



ACCOUNTING

Wholistic Departmentalization: Stand-Alone Financial Reporting for Government Departments

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Many recent *GFR* accounting articles have focused on reporting by primary governments and the component units that are incorporated into their financial reporting entities, including activity within those reporting entities. Sometimes, though, stand-alone financial reporting by a program or department of a government is desirable. Unlike component units that are legally separate entities for which a primary government is financially accountable, a department is simply a part of a government. Departmental reports can bolster financial accountability and transparency by providing information about effectiveness and efficiency in the delivery of specific public services, and

about the use of resources generated by specific activities. Financial reporting by departments may be particularly valuable when the revenues of a government department are pledged as the primary or sole support for debt service on bonds. Some of the factors that may influence the choice and content of departmental reports include:

- The nature and scope of a department's activities and responsibilities.
- The organizational structure of the department and its relationship with other departments and the government as a whole.
- The budgetary and financial policies and procedures of the department and the entity.
- The sources and uses of funds and resources allocated to the department.
- The existence of outstanding department-revenue-backed debt.
- The information needs and preferences of the intended users of the departmental reports.

Many governments in the United States are required or elect to follow generally accepted accounting principles (GAAP) for financial reporting purposes. While GAAP provides a common framework and standard terminology for preparing and presenting financial statements, there is no prescribed format for departmental reporting under GAAP. This contrasts with financial reporting by component units, for which GAAP does provide guidance for stand-alone reporting.¹

GFOA's best practices suggest that departmental financial reports incorporate both financial statements

and additional information for the department, to parallel the information that would be required by GAAP for a governmental financial reporting entity's annual comprehensive financial report (ACFR).² Specifically, the best practices recommend that the information generally contained in (1) management's discussion and analysis (MD&A), (2) required supplementary information (RSI) other than MD&A, (3) an introductory section including a letter of transmittal, and (4) trend information similar to that in a statistical section of an ACFR, be provided when departmental reports are issued.

The Certificate of Achievement for Excellence in Financial Reporting Award Program (COA) has long accepted submissions of ACFRs prepared for government departments ("departmental ACFRs"), if a department is composed of one or more separate funds and meets all other COA program eligibility requirements. Based on concerns about the diversity in practice between departments and the occasional opacity of the interrelationship between reports of departments and those of the governments of which they are part (primary government), the COA program is expanding its eligibility requirements for departmental ACFRs. The expanded requirements will ensure that readers of both the primary government and the departments reports can clearly understand how those reports fit together. The new requirements are effective for departmental ACFRs submitted to the COA for fiscal years ending on or after September 30, 2025, but we encourage departments to meet the new criteria as soon as possible.

In addition to the general COA eligibility requirements, for a departmental

ACFR to be eligible, a primary government and its department(s) will need to meet the following criteria:

1. Both the department and the primary government of which it is a part must meet all eligibility criteria for, and submit applications to, GFOA's COA for ACFRs covering the same financial reporting period.³
2. The department must be composed of one or more funds that are displayed individually in the primary government's ACFR, either in the primary government's basic financial statements (as in, major governmental or enterprise funds), or in its combining statements (such as, nonmajor governmental or enterprise funds, internal service funds or any type of fiduciary fund).⁴
3. The fund(s) of which the department is composed must be reported in the departmental ACFR as being of the same fund type(s) (for example, special revenue, capital project, debt service, permanent, enterprise, internal service, pension (and other employee benefit) trust, investment trust, private purpose trust, or custodial) as those displayed in the primary government's ACFR.
4. The departmental ACFR must comply with GFOA's best practices for departmental reporting (discussed above).
5. The departmental ACFR must contain or be accompanied by a reconciliation that displays and explains any differences in report format or classification of amounts between the funds as displayed in the primary government's ACFR and the funds as displayed in the department's ACFR. (Especially note the illustrations in Exhibits 5 and 6.)

6. All other COA program eligibility requirements must be met, including those pertaining to the following, as applicable:

- a. Submission timeliness,
- b. Required elements,
- c. Scope,
- d. Audit requirements,
- e. Responses to prior year comments,
- f. Demonstration of compliance with legally adopted budgets at the legal level of budgetary control, and
- g. Calculation of net investment in capital assets.

