



Fund Accounting

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Prim. Sem. 2016-17.*



Textbook: Government and Not-for-Profit Accounting, Granof

- This presentation contains information, in addition to the material prepared and provided by the professor, from the book Government and Not-for-Profit Accounting, 7th. Ed., Granof which is the textbook assigned for the course CONT 4059 – “Contabilidad para Entidades que no son Negocios” at the University of Puerto Rico, Río Piedras Campus.

What is a Fund?

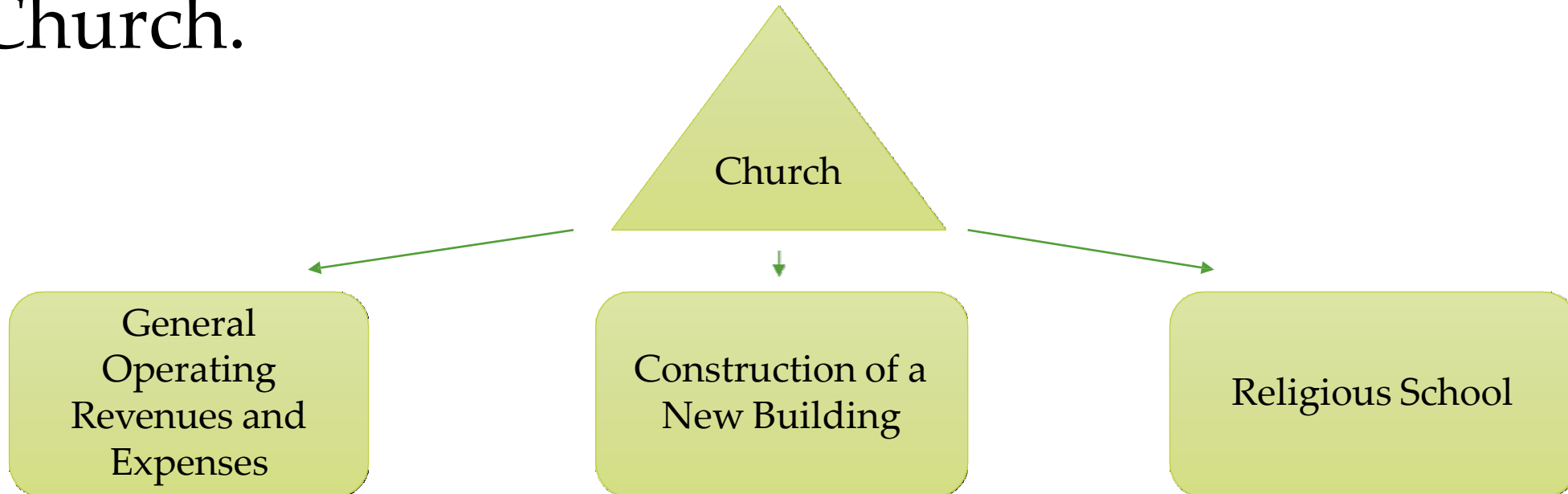
- A fund is a fiscal and an accounting entity.
- Each fund has its own self-balancing set of accounts from which financial statements can be prepared.

What is a Fund?

- Thus governmental and not-for-profit entities customarily use several funds to account for their resources and activities.

What is a Fund?

- Example: A nonprofit organization, a Church.



Governmental Funds

- Main Types of Governmental Funds:
 1. **Governmental Activities:** Those financed through taxes and intergovernmental grants.
 2. **Business-Type Activities:** Those financed predominantly through user charges.
 3. **Fiduciary Activities:** Those for which the government acts as a trustee or agent.

Governmental Funds

Governmental Activities

- Governmental Activities
 1. General fund
 2. Special revenue funds
 3. Debt service funds
 4. Capital projects funds
 5. Permanent funds

Governmental Funds

Governmental Activities

1. General Fund

- The general fund is the most significant fund maintained by all state and local governmental entities.
- It is used to account for all resources that are not legally or contractually restricted or arbitrarily set aside for specific activities.

Governmental Funds

Governmental Activities

1. General Fund

- In a city or other general-purpose government, it embraces most major governmental functions:
 - Police
 - Fire
 - Street maintenance
 - General administration

Governmental Funds

Governmental Activities

2. Special Revenue Funds

- Special revenue fund are established to account for specific revenue streams that are legally restricted or committed for specific purposes.
- Accounts for financial resources that are restricted or committed (does not include assigned) to expenditure for specific purposes **other than** debt service or capital projects.

Governmental Funds

Governmental Activities

2. Special Revenue Funds

● Examples:

- Gasoline tax revenues that must be used for highway maintenance.
- Hotel occupancy taxes earmarked for specific purposes.
- Private donations that must be used to repair and maintain parks and other recreational facilities.

Governmental Funds

Governmental Activities

3. Debt Service Funds

- Debt service funds are a particular type of special revenue fund
- In that they are maintained to account for resources restricted, committed, or assigned for a specific purpose: the payment of principal and interest on all general long-term obligation debt.

Governmental Funds

Governmental Activities

3. Debt Service Funds

- The debt covenants often require that the borrowing government set aside financial resources intended for servicing the debt.
- Debt service funds derive their resources from other funds, or from taxes or fees dedicated for debt service.

Governmental Funds

Governmental Activities

4. Capital Projects Funds

- They are maintained to account for, and report, financial resources that are restricted, committed, or assigned to be used for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Governmental Funds

Governmental Activities

4. Capital Projects Funds

- Capital projects funds typically derive their resources from the proceeds of bonds.
- However, they may also receive resources that were initially received by other funds and subsequently earmarked for the acquisition of capital assets.

Governmental Funds

Governmental Activities

5. Permanent Funds

- Permanent funds are relatively new type of governmental fund, a creation of the GASB Statement No. 34 reporting model.
- Permanent funds may spent only the income they generate, not the principal.

Governmental Funds

Governmental Activities

5. Permanent Funds

- **Example:** Suppose that a government received a donation to support one of its parks. The resources received were to be invested and only the income, not the principal, could be expended.

Governmental Funds

Governmental Activities

5. Permanent Funds

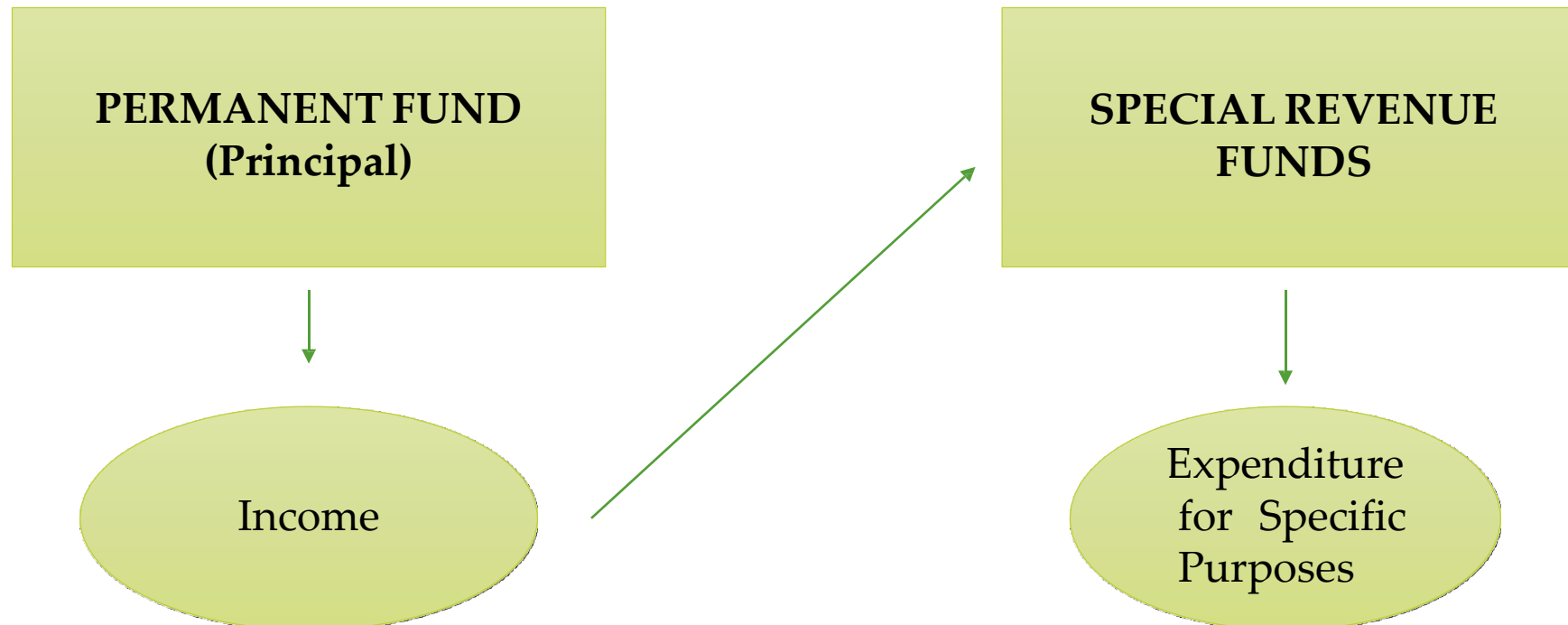
- **Example:** The government would establish a permanent fund to account for and maintain the donation (the principal).
- As income is earned, the government would transfer it to a special revenue fund, from which it could be used for the intended purpose.

Governmental Funds

Governmental Activities

5. Permanent Funds

● Example:



Governmental Funds

Business Type (Proprietary Funds)

1. Enterprise Funds

- Enterprise funds are used to accounts for business-type activities in which the government provides goods or services on a user-charge basis to the general public at large.
- The resources of the fund must be kept intact and cannot be commingled with those of the government's other funds.

Governmental Funds

Business Type (Proprietary Funds)

1. Enterprise Funds

● Example:

- Utilities, such as electric, water, and sewer.
- Hospital
- Mass Transportation
- Convention and entertainment facilities

Governmental Funds

Business Type (Proprietary Funds)

2. Internal Service Funds

- This funds, like enterprise funds, are used to account for business-type activities, but they provide goods or services to other funds, departments, or agencies within the same governmental unit (or occasionally to other governments).

Governmental Funds

Business Type (Proprietary Funds)

2. Internal Service Funds

● Example:

- A vehicle repair service that maintains and service the cars and trucks of the police department, fire department, and so forth.
- An electronic data processing department that maintains records and performs computer services for all other departments.

Governmental Funds

Fiduciary Funds

General

- These funds are used to account for assets held by a government in a trust or agency capacity for others, which include employees, other government, and specific individuals, corporations, or not-for-profit organizations.
- Accordingly, their activities do not result in revenues or expenses to support the government's programs.

Governmental Funds

Fiduciary Funds

1. Trust Funds

- A trust fund is defined as a “fund held by one person (trustee) for the benefit of another, pursuant to the provisions of a formal trust agreement.”



Governmental Funds

Fiduciary Funds

1. Trust Funds

- There are three types of Trust Funds:
 - Pension
 - Investment
 - Private Purpose

Governmental Funds

Fiduciary Funds

2. Agency Funds

- Agency funds are custodial in nature and are used to accounts for assets held, usually for a short period, on behalf of other governments, funds, not-for-profit entities, or individuals.
- Examples:
 - Taxes collected by one government for the benefit of another.

