

- 2018 CSFMO Annual Conference

Déjà vu All Over Again! GASB Revisits the Financial Reporting Model

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The views expressed are those of Mr. Sundstrom, Ms. Commons, and Mr. Bullock and do not necessarily represent those of the GASB.



Financial Reporting Model Reexamination

- **What:** The Board is redeliberating over comments received in response to the December 2016 Invitation to Comment, the first due process document in the project reexamining the effectiveness of the financial reporting model—Statements 34, 35, 37, 41, and 46, and Interpretation 6.
- **Why:** A review of these standards found that they generally were effective, but that there were aspects that could be significantly improved.
- **When:** A Preliminary Views is planned for issuance in September 2018.

Concerns with Governmental Funds Financial Statements

- Lack of conceptual consistency in recognition of assets and liabilities
- Lack of foundation from which to develop standards for complex transactions
- Some consider it ineffective in conveying that the information is related to fiscal accountability (rather than operational accountability)
 - Focus on financial resources, rather than on economic resources
 - Shorter time perspective than information in government-wide financial statements

Project Timeline – Where We’ve Been

Pre-Agenda Research Started	April 2013
Added to Current Technical Agenda	September 2015
Task Force Meeting Held	June 2016
Invitation to Comment Issued	December 2016
Public Hearings and User Forums Held	April 2017
Task Force Meeting Held	September 2017

Scope of the Invitation to Comment: Governmental Funds

- Recognition approaches (measurement focus-what is being measured, and basis of accounting-when do we recognize)
 - Near-term financial resources
 - Short-term financial resources
 - Long-term financial resources
- Format of the governmental funds statement of resource flows
- Specific terminology
- Reconciliation to the government-wide financial statements
- For certain recognition approaches, a statement of cash flows

Invitation to Comment Characteristics

- Relationship with budgetary reporting
 - All retain current fund structure
 - Near-term closest with focus on amounts available for spending
 - Long-term farthest because of recognition of long-term financial assets and liabilities
- Focus on financial resources, rather than on economic resources
- Same-page reconciliation to government-wide financial statements
- Titles and line items totals that indicate the measurement focus
- Notification on top of statement that the presentation is a short-term view and that the government-wide statements present the long-term view

Invitation to Comment - What Are Financial Resources?

- Financial resources are resources expected to be converted to cash, including cash, claims to cash, claims to good or services, consumable goods, and equity securities of another entity.
- Prepaid items
 - Refundable?
 - Consumable in lieu of financial resources
 - Not expected to produce cash in the future
- Inventory
 - Tangible asset, like capital assets
 - Consumable in lieu of financial resources
 - Generally not expected to produce cash in the future

Tentative Decisions for the Preliminary Views

- The current financial resources recognition approach with modifications will be carried forward to the Preliminary Views.
- Neither the economic resources recognition approach nor presentation outside of the basic financial statements will be pursued further.
- Financial resources to be defined as “cash, resources that are expected to be converted to cash, and resources that are consumable in lieu of cash.”

Tentative Decisions for the Preliminary Views

The recognition approach for governmental funds be based on a combination of the near-term and short-term recognition approaches, be called the short-term financial resources measurement approach, with the following characteristics:

- one-year from the inception of the transaction recognition timeframe
- accrued interest will be recognized when payable and normally due within one year, which may not necessarily align with the recognition of principal payments on the related debt
- recognition of tax and revenue anticipation notes as liabilities
- exclusion of the recognition of the current portion of long-term assets and liabilities.

Tentative Decisions for the Preliminary Views – Messages of the Short-Term Financial Resources Measurement Approach

- Reports financial balance sheet elements and flows of financial resources of governmental fund activities from a short-term perspective.
- Provides information about spending for the period and inflows of resources from short-term transactions as they occur.
- Provides information about long-term transactions as they mature, as well as period-end balances from short-term transactions.
- Provides financial results that may be comparable to budgetary information, which usually relates to shorter periods of time as well.

