Tax revenue – own source

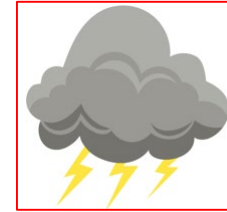
- Shared revenue = intergovernmental aid



Financial Section – Government-Wide Financial Statements

❑ Miscalculation of net investment in capital assets

- Capital assets and liabilities need to be in same reporting unit
- Unspent bond proceeds are not capital assets



❑ Must *display* major categories of restricted net position on statement

❑ Display of long-term liabilities (current/due within one year separate)

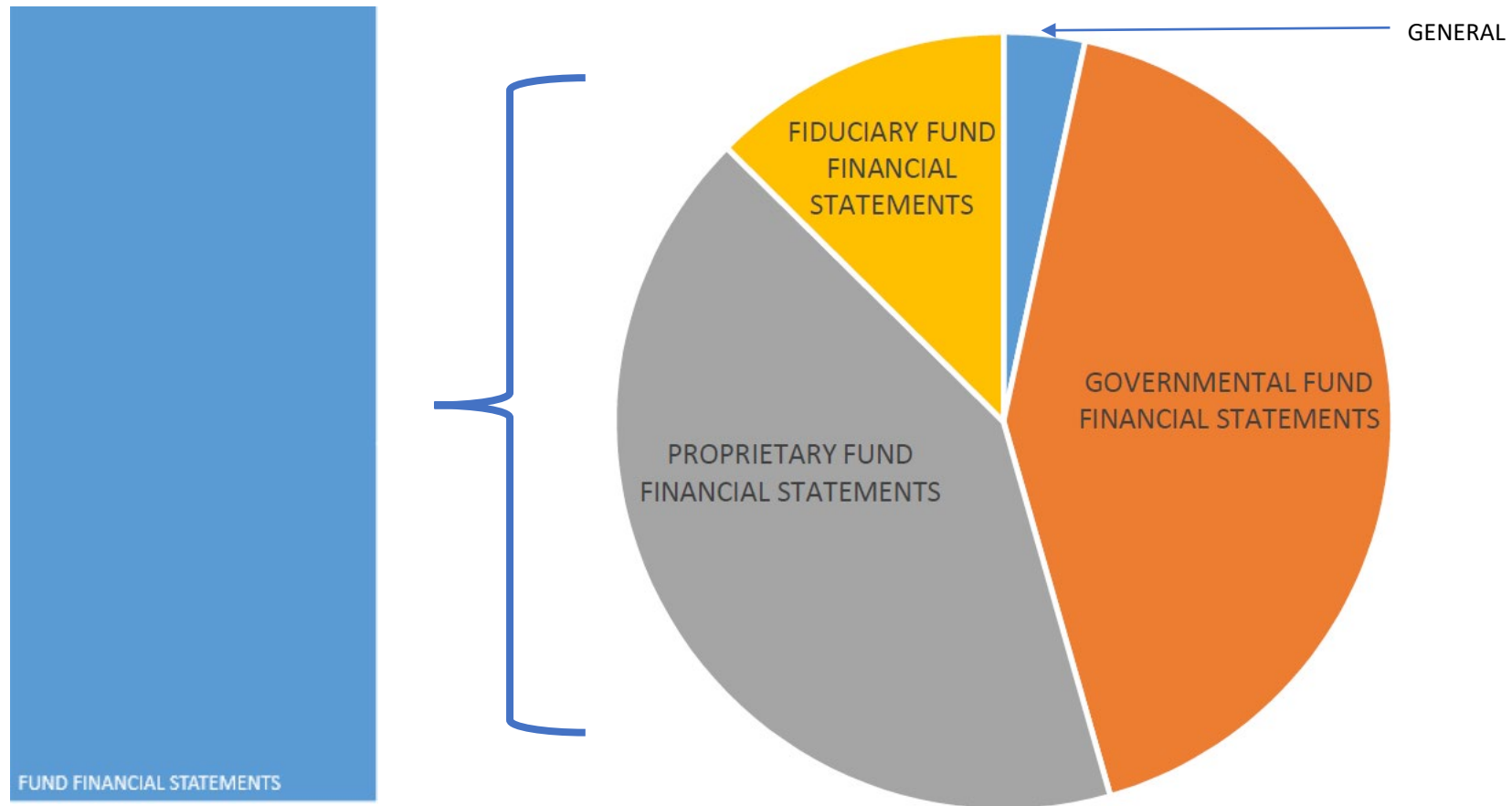
- Pension/OPEB liabilities are part of long-term liabilities
 - ✓ Net liabilities for defined benefit plans not current unless benefits due within a year > plan net position
- Lease liabilities

Government-Wide Financial Statements (cont.)

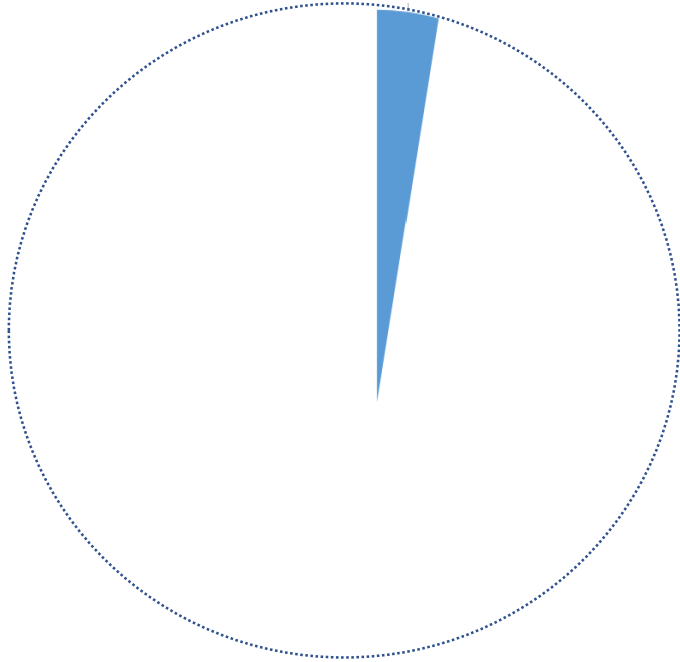
❑ Classification of revenue

- Program vs. general
- Operating vs. capital grants
 - ✓ Report consistently with fund reporting (capital contributions)