Governmental Funds

Summary

Governmental Funds

- General Fund
- Special Revenue Funds
- Capital Projects Funds
- Debt Service Funds
- Permanent Funds

Proprietary Funds

- Internal Service Funds
- Enterprise Funds

Fiduciary Funds

- Agency Funds
- Trust Funds

What Characterizes Funds?

- Accounting Equation that describes a business entity:

Assets – Liabilities = Owner's Equity

\$10,000 - \$6,000 = \$4,000

What Characterizes Funds?

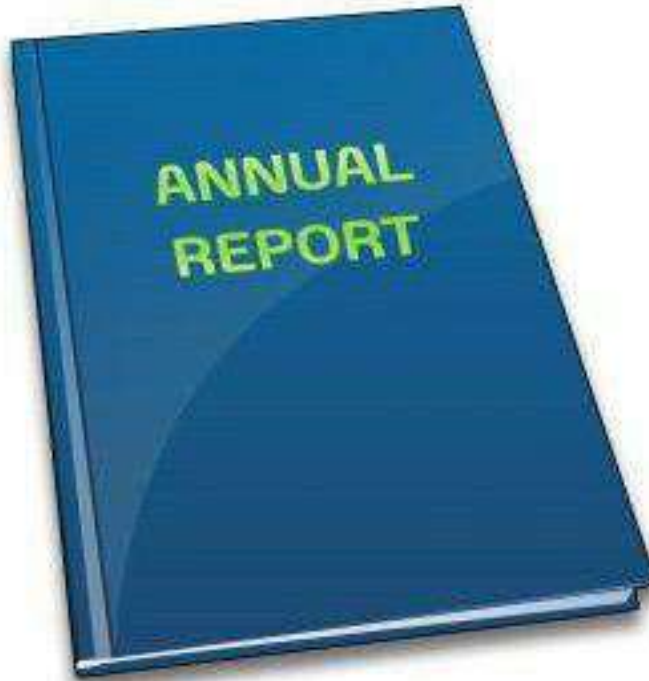
- Accounting Equation for Fund Accounting:

$$\text{Assets} - \text{Liabilities} = \text{Fund Balance}^*$$

$$\text{\$10,000} - \text{\$6,000} = \text{\$4,000}$$

** This equation will be modified later.*

Comprehensive Annual Financial Report (CAFR)



Comprehensive Annual Financial Report (CAFR)

CAFR (GASB Statement No. 34)

1. Auditor's report
2. MD&A (Management's discussion and analysis)
3. Basic Financial Statements
 - a. Government Wide Statements
 - b. Fund Statements
4. Required Supplementary Information RSI (Other than MD&A)
5. Combining the individual fund statements and schedules (if required)

Comprehensive Annual Financial Report (CAFR)

Components of the Annual Financial Report

Management's Discussion
and Analysis

Basic Financial Statements

Government-
wide Financial
Statements

Fund
Financial
Statements

Notes to the
Financial
Statements

Comprehensive Annual Financial Report (CAFR)

1. Auditor's Report

- Opinion of the CPA's Firm.



KPMG LLP
American International Plaza
Suite 1100
250 Muñoz Rivera Avenue
San Juan, PR 00919-1819

Independent Auditors' Report

The Honorable Governor and Legislature
Commonwealth of Puerto Rico
San Juan, Puerto Rico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Puerto Rico (the Commonwealth) as of and for the year ended June 30, 2014, and the related notes to basic financial statements, which collectively comprise the Commonwealth's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following entities, funds and activities:

o Governmental Activities

- Puerto Rico Public Housing Administration, which represents 14.17% and 2.17% of the total assets and revenues, respectively, of the General Fund.
- Office for the Administration of the Sales and Acquisition Fund of the Puerto Rico Department of Housing, which represents 0.58% and 0.02% of the total assets and revenues, respectively, of the General Fund.
- Office for the Improvements of Public Schools, which represents 0.59% and 0.00% of the total assets and revenues, respectively, of the General Fund.
- Labor Development Administration, which represents 0.32% and 0.31% of the total assets and revenues, respectively, of the General Fund.
- Public Buildings Authority special revenue, debt service, and capital projects funds, which are non-

Comprehensive Annual Financial Report (CAFR)

2. Management's Discussion and Analysis

- Brief objective narrative providing management's analysis of the government's financial performance.
- This is basically "Tell it like it is."

COMMONWEALTH OF PUERTO RICO

Management's Discussion and Analysis (Unaudited)

June 30, 2014

Management's Discussion and Analysis

This management's discussion and analysis section (MD&A) provides a narrative overview and analysis of the financial activities of the Commonwealth of Puerto Rico (the Commonwealth) for the fiscal year ended June 30, 2014. The MD&A is intended to serve as an introduction to the Commonwealth basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The MD&A is designed to (a) assist the reader in focusing on significant matters, (b) provide an overview of the Commonwealth's financial activities, (c) present an overview of results for the General Fund on a budgetary basis, and (d) highlight individual fund matters. The following presentation is by necessity highly summarized, and in order to gain a thorough understanding of the Commonwealth's financial condition, the financial statements, notes, and required supplementary information should be reviewed in their entirety.

Financial Highlights

- The Commonwealth's Primary Government, which encompasses the Commonwealth's Governmental and Business-Type Activities, reported, in the government-wide financial statements, a net deficit position of approximately \$49.7 billion at June 30, 2014, comprising of approximately \$15.4 billion in total assets and approximately \$538 million in deferred outflows of resources, less approximately \$65.5 billion in total liabilities and approximately \$103 million in deferred inflows of resources.
- The net deficit position of the Commonwealth's Primary Government increased by approximately \$2.7 billion during fiscal year 2014. The net deficit position for Governmental Activities increased by approximately \$2.7 billion and the net position for Business-Type Activities decreased by \$6.2 million during the fiscal year 2014.
- The Commonwealth's Governmental Activities had total revenue of approximately \$17.8 billion for fiscal year 2014, which was lower than total expenses of approximately \$20.8 billion, but represented an increase of approximately \$1.6 billion in total revenue when compared to fiscal year 2013. The Commonwealth's

Comprehensive Annual Financial Report (CAFR)

3(a). Government-Wide Statements

- The objective is to present a fairly broad condensed consolidated view of the financial position of the governmental entity.
- According to GAAP (GASB #34), there are just two required government-wide statements:
 - **Statements of net position (balance sheet)**
 - **Statement of Activities (statement of revenue and expenses)**
- The government-wide statements are prepared on a full accrual basis.



COMMONWEALTH OF PUERTO RICO

Statement of Net Position

June 30, 2014

(In thousands)

| | Primary government | | | Component units |
|---------------------------------------------------------------------------|-------------------------|--------------------------|---------------------------|-----------------|
| | Governmental activities | Business-type activities | Totals primary government | |
| Assets: | | | | |
| Cash and cash equivalents in commercial banks | \$ 152,065 | 56,380 | 208,445 | 1,756,820 |
| Cash and cash equivalents in governmental banks | 420,923 | 115,646 | 536,571 | 278,974 |
| Cash equivalents in Puerto Rico Government Investment Trust Fund (PRGITF) | 2,072 | — | 2,072 | 7,019 |
| Investments | 26,176 | — | 26,176 | 4,259,122 |
| Collateral from securities lending transactions | — | — | — | 158,834 |
| Receivables - net: | | | | |
| Income and excise taxes | 1,483,305 | — | 1,483,305 | — |
| Unemployment and other insurance premiums | — | 4,169 | 4,169 | 53,486 |
| Intergovernmental | 553,665 | 4,998 | 558,663 | 363,655 |
| Accounts | 31,632 | 33,299 | 65,231 | 1,191,093 |
| Loans | 39 | — | 39 | 4,641,505 |
| Accrued interest | 41,607 | 49 | 41,656 | 200,106 |
| Other | 144,106 | 339 | 144,445 | 77,209 |
| Due from net of allowance for uncollectibles: | | | | |
| Primary government | — | — | — | 249,446 |
| Component units | 73,708 | — | 73,708 | 2,223,259 |
| Other governmental entities | 13,121 | 7,305 | 20,426 | 741,074 |
| Internal balances | 11,041 | (11,041) | — | — |
| Inventories | 10,733 | — | 10,733 | 443,527 |
| Prepaid expenses | 35,716 | — | 35,716 | 29,959 |
| Other assets | 15,797 | 4,542 | 20,339 | 149,385 |
| Restricted assets: | | | | |
| Cash and cash equivalents in commercial banks | 496,726 | 7,142 | 493,868 | 1,159,470 |
| Cash and cash equivalents in governmental banks | 1,409,600 | 181,228 | 1,590,828 | 224,256 |
| Cash equivalents in PRGITF | 80,725 | — | 80,725 | — |
| Cash and cash equivalents under the custody of U.S. Treasury | — | 415,052 | 415,052 | — |
| Sales and use tax receivable | 113,706 | — | 113,706 | — |
| Unemployment and other insurance premiums receivable | — | 59,528 | 59,528 | — |
| Intergovernmental receivable | 56,277 | 10 | 56,287 | — |
| Receivables | — | 160 | 160 | — |
| Accrued interest | — | 5,968 | 5,968 | — |
| Loans receivable from component units | — | 490,916 | 490,916 | — |
| Investments | 519,705 | 38,735 | 558,440 | 3,603,069 |
| Other | 1,099 | 25,978 | 27,077 | 65,208 |
| Real estate held for sale or future development | 44,667 | — | 44,667 | 243,979 |
| Capital assets: | | | | |
| Land and other nondepreciable assets | 1,864,742 | 6,872 | 1,871,614 | 5,838,886 |
| Other capital assets - net of depreciation or amortization | 6,275,220 | 58,558 | 6,333,778 | 24,294,353 |
| Total assets | 13,868,175 | 1,506,113 | 15,374,288 | 52,253,694 |
| Deferred Outflows of Resources: | | | | |
| Accumulated decrease in fair value of hedging derivatives | 56,529 | — | 56,529 | 48,864 |
| Loss on bonds refunding | 481,007 | — | 481,007 | 272,462 |
| Total deferred outflows of resources | 537,536 | — | 537,536 | 321,326 |