Tentative Decisions for the Preliminary Views – What are Short-Term Transactions?

- **The determination of whether a transaction is short-term or long-term is key to the recognition under the approach being proposed in the Preliminary Views.**
- Short-term transactions are those that NORMALLY are DUE to convert to or require the use of cash (or other financial assets) within ***one year from the inception of the transaction.***
 - **Normally** (consistent with its use in Interpretation 6) refers to circumstances for governments in general, not the potentially unique circumstances of a single government.
 - **Due** refers to the date at which payment is scheduled or, if not scheduled, expected to be made.

Tentative Decisions for the Preliminary Views – What are Long-Term Transactions?

- Long-term transactions are those that NORMALLY are DUE to convert to or require the use of cash (or other financial assets) **beyond one year** from the *inception of the transaction*.
 - **Normally** (consistent with its use in Interpretation 6) refers to circumstances for governments in general, not the potentially unique circumstances of a single government.
 - **Due** refers to the date at which payment is scheduled or, if not scheduled, expected to be made.

Tentative Decisions for the Preliminary Views – Recognition in the Short-Term Approach

- Assets include those from ***short-term transactions*** that are ***receivable*** at period-end as well as cash and other financial assets that are available to be converted to cash or are expected to be consumed in lieu of cash within the subsequent operating cycle.
- Liabilities include those arising from ***short-term transactions*** that are ***payable*** at period-end.
- Assets arriving from ***transactions that are normally long-term*** would be recognized when payments come due.
- Liabilities arriving from ***transactions that are normally long-term*** would be recognized when payments become due.

Asset Recognition

- Examples of assets that would be recognized:
 - Cash and investments
 - Accounts receivable
 - Property taxes receivable
 - Prepaid items
 - Inventory
 - Long-term receivables with delayed payment terms that have matured

- Examples of assets that would *not* be recognized:
 - Long-term receivables that have not matured
 - Capital assets, including intangible assets

Notes Receivable – Current Practice

BOY receivable balance was \$4,387,776. \$645,000 matured and was collected during the year. EOY receivable balance was \$3,742,776.

Current practice for reporting notes receivable is inconsistent. Recognize an asset and report nonspendable fund balance for amounts not available to pay liabilities of the current period.

Reported Amounts

Notes receivable of \$3,742,776, and nonspendable fund balance of \$3,742,776. Revenue of \$645,000.

Notes Receivable – Short-Term Approach

Recognize revenue for amounts collected during the year. This presentation should not be used to establish a precedent for reporting notes receivable. This transaction would be considered a long-term transaction because the note payments are scheduled to be collected beyond one-year from the inception of the transaction. Recognize an asset when the payments are due. Recognize an inflow of resources for payments that mature during the period.

Reported Amounts

No receivable is included. Inflows of resources of \$645,000 are included.

Liability Recognition

- Examples of liabilities that would be recognized:
 - Accounts payable and accrued payroll
 - Accrued interest payable
 - Any unpaid balances due on long-term debt that matured during the period
 - Tax anticipation notes or revenue anticipation notes

- Examples of liabilities that would *not* be recognized:
 - Compensated absences liabilities
 - Long-term debt
 - Net pension and other postemployment benefit liabilities
 - Asset retirement obligations

Compensated Absences – Current Practice

Recognize a liability and an outflow of resources to the extent normally expected to be liquidated with expendable available financial resources.

Reported Amounts

No amounts are included.

Compensated Absences – Short-Term Approach

This transaction would be considered a long-term transaction because the liability is normally liquidated beyond one-year from the inception of the transaction. Recognize a liability and an outflow of resources when the amount becomes due, typically when an employee separates from service. For purposes of this illustration, it has been assumed that compensated absences transactions are long-term in nature. It is expected that a future standards setting project would be needed to apply the recognition concept to these transactions.

Reported Amounts

No amounts are included.

