

## CHANGES IN BUDGETARY REPORTING

In the past, all local governments have included a budget-to-actual comparison for the General Fund, special revenue funds, and capital projects funds as one of their basic financial statements. The primary purpose of such statements was to demonstrate legal compliance.

GASB 34 significantly modifies the manner in which budgetary data will be presented in the annual financial statements as follows:

- Budgetary schedules will now present the original budget adopted as well as all changes (contingent transfers and supplements to the budget) separately.
- Budgetary comparisons used to be required for all fund types adopting budgets but now will be required for the General Fund and major special revenue funds only. (in most cases schools will report all funds therefore, every fund will be a major fund)
- Budgetary comparisons used to be reported in an aggregated form by fund type. If you had seven special revenue funds, you reported one budgetary statement for all special revenue funds combined. Under GASB 34, separate reporting of budgetary information will be required for the General Fund AND for each major individual special revenue fund. No budgetary reporting will be required for nonmajor special revenue funds. In addition, no budgetary comparison reporting will be required for any capital projects funds.
- Under GASB 34, budgetary comparison schedules will be reported as required supplementary information instead of as a basic financial statement as is done now. The budgetary comparison schedules will follow the notes to the financial statements.
- A separate column to report the variance between the final budget and actual amounts is no longer required by GASB but is encouraged. We have decided that presentation of such a column is desirable for the budgetary schedules to have any useful value.
- The notes to the financial statements must still disclose any material excess of expenditures over appropriations in individual funds.

A reconciliation of Budget to GAAP Basis should be prepared for those counties that report encumbrances.

GASB 34 defines special items as “Significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence.” Extraordinary items are defined as “Transactions or other events that are both unusual in nature and infrequent in occurrence.” Special items should be reported separately in the statement of activities and the statement of revenues, expenditures, and changes in fund balances just before extraordinary items, if any. Extraordinary items are then reported separately following special items. These items are reported separately from, but in the same manner as, general revenues at the bottom of the statement of activities to arrive at the all-inclusive change in net position for the period.

Significant transactions or other events that are either unusual or infrequent but that are not within the control of management should be separately identified with the appropriate revenue or expenditure category directly on the statement of revenues, expenditures, and changes in fund balances OR they should be disclosed in the notes to the financial statements.