While only a small portion of governments choose to issue stand-alone ACFRs for departments, it can be a great way to showcase, or address a high level of public interest in key operations. Many of the government departments in the COA conduct types of operations that are elsewhere administered by separate special-purpose governments, including those that are CUs of general-purpose government. Airports, water and sewer operations, libraries, and law enforcement (sheriffs) and fire departments are among the most common departments that participate in the program.

Ideally, users of departmental reports would be able to easily see how that department fits into the complete government, which is the reason for the COA's requirement that the fund(s) that compose a department be displayed in the primary government's basic financial statements, if they are major governmental or enterprise funds, or in combining financial statements in the primary government's ACFR if they are not (see criteria 2 on previous page).

Of course, the purpose of issuing departmental reports is to provide more information about the department

GFOA's Certificate of Achievement for Excellence in Financial Reporting accepts applications from governmental departments that choose to issue separate Annual Comprehensive Financial Reports, even though they are not legally separate entities. Beginning for financial statements for years ending on or after September 30, 2025, the eligibility requirements for such departmental reports are changing to ensure that the relationship between a primary government and a department of that government will be clear to readers of both ACFRs and GFOA staff will know how the reports reconcile. The new departmental reporting eligibility requirements are on the COA webpage at gfoa.org/coa-program-eligibility.

than would otherwise be available, and so displaying the department's fund(s) in more detail in the stand-alone report than in the primary government's ACFR is permitted and even encouraged. This allows departmental reports to provide information in a manner more typical for the type of operations conducted, such as elements commonly reported by an airport or a utility that may not normally be seen in financial statements of a general-purpose government. While "bottom line" amounts (period-end fund balance or fund net position, and changes thereto over the reporting period) would always need to match between the reports, a detailed crosswalk could be very helpful to readers. Moreover, if it is not included in the department's ACFR, and that ACFR is going to be submitted to the COA, a crosswalk would need to be provided to GFOA with the COA application (see criteria 5 on previous page).

Assume, for example, that a large township operates a small public airport and accounts for the operations in an enterprise fund, which does not meet the criteria to be a major fund. While not a legally separate entity, the airport is managed separately from the township by specialized management and personnel, and bonds are issued for airport improvements that are backed solely by airport revenues. To provide additional information about the airport's finances, the airport management has decided to prepare an ACFR for the airport. Further assume that both the Township, "Trusty Town," and the airport department "Trusty Town Airport" meet all other eligibility criteria and submit applications to COA for the same fiscal year. Please note that none of the illustrations reflect changes that will be necessitated by GASB Statement No. 103, *Financial Reporting Model Improvements*, when implemented.

Trusty Town's Combining Statement of Net Position (Exhibit 1) and its Combining Statement of Revenues, Expenses, and Changes in Net Position (Exhibit 2) for its Nonmajor Enterprise Funds use element names and groupings applicable to all the town's nonmajor enterprise funds, of which the Airport Fund is only one, and report amounts in thousands of dollars. In Trusty Town Airport's departmental report Statement of Net Position (Exhibit 3) amounts are reported in dollars, both current assets and current liabilities are subdivided

