

4. REPORTING

4.3 Financial Statements

4.3.12 Fund Resources and Uses Arising from Cash Transactions (C-4)

Applicability

- 4.3.12.10 Statement C-4 should be prepared for the general (current expense) fund, and all other governmental, and proprietary funds. Do not prepare it for trust and agency funds. Statement C-4 does not need to be prepared if the government is filing the required schedules using the SAO Online Filing option. The SAO online reporting system will automatically generate this Statement.
- 4.3.12.15 Local governments are **required** to update the incorrect financial statements. The requirement applies to all errors found prior or during an audit.
- 4.3.12.20 Local governments with total revenues of \$2 million or less are not required to prepare C-4 or C-5 statements unless debt covenants, a contract, a grantor or the city/county/district's legislative body requires the city/county/district to prepare the financial statements or to receive a financial statements audit. If this request is made, C-4 and C-5 statements and notes should be prepared. The \$2 million threshold calculation excludes any proceeds from issuance of long-term debt and resources held by the government in its fiduciary capacity. Local governments which choose not to prepare C-4 and C-5 statements must have their budgeted information available for the audit.
- 4.3.12.30 If more than \$750,000 in federal funding was expended by the entity during the year and a federal single audit is required, the entity must prepare financial statements if it has expenditures of federal funds from more than one program or cluster. However, an entity that normally does not prepare financial statements may not need to prepare them for the single audit if it has expenditures from only one program or cluster. Entities should consult with their local SAO team or the SAO HelpDesk if they have questions about this requirement.
- 4.3.12.40 In addition to reporting all of their funds on a cash basis, as described in this chapter, cash basis cities and counties may chose to separately report their utility funds on the GAAP basis, if necessary to meet their individual needs. In such a case, they need to prepare two reports:
- One comprehensive cash basis report containing all governmental and proprietary funds (including utility funds), and
 - An additional GAAP basis report only for their utility funds.
- 4.3.12.50 Instructions for preparing GAAP basis financial statements can be found in the GAAP BARS Manual.

Instructions

- 4.3.12.60 Sometimes governments will create other funds for internal accounting or managerial purposes. When preparing annual report schedules and financial statements, any such accounting or managerial funds should be rolled into appropriate fund types. For example, there should be only **one** general fund reported, even if several fund numbers are used internally for different general fund programs; or if several funds are used internally to account separately for operating capital and/or debt activities of proprietary function, those activities should be rolled up into a single enterprise fund.

- a. To prepare, enter the beginning reserved and unreserved amount of cash and investments (3081000 and 3088000). In line below should include any prior period adjustments (accounts 388/588). Then list *revenue* accounts (310, 320, etc.) and *expenditures* (510, 520, etc.). The *other increases in fund resources* should include: debt proceeds (391-393, 596), transfers-in (397), special/extraordinary items (385/585), custodial activities (389), and other resources (381, 395, 398). The *other decreases in fund resources* should include: capital expenditures (594-595), debt service (591-593, 599), transfers-out (597), custodial activities (589) and other uses (581). Display of the reserved and unreserved ending cash and investments (5081000 and 5088000) is required.
- b. *Beginning and ending cash and investments* on Statement C-4 should equal the *beginning and ending cash and investments* on Schedule 01. These amounts should also agree to the *beginning and ending cash and investments* on Schedule 11.

- 4.3.12.70 Each fund should be presented in a consolidated manner. That is, any intrafund activity, representing transactions or transfers occurring within the fund between departments, programs or managerial funds, should be eliminated.
- 4.3.12.80 Fund names should be appropriately clear for external financial reporting purposes. The name does not need to match exactly to the fund name used in the government's accounting system.
- 4.3.12.90 The *Total for All Funds (Memo Only)* column is a sum total of amounts reported for all funds. It is labeled as a memorandum total because interfund activity is not eliminated.
- 4.3.12.100 For external financial reporting purposes, amounts should be presented in whole dollars.
- 4.3.12.110 The Resources Database provides an internal control [*Checklist for Cash Basis Financial Statements Preparers*](#) that can be used as a baseline by local governments to develop control activities (policies and procedures) that address areas of deficiencies most often found in the preparation of financial statements.

City of Example
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 201X

		Total for All Funds (Memo Only)	001 Current Expense Fund	101 Street Fund	350 Capital Improvement Fund
Beginning Cash and Investments					
30810	Reserved	1,362,042	1,407	369,988	151,594
30880	Unreserved	2,131,397	815,451	895	-
388/588	Prior Period Adjustment, Net	-	-	-	-
Revenues					
310	Taxes	36,984	36,967	-	17
320	Licenses and Permits	5,364	5,364	-	-
330	Intergovernmental Revenues	39,500	4,549	34,951	-
340	Charges for Goods and Services	110,551	9,313	-	-
350	Fines and Penalties	90	90	-	-
360	Miscellaneous Revenues	1,119	1,028	12	5
Total Revenues:		193,608	57,311	34,963	22
Expenditures					
510	General Government	10,482	10,482	-	-
520	Public Safety	47,926	47,926	-	-
530	Utilities	53,460	-	-	-
540	Transportation	9,823	-	9,823	-
550	Natural and Economic Environment	4,125	4,125	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	3,543	3,543	-	-
Total Expenditures:		129,359	66,076	9,823	-
Excess (Deficiency) Revenues over Expenditures:		64,249	(8,765)	25,140	22
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	138	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
389	Custodial Activities	-	-	-	-
381,395,398	Other Resources	5	5	-	-
Total Other Increases in Fund Resources:		143	5	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	39,300	-	-	39,300-
591-593, 599	Debt Service	753,846	-	-	-
597	Transfers-Out	-	-	-	-
589	Custodial Activities	11,600	11,600-	-	-
585	Special or Extraordinary Items	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		804,746	11,600	-	39,300
Increase (Decrease) in Cash and Investments		(740,354)	(20,360)	25,140	(39,278)
Ending Cash and Investments					
50810	Reserved	1,430,221	1,407	396,024	112,316
50880	Unreserved	2,072,914	795,140	(1)	-
Total Ending Cash and Investments		3,503,135	796,547	396,023	112,316

The accompanying notes are an integral part of this statement.

401 Water Fund	405 Sewer Fund	420 Solid Waste Fund
285,158	553,895	-
739,653	447,813	127,585
-	-	-
-	-	-
-	-	-
42,122	38,922	20,194
-	-	-
35	34	5
<u>42,157</u>	<u>38,956</u>	<u>20,199</u>
-	-	-
-	-	-
25,785	19,160	8,515
-	-	-
-	-	-
-	-	-
<u>25,785</u>	<u>19,160</u>	<u>8,515</u>
16,372	19,796	11,684
-	-	138
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>138</u>
-	-	-
-	3,846	750,000-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>3,846</u>	<u>750,000</u>
16,372	15,950	(738,178)
355,407	565,067	-
685,777	452,591	139,407
1,041,184	1,017,658	139,407

The accompanying notes are an integral part of this statement.