

Other Areas of Governmental Fund Financial Statements

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Agenda

- Capital Projects Funds
- Debt Service Funds
- Interfund Transactions
- Fund Balance – Types and Restrictions

Capital Projects Funds

- Used to account for and report financial resources that are ***restricted, committed, or assigned*** to expenditure for capital outlays, including acquisition or construction of capital facilities and other capital assets
 - Excludes those types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Capital Projects Funds

Examples:

- General Government
- Grants
- Transit
- Police & Fire

Debt Service Funds

- Used to account for and report financial resources that are ***restricted, committed, or assigned*** to expenditure for principal and interest

Debt Service Funds

- Examples:
 - General Obligation Debt Service
 - Special Assessment Debt Service

Interfund Transactions



Interfund Transactions

- Due to/from other Funds
- Other Financing Sources and Uses

Due from other funds/Due to other funds

NEGATIVE CASH BALANCES AT YEAR-END

Interfund borrowing is an adjustment made to avoid presenting negative asset balances. Funds with remaining negative balances after adjustments are forced to zero by moving excess cash from other allowable funds.

Balance sheet effect – total cash is not effected, creation of an asset and a liability

BALANCE SHEET – GOVERNMENTAL FUNDS

	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental	Total Governmental Funds
Due from other funds	1,343,247				1,343,247
Due to other funds				1,343,247	1,343,247

Other Financing Sources and Uses

Interfund Transfers

- Other financing source by receiving fund and other financing use by fund making transfer
- These are intra-governmental transactions
- No revenue or expenditures are recorded in these transactions
- Reported separately from revenues and expenditures

Operating Transfer

Example of transaction that would occur when making the transfer:

Transferring Fund

DR: Transfer out \$10,000

CR: Cash \$10,000

Receiving Fund

DR: Cash \$10,000

CR: Transfer in \$10,000

Issuance of General Obligation Bonds

- The following items are presented on the face of the financial statements related to the issuance of general obligation debt:

Other Financing Source

- General obligation bonds issued – Face Value of the Bonds
- Premium on sale of bonds – Proceeds Above the Face Value

Other Financing Use

- Discount on sale of bonds – Proceeds Below the Face Value

Debt Service Expenditures

- Bond issuance costs – Insurance, Underwriter Fee

Issuance of General Obligation Bonds (example)

The City sells \$50,000,000 in general obligation bonds at a premium. The total proceeds from issuance after the \$100,000 in bond issuance costs is \$54,900,000.

Capital Projects Fund

DR: Cash \$54,900,000

DR: DS - Bond issuance costs \$100,000

CR: OFS – Bond issuance \$50,000,000

CR: OFS – Premium \$5,000,000

Other Items

- Special Items – Significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence.
- Extraordinary Items - Material transactions or events that are both infrequent in nature and unusual in occurrence.
- Examples – Significant Insurance proceeds; significant sale of capital assets

Fund Balance



Balance Sheet – Fund Balance

GASB 54 Background

- Inconsistencies in how governments applied standards for fund balance reporting and use of governmental fund types
- Confusion regarding reserved fund balance vs. restricted net position

Balance Sheet - Fund Balance Categories



GASB Statement
No. 54

Nonspendable Fund Balance

- Not available for spending because of form of asset or permanent legal restriction
 - Inventories
 - Long-term portion of loans and notes receivable (if proceeds not restricted, committed, or assigned)
 - Property acquired for resale (if not near-term sale and if proceeds not restricted, committed, or assigned)
 - Amounts retained in perpetuity

Restricted Fund Balance

- Constraints on spending legally enforceable by outside parties
 - Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments
 - Bond covenants
 - Grant agreements
 - Other documents
 - Imposed by law through constitutional provisions or enabling legislation
 - HURF

Committed Fund Balance

- Constraints on spending government imposes upon itself by high-level formal action ***prior to close of period***
 - Ordinance, resolution, council approved policy
 - Council action to commit recreation program revenues
- Requires same formal action to uncommit

Assigned Fund Balance

- Intended for purpose set by governing body or by person or body delegated to exercise such authority
 - All remaining balances in funds other than general fund (except negative balances)
- Does not require formal action to unassign

Unassigned Fund Balance

- Residual
 - Positive balance in general fund only
 - Deficits in other funds

QUESTIONS?



Thank you for attending

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