EXHIBIT 1

Trusty Town's Combining Statement of Net Position

TRUSTY TOWN, USA COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS AS OF JUNE 30, 20X5 (\$ thousands)				
	Health Clinic Fund	Airport Fund	Stadium Fund	Total Nonmajor Enterprise Funds
CURRENT ASSETS				
Cash and cash equivalents	\$ 600	\$ 20,270	\$ 1,340	\$ 22,210
Investments	75	-	450	525
Receivables (net of allowances for uncollectable amounts):				
Operating accounts receivable	70	11,610	5	11,685
Grants receivable	30	-	-	30
Interest receivable	10	22	19	51
Lease receivable, current portion	5	-	1	6
Supplies and materials inventory	-	3,200	-	3,200
Prepaid items and other	25	73	3	101
Restricted assets	80	197,100	12	197,192
Total current assets	895	232,275	1,830	235,000
NONCURRENT ASSETS				
Lease receivable, noncurrent portion	2	198,900	-	198,902
Capital Assets:				
Construction in progress	-	-	\$ -	-
Non-depreciable	15	4,200	520	4,735
Depreciable (net)	21	750,000	14,300	764,321
Net capital assets	36	754,200	14,820	769,056
Total noncurrent assets	38	953,100	14,820	769,056
Total assets	933	1,185,375	16,650	1,004,056
DEFERRED OUTFLOWS OF RESOURCES				
Pension items	7	9,000	-	9,007
OPEB items	11	12,000	-	12,011
Deferred loss on refunding, net of amortization	-	19,000	-	19,000
Total deferred outflows of resources	18	40,000	-	40,018
Total assets and deferred outflows of resources	951	1,225,375	16,650	1,044,074
CURRENT LIABILITIES				
Accounts payable	65	35,400	14	35,479
Accrued payroll	18	2,080	50	2,148
Due to other funds	2	50	31	83
Interest payable	-	16,004	-	16,004
Bonds payable (current portion)	1,200	45,570	3	46,773
Claims payable (current portion)	1,300	101	1	1,402
Lease liability (current portion)	500	-	-	500
Compensated absences	5	7	2	14
Other liabilities	20,000	700	1	20,701
Total current liabilities	23,090	99,912	102	123,104
LONG-TERM LIABILITIES				
General obligation bonds payable	-	-	-	-
Compensated absences	-	-	-	-
Net pension liability	-	-	-	-
Unearned revenue	15	-	-	15
Net pension liability	-	20	-	20
Net other postemployment benefit liability	53	19	-	72
Claims payable (noncurrent portion)	6,400	-	4	6,404
Lease liabilities (noncurrent portion)	1,000	-	-	1,000
Arbitrage rebate liability	-	218	8	226
Bonds payable	11,200	648,800	12,900	672,900
Total long-term liabilities	18,668	649,057	12,912	680,637
Total liabilities	41,758	748,969	13,014	803,741
DEFERRED INFLOWS OF RESOURCES				
Pension items	170	77	-	247
OPEB items	15	6	-	21
Deferred inflows of resources from leases	-	170,000	-	170,000
Total deferred inflows of resources	170	170,083	-	170,247
Total liabilities and deferred inflows of resources	41,928	919,052	13,014	973,988
NET POSITION				
Net investment in capital assets	9	55,600	2,000	57,609
Restricted for:				
Health services	74	-	-	74
Debt Service	5	40,000	5	40,010
Capital Projects	35	36,000	-	36,035
Unrestricted	(41)	174,723	1,628	176,310
TOTAL NET POSITION	\$ 82	\$ 306,323	\$ 3,636	\$ 310,041

EXHIBIT 2
Combining Statement of Revenues, Expenses, and Changes in Net Position

TRUSTY TOWN, USA COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 20X5 (\$ thousands)					
	Health Clinic Fund	Airport Fund	Stadium Fund	Total Nonmajor Enterprise Funds	
OPERATING REVENUES					
Charges for services	\$ 1,329	\$ 170,000	\$ 4,351	\$ 175,680	
Miscellaneous	1	800	1	802	
Total operating revenues	1,330	170,800	4,352	176,482	
OPERATING EXPENSES					
Personnel services	67	42,000	8	42,075	
Supplies & materials	22	6,000	20	6,042	
Services and charges	31	47,000	38	47,069	
Other operating expenses	2	2,000	1	2,003	
Depreciation and amortization	1,000	112,000	700	113,700	
Total operating expenses	1,122	209,000	767	210,889	
OPERATING INCOME (LOSS)	208	(38,200)	3,585	(34,407)	
NONOPERATING INCOME (EXPENSES)					
Investment income	25	1,000	84	1,109	
Lease interest income	-	7,000	-	-	
Interest expense	(300)	(33,000)	(300)	(33,600)	
Noncapital grants	45	4,000	-	4,045	
Noncapital transfers in (out)	50	1,000	(1,000)	50	
Other nonoperating income	-	26,000	-	-	
Gain (loss) on disposal of capital assets	-	(7,000)	-	-	
Total nonoperating income (expenses)	(180)	(1,000)	(1,216)	(28,396)	
INCOME (LOSS) BEFORE TRANSFERS, CAPITAL GRANTS AND CONTRIBUTIONS	28	(39,200)	2,369	(36,803)	
TRANSFERS, CAPITAL GRANTS AND CONTRIBUTIONS					
Transfers in restricted to capital purposes	50	10,000	-	10,050	
Capital grants and contributions	10	90,000	-	90,010	
Total transfers, capital grants and contributions	60	100,000	-	100,060	
	88	60,800	2,369	63,257	
NET POSITION, BEGINNING	(6)	245,523	1,267	246,784	
NET POSITION, ENDING	\$ 82	\$ 306,323	\$ 3,636	\$ 310,041	

