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Governmental Accounting Standards Series

Statement No. 41 of the
Governmental Accounting
Standards Board

**Budgetary Comparison Schedules—
Perspective Differences**
an amendment of GASB Statement No. 34



Governmental Accounting Standards Board
of the Financial Accounting Foundation

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Summary

This Statement amends Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*. The amendment to Statement 34 clarifies the budgetary presentation requirements for governments with significant budgetary perspective differences that result in their not being able to present budgetary comparison information for their general fund and major special revenue funds. These governments are required to present budgetary comparison schedules as required supplementary information (RSI) based on the fund, organization, or program structure that the government uses for its legally adopted budget.

The provisions of this Statement should be implemented simultaneously with Statement 34. For governments that have implemented Statement 34 prior to the issuance of this Statement, the requirements of this Statement are effective for financial statements for periods beginning after June 15, 2002.

Unless otherwise specified, pronouncements of the GASB apply to financial reports of all state and local governmental entities, including general purpose governments; public benefit corporations and authorities; public employee retirement systems; and public utilities, hospitals and other healthcare providers, and colleges and universities. Paragraph 2 discusses the applicability of this Statement.

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Standards Board

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Perspective Differences

an amendment of GASB Statement No. 34

May 2003



Governmental Accounting Standards Board
of the Financial Accounting Foundation
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Budgetary Comparison Schedules—Perspective Differences

an amendment of GASB Statement No. 34

May 2003

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an amendment of GASB Statement No. 34

May 2003

INTRODUCTION

1. Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, issued in June 1999, established accounting and financial reporting standards for general purpose external financial reporting by state and local governments. Since the release of that Statement, issues have been raised about presenting budgetary comparisons when perspective differences exist. Perspective differences exist when the structure of financial information for budgetary purposes differs from the fund structure that is defined in Statement 34. This Statement addresses those issues.

STANDARDS OF GOVERNMENTAL ACCOUNTING AND FINANCIAL REPORTING

Scope and Applicability of This Statement

2. This Statement amends paragraph 130 of Statement 34. This Statement applies to all state and local governments.

Amendment to Statement 34

3. The first sentence of paragraph 130, including the footnote, is replaced by the following:

Budgetary comparisons should be presented for the general fund and for each major special revenue fund that has a legally adopted annual budget. Governments are encouraged to present such budgetary comparison information in schedules as a part of RSI.⁵³ However, a government with significant budgetary perspective differences that result in the government's not being able to present budgetary comparisons for the general fund and each major special revenue fund is required to present budgetary comparison schedules as RSI based on the fund, organization, or program structure that the government uses for its legally adopted budget.^a

⁵³Governments, except those that are not able to present budgetary comparisons because of perspective differences as discussed in NCGA Interpretation 10, paragraph 19, may elect to report this budgetary comparison information in a budgetary comparison *statement* as part of the basic financial statements, rather than as RSI. If presented, the additional statement and related disclosures should include the same items of information that paragraphs 130 and 131 require to be displayed or disclosed.

^aThese governments generally should present budgetary comparisons for the activities that are reported in the general fund and each major special revenue fund.

EFFECTIVE DATE

4. This Statement should be implemented simultaneously with Statement 34. For governments that have implemented Statement 34 prior to the issuance of this Statement, the requirements of this Statement are effective for financial statements for periods beginning after June 15, 2002.

**The provisions of this Statement need not be applied to
immaterial items.**

*This Statement was issued by unanimous vote of the seven members of the
Governmental Accounting Standards Board:*

Tom L. Allen, *Chairman*
Cynthia B. Green
William W. Holder
Edward J. Mazur
Paul R. Reilly
Richard C. Tracy
James M. Williams

Appendix A

BACKGROUND

History of the Project

5. Issues about the presentation of budgetary comparisons when perspective differences exist were raised during the Board's clearance of the American Institute of Certified Public Accountants' (AICPA) Audit and Accounting Guide, *Audits of State and Local Governments (GASB 34 Edition)*. The Board added this project to its current technical agenda in July 2002 to provide guidance for presenting budgetary information when perspective differences exist between the fund structure based on Statement 34 (GAAP fund structure) for the general fund and major special revenue funds and the structure that governments use for budgetary purposes.

6. In December 2002, the Board issued an Exposure Draft (ED), *Budgetary Comparison Schedules—Perspective Differences*, which led to this Statement. The Board received twenty-nine comment letters on the ED. The Board considered the comments and suggestions made by respondents when deliberating the final provisions in this Statement.

Appendix B

BASIS FOR CONCLUSIONS

7. This appendix summarizes factors considered significant by the Board members in reaching the conclusions in this Statement. It includes discussion of alternatives considered and the Board's reasons for accepting some and rejecting others. Individual Board members gave greater weight to some factors than to others.

Presenting Budgetary Comparison Schedules

8. Statement 34 significantly revised the requirements for budgetary comparison presentation. Paragraph 130 of that Statement requires that budgetary comparisons be presented for the general fund and each major special revenue fund that has a legally adopted annual budget. After Statement 34 was issued, some preparers expressed concern about complying with that paragraph because their government's budget structure is not based on a GAAP fund structure. Although governments with budgetary fund structures that have minor perspective differences from their GAAP fund structure can accommodate these differences as part of the reconciliation of budgetary information to GAAP information required by paragraph 131 of Statement 34, other governments have significant perspective differences—that is, budgetary structures that prevent them from associating the estimated revenues and appropriations from their legally adopted budget to the major revenue sources and functional expenditures that they report in their general fund and major special revenue funds. Governments with significant perspective differences are not able to prepare budgetary comparisons for their general fund and major special revenue funds.