Financial Section - Fund Financial Statements



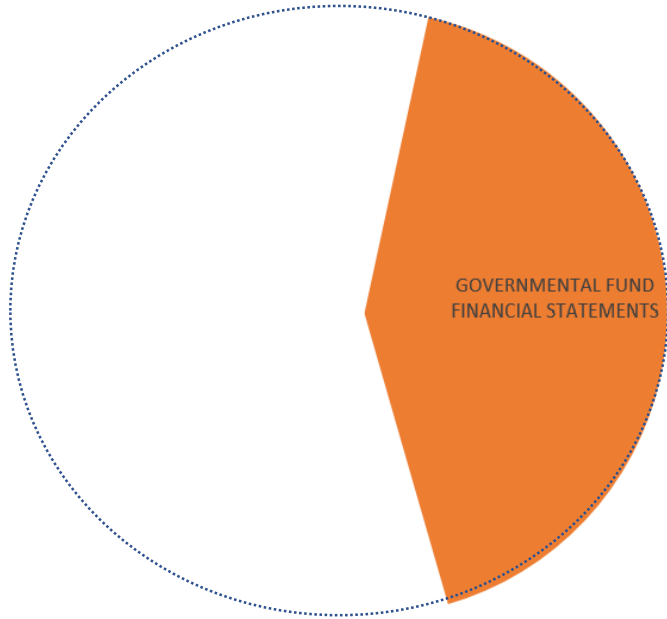
Fund Financial Statements (General)



- ❑ Amounts reported should agree with related amounts shown elsewhere in the ACFR
 - Other statements, transmittal, MD&A, reconciliation, notes, statistical section, etc.



Governmental Fund Financial Statements



❑ Major fund determination

- Recalculate *every* year
- *No* option to omit funds that meet quantitate threshold (10% and 5% tests)
 - ✓ Can't be immaterial/insignificant if threshold met



Governmental Funds Financial Statements (cont.)

□ Fund balance classifications

- Nonspendable (+)

- ✓ Temporarily nonspendable items (long-term internal and external receivables) are only included if spendable resources will not be restricted, committed or assigned when received)

- Restricted (+/-) *

- Committed (+/-) *

- Assigned (+)

- ✓ Cannot be negative, and
- ✓ Cannot be positive if results in a negative unassigned fund balance

- Unassigned (-/+)

- ✓ No positive balances except in general fund

* Stabilization arrangements (rainy-day funds) must meet criteria to be included as restricted or committed

Governmental Funds Financial Statements (cont.)

❑ Other financing sources (OFSs) and uses (OFUs)

- Only GASB-specified items
 - Debt issuance related
 - ✓ Issuance of debt (not proceeds from debt)—OFS
 - ✓ Premiums and discounts separate—OFSs and OFUs (respectively)
 - ✓ Issuance of refunding debt—separate OFS
 - ✓ Defeasance escrow deposit—OFU
 - ✓ Amount of OFS for issuance of long-term debt should agree with addition to long-term debt disclosed in debt note
- Except for governments that restate opening balance of long-term debt in note for leases implementation

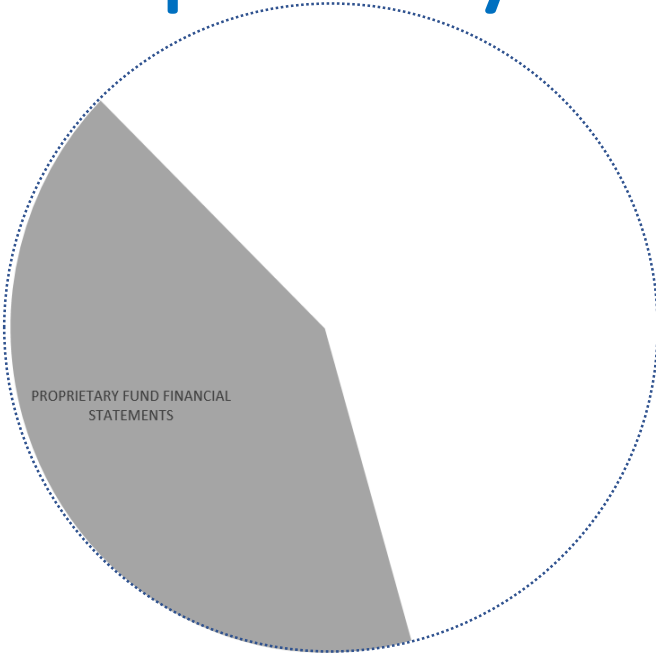
Governmental Funds Financial Statements (cont.)

