STATE OF ILLINOIS
COMPTROLLER
LESLIE GEISSLER MUNGER

FY 2016 HOW TO FILL OUT AN ANNUAL FINANCIAL REPORT (AFR)

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The following instructions will assist local governments filling out the FY 2016 Annual Financial Report (AFR). If you are filling out the ***Special Purpose Long/Short Form*** this support document will provide instruction for fields that do not appear on the form.

INTRODUCTION

Comptroller Connect Internet Filing – All units of government can use Comptroller Connect, which is an on-line filing format which allows local governments to customize its AFR. If you do not have a computer, but would like to use Comptroller Connect Internet Filing, please call the Hotline; we will assist you in obtaining access to a computer.

This document provides instructions to complete the FY 2016 Annual Financial Report (AFR). There are several formats that may occur within the Comptroller Connect Internet Filing program for local governments to satisfy their annual reporting requirements to the Office of the Comptroller. The following describes formats are described below:

- ***Multi-Purpose Long Form*** - Municipalities, Counties and Townships that utilize funds in addition to General and/or Special Revenue or those governments reporting assets should use this form.

- ***Multi-Purpose Short Form*** - Municipalities, Counties and Townships that ONLY have General and/or Special Revenue funds [Discretely Presented Component Units included], operate on a cash basis, and have no assets can use this form.

- ***Special Purpose Long Form*** – Special/Single Purpose governments that utilize funds in addition to General and/or Special Revenue or those governments reporting assets should use this form.

- ***Special Purpose Short Form*** - Special/Single Purpose governments that ONLY have General and/or Special Revenue funds [Discretely Presented Component Units included], operate on a cash basis, and have no assets can use this form.

- ***Special Purpose Abbreviated Form*** – Special/Single Purpose governments that ONLY have General and/or Special Revenue funds [Discretely Presented Component Units included], operate on a cash basis, have no assets, and collected less than $100,000 in revenue can use this form.

- ***Verification of Appropriation Form*** - Special/Single Purpose governments whose FY 2016 total appropriation is under $7,217.

REGISTRATION – STEPS 1 – 10

- **Please DO NOT mail a copy of an AFR to our office.**

Steps 1 – 10 must be completed by all units of government. Completing these ten steps satisfy a unit of local government's registration requirements.

STEP 1: Contact Information
Please verify that the information in the Contact Person, CEO, CFO, Purchasing Agent, and FOIA Officer fields is correct. Each Contact MUST have a valid email address.

- **Contact Person**
  The Contact Person should be the local government official responsible for filling out the AFR.
- **CEO**
  The CEO is the Chief Executive Official or person responsible for the executive administration of the government. The Chief Executive Official is traditionally elected, however this person can be appointed. Examples include mayors, supervisors, presidents, or chairmen.
- **CFO**
  The CFO is the Chief Financial Official or the person responsible for maintaining financial records for the government. The Chief Financial Official is traditionally elected, however this person can be appointed. Most Chief Financial Officials are treasurers, but other examples include clerks, vice presidents, or managers.
- **Purchasing Agent**
  The Purchasing Agent should be the name of the person responsible for the oversight of all competitively bid contracts.
- **FOIA Officer**
  The FOIA Officer should be the name of the person responsible for oversight of all FOIA requests.

  Names and E-mail addresses are required for the Contact Person, CEO, CFO, Purchasing Agent, and the FOIA Officer.

STEP 2: Fiscal Year End Date
Verify the fiscal year end date.

If the date is incorrect, indicate so by following the instructions on the screen. Submit a copy of the ordinance or resolution (legal documentation) formally changing the fiscal year end date.

STEP 3: GASB 34, Accounting Method, Debt, Utility, Home Rule and TIF

What is GASB 34?

GASB 34 is an accounting rule change. *Governmental Accounting Standards Board, Statement X*, changes the way local governments value their assets. GASB 34 contains basic financial statements, management discussion & analysis (MD & A), and required supplemental information. If you have any further questions regarding GASB 34, contact your accounting professional or visit www.gasb.org.