Financial reporting by departments may be particularly valuable when the revenues of a government department are pledged as the primary or sole support for debt service on bonds.

Please note that none of the illustrations reflect changes that will be necessitated by GASB Statement No. 103, *Financial Reporting Model Improvements*, when implemented.

EXHIBIT 3
Airport's departmental report Statement of Net Position

TRUSTY TOWN AIRPORT A Department of Trusty Town, USA STATEMENT OF NET POSITION AS OF JUNE 30, 20X5	
CURRENT ASSETS	
Unrestricted assets	
Cash and cash equivalents	\$ 20,270,000
Accounts receivable (net)	4,710,000
Unbilled revenues	6,900,000
Interest receivable	22,000
Supplies and materials inventory	2,000,000
Materials inventory	1,200,000
Prepaid items	65,000
Other	8,000
Total unrestricted current assets	35,175,000
Restricted assets	
Cash and cash equivalents	100,000,000
Cash and cash equivalents - customer deposits	700,000
Investments	9,000,000
Receivables - passenger facility charges	42,900,000
Receivables - grants	25,000,000
Receivables - leases, current portion	19,500,000
Total restricted current assets	197,100,000
Total current assets	232,275,000
NONCURRENT ASSETS	
Lease receivable, noncurrent portion	198,900,000
Capital Assets:	
Non-depreciable	4,200,000
Depreciable	3,450,000,000
Less accumulated depreciation	(2,700,000,000)
Total noncurrent assets	953,100,000
Total assets	1,185,375,000
DEFERRED OUTFLOWS OF RESOURCES	
Pension items	9,000,000
OPEB items	12,000,000
Deferred loss on refunding, net of amortization	19,000,000
Total deferred outflows of resources	40,000,000
Total assets and deferred outflows of resources	\$ 1,225,375,000
CURRENT LIABILITIES	
Payable from unrestricted assets:	
Accounts payable	6,800,000
Accrued payroll	2,080,000
Due to other funds	50,000
Accrued interest payable	-
Bonds payable (current portion)	5,700,000
Claims payable (current portion)	100,500
Compensated absences (current portion)	7,500
Other liabilities	-
Total current liabilities payable from unrestricted assets	14,738,000
Payable from restricted assets	
Accounts payable	28,600,000
Customer deposits payable	700,000
Bonds payable	39,870,000
Accrued interest on debt	16,004,000
Total current liabilities payable from restricted assets	85,174,000
Total current liabilities	99,912,000
NONCURRENT LIABILITIES	
Net pension liability	20,000
Net other postemployment benefit liability	19,000
Arbitrage rebate liability	218,000
Bonds payable and other debt, payable from restricted assets	648,800,000
Total long-term liabilities	649,057,000
Total liabilities	748,969,000
DEFERRED INFLOWS OF RESOURCES	
Pension items	77,000
OPEB items	6,000
Deferred inflows of resources from leases	170,000,000
Total deferred inflows of resources	170,083,000
Total liabilities and deferred inflows of resources	919,052,000
NET POSITION	
Net investment in capital assets	55,600,000
Restricted for	
Debt Service	40,000,000
Capital Projects	36,000,000
Unrestricted	174,723,000
TOTAL NET POSITION	\$ 306,323,000

