MUNICIPALITY OF \_\_\_\_\_\_\_\_\_\_\_\_\_

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Budgetary Comparisons for the General Fund

and for each major Special Revenue Fund with a legally required budget.

Note 1. Budgets and Budgetary Accounting:

The Municipality follows these procedures in establishing the budgetary data reflected in the schedules:

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board/Municipal Commission introduces the annual appropriation ordinance for the ensuing fiscal year.

2. After adoption by the Governing Board/Municipal Commission, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.

3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the Governing Board/Municipal Commission to any other budget category that is deemed insufficient during the year.

4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.

5. Unexpended appropriations lapse at year end unless encumbered by resolution of the Governing Board/Municipal Commission.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.

7. Budgets for the General Fund **(and)** special revenue funds are **(not)** adopted on a basis consistent with accounting principles generally accepted in the United States (USGAAP).

**The following data reconciles the USGAAP basis presentation to the budgetary basis presentation:**

Year Ended

12/31/20\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Fund:

USGAAP Basis Fund Balance $\_\_\_\_\_\_\_\_\_\_

Add (Deduct) Encumbrances \_\_\_\_\_\_\_\_\_\_

Add (Deduct) Applicable

Revenue Accruals \_\_\_\_\_\_\_\_\_\_

Add (Deduct) Applicable

Expenditure Accruals \_\_\_\_\_\_\_\_\_\_

Add (Deduct) Other \_\_\_\_\_\_\_\_\_\_

Reconciling Items:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_

Net Adjustment to GAAP Basis

Fund Balance \_\_\_\_\_\_\_\_\_\_

Budgetary Basis Fund Balance $

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\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Fund:

USGAAP Basis Fund Balance $\_\_\_\_\_\_\_\_\_\_

Add (Deduct) Encumbrances \_\_\_\_\_\_\_\_\_\_

Add (Deduct) Applicable

Revenue Accruals \_\_\_\_\_\_\_\_\_\_

Add (Deduct) Applicable

Expenditure Accruals \_\_\_\_\_\_\_\_\_\_

Add (Deduct) Other \_\_\_\_\_\_\_\_\_\_

Reconciling Items:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_

Net Adjustment to GAAP Basis

Fund Balance \_\_\_\_\_\_\_\_\_\_

Budgetary Basis Fund Balance $

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Note 2. Expenditures in Excess of Appropriations:

The following represents the overdrafts of the expenditures compared to appropriations at the legal level of budgetary control for the General Fund and for each major Special Revenue Fund.

**[If the Budgetary RSI Schedules include a “Variance” column (variance between final budget and actual amounts), this note should be deleted.)]**

Year Ended

12/31/20\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Fund:

Activity

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ $\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Year Ended

12/31/20\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Fund:

Activity

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ $\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Note 3. GAAP/Budgetary Accounting Basis Differences:

The financial statements prepared in conformity with USGAAP applied within the context of the modified cash basis of accounting present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a fire truck would be reported as an expenditure of the Public Safety/Fire Department function of government, along with all other current Fire Department related expenditures.