A. <u>GASB 34</u>: If your unit of local government has implemented GASB 34 and its finances have been maintained and compiled as described by GASB Statement No. 34, select "Yes" and complete the Alternative Asset & Liability page, located on page F1(b). If not, select "No" and fill out page F1.

✓ **NOTE**: Governments who have implemented GASB 34 and are using "Other Comprehensive Basis of Accounting" (OCBOA) such as 'Cash Basis' and 'Modified Cash Basis' as their accounting system will now be able to select these types as their accounting system. Also, GASB 34 does not apply to governments that have Account Groups.

B. <u>Accounting System</u>: If your government has an audit, the method of accounting will be detailed in the first note of the *Financial Notes* section. There are four methods of accounting to choose from: *Cash – with assets (Modified Cash Basis); Cash - with no assets (Cash Basis); Modified Accrual/Accrual; or Other Combination.* If your government is not sure which accounting method is being used it can be presumed that your government utilizes the "cash method".

✓ **NOTE**: If you are using the cash method of accounting without assets, you may use the short form. Many governments, especially small special purpose governments, use the cash method, with no transactions resulting in assets *[Cash – with no assets (Cash Basis)]* and should file the Short Form. The short form will eliminate several rows or codes of spending categories that small governments never use.

If your government does not have an audit, consider the following in determining what accounting method you use.

- **Cash – with no assets (Cash Basis):** If your government maintains its books using the same method used to balance a checkbook and there are no ongoing records or systems used to document day to day debts or anticipated revenue, your government is using the cash method resulting in no assets.

- **Cash—with assets (Modified Cash Basis):** If your government maintains day-to-day records of outstanding revenue owed, day-to-day records of owed debts or future debts, and the fund balance includes these assets (outstanding revenue) and liabilities (debts), then your government uses the cash method with assets.

- **Modified Accrual/Accrual:** If your government recognizes financial transactions when the revenue is both measurable and available; when expenditures are expected to draw on the current available resources and or when the effects of financial transactions have cash consequences in the periods in which those transactions, events and circumstances occur it uses the modified accrual /accrual method of accounting.

- **Other Combination**: Please explain.

C. <u>Bonded Debt</u>: If the government has any bonded debt it must be indicated in this section. There are three types of bonded debt: General Obligation (G.O.) Bonds, Revenue Bonds or Alternate Revenue Bonds. If you check yes, you will also need to record funds in the Expenditures (Code 259) section, and in the Statement of Indebtedness section (Code 401 through Code 423), or have a Debt Service Fund. For further definition of the debt types, refer to the *Chart of Accounts and Definitions*.

D. <u>Debt (other than Bonded Debt)</u>: If the government has contractual debt or any other debt that is not bonded debt, it must be indicated in this section. If you check yes, you will also need to record funds in the Expenditures (Code 259) section, and in the Statement of Indebtedness section (Code 401 through Code 423), or have a Debt Service Fund. Loans from a bank should be indicated in the Contractual sub-account. For further definition of the debt types, refer to the *Chart of Accounts and Definitions*.

E. <u>Public Utility Operations</u>: If the reporting government <u>owns</u> or <u>operates</u> a utility operation, please indicate "Yes". If "YES", check mark the appropriate the type(s) of utility within your unit of government.

If your government owns or operates a utility, provide financial data regarding the revenue collected from the utility operation. It is recommended that the revenue be recorded as Charges for Services (Code 234) and the expenditures as Utilities (Code 271).

F. <u>Home Rule Unit</u>: If the reporting government is a home rule unit, please indicate "Yes." Under Section 6 of the Illinois Constitution, a municipal government with a population over 25,000 is a home rule government, unless the unit has a referendum electing not to be a home rule unit. Municipal governments with a population under 25,000 can also elect to become home rule units of government. Home rule units of government have special powers granted to them under the constitution.