❑ Mandatory budgetary reporting

- May be in basic financial statements (GFOA preference) or in required supplementary information
- Must include and *may only include* general fund and major special revenue funds with legally-adopted budgets
- At minimum, at program or functional level of detail (same as statement of revenues, expenditures, and changes in fund balance)
 - ✓ If not at legal level of budgetary control, must include as other supplementary information in financial section



Proprietary Fund Financial Statements



❑ Cash flows

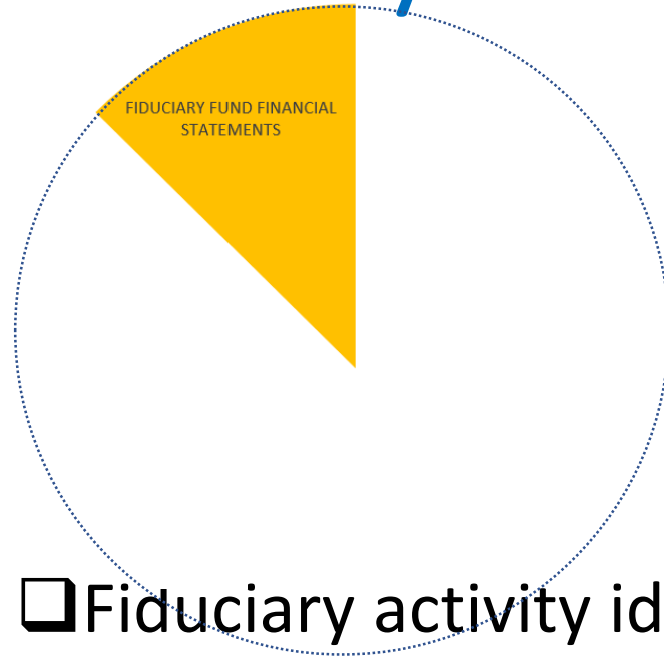
- If not investing, capital financing, or noncapital financing, must be operating
- Generally must report flows gross rather than net
- Noncash investing or financing activities must be reported

❑ Miscalculation of net investment in capital assets

- Capital assets and liabilities need to be in same reporting unit
- Unspent bond proceeds are not capital assets



Fiduciary Fund Financial Statements



☐ Investments

- Expenses should
 - ✓ Be shown separately on their own line
 - ✓ Be netted from investment income
- Income should be reported in *additions*, even if that amount is negative

☐ Fiduciary activity identification issues

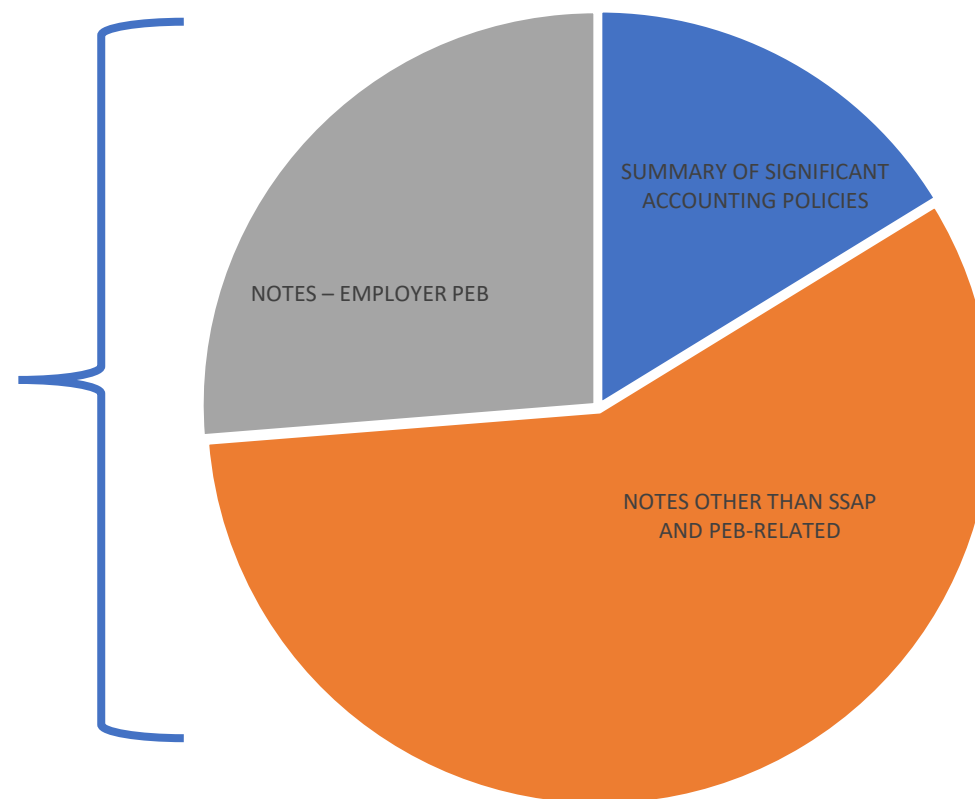
- Component unit or assets controlled by government
- Activities/PEB plans operated through trusts or non-trusted
- For non-trusted activities, no activities with assets
 - ✓ Held as a result of government's own exchange transactions
 - ✓ Held as a result of grant revenue of the government (except pure cash conduits)

Fiduciary Fund Financial Statements (cont.)

❑ Custodial funds

- Report assets held for beneficiaries until compelled to disburse
- May report fiduciary net position
- Report property tax receivables for taxes levied by, and being collected on behalf of, other governments
 - ✓ May need to report deferred inflow if for future period

Financial Section - Notes



Summary of Significant Accounting Policies



☐ Definitions of deferred resource flows

- Decreases in net *assets* inherently related to a future period – deferred outflows of resources
 - Increases in net *assets* inherently related to a future period – deferred inflows of resources
-
- Net assets = total assets – total liabilities
 - ✓ Net assets ≠ net position
 - ✓ Does not include deferred resource flows
 - If definitions were increases/decreases in net *position*, would be circular

Summary of Significant Accounting Policies (cont.)