| | Primary government | | | Component units |
|---------------------------------------------------------------------------------------|-------------------------|--------------------------|---------------------------|-----------------|
| | Governmental activities | Business-type activities | Totals primary government | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | 1,983,577 | 60,981 | 2,044,558 | 2,599,770 |
| Deposits and escrow liabilities | — | — | — | 5,986,088 |
| Tax refunds payable | 804,925 | — | 804,925 | — |
| Due to: | | | | |
| Primary government | — | — | — | 611,821 |
| Component units | 275,195 | 30,922 | 306,117 | 3,703,205 |
| Other governmental entities | 202,432 | 3,866 | 206,298 | 168,181 |
| Securities lending obligations and reverse repurchase agreements | — | — | — | 198,797 |
| Interest payable | 745,029 | 16,671 | 761,700 | 760,078 |
| Grant advances | 8,960 | — | 8,960 | — |
| Unearned revenue | 56,549 | 20,755 | 77,304 | 109,233 |
| Notes payable to GDB | 313,136 | — | 313,136 | — |
| Bond anticipation notes | 8,391 | — | 8,391 | — |
| Liability for automobile accident insurance, workmen compensation, and medical claims | — | — | — | 1,187,689 |
| Hedging derivatives instruments - interest rate swaps | 56,529 | — | 56,529 | 48,864 |
| Liabilities payable within one year: | | | | |
| General obligations and revenue bonds | 522,400 | — | 522,400 | 1,028,116 |
| Notes payable to component units | 5,000 | — | 5,000 | 1,424,158 |
| Liability under guaranteed obligation | 949 | — | 949 | — |
| Capital leases | 5,224 | — | 5,224 | 964 |
| Compensated absences | 833,235 | 2,199 | 835,434 | 206,526 |
| Obligation for unpaid lottery prizes | — | 55,343 | 55,343 | — |
| Voluntary termination benefits | 98,352 | 732 | 99,084 | 25,920 |
| Insurance benefits payable | — | 63,661 | 63,661 | — |
| Other long-term liabilities | 138,871 | 25,859 | 164,730 | 155,079 |
| Liabilities payable after one year: | | | | |
| Commonwealth appropriation bonds | 571,236 | — | 571,236 | 529,169 |
| General obligations and revenue bonds | 36,831,805 | — | 36,831,805 | 18,976,981 |
| Notes payable to GDB | 2,044,120 | 278,292 | 2,322,412 | 5,600,433 |
| Liability under guaranteed obligation | 554,794 | — | 554,794 | — |
| Capital leases | 166,594 | — | 166,594 | 28,758 |
| Net pension obligation | 14,591,482 | — | 14,591,482 | — |
| Other postemployment benefit obligation | 268,834 | 1,834 | 270,668 | — |
| Compensated absences | 585,531 | 15,900 | 601,431 | 346,910 |
| Obligation for unpaid lottery prizes | — | 131,214 | 131,214 | — |
| Voluntary termination benefits | 979,834 | 5,144 | 984,978 | 197,043 |
| Other long-term liabilities | 2,088,284 | 6,891 | 2,095,175 | 873,696 |
| Total liabilities | 64,741,268 | 720,264 | 65,461,532 | 44,767,479 |
| Deferred Inflows of Resources: | | | | |
| Service concession arrangements | — | — | — | 1,744,617 |
| Gain on bonds refunding | 103,446 | — | 103,446 | — |
| Total deferred inflows of resources | 103,446 | — | 103,446 | 1,744,617 |
| Net Position: | | | | |
| Net investment in capital assets | 3,587,555 | 65,229 | 3,652,784 | 7,613,932 |
| Restricted for: | | | | |
| Capital projects | 142,010 | — | 142,010 | 335,331 |
| Debt service | 247,676 | — | 247,676 | 778,592 |
| Emergency services | — | 10,173 | 10,173 | — |
| Lending activities | — | 644,180 | 644,180 | — |
| Payment of insurance benefits | — | 435,668 | 435,668 | — |
| Public housing and welfare | 115,873 | — | 115,873 | 106,490 |
| Student loans and other educational purposes | — | — | — | 107,916 |

COMMONWEALTH OF PUERTO RICO

Statement of Activities

Year ended June 30, 2014

(In thousands)

| Functions | Expenses | Program revenue | | | Net (expense) revenue and changes in net position | | |
|----------------------------------------------------|---------------|----------------------------|------------------------------------------|----------------------------------------|---------------------------------------------------|-----------------------------|--------------|
| | | Charges for services | Operating grants and contributions | Capital grants and contributions | Primary government | | Total |
| | | | | | Governmental activities | Business-type activities | |
| ary Government: | | | | | | | |
| overnmental activities: | | | | | | | |
| General government | \$ 2,894,304 | 310,148 | 330,229 | — | (2,253,927) | — | (2,253,927) |
| Public safety | 2,236,392 | 52,727 | 84,056 | — | (2,099,609) | — | (2,099,609) |
| Health | 3,139,595 | 165,865 | 1,693,632 | — | (1,280,098) | — | (1,280,098) |
| Public housing and welfare | 3,735,594 | 3,878 | 2,681,972 | 83,172 | (966,572) | — | (966,572) |
| Education | 4,570,665 | 1,251 | 1,466,992 | — | (3,102,422) | — | (3,102,422) |
| Economic development | 1,417,068 | 122,743 | 118,803 | — | (1,175,522) | — | (1,175,522) |
| Intergovernmental | 371,719 | — | — | — | (371,719) | — | (371,719) |
| Interest and other | 2,429,405 | — | — | — | (2,429,405) | — | (2,429,405) |
| Total governmental activities | 20,794,742 | 656,612 | 6,375,684 | 83,172 | (13,679,274) | — | (13,679,274) |
| Business-type activities: | | | | | | | |
| Unemployment insurance | 271,749 | 246,171 | 91,807 | — | — | 66,229 | 66,229 |
| Lotteries | 714,199 | 923,233 | — | — | — | 209,034 | 209,034 |
| Puerto Rico Medical Services Administration | 204,688 | 123,143 | — | — | — | (81,545) | (81,545) |
| Puerto Rico Water Pollution Control Revolving Fund | 1,183 | 6,482 | 26,917 | — | — | 32,216 | 32,216 |
| Nonmajor proprietary funds | 28,920 | 40,410 | 9,084 | — | — | 20,574 | 20,574 |
| Total business-type activities | 1,220,739 | 1,339,439 | 127,808 | — | — | 246,508 | 246,508 |
| Total primary government | \$ 22,015,481 | 1,996,051 | 6,503,492 | 83,172 | (13,679,274) | 246,508 | (13,432,766) |

(In thousands)

| Functions | Expenses | Program revenue | | | Net (expense) revenue and changes in net position | | |
|-----------------------------------------------------------------------------|---------------|----------------------------|------------------------------------------|----------------------------------------|---------------------------------------------------|-----------------------------|--------------|
| | | Charges for services | Operating grants and contributions | Capital grants and contributions | Primary government | | Total |
| | | | | | Governmental activities | Business-type activities | |
| Component Units: | | | | | | | |
| Government Development Bank for Puerto Rico | \$ 3,261,768 | 410,583 | 163,522 | — | — | — | — |
| Puerto Rico Highways and Transportation Authority | 1,200,978 | 304,630 | — | 228,398 | — | — | — |
| Puerto Rico Electric Power Authority | 4,954,848 | 4,468,922 | — | 44,959 | — | — | — |
| Puerto Rico Aqueduct and Sewer Authority | 1,208,777 | 1,127,422 | — | 25,906 | — | — | — |
| University of Puerto Rico | 1,406,004 | 182,203 | 125,335 | 5,091 | — | — | — |
| State Insurance Fund Corporation | 585,005 | 614,693 | — | — | — | — | — |
| Puerto Rico Health Insurance Administration | 2,570,182 | 1,575,705 | — | — | — | — | — |
| Other major component units | 1,486,339 | 778,827 | 47,027 | 65,015 | — | — | — |
| Total component units | \$ 16,673,901 | 9,462,985 | 335,884 | 369,369 | — | — | — |
| General Revenue: | | | | | | | |
| Income taxes | | | | | \$ 5,400,423 | — | 5,400,423 |
| Gas and use tax | | | | | 1,294,445 | — | 1,294,445 |
| Excise taxes | | | | | 3,363,611 | — | 3,363,611 |
| Other taxes | | | | | 168,078 | — | 168,078 |
| Revenue from global tobacco settlement agreement | | | | | 72,012 | — | 72,012 |
| Revenue from State Insurance Fund Corporation | | | | | 107,904 | — | 107,904 |
| Revenue from Puerto Rico Tourism Company | | | | | 21,516 | — | 21,516 |
| Revenue from Automobile Accidents Compensation Administration | | | | | 1,713 | — | 1,713 |
| Grants and contributions not restricted to specific programs | | | | | 126,255 | — | 126,255 |
| Revenue from primary government | | | | | — | — | — |
| Restricted investment (losses) earnings – net | | | | | 11,624 | 14,257 | 25,881 |
| Other | | | | | 141,139 | — | 141,139 |
| Transfers | | | | | 266,956 | (266,956) | — |
| Total general revenue and transfers | | | | | 10,975,676 | (252,699) | 10,722,977 |
| Change in net position | | | | | (2,703,598) | (6,191) | (2,709,789) |
| Position | | | | | | | |
| Beginning of year, as previously reported | | | | | (47,212,999) | 792,268 | (46,420,731) |
| Correction of errors and adoption of new accounting pronouncements (note 3) | | | | | (522,406) | (228) | (522,634) |
| Position (deficit) – beginning of year, as adjusted and restated | | | | | (47,735,405) | 792,040 | (46,943,365) |

Comprehensive Annual Financial Report (CAFR)

3(b). Fund statements

- The three main categories (*Governmental, Proprietary and Fiduciary*) of funds necessitate three sets of statements, one for each type of fund, with each containing a slightly different blend of statements.

Comprehensive Annual Financial Report (CAFR)

Governmental Funds

1. Balance sheet
2. Statement of revenues, expenditures, and changes in fund balances

COMMONWEALTH OF PUERTO RICO

Balance Sheet – Governmental Funds

June 30, 2014

(In thousands)