Inflow Examples

- Examples of transactions that would be recognized as inflows of resources that were collected during the period or are due in the subsequent operating cycle:
 - Property taxes levied for the period
 - Sales, income, and other taxes relating to the reporting period
 - Repayments from lending activities that matured during the period
 - Proceeds from borrowings of the current period
 - Proceeds from sales of capital assets

- Example of transactions that would *not* be recognized as inflows of resources:
 - Payments from lending activities due in subsequent periods
 - Proceeds from tax anticipation or revenue anticipation borrowings

Outflows

- Examples of transactions that would be recognized as outflows of resources :
 - Salaries and wages earned during the period
 - Use of goods (including inventories) and services
 - Long-term lending activities
 - Interest accrued during the period on borrowings
 - Principal payments on long-term borrowings that mature in the period
 - Payments related to other long-term transactions, such as postemployment benefits and compensated absences, that mature in the period
 - Capital outlays
- Examples of transactions that would *not* be recognized as outflows:
 - Prepayments for goods and services to be received in future periods
 - Principal payments on tax anticipation notes or revenue anticipation notes
 - Purchases of inventories
 - Depreciation

Deferred Outflows and Inflows

- Deferred outflows of resources and deferred inflows of resources would be recognized for (a) outflows of resources that do not meet the definition of an asset and are inherently related to future periods and (b) inflows of resources that do not meet the definition of a liability and are inherently related to future periods, respectively.
- The net position element (fund balance) would represent the residual amount (or deficiency) of short-term assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of the reporting period

Grants Receivable – Current Practice

- BOY receivable balance was \$550,992. Of that balance:
 - \$150,992 was expected to be received within 60 days
 - \$400,000 was expected to be received between 6 months and one-year
- New grants received during the period were \$300,000.
- Collections during the year were \$600,000, consisting of:
 - all \$550,992 from the beginning of year balance
 - \$49,008 of the current year grant activity
- EOY receivable balance was \$250,992. Of that balance:
 - \$100,992 was expected to be received within 60 days
 - \$150,000 was expected to be received between 6 months and one-year.

Grants Receivable – Current Practice

Recognize an asset for amounts receivable at year-end and recognize a deferred inflow of resources for amounts expected to be collected beyond the period of availability. Recognize revenue for amounts collected during the year and expected to be collected within the period of availability.

Reported Amounts

Grants receivable of \$250,992 and deferred inflow of resources of \$150,000. Assuming a three-month period of availability, grants revenue of \$550,000 ($\$400,000 + \$49,008 + 100,992$).

Grants Receivable – Short-Term Approach

This transaction would be considered a short-term transaction because grants normally are collected within one-year from the inception of the transaction. Recognize an asset for amounts receivable at year-end and recognize an inflow of resources for grants incurred during the year.

Reported Amounts

Grants receivable of \$250,992 is included. Inflows of resources of \$300,000 are included.

Tentative Decisions for the Preliminary Views - Potential Benefits

- Provides information about amounts available for spending that is consistent and comparable across governments.
- Provides a measure of fund balance that indicates how much is available for spending in the subsequent period.
- Provides information for evaluating a government's budget.
- Conceptually consistent recognition of assets and liabilities.

Tentative Decisions for the Preliminary Views

- Separate presentation of operating and nonoperating revenues and expenses—in proprietary fund and business-type activity (BTA) financial statements
 - Operating activities are those other than nonoperating activities
 - Nonoperating activities include:
 - Subsidies received and provided
 - Revenues and expenses of financing
 - Resources from the disposal of capital assets and inventory
 - Investment income and expenses

Tentative Decisions for the Preliminary Views

- Separate presentation of operating and nonoperating revenues and expenses (continued)
 - Subsidies are resources provided by another party or fund for the purpose of keeping the rates lower than otherwise would be necessary for the level of goods and services to be provided
 - Includes resources for purchase of capital assets
 - Subtotal for *operating income (loss) and noncapital subsidies*