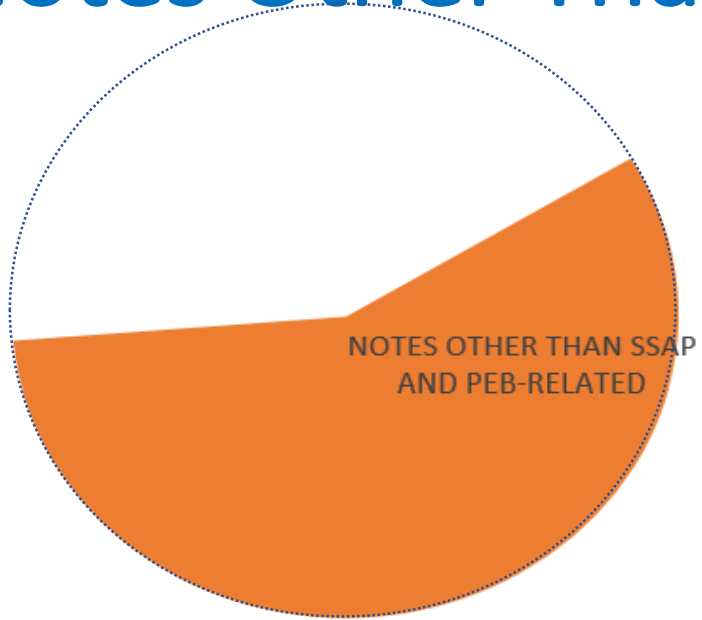
❑ Custodial funds

- Replaced agency funds
- Use economic resources measurement focus

❑ Nothing reported at “market value”

- Investments reported at *fair* value – exit price
- Donated capital assets reported at *acquisition* value – entry price

Notes Other Than SSAP and PEB



- ❑ Amounts reported in the notes should be consistent with amounts reported on the face of the financial statements

- ❑ *Fair value* or *acquisition value* should be used instead of market value

- Fair value is an exit price – what would government receive if it sold an asset?

- Acquisition value is an entry price – what would the government have to pay to acquire an asset?

- ❑ Investment disclosures include

- Ratings (not needed for direct US Treasury obligations)
 - Level in fair value hierarchy (unrelated to investment risk)
 - Valuation technique and any changes thereto

Notes other than PEB and SSAP (cont.)

- ❑ Disclose which governmental funds have typically been used to liquidate liabilities
 - Pension and OPEB (collectively “PEB”)
 - ~~Compensated absences~~ (until implementation of GASB 101)
- ❑ Disclosures required in debt defeasance and redemption include
 - Aggregate difference in debt service between refunding and refunded debt
 - Economic gain or loss
- ❑ Specific purposes for restricted, committed and assigned fund balances must be disclosed if not displayed on financial statements
 - Stabilization arrangements disclosed even if not reported as restricted or committed

Notes other than PEB and SSAP (cont.)

- ❑ Significant encumbrances should be disclosed with other commitments
- ❑ Interfund balances and transfers
 - Disclose specific purposes (not generic)
 - Fund reimbursements ≠ transfers

Notes other than PEB and SSAP (cont.)

☐ Separately disclose increases and decreases in the compensated absence liability (until implementation of GASB 101)

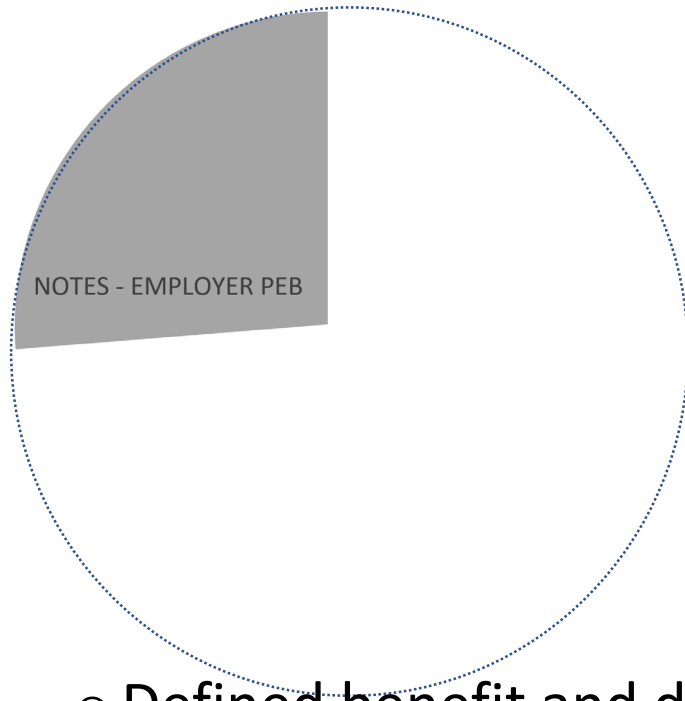
- Disclose amount due within one year (estimate if needed)

☐ Capital asset disclosures should include:

- Accumulated depreciation should not exceed cost basis for same major classification
- Decreases in accumulated depreciation should not (normally) exceed decreases in cost basis for same major classification
- If cost basis = accumulated depreciation for one or more major classifications, reassess estimated useful lives going forward

Make sense!

Postemployment Benefits (PEB) Notes



- ☐ Disclose aggregate amounts of all pension and OPEB expenditures and expense for all plans
 - Generally, would not be identifiable on financial statements
- ☐ Individual plan disclosures requirements vary for
 - Trusted and non-trusted plans
- Defined benefit and defined contribution plans
- Single employer, agent, cost-sharing and non-governmental plans
- Employer and non-employer contributor governments
- Plans that do and do not issue separate financial statements

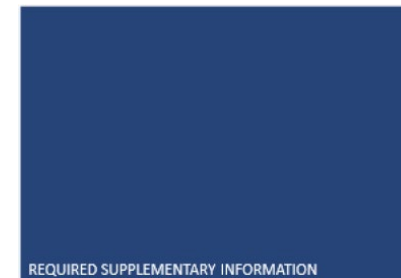
Postemployment Benefit Notes (cont.)