9. The Board considered various alternatives for providing guidance to governments that have budget structures that prevent them from being able to prepare budgetary comparisons for their general fund and major special revenue funds. Because paragraph 130 of Statement 34 does not specifically address budgetary reporting for those governments, the Board concluded that without additional guidance some may conclude that they would not have to present budgetary comparisons. The Board considered not providing additional guidance, but concluded that the potential result would be inconsistent with the primary purpose for presenting budgetary comparison information. Paragraph 452 of the Basis for Conclusions of Statement 34 explains, “. . . the primary purpose of the budgetary comparison is to provide information to users who are interested in budgetary compliance about the relationship between (a) actual flows of financial resources on the government’s budgetary basis and (b) the legally enacted budget.”

10. The Board continues to believe that financial statement users should be provided with budgetary compliance information when a government prepares a legally adopted budget regardless of whether that budget is specifically adopted for its general fund and major special revenue funds. Thus, the Board decided to require governments that are not able to present budgetary comparisons for the general fund and each major special revenue fund because of perspective differences to present budgetary comparisons based on the structure that the government uses for its legally adopted budget.

11. Consistent with the provisions of paragraph 130 of Statement 34, the Board decided that these governments generally should present budgetary comparisons for those activities that the government reports in its general fund and major special revenue funds.

That is, governments that have budgetary fund structures that differ from a GAAP fund structure should present budgetary comparison schedules for those budgetary funds that include activities reported in the government's general fund and major special revenue funds. However, the Board believes that governments—for example, those with program budgets—should be allowed to present budgetary comparisons for activities beyond those reported in the general fund and major special revenue funds when a government's budgetary structure does not separately identify these activities from the government's other activities.

Significant Budgetary Perspective Differences

12. Respondents to the ED believed the original language in paragraph 3 could have been misinterpreted to mean that a government with *any form* of budgetary perspective differences would be required to present budgetary comparison schedules based on its fund, organization, or program structure. Based on these comments, the provision in paragraph 3 was modified to clarify that the Board's intent was that only a government with *significant* budgetary perspective differences could present budgetary comparison schedules as RSI based on the fund, organization, or program structure that the government uses for its legally adopted budget.

Required Supplementary Information Presentation

13. The Board explained its belief that budgetary comparison information generally should be reported as RSI in paragraph 448 of the Statement 34 Basis for Conclusions. While acknowledging the importance of presenting budgetary comparison information to show whether resources were obtained and used in accordance with a government's legally adopted budget, the Board concluded that this information generally should be

presented as RSI because budgetary information is not essential to a user's understanding of a government's financial position and results of operations. The Board further believed that budgetary information was more appropriately presented as RSI because, unlike other information presented in the basic financial statements, the Board does not set standards for budgetary measures.

14. However, in footnote 53 to paragraph 130 of Statement 34, the Board allows governments to report budgetary comparison information about their general fund and major special revenue funds in a budgetary comparison statement as part of the basic financial statements, rather than as RSI, if they so elect. Paragraph 449 of the Statement 34 Basis for Conclusions explains the Board's reason for this allowance. The Board acknowledged that “. . . some governments (for example, some whose budgetary and GAAP fund structures are essentially the same) believe that budgetary comparison information is essential and, accordingly, would prefer to include the information in the basic [financial] statements, rather than RSI.”

15. A key element in the Board's original decision to allow such an election was that some governments have budgetary and GAAP fund structures that are essentially the same. This is not the case for those governments with perspective differences such that they are not able to prepare budgetary comparisons for their general fund and major special revenue funds. The Board therefore does not believe that these governments should present budgetary comparisons as part of the basic financial statements. Instead, the Board believes that these governments should present budgetary comparison information as RSI.

16. Some respondents to the ED suggested that the Board expand the scope of this standard to consider eliminating the Statement 34 election that allows governments without significant perspective differences the option to present budgetary comparison information in basic financial statements rather than as RSI. The Board decided not to reconsider this issue because of the reason stated in paragraph 14 of this Statement and because the Board had previously deliberated the arguments raised by respondents for not allowing such an election prior to its issuance of Statement 34.

Appendix C

ILLUSTRATIONS

17. This appendix illustrates the display and disclosure requirements of this Statement as it amends Statement 34. It is presented for illustrative purposes only and is nonauthoritative. Application of the provisions of this Statement may require assessment of facts and circumstances other than those illustrated in the exhibits.

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BUDGETARY COMPARISON REPORTING

Required Supplementary Information Perspective Differences

Exhibits 1a–1c: These exhibits illustrate the presentation of the budgetary comparison schedules and reconciliation to GAAP for the city of Whitt. The schedules are presented using the city's budget document format. The city has six budgetary funds including the general operating fund and the HUD programs fund. The city budgets the HUD programs fund using a GAAP fund structure and, thus, is able to present a budgetary comparison schedule for this major special revenue fund. Because the city's budget for the general operating fund is not based on a GAAP fund structure, it is not able to present budgetary comparison schedules for the general fund and the road improvement fund. The estimated revenues and appropriations from the city's legally adopted budget do not correspond to the major revenue sources and functional expenditures that are reported for the city's general fund and the road improvement fund. The city presents a budgetary comparison schedule for the budgetary general operating fund because it is the only fund used to budget activities that are reported in the general fund and the road improvement fund. The city does not present budgetary comparison schedules for the four other budgetary funds in RSI because they are not used to budget activities that are reported in the general fund or the major special revenue funds. Exhibit 1c reconciles the actual amounts on a budgetary basis for the budgetary funds to the actual amounts on a GAAP basis for the general fund and two major special revenue funds.