| | <u>General</u> | <u>Debt service</u> | <u>COFINA special revenue</u> | <u>COFINA debt service</u> | <u>Nonmajor governmental</u> | <u>Total governmental</u> |
|------------------------------------------------------------------------------------|---------------------|-------------------------|---------------------------------------|------------------------------------|----------------------------------|-------------------------------|
| Assets: | | | | | | |
| Cash and cash equivalents in commercial banks | \$ 114,068 | — | — | — | 37,997 | 152,065 |
| Cash and cash equivalents in governmental banks | 289,127 | — | 9,600 | — | 122,198 | 420,925 |
| Cash equivalents in PRGTF | — | — | — | — | 2,072 | 2,072 |
| Investments | 10,600 | — | 170 | — | 15,406 | 26,176 |
| Receivables – net: | | | | | | |
| Income and excise taxes | 1,483,305 | — | — | — | — | 1,483,305 |
| Intergovernmental | 541,422 | — | — | — | 12,243 | 553,665 |
| Accounts | 28,350 | — | — | — | 3,282 | 31,632 |
| Loans | — | — | — | — | 39 | 39 |
| Accrued interest | 41,531 | — | — | — | 76 | 41,607 |
| Other | 97,364 | — | — | — | 46,742 | 144,106 |
| Due from: | | | | | | |
| Other funds, net | 51,974 | — | — | — | 4,959 | 56,933 |
| Component units, net | 56,010 | — | — | — | 17,698 | 73,708 |
| Other governmental entities | — | — | — | — | 13,121 | 13,121 |
| Other assets | 13,642 | — | — | — | 2,155 | 15,797 |
| Restricted assets: | | | | | | |
| Cash and cash equivalents in commercial banks | 51,123 | 137 | — | 4 | 435,462 | 486,726 |
| Cash and cash equivalents in governmental banks | 16,648 | 1,133,933 | — | 18,788 | 240,231 | 1,409,600 |
| Cash equivalents in PRGTF | — | — | — | — | 80,725 | 80,725 |
| Sales and use tax receivable | — | — | — | 113,706 | — | 113,706 |
| Intergovernmental receivable | — | 56,277 | — | — | — | 56,277 |
| Investments | — | — | — | 407,371 | 112,334 | 519,705 |
| Due from other funds | — | — | — | — | 204,224 | 204,224 |
| Other assets | — | — | — | 657 | 442 | 1,099 |
| Real estate held for sale or future development | — | — | — | — | 2,052 | 2,052 |
| Total assets | \$ 2,795,164 | 1,190,347 | 9,770 | 540,526 | 1,353,458 | 5,889,265 |
| Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficit): | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and accrued liabilities | \$ 1,826,709 | — | 4,329 | 92 | 143,548 | 1,974,678 |
| Tax refunds payable | 804,925 | — | — | — | — | 804,925 |
| Due to: | | | | | | |
| Other funds | 44,759 | — | — | 203,654 | 1,703 | 250,116 |
| Component units | 273,421 | — | — | — | 1,774 | 275,195 |
| Other governmental entities | 172,015 | — | — | — | 30,417 | 202,432 |
| Interest payable | 7,130 | 324,122 | — | — | 121,288 | 452,540 |
| Grant advances | 8,960 | — | — | — | — | 8,960 |
| Unearned revenue | 46,718 | — | — | — | 9,831 | 56,549 |
| Notes payable to GDB | 313,136 | — | — | — | — | 313,136 |
| Bond anticipation notes payable | — | — | — | — | 8,391 | 8,391 |
| General obligation and revenue bonds | — | 397,285 | — | — | 76,760 | 474,045 |
| Voluntary termination benefits payable | 746 | — | — | — | — | 746 |
| Total liabilities | 3,498,519 | 721,407 | 4,329 | 203,746 | 393,712 | 4,821,713 |
| Deferred Inflows of Resources: | | | | | | |
| Unavailable income taxes | 1,012,801 | — | — | — | — | 1,012,801 |

COMMONWEALTH OF PUERTO RICO

Statement of Revenue, Expenditures, and Changes in Fund Balances – Governmental Funds

Year ended June 30, 2014

(In thousands)

| | <u>General</u> | <u>Debt service</u> | <u>COFINA special revenue</u> | <u>COFINA debt service</u> | <u>Nonmajor governmental</u> | <u>Total governmental</u> |
|--------------------------------------------------|--------------------|-------------------------|---------------------------------------|------------------------------------|----------------------------------|-------------------------------|
| Revenue: | | | | | | |
| Taxes: | | | | | | |
| Income taxes | \$ 5,108,866 | — | — | — | — | 5,108,866 |
| Sales and use tax | 648,494 | — | — | 645,951 | — | 1,294,445 |
| Excise taxes | 3,363,611 | — | — | — | — | 3,363,611 |
| Property taxes | 55,838 | — | — | — | — | 55,838 |
| Other taxes | 112,240 | — | — | — | — | 112,240 |
| Charges for services | 694,507 | — | — | — | — | 694,507 |
| Revenue from global tobacco settlement agreement | 72,130 | — | — | — | — | 72,130 |
| Revenue from component units | 131,133 | — | — | — | — | 131,133 |
| Intergovernmental | 6,413,100 | 119,289 | — | — | 35,883 | 6,568,272 |
| Interest and investment earnings (losses) | 4,158 | 11,144 | 9 | 243 | 5,772 | 21,326 |
| Other | 133,385 | — | — | — | 7,891 | 141,276 |
| Total revenue | <u>16,737,462</u> | <u>130,433</u> | <u>9</u> | <u>646,194</u> | <u>49,546</u> | <u>17,563,644</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 1,166,672 | — | 181 | — | 154,241 | 1,321,094 |
| Public safety | 2,159,009 | — | — | — | 723 | 2,159,732 |
| Health | 3,037,927 | — | — | — | 3,948 | 3,041,875 |
| Public housing and welfare | 3,413,529 | — | — | — | 17,124 | 3,430,653 |
| Education | 4,595,314 | — | — | — | 1,856 | 4,597,170 |
| Economic development | 1,236,617 | — | — | — | 40,132 | 1,276,749 |
| Intergovernmental | 366,900 | — | — | — | 4,658 | 371,558 |
| Capital outlays | 95,736 | — | — | — | 102,615 | 198,351 |
| Debt service: | | | | | | |
| Principal | 1,962,638 | 397,285 | 333,300 | — | 330,954 | 3,024,177 |
| Interest and other | 237,832 | 617,098 | — | 652,795 | 402,059 | 1,909,784 |
| Other – debt issuance costs | — | 36,821 | — | — | — | 36,821 |
| Total expenditures | <u>18,272,174</u> | <u>1,051,204</u> | <u>333,481</u> | <u>652,795</u> | <u>1,058,310</u> | <u>21,367,964</u> |
| Deficiency of revenue under expenditures | <u>(1,534,712)</u> | <u>(920,771)</u> | <u>(333,472)</u> | <u>(6,601)</u> | <u>(1,008,764)</u> | <u>(3,804,320)</u> |
| Other financing sources (uses): | | | | | | |
| Transfers in | 1,846,666 | 737,639 | 374,941 | 9,066 | 1,080,567 | 4,048,879 |
| Transfers out | (1,402,254) | (2,238,438) | (84,880) | (55,395) | (956) | (3,781,923) |
| Proceeds from long term debt issued | 1,008,826 | — | — | — | 47,678 | 1,056,504 |
| Issuance of refunding bond | — | 3,500,000 | — | — | — | 3,500,000 |
| Payments to refunded bond escrow agent | — | (466,574) | — | — | — | (466,574) |
| Sale of capital assets | 1,016 | — | — | — | — | 1,016 |
| Discount on bonds issued | — | (245,000) | — | — | — | (245,000) |
| Termination payments on swap agreements | — | (90,417) | — | — | — | (90,417) |
| Total other financing sources (uses) | <u>1,454,254</u> | <u>1,197,210</u> | <u>290,061</u> | <u>(46,329)</u> | <u>1,127,289</u> | <u>4,022,485</u> |

Comprehensive Annual Financial Report (CAFR)

Proprietary Funds

1. Balance sheet
2. Statement of revenues, expenses, and changes in net position
3. Statement of cash flows

Comprehensive Annual Financial Report (CAFR)

Fiduciary Funds

1. Statement of fiduciary net position
2. Statement of changes in fiduciary net position

What Characterizes Funds?

- Under GASB Statement No. 54, **governmental fund balance** information is reported in five (5) different classifications, which provide a hierarchy indicating the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent.

What Characterizes Funds?

● Five (5) Different Classifications of Fund Balance

1. Nonspendable
2. Restricted
3. Committed
4. Assigned
5. Unassigned

Expendable
Fund Balance

What Characterizes Funds?

- Accounting Equation for Governmental Funds:

$$\text{Assets} - \text{Liabilities} = \text{Fund Balance}$$

Nonspendable

Restricted

Committed

Assigned

Unassigned

* Excludes Proprietary and Fiduciary Funds

Nonspendable Fund Balance

1. Nonspendable Fund Balance:

Includes amounts that are:

- not spendable form, or
- are legally or contractually required to be maintained intact.

Nonspendable Fund Balance

- Legally or contractually required to be maintained intact.
 - *Example:*
 - Endowment Gifts
 - Bequests to be held in perpetuity.

Nonspendable Fund Balance

- Not spendable form = Not expected to be converted to cash.
 - *Example:*
 - Inventory
 - Long-term note receivable

Nonspendable Fund Balance

- Funds must likely to be included:
 - General
 - Permanent

Exhibit 3
CITY OF CHICAGO, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014
(Amounts are in Thousands of Dollars)

| | General | Federal, State and Local Grants | Special Taxing Areas | Service Concession and Reserve | Bond, Note Redemption and Interest | Community Development and Improvement Projects | Other Governmental Funds | Total Governmental Funds |
|------------------------------------------------------------|-------------------|---------------------------------------|----------------------------|-----------------------------------------|------------------------------------------|---------------------------------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | | | | |
| Cash and Cash Equivalents | \$ 1,102 | \$ 22,980 | \$ 403,019 | \$ 99 | \$ 17,119 | \$ 77,793 | \$ 15,553 | \$ 537,665 |
| Investments | 102,400 | 71,036 | 588,005 | - | 172,490 | 439,137 | 190,447 | 1,563,515 |
| Cash and Investments with Escrow Agent | - | - | - | - | 338,533 | - | 72,552 | 411,085 |
| Receivables (Net of Allowances): | | | | | | | | |
| Property Tax | - | - | 288,302 | - | 491,473 | - | 370,907 | 1,150,682 |
| Accounts | 209,386 | 3,778 | 4,429 | 2,435 | 2,971 | 2,626 | 16,608 | 242,233 |
| Due From Other Funds | 109,514 | 10,059 | 423,933 | 5,000 | - | 97,053 | 79,210 | 724,769 |
| Due From Other Governments | 241,878 | 452,721 | - | - | 2,578 | - | 38,463 | 735,640 |
| Inventories | 24,498 | - | - | - | - | - | - | 24,498 |
| Restricted Cash and Cash Equivalents | 389 | 3,220 | 1 | 24,868 | - | 211 | - | 28,689 |
| Restricted Investments | - | - | - | 593,643 | - | - | - | 593,643 |
| Other Assets | - | 4,075 | - | - | - | - | - | 4,075 |
| Total Assets | <u>\$ 689,167</u> | <u>\$ 567,869</u> | <u>\$ 1,707,689</u> | <u>\$ 626,045</u> | <u>\$ 1,025,164</u> | <u>\$ 616,820</u> | <u>\$ 783,740</u> | <u>\$ 6,016,494</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | | | | | | | | |
| Liabilities: | | | | | | | | |
| Voucher Warrants Payable | \$ 185,783 | \$ 157,929 | \$ 117,027 | \$ 14 | \$ - | \$ 38,999 | \$ 64,877 | \$ 564,629 |
| Bonds, Notes and Other Obligations Payable - Current | - | - | - | - | 82,331 | - | 4,400 | 86,731 |
| Accrued Interest | - | - | - | - | 223,995 | - | 1,464 | 225,459 |
| Due To Other Funds | 276,805 | 296,159 | 11,682 | 5,140 | 85,700 | 56,996 | 94,698 | 827,180 |
| Accrued and Other Liabilities | 69,811 | 9,861 | 2,920 | - | - | 95,373 | 67,648 | 245,613 |
| Line of Credit and Commercial Paper | - | - | - | - | 198,086 | 77,800 | 21,423 | 297,309 |
| Claims Payable | 13,326 | - | - | - | - | - | - | 13,326 |
| Unearned Revenue | 2,164 | 69,825 | - | - | 41,873 | - | - | 113,862 |
| Total Liabilities | <u>547,889</u> | <u>533,774</u> | <u>131,629</u> | <u>5,154</u> | <u>631,985</u> | <u>269,168</u> | <u>254,510</u> | <u>2,374,109</u> |
| Deferred Inflows | - | 259,140 | 249,002 | 1,576,293 | 420,051 | - | 314,563 | 2,819,049 |
| Fund Balance: | | | | | | | | |
| Nonspendable | 24,498 | - | - | - | - | - | - | 24,498 |
| Restricted | - | 15,230 | 1,327,058 | - | - | 347,652 | 139,491 | 1,829,431 |
| Committed | - | - | - | 620,891 | - | - | 75,176 | 696,067 |
| Assigned | 65,223 | - | - | - | - | - | - | 65,223 |
| Unassigned | 51,557 | (240,275) | - | (1,576,293) | (26,872) | - | - | (1,791,883) |
| Total Fund Balance | <u>141,278</u> | <u>(225,045)</u> | <u>1,327,058</u> | <u>(955,402)</u> | <u>(26,872)</u> | <u>347,652</u> | <u>214,667</u> | <u>823,336</u> |
| Total Liabilities, Deferred Inflows and Fund Balance | <u>\$ 689,167</u> | <u>\$ 567,869</u> | <u>\$ 1,707,689</u> | <u>\$ 626,045</u> | <u>\$ 1,025,164</u> | <u>\$ 616,820</u> | <u>\$ 783,740</u> | <u>\$ 6,016,494</u> |