EXHIBIT 4

Airport's Statement of Revenues, Expenses and Changes in Net Position

TRUSTY TOWN AIRPORT A Department of Trusty Town, USA STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 20X5	
OPERATING REVENUES	
Charges for services:	
Airfield	\$ 32,000,000
Terminal	60,000,000
Parking	78,000,000
Miscellaneous	800,000
Total operating revenues	\$ 170,800,000
OPERATING EXPENSES	
Personnel services	42,000,000
Supplies	5,000,000
Materials	1,000,000
Contractual services	35,000,000
Utilities	12,000,000
Other	2,000,000
Depreciation and amortization	112,000,000
Total operating expenses	\$ 209,000,000
OPERATING INCOME (LOSS)	(38,200,000)
NONOPERATING INCOME (EXPENSES)	
Investment income	1,000,000
Lease interest income	7,000,000
Interest expense	(33,000,000)
Federal operating grants	4,000,000
Town operating grants	1,000,000
Passenger facility charges	18,000,000
Rental car operations	8,000,000
Gain (loss) on disposals of capital assets	(7,000,000)
Total nonoperating income (expenses)	(1,000,000)
INCOME (LOSS) BEFORE TRANSFERS, CAPITAL GRANTS AND CONTRIBUTIONS	(39,200,000)
TRANSFERS, CAPITAL GRANTS AND CONTRIBUTIONS	
Federal capital grants	45,000,000
State capital grants	25,000,000
Local capital grants	10,000,000
Contributions from lessees	20,000,000
Total transfers, capital grants and contributions	100,000,000
CHANGE IN NET POSITION	60,800,000
NET POSITION, BEGINNING	245,523,000
NET POSITION, ENDING	\$ 306,323,000

While GAAP provides a common framework and standard terminology for preparing and presenting financial statements, there is no prescribed format for departmental reporting under GAAP.