Exhibits 2a–2c: These exhibits illustrate the presentation of the budgetary comparison schedules and reconciliation to GAAP for Sample State. The schedules are presented using the revenues, expenditures, and changes in fund balances format. Because the state's budget is not based on a GAAP fund structure, it is not able to present budgetary comparison schedules for the general fund and two major special revenue funds (that is, the state special revenue fund and the highway special revenue fund). The estimated revenues and appropriations from the state's legally adopted budget do not correspond to the major revenue sources and functional expenditures that are reported for the state's general fund and major special revenue funds. Exhibit 2c reconciles the actual amounts on a budgetary basis for the budgetary funds to the actual amounts on a GAAP basis for the general fund and two major special revenue funds.

Exhibits 3a–3c: These exhibits illustrate the presentation of the budgetary comparison schedules and reconciliation to GAAP for the city of Odell. The schedules are presented using the city's program budget document format. Because the city's budget is based on a program budget structure, it is not able to present budgetary comparison schedules for the general fund and two major special revenue funds (that is, the street improvement fund and the parks and recreation fund). The estimated revenues and appropriations from the city's legally adopted budget do not correspond to the major revenue sources and functional expenditures that are reported for the city's general fund and major special revenue funds. Exhibit 3b reconciles the actual amounts on a budgetary basis for the program budget to the actual amounts on a GAAP basis for the *general fund* and *two major special revenue funds*. As an alternative to the reconciliation presented in Exhibit 3b, Exhibit 3c reconciles the actual amounts on a budgetary basis for the program budget

to the actual amounts for *total governmental funds* on a GAAP basis. The reconciliation presented in either Exhibit 3b or Exhibit 3c would be allowed under the provisions of NCGA Interpretation 10, *State and Local Government Budgetary Reporting*, as amended by Statement 34, paragraph 131.

City of Whitt
Budgetary Comparison Schedule
General Operating Fund
For the Year Ended December 31, 2003

Exhibit 1a

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u> <u>(See Note A)</u>	<u>Budget—</u> <u>Positive (Negative)</u>
Budgetary fund balance, January 1	\$ 3,528,750	\$ 2,742,799	\$ 2,742,799	\$ —
Resources (inflows):				
Property taxes	52,017,833	51,853,018	51,173,436	(679,582)
Franchise taxes	4,546,209	4,528,750	4,055,505	(473,245)
Public service taxes	8,295,000	8,307,274	8,969,887	662,613
Licenses and permits	2,126,600	2,126,600	2,287,794	161,194
Fines and forfeitures	718,800	718,800	606,946	(111,854)
Charges for services	12,392,972	11,202,150	11,374,460	172,310
Grants	6,905,898	6,571,360	6,119,938	(451,422)
Sale of land	2,294,775	3,500,000	3,476,488	(23,512)
Miscellaneous	3,024,292	1,350,991	1,011,197	(339,794)
Interest received	1,015,945	550,000	552,325	2,325
Amounts available for appropriation	<u>96,867,074</u>	<u>93,451,742</u>	<u>92,370,775</u>	<u>(1,080,967)</u>
Charges to appropriations (outflows):				
General government:				
Legal	665,275	663,677	632,719	30,958
Mayor, legislative, city manager	3,058,750	3,192,910	2,658,264	534,646
Finance and accounting	1,932,500	1,912,702	1,852,687	60,015
City clerk and elections	345,860	354,237	341,206	13,031
Employee relations	1,315,500	1,300,498	1,234,232	66,266
Planning and economic development	1,975,600	1,784,314	1,642,575	141,739
Public safety:				
Police	16,576,820	17,367,917	17,246,496	121,421
Fire	9,565,280	9,559,967	9,559,967	—
Emergency medical services	2,323,171	2,470,127	2,459,866	10,261
Inspections	1,585,695	1,585,695	1,533,380	52,315
Public works:				
Public works administration	388,500	385,013	383,397	1,616
Street maintenance	8,123,006	7,397,121	7,397,121	—
Street lighting	762,750	759,832	759,832	—
Traffic operations	385,945	374,945	360,509	14,436
Mechanical maintenance	1,525,685	1,272,696	1,256,087	16,609
Engineering services:				
Engineering administration	1,170,650	1,158,023	1,158,023	—
Geographical information system	125,625	138,967	138,967	—
Health and sanitation:				
Garbage pickup	5,756,250	6,174,653	6,174,653	—
Cemetery:				
Personal services	425,000	425,000	422,562	2,438
Purchases of goods and services	299,500	299,500	283,743	15,757
Culture and recreation:				
Library	985,230	1,023,465	1,022,167	1,298
Parks and beaches	9,521,560	9,786,397	9,756,618	29,779
Community communications	552,350	558,208	510,361	47,847
Nondepartmental:				
Miscellaneous	—	259,817	259,817	—
Contingency	2,544,049	—	—	—
Funding for school district	22,000,000	22,000,000	21,893,273	106,727
Total charges to appropriations	<u>93,910,551</u>	<u>92,205,681</u>	<u>90,938,522</u>	<u>1,267,159</u>
Budgetary fund balance, December 31	<u>\$ 2,956,523</u>	<u>\$ 1,246,061</u>	<u>\$ 1,432,253</u>	<u>\$ 186,192</u>