THE CITY OF NEW YORK
GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2015
(in thousands)

| | General Fund | Capital Projects Fund | General Debt Service Fund | Nonmajor Governmental Funds | Adjustments/ Eliminations | Total Governmental Funds |
|---------------------------------------------------------------------------|---------------------|-----------------------|---------------------------|-----------------------------|---------------------------|--------------------------|
| ASSETS: | | | | | | |
| Cash and cash equivalents | \$ 6,960,112 | \$ 48,499 | \$ — | \$ 168,126 | \$ — | \$ 7,176,737 |
| Investments | 6,499,378 | — | — | 1,668,424 | — | 8,167,802 |
| Accounts receivable: | | | | | | |
| Real estate taxes (less allowance for uncollectible amounts of \$230,295) | 364,422 | — | — | — | — | 364,422 |
| Federal, State and other aid | 6,325,433 | 1,098,234 | — | — | — | 7,423,667 |
| Taxes other than real estate | 5,832,296 | — | — | 610,735 | — | 6,443,031 |
| Other receivables, net | 1,614,328 | — | — | 404,868 | — | 2,019,196 |
| Due from other funds | 3,023,132 | 993,028 | — | 540,957 | (540,578) | 4,016,539 |
| Due from component units, net | 1,311,505 | 611,970 | — | — | — | 1,923,475 |
| Restricted cash and investments | — | 751,924 | 1,973,168 | 3,264,591 | — | 5,989,683 |
| Other assets | — | 92,451 | — | 419,914 | — | 512,365 |
| Total assets | <u>\$31,930,606</u> | <u>\$ 3,596,106</u> | <u>\$1,973,168</u> | <u>\$7,077,615</u> | <u>\$(540,578)</u> | <u>\$44,036,917</u> |
| LIABILITIES: | | | | | | |
| Accounts payable and accrued liabilities | \$13,626,047 | \$ 1,400,594 | \$ 2,948 | \$ 776,548 | \$ — | \$15,806,137 |
| Accrued tax refunds: | | | | | | |
| Real estate taxes | 26,905 | — | — | — | — | 26,905 |
| Personal income tax | 45,626 | — | — | — | — | 45,626 |
| Other | 208,567 | — | — | — | — | 208,567 |
| Accrued judgments and claims | 557,860 | 81,446 | — | — | — | 639,306 |
| Unearned revenues | — | — | — | 3,070 | — | 3,070 |
| Due to other funds | — | 3,455,785 | — | 1,101,332 | (540,578) | 4,016,539 |
| Due to component units, net | 119,756 | — | — | — | — | 119,756 |
| Estimated disallowance of Federal, State and other aid | 1,115,521 | — | — | — | — | 1,115,521 |
| Other liabilities | 3,637,653 | 437,872 | — | — | — | 4,075,525 |
| Total liabilities | <u>19,337,935</u> | <u>5,375,697</u> | <u>2,948</u> | <u>1,880,950</u> | <u>\$(540,578)</u> | <u>26,056,952</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | |
| Prepaid real estate taxes | 6,994,205 | — | — | — | — | 6,994,205 |
| Grant advances | 7,331 | — | — | — | — | 7,331 |
| Uncollected real estate taxes | 271,564 | — | — | — | — | 271,564 |
| Taxes other than real estate | 4,624,782 | — | — | — | — | 4,624,782 |
| Other deferred inflows of resources | 227,168 | — | — | 818,479 | — | 1,045,647 |
| Total deferred inflows of resources | <u>12,125,050</u> | <u>—</u> | <u>—</u> | <u>818,479</u> | <u>—</u> | <u>12,943,529</u> |
| FUND BALANCES: | | | | | | |
| Nonspendable | 467,621 | — | — | 619 | — | 468,240 |
| Spendable: | | | | | | |
| Restricted | — | 751,924 | 427,588 | 2,555,243 | — | 3,734,755 |
| Committed | — | — | 1,542,632 | — | — | 1,542,632 |
| Assigned | — | — | — | 1,822,324 | — | 1,822,324 |
| Unassigned | — | (2,531,515) | — | — | — | (2,531,515) |
| Total fund balances (deficit) | <u>467,621</u> | <u>(1,779,591)</u> | <u>1,970,220</u> | <u>4,378,186</u> | <u>—</u> | <u>5,036,436</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$31,930,606</u> | <u>\$ 3,596,106</u> | <u>\$1,973,168</u> | <u>\$7,077,615</u> | <u>\$(540,578)</u> | <u>\$44,036,917</u> |

Restricted Fund Balance

2. **Restricted Fund Balance:** Includes amounts externally constrained for specific purposes by:

- External parties
 - *Ex. Creditors or bondholders*
- Enabling legislation
 - *Ex. Law or regulations*

Restricted Fund Balance

- Funds must likely to be included:
 - Special revenue
 - Debt service
 - Capital projects

Exhibit 3
CITY OF CHICAGO, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014
(Amounts are in Thousands of Dollars)

| | General | Federal, State and Local Grants | Special Taxing Areas | Service Concession and Reserve | Bond, Note Redemption and Interest | Community Development and Improvement Projects | Other Governmental Funds | Total Governmental Funds |
|------------------------------------------------------------|-------------------|---------------------------------------|----------------------------|-----------------------------------------|------------------------------------------|---------------------------------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | | | | |
| Cash and Cash Equivalents | \$ 1,102 | \$ 22,980 | \$ 403,019 | \$ 99 | \$ 17,119 | \$ 77,793 | \$ 15,553 | \$ 537,665 |
| Investments | 102,400 | 71,036 | 588,005 | - | 172,490 | 439,137 | 190,447 | 1,563,515 |
| Cash and Investments with Escrow Agent | - | - | - | - | 338,533 | - | 72,552 | 411,085 |
| Receivables (Net of Allowances): | | | | | | | | |
| Property Tax | - | - | 288,302 | - | 491,473 | - | 370,907 | 1,150,682 |
| Accounts | 209,386 | 3,778 | 4,429 | 2,435 | 2,971 | 2,626 | 16,608 | 242,233 |
| Due From Other Funds | 109,514 | 10,059 | 423,933 | 5,000 | - | 97,053 | 79,210 | 724,769 |
| Due From Other Governments | 241,878 | 452,721 | - | - | 2,578 | - | 38,463 | 735,640 |
| Inventories | 24,498 | - | - | - | - | - | - | 24,498 |
| Restricted Cash and Cash Equivalents | 389 | 3,220 | 1 | 24,868 | - | 211 | - | 28,689 |
| Restricted Investments | - | - | - | 593,643 | - | - | - | 593,643 |
| Other Assets | - | 4,075 | - | - | - | - | - | 4,075 |
| Total Assets | <u>\$ 689,167</u> | <u>\$ 567,869</u> | <u>\$ 1,707,689</u> | <u>\$ 626,045</u> | <u>\$ 1,025,164</u> | <u>\$ 616,820</u> | <u>\$ 783,740</u> | <u>\$ 6,016,494</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | | | | | | | | |
| Liabilities: | | | | | | | | |
| Voucher Warrants Payable | \$ 185,783 | \$ 157,929 | \$ 117,027 | \$ 14 | \$ - | \$ 38,999 | \$ 64,877 | \$ 564,629 |
| Bonds, Notes and Other Obligations Payable - Current | - | - | - | - | 82,331 | - | 4,400 | 86,731 |
| Accrued Interest | - | - | - | - | 223,995 | - | 1,464 | 225,459 |
| Due To Other Funds | 276,805 | 296,159 | 11,682 | 5,140 | 85,700 | 56,996 | 94,698 | 827,180 |
| Accrued and Other Liabilities | 69,811 | 9,861 | 2,920 | - | - | 95,373 | 67,648 | 245,613 |
| Line of Credit and Commercial Paper | - | - | - | - | 198,086 | 77,800 | 21,423 | 297,309 |
| Claims Payable | 13,326 | - | - | - | - | - | - | 13,326 |
| Unearned Revenue | 2,164 | 69,825 | - | - | 41,873 | - | - | 113,862 |
| Total Liabilities | <u>547,889</u> | <u>533,774</u> | <u>131,629</u> | <u>5,154</u> | <u>631,985</u> | <u>269,168</u> | <u>254,510</u> | <u>2,374,109</u> |
| Deferred Inflows | - | 259,140 | 249,002 | 1,576,293 | 420,051 | - | 314,563 | 2,819,049 |
| Fund Balance: | | | | | | | | |
| Nonspendable | 24,498 | - | - | - | - | - | - | 24,498 |
| Restricted | - | 15,230 | 1,327,058 | - | - | 347,652 | 139,491 | 1,829,431 |
| Committed | - | - | - | 620,891 | - | - | 75,176 | 696,067 |
| Assigned | 65,223 | - | - | - | - | - | - | 65,223 |
| Unassigned | 51,557 | (240,275) | - | (1,576,293) | (26,872) | - | - | (1,791,883) |
| Total Fund Balance | <u>141,278</u> | <u>(225,045)</u> | <u>1,327,058</u> | <u>(955,402)</u> | <u>(26,872)</u> | <u>347,652</u> | <u>214,667</u> | <u>823,336</u> |
| Total Liabilities, Deferred Inflows and Fund Balance | <u>\$ 689,167</u> | <u>\$ 567,869</u> | <u>\$ 1,707,689</u> | <u>\$ 626,045</u> | <u>\$ 1,025,164</u> | <u>\$ 616,820</u> | <u>\$ 783,740</u> | <u>\$ 6,016,494</u> |

