

GOVERNMENT-WIDE REPORTING VERSUS FUND FINANCIAL STATEMENTS

As noted previously, governments traditionally have prepared combined financial statements that focus on fund types rather than on the government as a whole. The new financial reporting model will by no means abandon traditional fund accounting for state or local governments. It will for the first time, however, require that consolidated, government-wide financial statements accompany the more traditional fund based financial reports. Although the focus of the new government-wide financial statements will be on the government as a whole, those statements will still distinguish governmental activities (governmental funds) from business-type activities (enterprise funds).

The major differences between the government-wide financial statements and the fund financial statements will be discussed in detail in following sections, however, a summary of some of the major differences or requirements of each are summarized below:

Government-wide Financial Statements:

- Required Financial Statements: Statement of Net Position & Statement of Activities
- Changes in Economic Resources MFBA – Accrual Basis of Accounting
- Exclusion or limitation on the use of fiduciary funds
- Introduction of permanent funds
- Introduction of private-purpose trust funds
- Exclusion or elimination of the reporting of internal service funds
- Expanded mandatory use of enterprise funds
- Limitation on the voluntary use of enterprise funds

Fund Financial Statements:

- GASB 34 has left the basic accounting and financial reporting substantially unchanged. Nevertheless, it does introduce a certain number of changes and clarifications to existing guidance
- Required Financial Statements:
 - Governmental Funds – Balance Sheet
Statement of Revenues, Expenditures and Changes in Fund Balances
 - Proprietary Funds – Statement of Net Position
Statement of Revenues, Expenses and Changes in Net Position
Cash Flow Statement
 - Fiduciary Funds – Statement of Net Position
Statement of Changes in Net Position
- Focus of financial reporting will shift from a fund type reporting to major individual funds reporting
- Creation of a fifth governmental fund type to be known as permanent funds
- Elimination of “Account Groups”
- Elimination of capital maintenance focus (contributed capital) for proprietary funds