❑ Disclosures for each governmental defined benefit plan include:

- Type of plan (single employer, agent, cost-sharing, non-governmental)
- Schedule of changes in total and, for trusted plans, net pension/OPEB liabilities
- Information on deferred resource flows, including
 - ✓ Sources and amounts (table)
 - ✓ Schedule of amortization effecting pension expense (5 years)
 - ✓ Explanation that contributions made after measurement date but before FYE will be recognized as reductions of net pension/OPEB expense in subsequent year
- How to obtain separately issued financial statements
 - ✓ If not issued, required reporting in employer ACFR (separate financial statements in SI or notes)
- Assumption information, including about discount rate
 - ✓ Sensitivity analysis for discount and healthcare cost trend rates

Financial Section - Required Supplementary Information (RSI) Other Than MD&A

- ☐ If not in BFS, mandatory budgetary comparison *schedules* here in RSI
- ☐ For non-trusted pension and OPEB plans, notes to RSI should indicate that no assets have been accumulated in a trust that meets GASB criteria



Required Supplementary Information (cont.)

☐ What measure of pay should be used?

Plan Type	Trusted	Non-trusted
Pension	Covered payroll	Covered-employee payroll
OPEB – Contributions <i>not</i> based on pay (most common)	Covered employee payroll	Covered-employee payroll
OPEB – Contributions based on pay (uncommon)	Covered payroll	Covered-employee payroll

☐ For what period?

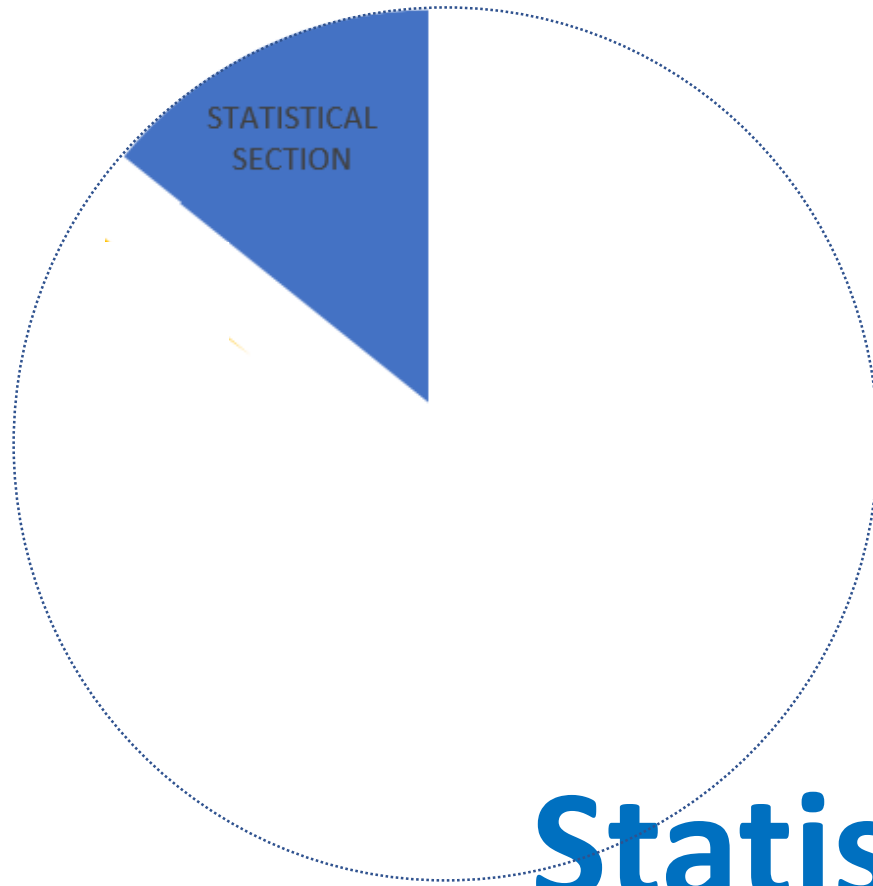
Schedule	Report Measure of Pay for
Schedule of Changes in the NPL/NOL and Related Ratios	Period ended on the measurement date of the PEB liability
Schedule of Employer Contributions	The Employer's fiscal year

Financial Section - Combining and Individual Fund Information and other Supplementary Information (SI)

❑ Supplementary budgetary comparison reporting

- Provide budgetary comparison schedules for any annually (or biennially) budgeted funds
 - ✓ General fund and major special revenue funds – if compliance at the *legal level of budgetary control* was not demonstrated in mandatory budgetary comparison statements/schedules
 - ✓ Nonmajor special revenue funds, debt service funds, capital projects funds, and permanent funds that demonstrate compliance at the legal level of budgetary control
 - ✓ Optional to include nongovernmental funds
- Amounts in total columns of combining statements should easily trace to total columns in basic financial statements

COMBINING
AND
INDIVIDUAL
FUND
INFORMATI...
AND OTHER
SUPPLEMEN...
INFORMATI...