Tentative Decisions for the Preliminary Views

- Budgetary comparisons
 - Would be presented in required supplementary information (no option for basic statements)
 - Required variances would be final-budget-to-actual and original-budget-to-final-budget

Tentative Decisions for the Preliminary Views

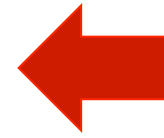
- Statement of Activities and Schedule of Natural Classifications
 - The existing format of the government-wide statement of activities be presented with a schedule of natural classification of expenses by function or program.
 - The information conveyed in a schedule of natural classification of expenses be presented in general purpose external financial reports as supplementary information.

Other Topics – Preliminary Views

- Permanent funds
 - Determine recognition approach and presentation for permanent funds when preliminary view for recognition approach in governmental funds is finalized
- Reconciliation to government-wide statements and use of specific terminology
- Format of the governmental fund resource flows statement
- Cash flow statement

ABC Government
Near-Term Financial Resources Balance Sheet
Governmental Funds
June 30, 20XX

This financial statement presents a short-term view of the governmental fund activities and excludes items of a long-term nature. For a complete portrayal of the financial position of the governmental activities, see the government-wide statement of net position.



Notification recognition approach is different from government-wide

Clearer titles and descriptions

NEAR-TERM ASSETS

	General Fund	Special Tax Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 861,272	\$ 8,846,434	\$ 30,571,406	\$ 40,279,112
Taxes receivable	11,713,873	-	1,628,750	13,342,623
Intergovernmental receivables	662	607	83,736	85,005
Grant receivable	250,992	-	-	250,992
Other receivables	2,056,859	-	1,457,817	3,514,676
Interfund receivables	610,066	-	607,909	1,217,975
Total near-term assets	<u>\$ 15,493,724</u>	<u>\$ 8,847,041</u>	<u>\$ 34,349,618</u>	<u>\$ 58,690,383</u>

NEAR-TERM LIABILITIES AND NEAR-TERM FINANCIAL RESOURCES FUND BALANCES

Near-term liabilities:				
Accounts payable	\$ 929,666	\$ 493,212	\$ 1,642,560	\$ 3,065,438
Other payables	2,444	-	926	3,370
Accrued payroll	2,966,848	14,733	65,821	3,047,402
Accrued interest	51,874	22,300	559,827	634,001
Interfund payable	51,606	227,099	15,195	293,900
Claims payable	100,000	-	-	100,000
Total near-term liabilities	<u>4,102,438</u>	<u>757,344</u>	<u>2,284,329</u>	<u>7,144,111</u>
Near-term financial resources fund balances:				
Restricted	-	8,089,697	32,211,162	40,300,859
Assigned for library	685,630	-	-	685,630
Unassigned	10,705,656	-	(145,873)	10,559,783
Total near-term financial resources fund balances	<u>11,391,286</u>	<u>8,089,697</u>	<u>32,065,289</u>	<u>51,546,272</u>
Total near-term liabilities and near-term financial resources fund balances	<u>\$ 15,493,724</u>	<u>\$ 8,847,041</u>	<u>\$ 34,349,618</u>	<u>\$ 58,690,383</u>

RECONCILIATION OF NEAR-TERM FINANCIAL RESOURCES FUND BALANCE OF GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION (see Note X)

Near-term financial resources fund balance of governmental funds	\$ 51,546,272
Amounts reported for governmental activities in the statement of net position are different due to:	
Capital assets used in governmental activities that are not near-term financial resources	187,089,527
Other long-term assets that are not available to pay for near-term outflows of resources	3,862,427
Tax anticipation notes that are not near-term liabilities	(4,400,000)
Postemployment benefit liabilities that are not due in the near term	(42,743,028)
Other long-term liabilities, including bonds payable, that are not due in the near term	(36,396,724)
Internal service fund balance that is allocated to governmental activities in the statement of net position	(16,368)
Net position of governmental activities	<u>\$ 158,942,106</u>