THE CITY OF NEW YORK
GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2015
(in thousands)

| | General Fund | Capital Projects Fund | General Debt Service Fund | Nonmajor Governmental Funds | Adjustments/ Eliminations | Total Governmental Funds |
|---------------------------------------------------------------------------|---------------------|-----------------------|---------------------------|-----------------------------|---------------------------|--------------------------|
| ASSETS: | | | | | | |
| Cash and cash equivalents | \$ 6,960,112 | \$ 48,499 | \$ — | \$ 168,126 | \$ — | \$ 7,176,737 |
| Investments | 6,499,378 | — | — | 1,668,424 | — | 8,167,802 |
| Accounts receivable: | | | | | | |
| Real estate taxes (less allowance for uncollectible amounts of \$230,295) | 364,422 | — | — | — | — | 364,422 |
| Federal, State and other aid | 6,325,433 | 1,098,234 | — | — | — | 7,423,667 |
| Taxes other than real estate | 5,832,296 | — | — | 610,735 | — | 6,443,031 |
| Other receivables, net | 1,614,328 | — | — | 404,868 | — | 2,019,196 |
| Due from other funds | 3,023,132 | 993,028 | — | 540,957 | (540,578) | 4,016,539 |
| Due from component units, net | 1,311,505 | 611,970 | — | — | — | 1,923,475 |
| Restricted cash and investments | — | 751,924 | 1,973,168 | 3,264,591 | — | 5,989,683 |
| Other assets | — | 92,451 | — | 419,914 | — | 512,365 |
| Total assets | <u>\$31,930,606</u> | <u>\$ 3,596,106</u> | <u>\$1,973,168</u> | <u>\$7,077,615</u> | <u>\$(540,578)</u> | <u>\$44,036,917</u> |
| LIABILITIES: | | | | | | |
| Accounts payable and accrued liabilities | \$13,626,047 | \$ 1,400,594 | \$ 2,948 | \$ 776,548 | \$ — | \$15,806,137 |
| Accrued tax refunds: | | | | | | |
| Real estate taxes | 26,905 | — | — | — | — | 26,905 |
| Personal income tax | 45,626 | — | — | — | — | 45,626 |
| Other | 208,567 | — | — | — | — | 208,567 |
| Accrued judgments and claims | 557,860 | 81,446 | — | — | — | 639,306 |
| Unearned revenues | — | — | — | 3,070 | — | 3,070 |
| Due to other funds | — | 3,455,785 | — | 1,101,332 | (540,578) | 4,016,539 |
| Due to component units, net | 119,756 | — | — | — | — | 119,756 |
| Estimated disallowance of Federal, State and other aid | 1,115,521 | — | — | — | — | 1,115,521 |
| Other liabilities | 3,637,653 | 437,872 | — | — | — | 4,075,525 |
| Total liabilities | <u>19,337,935</u> | <u>5,375,697</u> | <u>2,948</u> | <u>1,880,950</u> | <u>\$(540,578)</u> | <u>26,056,952</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | |
| Prepaid real estate taxes | 6,994,205 | — | — | — | — | 6,994,205 |
| Grant advances | 7,331 | — | — | — | — | 7,331 |
| Uncollected real estate taxes | 271,564 | — | — | — | — | 271,564 |
| Taxes other than real estate | 4,624,782 | — | — | — | — | 4,624,782 |
| Other deferred inflows of resources | 227,168 | — | — | 818,479 | — | 1,045,647 |
| Total deferred inflows of resources | <u>12,125,050</u> | <u>—</u> | <u>—</u> | <u>818,479</u> | <u>—</u> | <u>12,943,529</u> |
| FUND BALANCES: | | | | | | |
| Nonspendable | 467,621 | — | — | 619 | — | 468,240 |
| Spendable: | | | | | | |
| Restricted | — | 751,924 | 427,588 | 2,555,243 | — | 3,734,755 |
| Committed | — | — | 1,542,632 | — | — | 1,542,632 |
| Assigned | — | — | — | 1,822,324 | — | 1,822,324 |
| Unassigned | — | (2,531,515) | — | — | — | (2,531,515) |
| Total fund balances (deficit) | <u>467,621</u> | <u>(1,779,591)</u> | <u>1,970,220</u> | <u>4,378,186</u> | <u>—</u> | <u>5,036,436</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$31,930,606</u> | <u>\$ 3,596,106</u> | <u>\$1,973,168</u> | <u>\$7,077,615</u> | <u>\$(540,578)</u> | <u>\$44,036,917</u> |

Committed Fund Balance

- 3. Committed Fund Balance:** Constraints imposed (**internally**) by formal action of the government's highest level of decision-making authority.
- Committed funds include contractual obligations for which existing resources in the fund have been specifically committed for use.

Committed Fund Balance

3. Committed Fund Balance:

Note: In contrast to fund balance that is restricted by enabling legislation, amounts in the committed fund balance can be **redeployed** for other purposes with appropriate due process.

Committed Fund Balance

- Funds must likely to be included:
 - Special revenue
 - Debt service
 - Capital projects

Exhibit 3
CITY OF CHICAGO, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014
(Amounts are in Thousands of Dollars)

| | General | Federal, State and Local Grants | Special Taxing Areas | Service Concession and Reserve | Bond, Note Redemption and Interest | Community Development and Improvement Projects | Other Governmental Funds | Total Governmental Funds |
|------------------------------------------------------------|-------------------|---------------------------------------|----------------------------|-----------------------------------------|------------------------------------------|---------------------------------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | | | | |
| Cash and Cash Equivalents | \$ 1,102 | \$ 22,980 | \$ 403,019 | \$ 99 | \$ 17,119 | \$ 77,793 | \$ 15,553 | \$ 537,665 |
| Investments | 102,400 | 71,036 | 588,005 | - | 172,490 | 439,137 | 190,447 | 1,563,515 |
| Cash and Investments with Escrow Agent | - | - | - | - | 338,533 | - | 72,552 | 411,085 |
| Receivables (Net of Allowances): | | | | | | | | |
| Property Tax | - | - | 288,302 | - | 491,473 | - | 370,907 | 1,150,682 |
| Accounts | 209,386 | 3,778 | 4,429 | 2,435 | 2,971 | 2,626 | 16,608 | 242,233 |
| Due From Other Funds | 109,514 | 10,059 | 423,933 | 5,000 | - | 97,053 | 79,210 | 724,769 |
| Due From Other Governments | 241,878 | 452,721 | - | - | 2,578 | - | 38,463 | 735,640 |
| Inventories | 24,498 | - | - | - | - | - | - | 24,498 |
| Restricted Cash and Cash Equivalents | 389 | 3,220 | 1 | 24,868 | - | 211 | - | 28,689 |
| Restricted Investments | - | - | - | 593,643 | - | - | - | 593,643 |
| Other Assets | - | 4,075 | - | - | - | - | - | 4,075 |
| Total Assets | <u>\$ 689,167</u> | <u>\$ 567,869</u> | <u>\$ 1,707,689</u> | <u>\$ 626,045</u> | <u>\$ 1,025,164</u> | <u>\$ 616,820</u> | <u>\$ 783,740</u> | <u>\$ 6,016,494</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | | | | | | | | |
| Liabilities: | | | | | | | | |
| Voucher Warrants Payable | \$ 185,783 | \$ 157,929 | \$ 117,027 | \$ 14 | \$ - | \$ 38,999 | \$ 64,877 | \$ 564,629 |
| Bonds, Notes and Other Obligations Payable - Current | - | - | - | - | 82,331 | - | 4,400 | 86,731 |
| Accrued Interest | - | - | - | - | 223,995 | - | 1,464 | 225,459 |
| Due To Other Funds | 276,805 | 296,159 | 11,682 | 5,140 | 85,700 | 56,996 | 94,698 | 827,180 |
| Accrued and Other Liabilities | 69,811 | 9,861 | 2,920 | - | - | 95,373 | 67,648 | 245,613 |
| Line of Credit and Commercial Paper | - | - | - | - | 198,086 | 77,800 | 21,423 | 297,309 |
| Claims Payable | 13,326 | - | - | - | - | - | - | 13,326 |
| Unearned Revenue | 2,164 | 69,825 | - | - | 41,873 | - | - | 113,862 |
| Total Liabilities | <u>547,889</u> | <u>533,774</u> | <u>131,629</u> | <u>5,154</u> | <u>631,985</u> | <u>269,168</u> | <u>254,510</u> | <u>2,374,109</u> |
| Deferred Inflows | - | 259,140 | 249,002 | 1,576,293 | 420,051 | - | 314,563 | 2,819,049 |
| Fund Balance: | | | | | | | | |
| Nonspendable | 24,498 | - | - | - | - | - | - | 24,498 |
| Restricted | - | 15,230 | 1,327,058 | - | - | 347,652 | 139,491 | 1,829,431 |
| Committed | - | - | - | 620,891 | - | - | 75,176 | 696,067 |
| Assigned | 65,223 | - | - | - | - | - | - | 65,223 |
| Unassigned | 51,557 | (240,275) | - | (1,576,293) | (26,872) | - | - | (1,791,883) |
| Total Fund Balance | <u>141,278</u> | <u>(225,045)</u> | <u>1,327,058</u> | <u>(955,402)</u> | <u>(26,872)</u> | <u>347,652</u> | <u>214,667</u> | <u>823,336</u> |
| Total Liabilities, Deferred Inflows and Fund Balance | <u>\$ 689,167</u> | <u>\$ 567,869</u> | <u>\$ 1,707,689</u> | <u>\$ 626,045</u> | <u>\$ 1,025,164</u> | <u>\$ 616,820</u> | <u>\$ 783,740</u> | <u>\$ 6,016,494</u> |

THE CITY OF NEW YORK
GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2015
(in thousands)