Statistical Section

Statistical Section

- ❑ Amounts in the statistical section should agree with the related amounts elsewhere in the ACFR
- ❑ Specifically regarding debt information:
 - The amounts presented in the debt capacity schedules should be the same amounts reported in the basic financial statements (i.e., net of related premiums, discounts)
 - The total direct debt in the statistical table should include all long-term debt instruments of the governmental activities, including bonds, notes, certificates of participation, loans, and capital leases

Statistical Section – Net Bonded Debt

☐ Net bonded debt

- The amount of net position restricted for payment of principal used in the calculation of net bonded debt should not be greater than the amount of restricted net position for debt service as reported on the government-wide statement of net position
- Example ...

Statistical Section – Net Bonded Debt (cont.)

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021



Statistical Section – Net Bonded Debt (cont.)

Fiscal Year Ended June 30	General Obligation Bonds				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita
2021	\$ 10,015,560	\$ 233,138	\$ 9,782,422	0.08 %	\$ 165
2020	11,196,733	135,295	11,061,438	0.10	253
2019	8,703,256	180,123	8,523,133	0.10	201
2018	9,694,915	128,878	9,566,037	0.10	166
2017	6,684,180	174,644	6,509,536	0.07	157
2016	7,859,886	404,059	7,455,827	0.09	192
2015	2,020,000	211,390	1,808,610	0.03	51
2014	4,445,000	198,523	4,246,477	0.07	111
2013	9,010,000	163,029	8,846,971	0.13	224
2012	11,160,000	184,241	10,975,759	0.14	279

Statistical Section – Net Bonded Debt (cont.)

Long-term liability activity for the current fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Private placement general obligation bonds	\$ 10,585,000	\$	\$ 1,120,000	\$ 9,465,000	\$ 1,320,000
Premium	611,733		61,173	550,560	
Total bonds payable	11,196,733		1,181,173	10,015,560	1,320,000
Obligations under capital leases	1,757,000		187,000	1,570,000	143,000
Net pension liability	23,989,048	3,897,986		27,887,034	
Compensated absences payable	795,255	116,983	121,564	790,674	133,333
Governmental activity long-term liabilities	<u>\$ 37,738,036</u>	<u>\$ 4,014,969</u>	<u>\$ 1,489,737</u>	<u>\$ 40,263,268</u>	<u>\$ 1,596,333</u>

Statistical Section – Net Bonded Debt (cont.)

\$233,138 ≤ \$252,110



STATEMENT OF NET POSITION JUNE 30, 2021

	<u>Governmental Activities</u>
<u>NET POSITION</u>	
Net investment in capital assets	29,392,750
Restricted for:	
Instruction	1,484,804
Food service	544,852
Non-instructional purposes	2,507,796
Debt service	252,110
Capital outlay	3,743,932
Unrestricted	(15,150,295)
Total net position	<u><u>\$ 22,775,949</u></u>

Statistical Section – Debt Service Ratio

❑ Debt service to noncapital expenditures ratio

- Displayed on schedule of changes in fund balances, governmental funds
- *Do not* use “capital outlay” from that schedule to calculate noncapital expenditures
- Use capitalized expenditures amount from reconciliation of governmental fund in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance

Statistical Section – Debt Service Ratio (cont.)

Annual Comprehensive Financial Report

FISCAL YEAR ENDED JUNE 30, 2021

CITY OF SACRAMENTO, CALIFORNIA

Statistical Section – Debt Service Ratio (cont.)

Changes in Fund Balances, Governmental Funds ⁽¹⁾

Last Ten Fiscal Years

(modified accrual basis of accounting, in thousands)

	Fiscal Year				
	2017	2018	2019	2020	2021
Expenditures					
Capital outlay	82,465	90,397	79,175	103,790	130,426
Debt service					
City					
Principal	28,677	48,445	56,284	21,308	26,228
Interest and fiscal charges	28,555	24,529	24,818	24,501	21,661
Bond issuance costs	49	1,415	116	1	-
Subtotal - debt service	57,281	74,389	81,218	45,810	47,889
Total Expenditures	684,393	756,638	796,914	877,832	1,030,785

Changes in fund balances	\$ 46,529	\$ 2,044	\$ 86,456	\$ 54,240	\$ 49,315
Debt services as a percentage of noncapital expenditures	9.27%	10.61%	10.56%	5.70%	5.10%

Statistical Section – Debt Service Ratio (cont.)

Total debt service		47,889
Total expenditures	1,030,785	
Capital outlays	<u>(130,426)</u>	
		900,359
Ratio		5.32% ≠ 5.10%



Statistical Section – Debt Service Ratio (cont.)

Governmental Funds

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

For the Fiscal Year Ended June 30, 2021

(in thousands)

Changes in fund balances - total governmental funds	\$	49,315
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay

Depreciation expense

92,659

(72,869)

19,790

Statistical Section – Debt Service Ratio (cont.)

Total debt service	47,889
Total expenditures	1,030,785
Capitalized outlays	<u>(92,659)</u>
	938,126

Debt service as a percentage of
noncapital expenditures

5.10% = 5.10%



Additional Discussion on Selected Items (Michele's Pet Peeves)

Additional Discussion on Selected Items

❑ Net investment in capital assets

- [From Confusing to Cringe-Worthy: Errors Made in Calculating Net Investment in Capital Assets](#)

❑ Management's discussion and analysis

- [Masquerade – Impersonating Analysis in MD&A](#)

❑ Budgetary comparison reporting

- [Budgetary Accountability: Why, Why, Why?](#)

Net Investment in Capital Assets

	Total	Net Investment in Capital Assets*	Non-Capital	
			Restricted	Unrestricted
Assets (net)	\$\$\$\$\$\$	\$\$\$	\$\$	\$
+ Deferred Outflows	\$\$\$\$\$\$	\$\$\$	\$\$	\$
- Liabilities	\$\$\$\$\$\$	\$\$\$	\$\$	\$
- Deferred Inflows	\$\$\$\$\$\$	\$\$\$	\$\$	\$
= Net Position	\$\$\$\$\$\$	\$\$\$	\$\$	\$

* When governments have no outstanding capital debt, the capital-asset classification of net position may be referred to as “investment in capital assets” rather than as “*net* investment in capital assets.”