Same-page reconciliation to government-wide

Format of the Resource Flows Statement- Existing Format

Presents inflows and outflows of resources considered revenues and expenditures separately from those that are considered other financing sources and uses

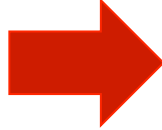
- Revenues and expenditures
- Other financing sources and uses
 - Issuance of debt
 - Bond refundings
 - Sales of capital assets
 - Transfers
- Benefits
 - Consistency with prior presentation of resource flows
 - Consistency with budgetary presentations (for some)
- Challenge
 - Lack consistency in resource flows related to debt and to capital assets
 - Resources received from the issuance of long-term debt and disposal of capital assets – reported as an other financing source
 - Payment of principal on that debt and original purchase of the capital asset – reported as an expenditure

ABC Government
Statement of Near-Term Financial Resource Flows
Governmental Funds
Year Ended June 30, 20XX

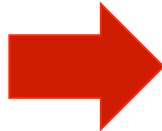
This financial statement presents a short-term view of governmental fund resource flows and excludes items of a long-term nature.
For a complete portrayal of the governmental activities flows, see the government-wide statement of activities.

Existing Format

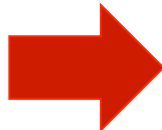
Inflows of
Resources
(Revenues)



Outflows of
Resources
(Expenditures)



Other
Financing
Sources and
Uses



	General Fund	Special Tax Fund	Other Governmental Funds	Total Governmental Funds
INFLOWS OF NEAR-TERM FINANCIAL RESOURCES				
Taxes:				
Property tax	\$ 20,322,167	\$ 5,159,156	\$ 2,015,047	\$ 27,496,370
Sales tax	45,034,789	-	4,430,774	49,465,563
Use tax	3,586,753	-	-	3,586,753
Motor fuel tax	-	-	2,889,647	2,889,647
Other taxes	3,975,895	-	2,698,909	6,674,804
Payments in lieu of taxes	2,721,420	-	-	2,721,420
Licenses and permits	1,303,889	-	-	1,303,889
Fees for services	7,052,692	-	202,273	7,254,965
Franchise fees	1,968,522	-	-	1,968,522
Fines and citations	1,476,364	-	-	1,476,364
Intergovernmental	14,595,019	-	6,292,493	20,887,512
Investment earnings	5,829	163,384	19,043	188,256
Payments received on notes and special assessments	-	500,000	186,500	686,500
Miscellaneous	4,216,940	154,482	626,287	4,997,709
Total inflows of near-term financial resources	<u>106,260,279</u>	<u>5,977,022</u>	<u>19,360,973</u>	<u>131,598,274</u>
OUTFLOWS OF NEAR-TERM FINANCIAL RESOURCES				
Current:				
General government	13,888,388	6,961,201	2,221,691	23,071,280
Public health and safety	70,081,545	-	590,383	70,671,928
Highway and streets	12,000,830	-	4,715,808	16,716,638
Culture and recreation	3,541,191	335,659	1,808,065	5,684,915
Economic development	496,141	-	3,374,045	3,870,186
Capital outlay	345,187	1,515	1,346,497	1,693,199
Debt service	6,435,656	366,890	9,210,517	16,013,063
Total outflows of near-term financial resources	<u>106,788,938</u>	<u>7,665,265</u>	<u>23,267,006</u>	<u>137,721,209</u>
Excess of inflows over outflows	<u>(528,659)</u>	<u>(1,688,243)</u>	<u>(3,906,033)</u>	<u>(6,122,935)</u>
OTHER FINANCING SOURCES AND USES				
Leases—lessee	233,200	-	-	233,200
Proceeds from the issuance of tax anticipation notes	4,400,000	-	-	4,400,000
Transfers in	500,000	-	10,806,809	11,306,809
Transfers out	(7,836,079)	(6,445)	(2,920,900)	(10,763,424)
Total other financing sources and uses	<u>(2,702,879)</u>	<u>(6,445)</u>	<u>7,885,909</u>	<u>5,176,585</u>
Net change in near-term financial resources fund balances	(3,231,538)	(1,694,688)	3,979,876	(946,350)
Near-term financial resources fund balances at beginning of year	14,622,824	9,784,385	28,085,413	52,492,622
Near-term financial resources fund balances at end of year	<u>\$ 11,391,286</u>	<u>\$ 8,089,697</u>	<u>\$ 32,065,289</u>	<u>\$ 51,546,272</u>