| | General Fund | Capital Projects Fund | General Debt Service Fund | Nonmajor Governmental Funds | Adjustments/ Eliminations | Total Governmental Funds |
|---------------------------------------------------------------------------|---------------------|-----------------------|---------------------------|-----------------------------|---------------------------|--------------------------|
| ASSETS: | | | | | | |
| Cash and cash equivalents | \$ 6,960,112 | \$ 48,499 | \$ — | \$ 168,126 | \$ — | \$ 7,176,737 |
| Investments | 6,499,378 | — | — | 1,668,424 | — | 8,167,802 |
| Accounts receivable: | | | | | | |
| Real estate taxes (less allowance for uncollectible amounts of \$230,295) | 364,422 | — | — | — | — | 364,422 |
| Federal, State and other aid | 6,325,433 | 1,098,234 | — | — | — | 7,423,667 |
| Taxes other than real estate | 5,832,296 | — | — | 610,735 | — | 6,443,031 |
| Other receivables, net | 1,614,328 | — | — | 404,868 | — | 2,019,196 |
| Due from other funds | 3,023,132 | 993,028 | — | 540,957 | (540,578) | 4,016,539 |
| Due from component units, net | 1,311,505 | 611,970 | — | — | — | 1,923,475 |
| Restricted cash and investments | — | 751,924 | 1,973,168 | 3,264,591 | — | 5,989,683 |
| Other assets | — | 92,451 | — | 419,914 | — | 512,365 |
| Total assets | <u>\$31,930,606</u> | <u>\$ 3,596,106</u> | <u>\$1,973,168</u> | <u>\$7,077,615</u> | <u>\$(540,578)</u> | <u>\$44,036,917</u> |
| LIABILITIES: | | | | | | |
| Accounts payable and accrued liabilities | \$13,626,047 | \$ 1,400,594 | \$ 2,948 | \$ 776,548 | \$ — | \$15,806,137 |
| Accrued tax refunds: | | | | | | |
| Real estate taxes | 26,905 | — | — | — | — | 26,905 |
| Personal income tax | 45,626 | — | — | — | — | 45,626 |
| Other | 208,567 | — | — | — | — | 208,567 |
| Accrued judgments and claims | 557,860 | 81,446 | — | — | — | 639,306 |
| Unearned revenues | — | — | — | 3,070 | — | 3,070 |
| Due to other funds | — | 3,455,785 | — | 1,101,332 | (540,578) | 4,016,539 |
| Due to component units, net | 119,756 | — | — | — | — | 119,756 |
| Estimated disallowance of Federal, State and other aid | 1,115,521 | — | — | — | — | 1,115,521 |
| Other liabilities | 3,637,653 | 437,872 | — | — | — | 4,075,525 |
| Total liabilities | <u>19,337,935</u> | <u>5,375,697</u> | <u>2,948</u> | <u>1,880,950</u> | <u>\$(540,578)</u> | <u>26,056,952</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | |
| Prepaid real estate taxes | 6,994,205 | — | — | — | — | 6,994,205 |
| Grant advances | 7,331 | — | — | — | — | 7,331 |
| Uncollected real estate taxes | 271,564 | — | — | — | — | 271,564 |
| Taxes other than real estate | 4,624,782 | — | — | — | — | 4,624,782 |
| Other deferred inflows of resources | 227,168 | — | — | 818,479 | — | 1,045,647 |
| Total deferred inflows of resources | <u>12,125,050</u> | <u>—</u> | <u>—</u> | <u>818,479</u> | <u>—</u> | <u>12,943,529</u> |
| FUND BALANCES: | | | | | | |
| Nonspendable | 467,621 | — | — | 619 | — | 468,240 |
| Spendable: | | | | | | |
| Restricted | — | 751,924 | 427,588 | 2,555,243 | — | 3,734,755 |
| Committed | — | — | 1,542,632 | — | — | 1,542,632 |
| Assigned | — | — | — | 1,822,324 | — | 1,822,324 |
| Unassigned | — | (2,531,515) | — | — | — | (2,531,515) |
| Total fund balances (deficit) | <u>467,621</u> | <u>(1,779,591)</u> | <u>1,970,220</u> | <u>4,378,186</u> | <u>—</u> | <u>5,036,436</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$31,930,606</u> | <u>\$ 3,596,106</u> | <u>\$1,973,168</u> | <u>\$7,077,615</u> | <u>\$(540,578)</u> | <u>\$44,036,917</u> |

Assigned Fund Balance

4. **Assigned Fund Balance:** Includes amounts a government explicitly intends to use for specific purposes.
- Amounts neither restricted nor committed.
 - Intent can be expressed by either a governing body, an official, a finance committee, which has been delegated the authority to assign amounts to be used for specific purposes.

Assigned Fund Balance

- Funds must likely to be included:
 - Debt service
 - Capital projects

Exhibit 3
CITY OF CHICAGO, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014
(Amounts are in Thousands of Dollars)

| | General | Federal, State and Local Grants | Special Taxing Areas | Service Concession and Reserve | Bond, Note Redemption and Interest | Community Development and Improvement Projects | Other Governmental Funds | Total Governmental Funds |
|-------------------------------------------------------------------|-------------------|---------------------------------------|----------------------------|-----------------------------------------|------------------------------------------|---------------------------------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | | | | |
| Cash and Cash Equivalents | \$ 1,102 | \$ 22,980 | \$ 403,019 | \$ 99 | \$ 17,119 | \$ 77,793 | \$ 15,553 | \$ 537,665 |
| Investments | 102,400 | 71,036 | 588,005 | - | 172,490 | 439,137 | 190,447 | 1,563,515 |
| Cash and Investments with Escrow Agent | - | - | - | - | 338,533 | - | 72,552 | 411,085 |
| Receivables (Net of Allowances): | | | | | | | | |
| Property Tax | - | - | 288,302 | - | 491,473 | - | 370,907 | 1,150,682 |
| Accounts | 209,386 | 3,778 | 4,429 | 2,435 | 2,971 | 2,626 | 16,608 | 242,233 |
| Due From Other Funds | 109,514 | 10,059 | 423,933 | 5,000 | - | 97,053 | 79,210 | 724,769 |
| Due From Other Governments | 241,878 | 452,721 | - | - | 2,578 | - | 38,463 | 735,640 |
| Inventories | 24,498 | - | - | - | - | - | - | 24,498 |
| Restricted Cash and Cash Equivalents | 389 | 3,220 | 1 | 24,868 | - | 211 | - | 28,689 |
| Restricted Investments | - | - | - | 593,643 | - | - | - | 593,643 |
| Other Assets | - | 4,075 | - | - | - | - | - | 4,075 |
| Total Assets | \$ 689,167 | \$ 567,869 | \$ 1,707,689 | \$ 626,045 | \$ 1,025,164 | \$ 616,820 | \$ 783,740 | \$ 6,016,494 |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | | | | | | | | |
| Liabilities: | | | | | | | | |
| Voucher Warrants Payable | \$ 185,783 | \$ 157,929 | \$ 117,027 | \$ 14 | \$ - | \$ 38,999 | \$ 64,877 | \$ 564,629 |
| Bonds, Notes and Other Obligations Payable - Current | - | - | - | - | 82,331 | - | 4,400 | 86,731 |
| Accrued Interest | - | - | - | - | 223,995 | - | 1,464 | 225,459 |
| Due To Other Funds | 276,805 | 296,159 | 11,682 | 5,140 | 85,700 | 56,996 | 94,698 | 827,180 |
| Accrued and Other Liabilities | 69,811 | 9,861 | 2,920 | - | - | 95,373 | 67,648 | 245,613 |
| Line of Credit and Commercial Paper | - | - | - | - | 198,086 | 77,800 | 21,423 | 297,309 |
| Claims Payable | 13,326 | - | - | - | - | - | - | 13,326 |
| Unearned Revenue | 2,164 | 69,825 | - | - | 41,873 | - | - | 113,862 |
| Total Liabilities | 547,889 | 533,774 | 131,629 | 5,154 | 631,985 | 269,168 | 254,510 | 2,374,109 |
| Deferred Inflows | - | 259,140 | 249,002 | 1,576,293 | 420,051 | - | 314,563 | 2,819,049 |
| Fund Balance: | | | | | | | | |
| Nonspendable | 24,498 | - | - | - | - | - | - | 24,498 |
| Restricted | - | 15,230 | 1,327,058 | - | - | 347,652 | 139,491 | 1,829,431 |
| Committed | - | - | - | 620,891 | - | - | 75,176 | 696,067 |
| Assigned | 65,223 | - | - | - | - | - | - | 65,223 |
| Unassigned | 51,557 | (240,275) | - | (1,576,293) | (26,872) | - | - | (1,791,883) |
| Total Fund Balance | 141,278 | (225,045) | 1,327,058 | (955,402) | (26,872) | 347,652 | 214,667 | 823,336 |
| Total Liabilities, Deferred Inflows and Fund Balance | \$ 689,167 | \$ 567,869 | \$ 1,707,689 | \$ 626,045 | \$ 1,025,164 | \$ 616,820 | \$ 783,740 | \$ 6,016,494 |

Unassigned Fund Balance

5. **Unassigned Fund Balance:** Is the residual classification for the general fund and comprises all amounts not included in the other classifications.

Unassigned Fund Balance

- Funds must likely to be included:
 - General Fund

Exhibit 3
CITY OF CHICAGO, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014
(Amounts are in Thousands of Dollars)

| | General | Federal, State and Local Grants | Special Taxing Areas | Service Concession and Reserve | Bond, Note Redemption and Interest | Community Development and Improvement Projects | Other Governmental Funds | Total Governmental Funds |
|-------------------------------------------------------------------|-------------------|---------------------------------------|----------------------------|-----------------------------------------|------------------------------------------|---------------------------------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | | | | |
| Cash and Cash Equivalents | \$ 1,102 | \$ 22,980 | \$ 403,019 | \$ 99 | \$ 17,119 | \$ 77,793 | \$ 15,553 | \$ 537,665 |
| Investments | 102,400 | 71,036 | 588,005 | - | 172,490 | 439,137 | 190,447 | 1,563,515 |
| Cash and Investments with Escrow Agent | - | - | - | - | 338,533 | - | 72,552 | 411,085 |
| Receivables (Net of Allowances): | | | | | | | | |
| Property Tax | - | - | 288,302 | - | 491,473 | - | 370,907 | 1,150,682 |
| Accounts | 209,386 | 3,778 | 4,429 | 2,435 | 2,971 | 2,626 | 16,608 | 242,233 |
| Due From Other Funds | 109,514 | 10,059 | 423,933 | 5,000 | - | 97,053 | 79,210 | 724,769 |
| Due From Other Governments | 241,878 | 452,721 | - | - | 2,578 | - | 38,463 | 735,640 |
| Inventories | 24,498 | - | - | - | - | - | - | 24,498 |
| Restricted Cash and Cash Equivalents | 389 | 3,220 | 1 | 24,868 | - | 211 | - | 28,689 |
| Restricted Investments | - | - | - | 593,643 | - | - | - | 593,643 |
| Other Assets | - | 4,075 | - | - | - | - | - | 4,075 |
| Total Assets | \$ 689,167 | \$ 567,869 | \$ 1,707,689 | \$ 626,045 | \$ 1,025,164 | \$ 616,820 | \$ 783,740 | \$ 6,016,494 |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | | | | | | | | |
| Liabilities: | | | | | | | | |
| Voucher Warrants Payable | \$ 185,783 | \$ 157,929 | \$ 117,027 | \$ 14 | \$ - | \$ 38,999 | \$ 64,877 | \$ 564,629 |
| Bonds, Notes and Other Obligations Payable - Current | - | - | - | - | 82,331 | - | 4,400 | 86,731 |
| Accrued Interest | - | - | - | - | 223,995 | - | 1,464 | 225,459 |
| Due To Other Funds | 276,805 | 296,159 | 11,682 | 5,140 | 85,700 | 56,996 | 94,698 | 827,180 |
| Accrued and Other Liabilities | 69,811 | 9,861 | 2,920 | - | - | 95,373 | 67,648 | 245,613 |
| Line of Credit and Commercial Paper | - | - | - | - | 198,086 | 77,800 | 21,423 | 297,309 |
| Claims Payable | 13,326 | - | - | - | - | - | - | 13,326 |
| Unearned Revenue | 2,164 | 69,825 | - | - | 41,873 | - | - | 113,862 |
| Total Liabilities | 547,889 | 533,774 | 131,629 | 5,154 | 631,985 | 269,168 | 254,510 | 2,374,109 |
| Deferred Inflows | - | 259,140 | 249,002 | 1,576,293 | 420,051 | - | 314,563 | 2,819,049 |
| Fund Balance: | | | | | | | | |
| Nonspendable | 24,498 | - | - | - | - | - | - | 24,498 |
| Restricted | - | 15,230 | 1,327,058 | - | - | 347,652 | 139,491 | 1,829,431 |
| Committed | - | - | - | 620,891 | - | - | 75,176 | 696,067 |
| Assigned | 65,223 | - | - | - | - | - | - | 65,223 |
| Unassigned | 51,557 | (240,275) | - | (1,576,293) | (26,872) | - | - | (1,791,883) |
| Total Fund Balance | 141,278 | (225,045) | 1,327,058 | (955,402) | (26,872) | 347,652 | 214,667 | 823,336 |
| Total Liabilities, Deferred Inflows and Fund Balance | \$ 689,167 | \$ 567,869 | \$ 1,707,689 | \$ 626,045 | \$ 1,025,164 | \$ 616,820 | \$ 783,740 | \$ 6,016,494 |