Net Investment in Capital Assets (cont.)



Net Investment in Capital Assets – Reporting Unit

❑ A reporting unit may be:

- A governmental entity
 - ✓ That is, an entity that has separate legal standing
- Part of a governmental entity
 - ✓ Such as: governmental activities or business-type activities, a major fund, a non-major fund, an aggregation of funds (e.g., nonmajor enterprise funds)
- An aggregation or consolidation of two or more governmental units
 - ✓ Such as: a primary government and its discretely presented component units, all discretely presented component units of a primary government
- Generally = a column on a financial statement
 - ✓ Not all columns in a statement of activities reported in a net cost format

Net Investment in Capital Assets – Capital Deferred Resource Flows

- ❑ Arising from capital debt refunding
 - Unamortized deferred inflows of resources (“gains”)
 - Unamortized outflows of resources (“losses”)
- ❑ Arising from the *acquisition* of capital assets
 - Issuers in certain conduit debt arrangements
 - Transferors in certain SCA and other PPP arrangements

Net Investment in Capital Assets – Detailed Calculation

GFOA Calculation Template

All capital assets of the reporting unit (both tangible and intangible)
Less: Accumulated depreciation/amortization on those assets
Net carrying value of capital assets (may be entered directly instead of entering above)
Less:
• Outstanding principal of capital debt and other capital borrowings ^b of the reporting unit (only that pertaining to the reporting unit's own capital assets), <u>limited to</u> the portion of the debt of which proceeds were expended for capital purposes ^c and excluding unspent proceeds ("capital-related debt")
• Outstanding principal balance of debt and other borrowing used to refund capital-related debt, including <i>refundings of</i> refundings of capital-related debt, etc. ("capital refunding debt")
• Outstanding principal balance of any other capital-related liabilities as of fiscal year end, such as accounts payable and retainage payable for for capital purposes
• Unamortized balance of original issue premiums on outstanding capital-related debt, including outstanding capital refunding debt
• Unamortized balance of capital-related deferred inflows of resources, such as from "gains" on a refunding of capital-related debt and capital refunding debt, or those arising from the acquisition of a capital asset through a conduit debt associated arrangement or through a service concession arrangement or other public-private or public-public partnership
Plus:
• Unamortized balance of original issue discounts on outstanding capital debt
• Unamortized balance of capital-related deferred outflows of resources, such as from "losses" on refunding of outstanding capital debt
Equals: Net investment in capital assets of the reporting unit