RECONCILIATION OF NET CHANGE IN NEAR-TERM FINANCIAL RESOURCES FUND BALANCE TO CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES (see Note X)

Net change in near-term financial resources fund balance of governmental funds	\$ (946,350)
Amounts reported for governmental activities in the statement of activities are different due to:	
Revenues that do not provide near-term financial resources	(686,500)
Expenses that do not require the use of near-term financial resources	(4,642,130)
Difference between depreciation in the statement of activities and capital outlay outflows above	(3,026,375)
Net change in tax anticipation notes reported as near-term resource inflows above	(400,000)
Principal paid on long-term debt and related items reported as near-term resource outflows above	9,604,926
Internal service fund activities that are allocated to governmental activities in the statement of activities	18,875
Change in net position of governmental activities	<u>\$ (77,554)</u>

Format of the Resource Flows Statement-Current and Long-Term Activity Format – ITC

Would report inflows and outflows of resources related to the purchase and disposal of capital assets and the payment and issuance of long-term debt separately from other current period activities of a governmental fund.

- Inflows of resources and outflows of resources for current activities
 - Transfers for current activities
- Inflows of resources and outflows of resources for long-term activities
 - Purchases and sales of capital assets
 - Issuance and repayment of long-term debt
 - Transfers for long-term activities
- Benefit
 - Consistency in inflows of resources and outflows of resources for long-term activities, as well as current activities
- Challenges
 - Some capital asset and debt transaction may contain elements of both current and long-term uses (transfers)
 - *Current* and *long-term* are not the same as *current* and *noncurrent* in a classified balance sheet
 - With exception of transfers, detail can be discerned from existing format
 - Some current activities (e.g., taxes) made be associated with long-term activities

This financial statement presents a short-term view of government fund resource flows and excludes items of a long-term nature.
For a complete portrayal of the governmental activities flows, see the government-wide statement of activities.

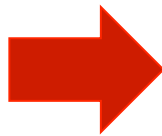
Current and Long-Term

Activity Format

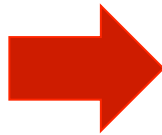
Inflows of
Resources for
Current
Activities