EXHIBIT 5

Airport's Statement of Net Position

TRUSTY TOWN AIRPORT A Department of Trusty Town, USA STATEMENT OF NET POSITION AS OF JUNE 30, 20X5		Reconciliation to Primary Government Financial Reports	
		Adjustments	Airport Fund
CURRENT ASSETS			
Unrestricted Assets			
Cash and cash equivalents	\$ 20,270,000	\$ -	\$ 20,270,000
Accounts receivable (net)	4,710,000	6,900,000 a	11,610,000
Unbilled revenues	6,900,000	(6,900,000) a	-
Interest receivable	22,000	-	22,000
Supplies and materials inventory	2,000,000	1,200,000 b	3,200,000
Materials inventory	1,200,000	(1,200,000) b	-
Prepaid items	65,000	8,000 c	73,000
Other	8,000	(8,000) c	-
Total unrestricted current assets	35,175,000		
Restricted assets			
Cash and cash equivalents	100,000,000	197,100,000 d	197,100,000
Cash and cash equivalents - customer deposits	700,000	(100,000,000) d	-
Investments	9,000,000	(700,000) d	-
Receivables - passenger facility charges	42,900,000	(9,000,000) d	-
Receivables - grants	25,000,000	(42,900,000) d	-
Receivables - leases, current portion	19,500,000	(25,000,000) d	-
Total restricted current assets	197,100,000	(19,500,000) d	-
Total current assets	232,275,000		\$ 232,275,000
NONCURRENT ASSETS			
Lease receivable, noncurrent portion	198,900,000		198,900,000
Capital Assets:			
Non-depreciable	4,200,000		4,200,000
Depreciable	3,450,000,000	(2,700,000,000) e	750,000,000
Less accumulated depreciation	(2,700,000,000)	2,700,000,000 e	-
Total noncurrent assets	953,100,000		953,100,000
Total assets	1,185,375,000		1,185,375,000
DEFERRED OUTFLOWS OF RESOURCES			
Pension items	9,000,000		9,000,000
OPEB items	12,000,000		12,000,000
Deferred loss on refunding, net of amortization	19,000,000		19,000,000
Total deferred outflows of resources	40,000,000		40,000,000
Total assets and deferred outflows of resources	\$ 1,225,375,000	-	1,225,375,000
CURRENT LIABILITIES			
Payable from unrestricted assets:			
Accounts payable	6,800,000	28,600,000 f	35,400,000
Accrued payroll	2,080,000		2,080,000
Due to other funds	50,000		50,000
Accrued interest payable		16,004,000 g	16,004,000
Bonds payable (current portion)	5,700,000	39,870,000 h	45,570,000
Claims payable (current portion)	100,500		100,500
Compensated absences (current portion)	7,500		7,500
Other liabilities	-	700,000 i	700,000
Total current liabilities payable from unrestricted assets	14,738,000		99,912,000
Payable from restricted assets			
Accounts payable	28,600,000	(28,600,000) f	-
Customer deposits payable	700,000	(700,000) l	-
Bonds payable	39,870,000	(39,870,000) h	-
Accrued interest on debt	16,004,000	(16,004,000) g	-
Total current liabilities payable from restricted assets	85,174,000		-
Total current liabilities	99,912,000	-	99,912,000
NONCURRENT LIABILITIES			
Net pension liability	20,000		20,000
Net other postemployment benefit liability	19,000		19,000
Arbitrage rebate liability	218,000		218,000
Bonds payable and other debt, payable from restricted assets	648,800,000		648,800,000
Total long-term liabilities	649,057,000		649,057,000
Total liabilities	748,969,000		748,969,000
DEFERRED INFLOWS OF RESOURCES			
Pension items	77,000		77,000
OPEB items	6,000		6,000
Deferred inflows of resources from leases	170,000,000		170,000,000
Total deferred inflows of resources	170,083,000		170,083,000
Total liabilities and deferred inflows of resources	919,052,000		919,052,000
NET POSITION			
Net investment in capital assets	55,600,000		55,600,000
Restricted for			
Debt Service	40,000,000		40,000,000
Capital Projects	36,000,000		36,000,000
Unrestricted	174,723,000		174,723,000
TOTAL NET POSITION	\$ 306,323,000	\$ -	\$ 306,323,000
a Unbilled and billed receivables are reported together as operating accounts receivable in the Town's enterprise funds.			
b Supplies and materials inventories are reported together in the Town's enterprise funds.			
c Prepaid items are reported together with other current assets in the Town's enterprise funds.			
d Restricted assets are reported in total for the Town's enterprise funds.			
e Depreciable assets are reported net of accumulated depreciation in the Town's enterprise funds.			
f-i Current liabilities are reported without distinguishing whether they will be paid for with unrestricted or restricted assets in the Town's enterprise funds.			

between unrestricted and restricted, and details are provided about the contents of each. Thus, the departmental report offers significant additional information to readers interested primarily in the airport operations.

Similarly, note that in the Airport's Statement of Revenues, Expenses, and Changes in Net Position (Exhibit 4), more detail is provided about many items, including charges for services, operating expenses, and the sources of noncapital (operating) grants and capital grants and contribution. Finally, notice that while the Town's Combining Statement of Revenues, Expenses, and Changes in Net Position for Nonmajor Enterprise Funds (Exhibit 2) reports transfers-in, the Airport's Statement of Revenues, Expenses and Changes in Net Position (Exhibit 4) does not. By comparing amounts shown, however, readers can infer that the amounts the airport receives as transfers-in from other Trusty Town funds have simply been reclassified as grant revenues in the airport's own reports.⁵

Readers of both statements can be assured that the overall financial position and results of operations reported in both sets of financial statements are the same by looking at various subtotals and totals throughout. Nonetheless, it would be beneficial to provide a clear crosswalk, especially in cases where there are multiple differences between the reports. Such a crosswalk may be provided as supplementary information in the financial section of the department's ACFR, although it is not required by GAAP or by GFOA's COA. However, a separate reconciliation would then need to be included with an application for a departmental ACFR if submitted to the COA. Examples of a format that may be used for either or both purposes can be seen in Exhibit 5 for the airport's Statement of Net Position and in Exhibit 6 (on following page) for the airport's Statement of Revenues, Expenses and Changes in Net Position.