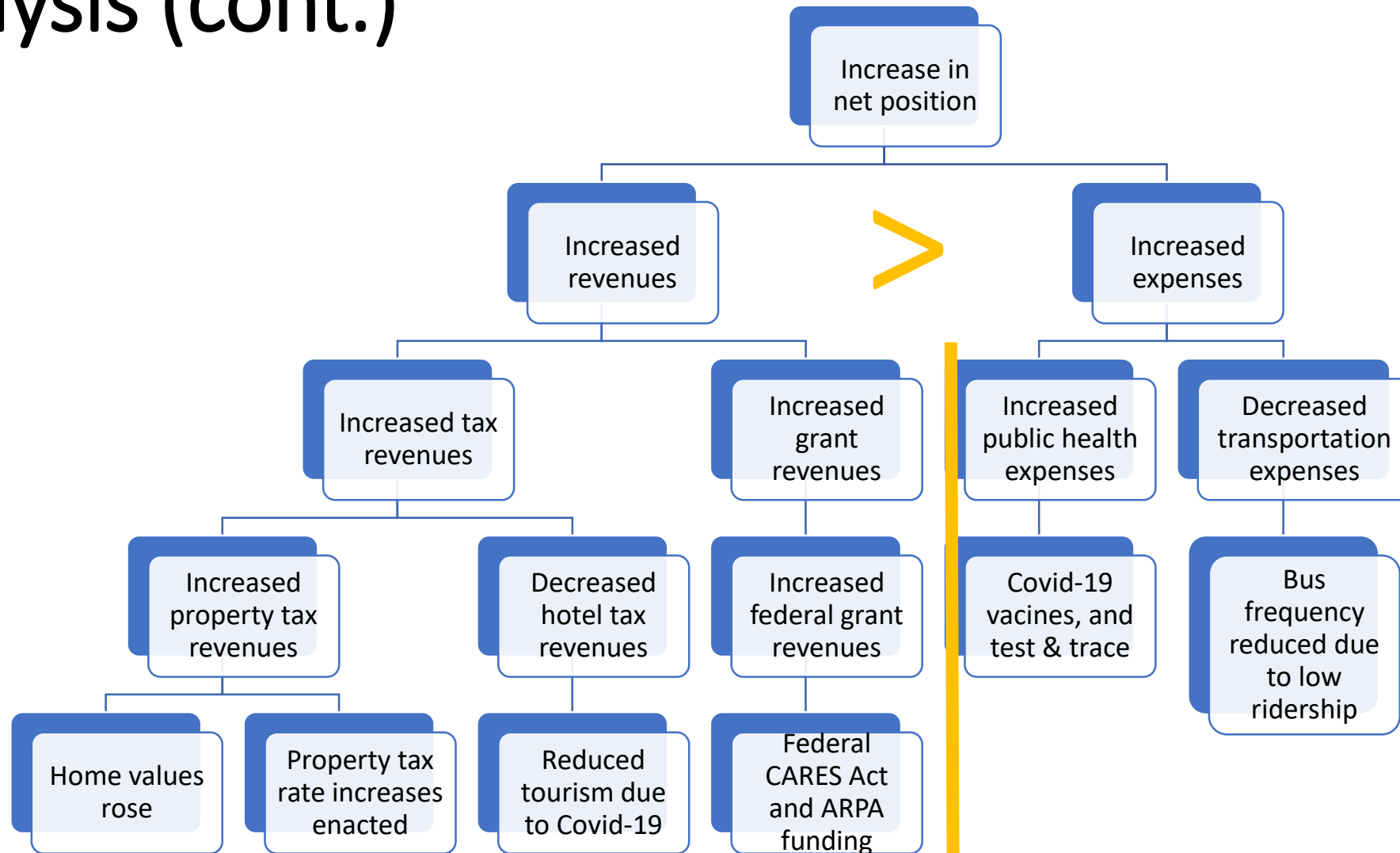
Analysis

- ❑ Answers questions beginning with “why” rather than “what”
- ❑ Usually requires repeated “why” questions to get beyond simply elaborating on “what”
- ❑ Will often require explanations of multiple reasons for changes, including those with opposite effects
- ❑ Can begin even before governmental activities (government-wide financial statements) amounts are final

Analysis (cont.)

Iteration	Why Question	Response
1	Why did the net position of governmental activities increase by 2.5% since last year?	Primarily because of revenue growth of 3%, which exceeded expectations and the net growth in expenses of only 1%.
2	Why did revenue grow by 3%?	Primarily as a result of a 2% increase in tax revenues, which constitutes 60% of county revenue.
3	Why did tax revenue increase by 2%?	Primarily because real property tax revenue increased by approximately 3.5%
4	Why did property tax revenue increase by 3.5%?	Primarily as a result of (1) a property tax rate increase of 1%, on average, across all classes of taxable real estate, enacted by the legislature for the fiscal year, and (2) an average increase in assessed taxable property values of approximately 5%.
5	Why did taxable property values increase by 5%?	Primarily because of increased market values of homes and properties, consistent with statewide and national trends.

Analysis (cont.)



Analysis – Preliminary

- ❑ Begin with budgetary, cash or modified accrual basis analysis variances
 - Identify and explain underlying reasons for changes between years
- ❑ Identify significant changes in amounts that are adjustments necessary to report on an economic resources measurement focus and an accrual basis of accounting and allocate amount among programs/functions when appropriate
 - Capital asset and long-term debt activity
 - Activity affecting other long-term liabilities (pension, OPEB, compensated absences, claims and judgments)
 - Timing differences

Budgetary Accountability

- ❑ Role of budgetary accountability seen in
 - Fund accounting and financial reporting
 - Use of encumbrance accounting
- ❑ By law, budget appropriations both *permit* and *constrain* the spending of public dollars
- ❑ Legally-enacted budgets are key to
 - Taxation *with* representation
 - Separation of powers of executive and legislative branches of government
- ❑ Compliance is demonstrated by reporting at the *legal level of budgetary control*

Mandatory vs. Supplementary

FUND TYPE	MANDATORY BUDGETARY COMPARSION?	SUPPLEMENTARY BUDGETARY COMPARISON?
General fund	YES	YES
Special revenue funds – major	YES	YES
Special revenue funds – nonmajor	NO	YES
Capital projects funds – major	NO	YES
Capital projects funds – nonmajor	NO	YES
Debt service funds - major	NO	YES
Debt service funds – nonmajor	NO	YES
Permanent funds – major	NO	YES
Permanent funds – nonmajor	NO	YES

Budgetary Accountability – Legal Level of Budgetary Control

The lowest level at which a government's management may not reallocate resources without special approval of the governing body

Clarification –

- ☐ Management might not be permitted to reassign *any money* at the legal level of budgetary control, or
- ☐ Management might be permitted to reassign resources only *within specified limits* at the legal level of budgetary control

Budgetary Accountability – Legal Level of Budgetary Control (cont.)

☐ In mandatory budgetary comparison reporting

- Optional
- Generally reported at *function level of detail*, matching that of governmental fund statement of revenues, expenditures, and changes in fund balance

☐ In supplementary budgetary comparison reporting

- Mandatory
- Narrow exception – If legal level of budgetary control is *extremely* detailed, government may:
 - ✓ Report at functional or program level in ACFR, *and*
 - ✓ Issue, and refer ACFR readers to, a separate report that presents extended reporting at the legal level of budgetary control

Budgetary Accountability – Legal Level of Budgetary Control (cont.)

- ❑ COA program requirements for separate budgetary reporting
 - Present the budgetary comparison statements/schedules in ACFR at the minimum (functional) level of detail
 - Disclose availability of a separately issued budgetary report (SIBR)
 - ✓ Preferably with link to SIBR
 - SIBR:
 - ✓ Should include both final budget and actual results at legal level of budgetary control
 - ✓ Should include totals and subtotals that are easily trace to the ACFR budgetary comparison statement/schedule
 - ✓ Should be publicly available (preferably on website with ACFR)
 - ✓ Is *not* a standard budget document (which lack actual results)

Budgetary Accountability – Legal Level of Budgetary Control (cont.)

Legal Level of Budgetary Control		Example
Fund		General fund
Function		Public safety
Department		Fire Department
Activity (program)		Fire Prevention
Object		Personal services – salaries and wages
Sub-object		Regular employees
Other <i>unit of appropriation</i>		Personal services - Fire prevention for north district

☐ Questions?

☐ Comments?

Thank you!

For More information

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