**City of Whitt
Budgetary Comparison Schedule
HUD Programs Fund
For the Year Ended December 31, 2003**

Exhibit 1b

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u> <u>(See Note A)</u>	<u>Budget—</u> <u>Positive (Negative)</u>
Budgetary fund balance, January 1	\$ 900,000	\$ 818,000	\$ 818,000	\$ —
Resources (inflows):				
Federal grants	2,000,000	2,000,000	1,963,526	(36,474)
State grants	—	600,000	614,665	14,665
Interest on investments	85,000	85,000	87,106	2,106
Miscellaneous	50,000	50,000	66,176	16,176
Amounts available for appropriation	<u>3,035,000</u>	<u>3,553,000</u>	<u>3,549,473</u>	<u>(3,527)</u>
Charges to appropriations (outflows):				
Community development:				
Ombudsman office	1,725,000	1,725,000	1,687,422	37,578
Weatherization program	1,050,000	1,650,000	1,627,150	22,850
Total outflows	<u>2,775,000</u>	<u>3,375,000</u>	<u>3,314,572</u>	<u>60,428</u>
Budgetary fund balance, December 31	<u>\$ 260,000</u>	<u>\$ 178,000</u>	<u>\$ 234,901</u>	<u>\$ 56,901</u>

**Budgetary Comparison Schedule
Notes to RSI**

Exhibit 1c

Note A—Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

<u>Budgetary Funds</u>	<u>General Operating Fund</u>	<u>HUD Programs Fund</u>	
<u>Financial Statement Major Funds</u>	<u>General Fund</u>	<u>HUD Programs Fund</u>	<u>Road Improvement Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules (Exhibits 1a and 1b)	\$ 92,370,775	\$ 3,549,473	\$ —
Adjustments:			
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for GAAP reporting	(2,742,799)	(818,000)	—
The proceeds from the sale of land are budgetary resources but are regarded as a <i>special item</i> , rather than revenue, for GAAP reporting	(3,476,488)	—	—
Total revenues for the general operating fund and HUD programs fund on a GAAP basis of accounting	86,151,488	2,731,473	—
Reclassifications:			
<i>Budgetary</i> general operating fund revenues are reclassified to the road improvement fund for GAAP reporting	(6,155,505)	—	6,155,505
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds	<u>\$ 79,995,983</u>	<u>\$ 2,731,473</u>	<u>\$ 6,155,505</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedules (Exhibits 1a and 1b)	\$ 90,938,522	\$ 3,314,572	\$ —
Adjustments:			
The city budgets for compensated absences on the cash basis, rather than on the modified accrual basis	129,100	3,900	—
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for GAAP reporting	(3,186,690)	(16,037)	—
Total expenditures for the general operating fund and HUD programs fund on a GAAP basis of accounting	87,880,932	3,302,435	—
Reclassifications:			
<i>Budgetary</i> general operating fund expenditures are reclassified to the road improvement fund for GAAP reporting	(6,443,186)	—	6,443,186
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds	<u>\$ 81,437,746</u>	<u>\$ 3,302,435</u>	<u>\$ 6,443,186</u>

Sample State
Schedule of Revenues, Expenditures, and
Changes in Fund Balance—Budget and Actual
General Revenue Fund
For the Year Ended June 30, 2003
(in thousands)

Exhibit 2a

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	Budgetary Basis (See Note A)	Final Budget— Positive (Negative)
REVENUES				
Income taxes	\$ 8,595,000	\$ 8,600,000	\$ 8,894,349	\$ 294,349
Sales taxes	5,795,000	5,770,000	6,026,859	256,859
Public utility taxes	1,000,000	1,000,000	874,068	(125,932)
Federal government	3,672,000	3,673,000	3,755,824	82,824
Other	1,761,765	1,758,935	2,131,708	372,773
Total revenues	<u>20,823,765</u>	<u>20,801,935</u>	<u>21,682,808</u>	<u>880,873</u>
EXPENDITURES				
Current:				
Health and social services	9,458,942	9,459,667	9,386,537	73,130
Education	7,964,511	7,918,304	7,877,459	40,845
General government	1,482,456	1,477,192	1,462,306	14,886
Transportation	79,153	79,219	66,740	12,479
Social assistance	236,725	230,802	220,329	10,473
Public protection and justice	1,666,008	1,662,596	1,624,115	38,481
Natural resources and recreation	258,861	260,829	237,145	23,684
Total expenditures	<u>21,146,656</u>	<u>21,088,609</u>	<u>20,874,631</u>	<u>213,978</u>
Excess (deficiency) of revenues over expenditures	<u>(322,891)</u>	<u>(286,674)</u>	<u>808,177</u>	<u>1,094,851</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,628,000	3,601,000	3,789,776	188,776
Transfers out	<u>(4,402,730)</u>	<u>(4,323,933)</u>	<u>(4,323,933)</u>	<u>—</u>
Total other financing sources and uses	<u>(774,730)</u>	<u>(722,933)</u>	<u>(534,157)</u>	<u>188,776</u>
Net change in fund balance	(1,097,621)	(1,009,607)	274,020	1,283,627
Fund balance—beginning	<u>824,000</u>	<u>502,575</u>	<u>502,575</u>	<u>—</u>
Fund balance—ending	<u>\$ (273,621)</u>	<u>\$ (507,032)</u>	<u>\$ 776,595</u>	<u>\$ 1,283,627</u>

Sample State
Schedule of Revenues, Expenditures, and
Changes in Fund Balance—Budget and Actual
Special State Fund
For the Year Ended June 30, 2003
(in thousands)

