

REPORTING

Note X - Joint Ventures

INSTRUCTIONS TO PREPARER

The definition of joint ventures and accounting methods are discussed in Accounting, Grants and Joint Ventures. The requirements listed below are necessary regardless of whether or not there is an equity interest.

The note should provide the following information:

1. General description of the joint venture including:
 - a. Information about ongoing financial interest or ongoing financial responsibility,
 - b. If applicable, information about equity interest,
 - c. Information regarding the performance of the joint venture to help users evaluate if the joint venture may cause additional benefit or burden to the participating entity in the future.
2. Information about availability of separate financial statements of the joint ventures (addresses).

The participating entity should also disclose information regarding related party transactions.

Due to the uniqueness of each joint venture we are not able to provide notes for every possible situation. The following sample note depicts all requirements for the joint venture disclosure and should be used as guidance.

The Sample County and Example City operate jointly the Consolidated Computer Center (CCC). The CCC provides data processing services for the county and city. The Center is governed by a four-member board composed of two appointees from the county and two from the city.

The Sample County and the Example City are obligated to remit \$150,000 annually to supplement the CCC's operating revenues. Each participant is entitled to one-half of the CCC's annual operating income. On dissolution of the joint venture, the assets will be shared equally between the county and city.

The Sample County's equity interest in the CCC was \$1,200,000 on December 31, 20XX.

In 20XX the CCC reported \$600,000 in operating income and remitted \$300,000 to the Sample County. The county's net investment and its share of operating results are reported in county's computer systems fund (an enterprise fund).

Complete financial statements for the CCC can be obtained from the CCC's administrative office at (address) or from the county clerk's office at the courthouse.

If the city/county/district participates in a jointly governed organization, the notes should provide any relevant information or related party transactions.