Departmental reporting is a great way to provide valuable information about a government's individual operations or a group of related operations whenever users may want that information isolated. But as departments are part of a larger government both legally and for GAAP financial reporting purposes, readers should always be able to place those reports into the primary government's "big picture."⁶

EXHIBIT 6

Trusty Town Airport's departmental report Statement of Net Position

TRUSTY TOWN AIRPORT A Department of Trusty Town, USA STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 20X5		Reconciliation to Primary Government Financial Reports	
		Adjustments	Airport Fund
OPERATING REVENUES			
Charges for services:		\$ 170,000,000 a	\$ 170,000,000
Airfield	\$ 32,000,000	(32,000,000) a	-
Terminal	60,000,000	(60,000,000) a	-
Parking	78,000,000	(78,000,000) a	-
Miscellaneous	800,000		800,000
Total operating revenues	\$ 170,800,000		\$ 170,800,000
OPERATING EXPENSES			
Personnel services	42,000,000		42,000,000
Supplies	5,000,000	1,000,000 b	6,000,000
Materials	1,000,000	(1,000,000) b	-
Contractual services	35,000,000	12,000,000 c	47,000,000
Utilities	12,000,000	(12,000,000) c	-
Other	2,000,000		2,000,000
Depreciation and amortization	112,000,000		112,000,000
Total operating expenses	\$ 209,000,000		\$ 209,000,000
OPERATING INCOME (LOSS)	(38,200,000)		(38,200,000)
NONOPERATING INCOME (EXPENSES)			
Investment income	1,000,000		1,000,000
Lease interest income	7,000,000		7,000,000
Interest expense	(33,000,000)		(33,000,000)
Federal operating grants	4,000,000		4,000,000
Town operating grants	1,000,000		1,000,000
Passenger facility charges	18,000,000	8,000,000 d	26,000,000
Rental car operations	8,000,000	(8,000,000) d	-
Gain (loss) on disposals of capital assets	(7,000,000)		(7,000,000)
Total nonoperating income (expenses)	(1,000,000)		(1,000,000)
INCOME (LOSS) BEFORE TRANSFERS, CAPITAL GRANTS AND CONTRIBUTIONS	(39,200,000)		(39,200,000)
TRANSFERS, CAPITAL GRANTS AND CONTRIBUTIONS			
Federal capital grants	45,000,000	45,000,000 e	90,000,000
State capital grants	25,000,000	(25,000,000) e	-
Local capital grants	10,000,000		10,000,000
Contributions from lessees	20,000,000	(20,000,000) e	-
Total transfers, capital grants and contributions	100,000,000		100,000,000
CHANGE IN NET POSITION	60,800,000		60,800,000
NET POSITION, BEGINNING	245,523,000		245,523,000
NET POSITION, ENDING	\$ 306,323,000	\$ -	\$ 306,323,000
a Charges for services revenues are reported in total in the Town's enterprise funds.			
b Supplies and materials expenses are reported together in the Town's enterprise funds.			
c Utilities expenses are reported as part of contractual services for town enterprise funds.			
d Both passenger facilities charges and income from rental car operators are reported as other nonoperating revenues in the Town's enterprise funds.			
e All capital grants and contributions are reported together in the Town's enterprise funds.			
f Capital grants from Trusty Town are reported as transfers in the Town's enterprise funds.			

¹ GASB Cod. Sec.2100, "Defining the Financial Reporting Entity," paragraph .111.

² Please see GFOA's best practices on *Departmental Reports and Management's Discussion and Analysis and Required Supplementary Information and Departmental Reports and Supplementary Information*.

³ If the fiscal year ends of the department (for example, of the funds that compose the department) and of the primary government are different, the primary government's ACFR for its fiscal year that incorporates the department's fiscal year for which the departmental report is submitted, must also be submitted. This would be an unusual circumstance, but it is permitted under GAAP.

⁴ But a department that is reported within a primary government's general fund would not be eligible.

⁵ Had Trusty Town paid the airport for providing services to other operations of the town, such as for transporting items on behalf of the town, rather than making subsidies to the airport, those payments should not appear as transfers or nonoperating revenue in either set of financial statements. Those would be interfund services provided and used in the town's financial statements and operating revenues in the airport's statements.

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