Exhibit 2b

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Budget—</u>
			<u>(See Note A)</u>	<u>Positive (Negative)</u>
REVENUES				
Income taxes	\$ 1,930,280	\$ 1,903,153	\$ 1,903,153	\$ —
Sales taxes	585,425	579,449	606,588	27,139
Motor fuel taxes	75,185	71,270	64,690	(6,580)
Public utility taxes	387,258	394,044	401,299	7,255
Federal government	1,648,020	1,683,142	1,678,469	(4,673)
Other	2,699,999	2,705,040	3,401,862	696,822
Total revenues	<u>7,326,167</u>	<u>7,336,098</u>	<u>8,056,061</u>	<u>719,963</u>
EXPENDITURES				
Current:				
Health and social services	2,492,871	2,503,663	2,135,493	368,170
Education	482,921	476,682	426,052	50,630
General government	4,329,516	4,460,097	4,160,675	299,422
Transportation	238,755	268,242	244,932	23,310
Social assistance	18,392	22,709	21,771	938
Public protection and justice	308,674	314,540	240,950	73,590
Natural resources and recreation	518,348	516,879	442,704	74,175
Total expenditures	<u>8,389,477</u>	<u>8,562,812</u>	<u>7,672,577</u>	<u>890,235</u>
Excess (deficiency) of revenues over expenditures	<u>(1,063,310)</u>	<u>(1,226,714)</u>	<u>383,484</u>	<u>1,610,198</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,617,750	1,632,931	1,816,737	183,806
Transfers out	(1,805,479)	(1,821,842)	(1,821,842)	—
Total other financing sources and uses	<u>(187,729)</u>	<u>(188,911)</u>	<u>(5,105)</u>	<u>183,806</u>
Net change in fund balance	(1,251,039)	(1,415,625)	378,379	1,794,004
Fund balance—beginning	<u>1,612,843</u>	<u>1,533,699</u>	<u>1,533,699</u>	<u>—</u>
Fund balance—ending	<u>\$ 361,804</u>	<u>\$ 118,074</u>	<u>\$ 1,912,078</u>	<u>\$ 1,794,004</u>

**Budgetary Comparison Schedule
Notes to RSI**

Exhibit 2c

Note A—Explanation of Differences between Revenues, Expenditures, and Other Financing Sources (Uses) for Budgetary Funds on a Budgetary Basis and GAAP General Fund and Major Special Revenue Funds on a GAAP Basis
(in thousands)

Budgetary Funds	General Revenue Fund	Special State Fund	
Financial Statement Major Funds	General Fund	State Special Revenue Fund	Highway Special Revenue Fund
Revenues			
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules (Exhibits 2a and 2b)	\$21,682,808	\$8,056,061	\$ —
Reclassifications:			
<i>Budgetary</i> general revenue fund and special state fund revenues are reclassified to the highway special revenue fund for GAAP reporting	(128,436)	(58,690)	187,126
The state reports amounts in the <i>budgetary</i> general revenue fund and special state fund that are reported in nonmajor funds for GAAP reporting	(435,017)	(912,226)	—
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds	<u>\$21,119,355</u>	<u>\$7,085,145</u>	<u>\$ 187,126</u>
Expenditures			
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules (Exhibits 2a and 2b)	\$20,874,631	\$7,672,577	\$ —
Adjustments:			
The state budgets for compensated absences on the cash basis, rather than on the modified accrual basis	32,080	6,803	—
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for GAAP reporting	(186,690)	(32,497)	—
Total expenditures for the general revenue fund and special state fund on a GAAP basis of accounting	20,720,021	7,646,883	—
Reclassifications:			
<i>Budgetary</i> general revenue fund and special state fund expenditures are reclassified to the highway special revenue fund for GAAP reporting	(56,440)	(54,682)	111,122
The state reports amounts in the <i>budgetary</i> general revenue fund and special state fund that are reported in nonmajor funds for GAAP reporting	(163,548)	(483,483)	—
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds	<u>\$20,500,033</u>	<u>\$7,108,718</u>	<u>\$ 111,122</u>
Other financing sources (uses)			
Actual amounts (budgetary basis) "other financing sources and uses" from the budgetary comparison schedules (Exhibits 2a and 2b)	\$ (534,157)	\$ (5,105)	\$ —
Reclassifications:			
<i>Budgetary</i> general revenue fund transfers in are reclassified to the highway special revenue fund for GAAP reporting	(2,187)	—	2,187
The state reports amounts in the <i>budgetary</i> general revenue fund and special state fund that are reported in nonmajor funds for GAAP reporting	(148,584)	10,846	—
Total other financing sources and uses as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds	<u>\$ (684,928)</u>	<u>\$ 5,741</u>	<u>\$ 2,187</u>

City of Odell
Budgetary Comparison Schedule—
Program Budget
For the Year Ended June 30, 2003