THE CITY OF NEW YORK
GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2015
(in thousands)

| | General Fund | Capital Projects Fund | General Debt Service Fund | Nonmajor Governmental Funds | Adjustments/ Eliminations | Total Governmental Funds |
|---------------------------------------------------------------------------------|---------------------|-----------------------------|------------------------------------|-----------------------------------|------------------------------|--------------------------------|
| ASSETS: | | | | | | |
| Cash and cash equivalents | \$ 6,960,112 | \$ 48,499 | \$ — | \$ 168,126 | \$ — | \$ 7,176,737 |
| Investments | 6,499,378 | — | — | 1,668,424 | — | 8,167,802 |
| Accounts receivable: | | | | | | |
| Real estate taxes (less allowance for uncollectible amounts of \$230,295) | 364,422 | — | — | — | — | 364,422 |
| Federal, State and other aid | 6,325,433 | 1,098,234 | — | — | — | 7,423,667 |
| Taxes other than real estate | 5,832,296 | — | — | 610,735 | — | 6,443,031 |
| Other receivables, net | 1,614,328 | — | — | 404,868 | — | 2,019,196 |
| Due from other funds | 3,023,132 | 993,028 | — | 540,957 | (540,578) | 4,016,539 |
| Due from component units, net | 1,311,505 | 611,970 | — | — | — | 1,923,475 |
| Restricted cash and investments | — | 751,924 | 1,973,168 | 3,264,591 | — | 5,989,683 |
| Other assets | — | 92,451 | — | 419,914 | — | 512,365 |
| Total assets | <u>\$31,930,606</u> | <u>\$ 3,596,106</u> | <u>\$1,973,168</u> | <u>\$7,077,615</u> | <u>\$(540,578)</u> | <u>\$44,036,917</u> |
| LIABILITIES: | | | | | | |
| Accounts payable and accrued liabilities | \$13,626,047 | \$ 1,400,594 | \$ 2,948 | \$ 776,548 | \$ — | \$15,806,137 |
| Accrued tax refunds: | | | | | | |
| Real estate taxes | 26,905 | — | — | — | — | 26,905 |
| Personal income tax | 45,626 | — | — | — | — | 45,626 |
| Other | 208,567 | — | — | — | — | 208,567 |
| Accrued judgments and claims | 557,860 | 81,446 | — | — | — | 639,306 |
| Unearned revenues | — | — | — | 3,070 | — | 3,070 |
| Due to other funds | — | 3,455,785 | — | 1,101,332 | (540,578) | 4,016,539 |
| Due to component units, net | 119,756 | — | — | — | — | 119,756 |
| Estimated disallowance of Federal, State and other aid | 1,115,521 | — | — | — | — | 1,115,521 |
| Other liabilities | 3,637,653 | 437,872 | — | — | — | 4,075,525 |
| Total liabilities | <u>19,337,935</u> | <u>5,375,697</u> | <u>2,948</u> | <u>1,880,950</u> | <u>\$(540,578)</u> | <u>26,056,952</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | |
| Prepaid real estate taxes | 6,994,205 | — | — | — | — | 6,994,205 |
| Grant advances | 7,331 | — | — | — | — | 7,331 |
| Uncollected real estate taxes | 271,564 | — | — | — | — | 271,564 |
| Taxes other than real estate | 4,624,782 | — | — | — | — | 4,624,782 |
| Other deferred inflows of resources | 227,168 | — | — | 818,479 | — | 1,045,647 |
| Total deferred inflows of resources | <u>12,125,050</u> | <u>—</u> | <u>—</u> | <u>818,479</u> | <u>—</u> | <u>12,943,529</u> |
| FUND BALANCES: | | | | | | |
| Nonspendable | 467,621 | — | — | 619 | — | 468,240 |
| Spendable: | | | | | | |
| Restricted | — | 751,924 | 427,588 | 2,555,243 | — | 3,734,755 |
| Committed | — | — | 1,542,632 | — | — | 1,542,632 |
| Assigned | — | — | — | 1,822,324 | — | 1,822,324 |
| Unassigned | — | (2,531,515) | — | — | — | (2,531,515) |
| Total fund balances (deficit) | <u>467,621</u> | <u>(1,779,591)</u> | <u>1,970,220</u> | <u>4,378,186</u> | <u>—</u> | <u>5,036,436</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$31,930,606</u> | <u>\$ 3,596,106</u> | <u>\$1,973,168</u> | <u>\$7,077,615</u> | <u>\$(540,578)</u> | <u>\$44,036,917</u> |

Level of Constraints (GASB 54)

Most
constraint

- Restricted

- Committed

- Assigned

No
constraint

- Unassigned

Fund Balance Disclosure

- Disclosure in Financial Statements: The government should disclose:
 1. For the assigned fund balance, the body or official authorized to assign amounts to a specific purpose and what policy is established.
 2. The order in which restricted, committed, assigned, and unassigned amounts are spent when amounts in more than one classification are available for a particular purpose.
 3. The purpose of each major special revenue fund.

Basis of Accounting

● Full Accrual

- Revenues recognized when earned.
- Expenses recognized when incurred.

● Cash

- Revenues recognized when available.
- Expenses/expenditures recognized when paid.

Basis of Accounting

● Modified Accrual

- Revenues are recognized when **measurable** and **available**.
- Expenditures when incurred.
- Excludes the recognition of both:
 - Long-term assets
 - Long-term liabilities

Basis of Accounting

Example: Page 44

- A newly formed public school district accounts for its operations on a modified accrual basis.
- It maintains four funds:
 - General
 - Capital
 - Debt Service
 - Special Revenue

Basis of Accounting

Example: Page 44

1. The district levied \$9.0 million of general property taxes, of which it actually collected \$8.8 million. The taxes are unassigned, they can be used for any legitimate educational purpose. What is the fund? What is the JE?

Basis of Accounting

Example: Page 44

1. The district levied \$9.0 million of general property taxes, of which it actually collected \$8.8 million. The taxes are unassigned, they can be used for any legitimate educational purpose. What is the fund? What is the JE?

General Fund

| | | |
|---------------------------|-----|-----|
| Cash | 8.8 | |
| Property taxes receivable | 0.2 | |
| Property tax revenue | | 9.0 |

To record property taxes

Basis of Accounting

Example: Page 44

2. The district received a state grant of \$0.2 million to purchase computers. What is the fund? What is the JE?

Basis of Accounting

Example: Page 44

2. The district received a state grant of \$0.2 million to purchase computers. What is the fund? What is the JE?

Special Revenue Fund

Cash

0.2

Grant revenue

0.2

To record a state grant restricted for the acquisition of computers.

Basis of Accounting

Example: Page 44

3. The district issued \$12.0 million in long-term bonds to construct a school building. What is the fund? What is the JE?

Basis of Accounting

Example: Page 44

3. The district issued \$12.0 million in long-term bonds to construct a school building. What is the fund? What is the JE?

Capital Projects Fund

| | | |
|-------------------------------------------------|------|------|
| Cash | 12.0 | |
| Other financing source: Proceeds from borrowing | | 12.0 |

To record the issuance of bonds

Basis of Accounting

Example: Page 44

- Capital project fund is on modified accrual basis, which excludes the recognition of both long-term assets and long-term liabilities.
- The proceeds are recognized in a revenue-type account, one that will cause fund balance, rather than a liability, to increase.
- Of course, the district must maintain a record of both its long-lived assets and obligations in capital asset and long-term obligation ledgers. They will also be recorded in the district's government-wide statements.

Basis of Accounting

Example: Page 44

4. The district constructed the school building for \$11.0 million. What is the fund? What is the JE?

Basis of Accounting

Example: Page 44

4. The district constructed the school building for \$11.0 million. What is the fund? What is the JE?

Capital Project Fund

| | | |
|----------------------------------------|------|------|
| Construction of building (expenditure) | 11.0 | |
| Cash | | 11.0 |

To record the costs of constructing the school building.

Basis of Accounting

Example: Page 44

5. The district incurred \$6.0 million in general operating expenditures, of which it actually paid \$5.5 million. What is the fund? What is the JE?

Basis of Accounting

Example: Page 44

5. The district incurred \$6.0 million in general operating expenditures, of which it actually paid \$5.5 million. What is the fund? What is the JE?

General Fund

| | | |
|--------------------------------|-----|-----|
| General operating expenditures | 6.0 | |
| Cash | | 5.5 |
| Accounts payable | | 0.5 |

To record general operating expenditures.

Basis of Accounting

Example: Page 44

6. Using its state grant, the district purchased computers for \$0.1 million. What is the fund? What is the JE?

Basis of Accounting

Example: Page 44

6. Using its state grant, the district purchased computers for \$0.1 million. What is the fund? What is the JE?

Special Revenue Fund

| | | |
|-----------------------------------------|-----|-----|
| Acquisition of computers (expenditures) | 0.1 | |
| Cash | | 0.1 |

To record the acquisition of computers.

Basis of Accounting

Example: Page 44

- As with construction of the building, the district would recognize the acquisition as an expenditure, but record the asset in a supplementary ledger or list as well as the government-wide statements.

Basis of Accounting

Example: Page 44

7. The district transferred \$1.1 million from the general fund to the debt service fund to make the first payments of both principal and interest that are due in the following year. What is the fund? What is the JE?

Basis of Accounting

Example: Page 44

7. The district transferred \$1.1 million from the general fund to the debt service fund to make the first payments of both principal and interest that are due in the following year. What is the fund? What is the JE?

General Fund and Debt Service Fund.

Basis of Accounting

Example: Page 44

7. The district transferred \$1.1 million from the general fund to the debt service fund to make the first payments of both principal and interest that are due in the following year. What is the fund? What is the JE?

General Fund

Other financing use: Nonreciprocal transfer-out to debt service fund 1.1

Cash 1.1

To record transfer to the debt service fund.

Basis of Accounting

Example: Page 44

7. The district transferred \$1.1 million from the general fund to the debt service fund to make the first payments of both principal and interest that are due in the following year. What is the fund? What is the JE?

Debt Service Fund

| | |
|---------------------------------------------------------------------|-----|
| Cash | 1.1 |
| Other financing source: Nonreciprocal transfer-in from general fund | 1.1 |

To record transfer from the general fund.

Not-for-Profit Entities

- Unless mandated by law, not for profit organizations need not employ fund accounting for purposes of internal accounting and administration.
- They must, however, comply with FASB requirements for external reporting. They need only distinguish between resources that are restricted and those that are unrestricted.

Not-for-Profit Entities

- The FASB requires that not-for-profits classify their net assets into three categories based on the restrictions of donors:
 - Unrestricted
 - Temporarily restricted
 - Permanently restricted

Not-for-Profit Entities

- **Temporarily restricted:** Resources that must be used for a specific purpose, or cannot be spent until sometime in the future.
- **Permanently restricted:** Only the income from which can be spent.