Outflows of
Resources for
Current
Activities



Long-Term
Activity



	General Fund	Special Tax Fund	Other Governmental Funds	Total Governmental Funds
INFLOWS OF NEAR-TERM FINANCIAL RESOURCES FOR CURRENT ACTIVITIES				
Taxes:				
Property tax	\$ 20,322,167	\$ 5,159,156	\$ 2,015,047	\$ 27,496,370
Sales tax	45,034,789	-	4,430,774	49,465,563
Use tax	3,586,753	-	-	3,586,753
Motor fuel tax	-	-	2,889,647	2,889,647
Other taxes	3,975,895	-	2,698,909	6,674,804
Payments in lieu of taxes	2,721,420	-	-	2,721,420
Licenses and permits	1,303,889	-	-	1,303,889
Fees for services	7,052,692	-	202,273	7,254,965
Franchise fees	1,968,522	-	-	1,968,522
Fines and citations	1,476,364	-	-	1,476,364
Intergovernmental	14,595,019	-	6,292,493	20,887,512
Investment earnings	5,829	163,384	19,043	188,256
Payments received on notes and special assessments	-	500,000	186,500	686,500
Miscellaneous	4,216,940	154,482	626,287	4,997,709
Transfers in	500,000	-	155,204	655,204
Total inflows of near-term financial resources for current activities	<u>106,760,279</u>	<u>5,977,022</u>	<u>19,516,177</u>	<u>132,253,478</u>
OUTFLOWS OF NEAR-TERM FINANCIAL RESOURCES FOR CURRENT ACTIVITIES				
General government	13,888,388	6,961,201	2,221,691	23,071,280
Public health and safety	70,081,545	-	590,383	70,671,928
Highway and streets	12,000,830	-	4,715,808	16,716,638
Culture and recreation	3,541,191	335,659	1,808,065	5,684,915
Economic development	496,141	-	3,374,045	3,870,186
Transfers out	155,204	-	500,000	655,204
Total outflows of near-term financial resources for current activities	<u>100,163,299</u>	<u>7,296,860</u>	<u>13,209,992</u>	<u>120,670,151</u>
Net flows of near-term financial resources for current activities	<u>6,596,980</u>	<u>(1,319,838)</u>	<u>6,306,185</u>	<u>11,583,327</u>
NET FLOWS OF NEAR-TERM FINANCIAL RESOURCES FOR LONG-TERM ACTIVITIES				
Leases—lessee	233,200	-	-	233,200
Proceeds from the issuance of tax anticipation notes	4,400,000	-	-	4,400,000
Transfers in	-	-	10,651,605	10,651,605
Capital outlay	(345,187)	(1,515)	(1,346,497)	(1,693,199)
Debt service	(2,435,656)	(366,890)	(9,210,517)	(12,013,063)
Payment on tax anticipation notes	(4,000,000)	-	-	(4,000,000)
Transfers out	(7,680,875)	(6,445)	(2,420,900)	(10,108,220)
Net flows of near-term financial resources for long-term activities	<u>(9,828,518)</u>	<u>(374,850)</u>	<u>(2,326,309)</u>	<u>(12,529,677)</u>
Net change in near-term financial resources fund balances	(3,231,538)	(1,694,688)	3,979,876	(946,350)
Near-term financial resources fund balances at beginning of year	14,622,824	9,784,385	28,085,413	52,492,622
Near-term financial resources fund balances at end of year	<u>\$ 11,391,286</u>	<u>\$ 8,089,697</u>	<u>\$ 32,065,289</u>	<u>\$ 51,546,272</u>
RECONCILIATION OF NET CHANGE IN NEAR-TERM FINANCIAL RESOURCES FUND BALANCE TO CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES (see Note X)				
Net change in near-term financial resources fund balance of governmental funds				\$ (946,350)
Amounts reported for governmental activities in the statement of activities are different due to:				
Revenues that do not provide near-term financial resources				(686,300)
Expenses that do not require the use of near-term financial resources				(4,642,130)
Difference between depreciation in the statement of activities and capital outlay outflows above				(3,026,375)
Net change in tax anticipation notes reported as near-term resource inflows above				(400,000)
Principal paid on long-term debt and related items reported as near-term resource outflows above				9,604,926
Internal service fund activities that are allocated to governmental activities in the statement of activities				18,875
Change in net position of governmental activities				<u>\$ (97,554)</u>

Topics Expected to Be Addressed at the ED stage

- **Extraordinary and Special Items**—explore options for clarifying the guidance for more consistent reporting
- **Management’s Discussion and Analysis (MD&A)**
 - Enhance the financial statement analysis component
 - Eliminate boilerplate
 - Clarify guidance for presenting currently known facts, decisions, or conditions
- **Debt Service Funds**—explore options for providing additional information, either individually or in aggregate in the financial statements or the notes

Project Timeline – What Lies Ahead

Preliminary Views Expected	September 2018
Comment Period and Field Test	October 2018 – January 2019
Public Hearings/User Forums	February 2019
Exposure Draft Expected	June 2020
Public Hearings	October 2020
Final Statement Expected	February 2022