Exhibit 3a

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Budget—Positive (Negative)</u>
FUNDING SOURCES:				
Public Safety:				
Property taxes	\$ 9,394,065	\$ 9,394,135	\$ 9,394,135	\$ —
Local option taxes	885,993	1,333,427	1,235,654	(97,773)
Police and fire grants/donations	13,015	155,201	175,654	20,453
Street construction grants	1,096,000	4,351,050	4,400,658	49,608
General obligation bonds	2,824,000	5,483,113	5,483,113	—
Funding sources—public safety	<u>14,213,073</u>	<u>20,716,926</u>	<u>20,689,214</u>	<u>(27,712)</u>
Transportation:				
Property taxes	125,935	127,684	127,684	—
Local option taxes	3,353,644	3,060,349	3,065,654	5,305
Special assessment	—	49,594	49,594	—
Street construction grants	790,000	5,212,560	5,130,896	(81,664)
General obligation bonds	3,525,000	6,349,984	6,349,984	—
Transit capital reserve	3,242,584	510,819	510,819	—
Funding sources—transportation	<u>11,037,163</u>	<u>15,310,990</u>	<u>15,234,631</u>	<u>(76,359)</u>
Community Enrichment:				
Property taxes	5,600,182	5,549,965	5,549,965	—
Local option taxes	1,761,448	1,839,280	1,765,895	(73,385)
Housing assistance	999,938	1,549,304	1,549,304	—
Park development	100,000	5,786	5,786	—
Parks and recreation fees	400,000	1,028,956	1,028,956	—
Library donations	172,530	174,401	189,654	15,253
Animal shelter donations	—	105,691	105,691	—
General obligation bonds	—	3,723,840	3,723,840	—
Ice arena funding	412,084	428,821	426,564	(2,257)
Homewood golf	196,696	187,015	193,654	6,639
Funding sources—community enrichment	<u>9,642,878</u>	<u>14,593,059</u>	<u>14,539,309</u>	<u>(53,750)</u>
General Government:				
Property taxes	3,123,139	3,108,618	3,108,618	—
Local option taxes	179,765	225,595	224,650	(945)
Housing assistance	1,681	—	—	—
Police/fire special revenue	9,826	9,763	9,765	2
Special assessment	1,413,737	1,375,108	1,389,534	14,426
Parking	135,069	139,702	137,105	(2,597)
Storm sewer	52,125	52,916	53,456	540
Resource recovery	205,240	204,482	204,482	—
Fleet services	57,688	41,406	43,234	1,828
Funding sources—general government	<u>5,178,270</u>	<u>5,157,590</u>	<u>5,170,844</u>	<u>13,254</u>
Debt Service:				
General obligation bonds	9,858,523	10,101,348	10,101,348	—
Funding sources—debt service	<u>9,858,523</u>	<u>10,101,348</u>	<u>10,101,348</u>	<u>—</u>
TOTAL FUNDING SOURCES	<u><u>\$49,929,907</u></u>	<u><u>\$65,879,913</u></u>	<u><u>\$65,735,346</u></u>	<u><u>\$ (144,567)</u></u>

Exhibit 3a (continued)

	Budgeted Amounts		Actual Amounts (Budgetary	Variance with Final Budget—
	Original	Final	Basis)	Positive (Negative)
USES:				
Public Safety:				
Law enforcement	\$ 4,879,700	\$ 4,943,125	\$ 4,865,457	\$ 77,668
Fire safety/administration	3,434,783	3,469,301	3,467,650	1,651
Inspection/building safety	605,149	607,668	606,346	1,322
Traffic control	677,376	707,423	706,453	970
Pension	13,015	13,110	13,110	—
Other community protection	456,050	473,250	465,646	7,604
Capital improvements program	4,147,000	10,503,049	10,503,049	—
Uses—public safety	<u>14,213,073</u>	<u>20,716,926</u>	<u>20,627,711</u>	<u>89,215</u>
Transportation:				
Street system	2,129,579	2,102,632	2,099,978	2,654
Capital improvements program	8,907,584	13,208,358	13,207,654	704
Uses—transportation	<u>11,037,163</u>	<u>15,310,990</u>	<u>15,307,632</u>	<u>3,358</u>
Community Enrichment:				
Recreation/administration	2,019,788	2,022,769	2,022,710	59
Parks	753,581	744,634	744,531	103
Library services	2,502,090	2,468,019	2,465,654	2,365
Library grants/donations	82,530	98,380	98,380	—
Health and sanitation	123,705	119,667	118,113	1,554
Animal control	263,920	271,650	269,656	1,994
Human services	766,090	766,127	765,477	650
Art services/agencies	108,358	220,788	218,654	2,134
Cemetery	146,357	145,986	142,355	3,631
Leased/affordable housing	999,938	1,689,239	1,689,239	—
Economic development	520,521	393,284	387,888	5,396
Capital improvements program	1,356,000	5,652,516	5,652,516	—
Uses—community enrichment	<u>9,642,878</u>	<u>14,593,059</u>	<u>14,575,173</u>	<u>17,886</u>
General Government:				
Legislative	326,307	335,781	332,656	3,125
Executive	488,047	489,924	488,654	1,270
Financial services	1,102,804	1,101,686	1,101,686	—
Administrative services	1,536,071	1,599,654	1,598,353	1,301
Public works	1,123,363	1,133,070	1,132,654	416
Public buildings	288,590	312,744	311,354	1,390
Emergency funding	100,000	124,038	124,038	—
Merit adjustment	163,088	—	—	—
Capital improvements program	50,000	60,693	60,693	—
Uses—general government	<u>5,178,270</u>	<u>5,157,590</u>	<u>5,150,088</u>	<u>7,502</u>
Debt Service:				
General obligation bonds	9,758,523	10,020,620	10,020,620	—
Bond costs	100,000	80,728	80,728	—
Uses—debt service	<u>9,858,523</u>	<u>10,101,348</u>	<u>10,101,348</u>	<u>—</u>
TOTAL USES	<u>\$ 49,929,907</u>	<u>\$ 65,879,913</u>	<u>\$ 65,761,952</u>	<u>\$ 117,961</u>
Change in Budgetary Balance				
Budgetary balance, January 1	\$ 6,500,000	\$ 7,565,800	\$ 7,565,800	\$ —
Total funding sources	49,929,907	65,879,913	65,735,346	(144,567)
Amounts available for appropriation	56,429,907	73,445,713	73,301,146	(144,567)
Total uses	49,929,907	65,879,913	65,761,952	117,961
Budgetary balance, December 31	<u>\$ 6,500,000</u>	<u>\$ 7,565,800</u>	<u>\$ 7,539,194</u>	<u>\$ (26,606)</u>

**Budgetary Comparison Schedule—
Program Budget
Notes to RSI**

Exhibit 3b

**Note A—Explanation of Differences between Budgetary Sources and Uses of Funds and
GAAP Revenues and Expenditures for the GAAP General Fund and Major Special Revenue Funds**

	<u>Program Budget</u>
Funding sources	
Actual amounts (budgetary basis) "total funding sources" from the budgetary comparison schedule—program budget (Exhibit 3a)	\$ 65,735,346
Adjustments:	
The proceeds from the issuance of general obligation bonds are budgetary resources but are classified as <i>other financing sources</i> , rather than revenue, for GAAP reporting	(25,658,285)
The city reports capital reserves as budgetary resources, but they are not current-year revenues for GAAP reporting	(510,819)
Total revenues for the program budget on a GAAP basis of accounting	<u>39,566,242</u>
Reclassifications:	
The city reports sources of funds in the program budget as revenues in other major and nonmajor funds for GAAP reporting:	
Route 7 Construction capital projects fund	(6,493,725)
Nonmajor GAAP funds	(1,488,714)
Total revenues for general fund and major special revenue funds	<u>\$ 31,583,803</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds:	
General fund	\$ 24,089,380
Street improvement fund	3,304,782
Parks and recreation fund	4,189,641
Total revenues for general fund and major special revenue funds	<u>\$ 31,583,803</u>
Uses	
Actual amounts (budgetary basis) "total uses" from the budgetary comparison schedule—program budget (Exhibit 3a)	\$ 65,761,952
Adjustments:	
The city budgets for compensated absences on the cash basis, rather than on the modified accrual basis	129,100
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for GAAP reporting	(186,690)
Total expenditures for the program budget on a GAAP basis of accounting	<u>65,704,362</u>

Exhibit 3b (continued)

	Program Budget
Reclassifications:	
The city reports uses of funds in the program budget as expenditures in other major and nonmajor funds for GAAP reporting:	
Route 7 Construction capital projects fund	(12,207,654)
Nonmajor GAAP funds	<u>(1,447,126)</u>
Total expenditures for general fund and major special revenue funds	<u><u>\$ 52,049,582</u></u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds:	
General fund	\$ 44,130,019
Street improvement fund	2,099,978
Parks and recreation fund	<u>5,819,585</u>
Total expenditures for general fund and major special revenue funds	<u><u>\$ 52,049,582</u></u>

**Budgetary Comparison Schedule—
Program Budget
Notes to RSI**

Exhibit 3c

Note A—Explanation of Differences between Budgetary Sources and Uses of Funds and GAAP Revenues and Expenditures for Total Governmental Funds

**Program
Budget**

Funding sources

Actual amounts (budgetary basis) "total funding sources" from the budgetary comparison schedule—program budget (Exhibit 3a)	\$ 65,735,346
Adjustments:	
The proceeds from the issuance of general obligation bonds are budgetary resources but are regarded as <i>other financing sources</i> , rather than revenue, for GAAP reporting	(25,658,285)
The city reports capital reserves as budgetary resources, but they are not current-year revenues for GAAP reporting	<u>(510,819)</u>
Total governmental fund revenues as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds	<u><u>\$ 39,566,242</u></u>

Uses

Actual amounts (budgetary basis) "total uses" from the budgetary comparison schedule—program budget (Exhibit 3a)	\$ 65,761,952
Adjustments:	
The city budgets for compensated absences on the cash basis, rather than on the modified accrual basis	129,100
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial GAAP reporting	<u>(186,690)</u>
Total governmental fund expenditures as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds	<u><u>\$ 65,704,362</u></u>

Appendix D

CODIFICATION INSTRUCTIONS

18. The sections that follow update the June 30, 2002 *Codification of Governmental Accounting and Financial Reporting Standards (Statement 34 Edition)* for the effects of this Statement.

* * *

SUMMARY STATEMENT OF PRINCIPLES

SECTION 1100

Sources: [Add the following:] GASB Statement 41

.111 [Revise subparagraph c as follows:]

c. [Replace first sentence, including current footnote 1, as follows:]

Budgetary comparisons should be presented for the general fund and for each major special revenue fund that has a legally adopted annual budget. Governments are encouraged to present such budgetary comparison information in schedules as a part of RSI.¹ However, a government with significant budgetary perspective differences that result in the government's not being able to present budgetary comparisons for the general fund and each major special revenue fund is required to present budgetary comparison schedules as RSI based on the fund, organization, or program structure that the government uses for its legally adopted budget.²

[NCGAS 1, pp. 2–4, as amended by GASBS 6, ¶15 and ¶25, and GASBS 34, ¶15, ¶80, and ¶82; GASBS 14, ¶11, ¶12, ¶19, ¶43, ¶65, and ¶66; GASBS 34, ¶6, ¶13–¶16, ¶18, ¶21, ¶22, ¶30, ¶53, ¶63, ¶75, ¶79, ¶80, ¶82, ¶88, ¶89, ¶92, ¶100, ¶101, ¶106–¶108, ¶112, ¶125, and fn53; GASBS 34, ¶130, as amended by GASBS 41, ¶3; GASBS 37, ¶6 and ¶10]

¹Governments, except those that are not able to present budgetary comparisons because of perspective differences as discussed in paragraph .113 of Section 2400, may elect to report this budgetary comparison information in a budgetary comparison *statement* as part of the basic financial statements, rather than as RSI. If presented, the additional statement and related disclosures should include the same items of information that paragraphs .102 and .103 of Section 2400 require to be displayed or disclosed. [GASBS 34, fn53, as amended by GASBS 41, ¶3]

²These governments generally should present budgetary comparisons for the activities that are reported in the general fund and each major special revenue fund. [GASBS 41, ¶3]

* * *

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SECTION 2200

Sources: [Add the following:] GASB Statement 41

.179 [Replace first sentence, including current footnote 35, as follows, and renumber subsequent footnotes.] Budgetary comparisons should be presented for the general fund and for each major special revenue fund that has a legally adopted annual budget. Governments are encouraged to present such budgetary comparison information in schedules as a part of RSI.³⁵ However, a government with significant budgetary perspective differences that result in the government's not being able to present budgetary comparisons for the general fund and each major special revenue fund is required to present budgetary comparison schedules as RSI based on the fund, organization, or program structure that the government uses for its legally adopted budget.³⁶ [GASBS 34, ¶130, as amended by GASBS 41, ¶3]

³⁵Governments, except those that are not able to present budgetary comparisons because of perspective differences as discussed in paragraph .113 of Section 2400, may elect to report this budgetary comparison information in a budgetary comparison *statement* as part of the basic financial statements, rather than as RSI. If presented, the additional statement and related disclosures should include the same items of information that paragraphs .102 and .103 of Section 2400 require to be displayed or disclosed. [GASBS 34, fn53, as amended by GASBS 41, ¶3]

³⁶These governments generally should present budgetary comparisons for the activities that are reported in the general fund and each major special revenue fund. [GASBS 41, ¶3]

* * *

NOTES TO FINANCIAL STATEMENTS

SECTION 2300

.106 [Revise footnote 2 as follows:]

²Governments, except those that are not able to present budgetary comparisons because of perspective differences as discussed in paragraph .113 of Section 2400, "Budgetary Reporting," may elect to report this budgetary comparison information in a budgetary comparison *statement* as part of the basic financial statements, rather than as RSI. If the budgetary comparison information is included in the basic financial statements, disclosures discussed in Section 2400, paragraph .103, should be included in the notes to the financial statements, rather than as RSI. [GASBS 34, fn53, as amended by GASBS 41, ¶3; GASBS 34, fn56]

.107 [Revise footnote 3 as follows:]

³Governments, except those that are not able to present budgetary comparisons because of perspective differences as discussed in paragraph .113 of Section 2400, may elect to report this budgetary comparison information in a budgetary comparison *statement* as part of the basic financial statements, rather than as RSI. If the budgetary comparison information is included in the basic financial statements, disclosures

discussed in Section 2400, paragraph .103, should be included in the notes to the financial statements, rather than as RSI. [GASBS 34, fn53, as amended by GASBS 41, ¶3; GASBS 34, fn56]

* * *

BUDGETARY REPORTING

SECTION 2400

Sources: [Add the following:] GASB Statement 41

[Replace second “Note” as follows:]

[Note: This section presents the requirements for reporting of budgetary comparison schedules as required supplementary information (RSI). Governments, except those that are not able to present budgetary comparisons because of perspective differences as discussed in paragraph .113 of this section, may elect to report this budgetary comparison information in a budgetary comparison *statement* as part of the basic financial statements, rather than as RSI. If the budgetary comparison information is included in the basic statements, disclosures discussed in this section should be in the notes to the financial statements rather than as notes to RSI.]

Statement of Principle Budgetary Reporting

[Replace first sentence as follows:] Budgetary comparisons should be presented for the general fund and for each major special revenue fund that has a legally adopted annual budget. Governments are encouraged to present such budgetary comparison information in schedules as a part of RSI. However, a government with significant budgetary perspective differences that result in the government’s not being able to present budgetary comparisons for the general fund and each major special revenue fund is required to present budgetary comparison schedules as RSI based on the fund, organization, or program structure that the government uses for its legally adopted budget. [NCGAS 1, ¶76; GASBS 34, ¶130, as amended by GASBS 41, ¶3]

.102 [Replace first sentence, including current footnote 1, as follows, and renumber subsequent footnotes.] Budgetary comparisons should be presented for the general fund and for each major special revenue fund that has a legally adopted annual budget. Governments are encouraged to present such budgetary comparison information in schedules as a part of RSI.¹ However, a government with significant budgetary perspective differences that result in the government’s not being able to present budgetary comparisons for the general fund and each major special revenue fund is required to present budgetary comparison schedules as RSI based on the fund,

organization, or program structure that the government uses for its legally adopted budget.² [GASBS 34, ¶130, as amended by GASBS 41, ¶3]

¹Governments, except those that are not able to present budgetary comparisons because of perspective differences as discussed in paragraph .113 of this section, may elect to report this budgetary comparison information in a budgetary comparison *statement* as part of the basic financial statements, rather than as RSI. If presented, the additional statement and related disclosures should include the same items of information that paragraphs .102 and .103 of this section require to be displayed or disclosed. [GASBS 34, fn53, as amended by GASBS 41, ¶3]

²These governments generally should present budgetary comparisons for the activities that are reported in the general fund and each major special revenue fund. [GASBS 41, ¶3]