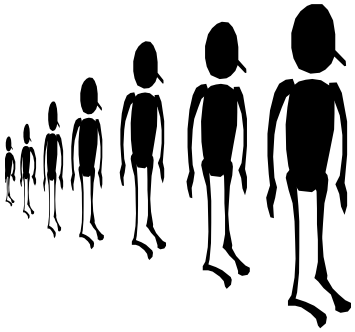
G. <u>Tax Increment Finance</u>: Answer "YES" to this question if a Tax Increment Finance (TIF) district has been established under the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11 – 74.4-3 et. seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11 – 74.6-10 et. seq.]. Your government should also file annual TIF Reports with the Office of the Comptroller. Information for each TIF district must be submitted 180 days after the close of the municipal fiscal year. TIF report forms and instructions can be requested from the Office of the Comptroller at 877-304-3899 or may be downloaded from the Local Government Department section of our website at: www.illinoiscomptroller.com. For more information, contact the Local Government Assistance Hotline at 877-304-3899.

> ✓ **NOTE:** Municipalities are the *ONLY* type of local government that can establish a TIF district.

H. <u>Pension Funds / Retirement Benefits:</u> Answer "YES" to this question if your government has established pension plans and/or retirement benefits. Then indicate the type(s) of pension funds or other retirement benefits and record funds in the Pension Funds/Retirement Benefits section (Code 500 through Code 505). For further definition, reference the *Chart of Accounts and Definitions*.

STEP 4: Population, EAV, Employees, and Salaries

- **Estimated Population:** All governments **MUST** provide population or estimated population. Municipalities and counties can obtain population information from the Illinois Department of Revenue (IDOR) or the U.S. Census Bureau. Townships can get population information from the Township Officials of Illinois. If you do not know the population and cannot get it from any of these sources, please provide an estimated population.



- **Equalized Assessed Valuation (EAV):** You can obtain this information from your County Assessor or the Illinois Department of Revenue. If you do not have property tax, the county assessor may not have this information. If you do not know your EAV and do not collect property tax, it is acceptable to put N/A (or zero for Internet filers) in that field.
- **Numbers of Employees:** Employees are individuals, for whom your government provides Internal Revenue Service (W-2) forms, including elected officials. Do not record voluntary help or persons paid on contract. If you have employees recorded on this section, you must provide the salary for those employees in the next question.
- **Salaries:** This includes salaries and wages paid to employees of your government. If you have employees listed in the above question (either full-time or part-time), you must include their wages and/or salaries in this space. Do not include amounts paid for contracted services.

STEP 5 & 6: Component Units/Appropriation

✓ **NOTE**: If your government reports financial data for its component unit(s), without correctly filling Steps 5 & 6 out, the component unit may be considered delinquent. Please carefully read these instructions and report the financial data for blended component units in the appropriate fund columns.

Provide information regarding the primary government and component unit information including appropriation & fiscal year end. Data in the following areas should be recorded:

- **Name of Unit/Component:** The first row should contain the name of the primary government. Each succeeding row should provide the name of a component unit that is part of the primary government. DO NOT LIST FUNDS HERE. Examples include Road and Bridge District, Library District, Cemetery District, etc.
- **Appropriation:** In the second column of the first row list the appropriation or budget amount for the primary government. Subsequent rows should provide the appropriations or budget amounts for the corresponding component unit. If the primary government or component unit does not appropriate a budget or levy taxes, please enter the unit's total expenditures.

  Some component units may be pre-printed on your form. All pre-printed data was submitted on the previous year AFR. If that information is not correct, please scratch out the component unit listed. If component units are missing, please add them.

✓ **NOTE**: State law requires your unit's legislative body to provide a budget or appropriation in order for your local government to spend funds. This is usually in the form of an appropriation ordinance. State statutes further require that expenditures do not exceed appropriations. Please make sure the Total Expenditures\Expense (Code 270) are NOT greater than Total Appropriations. If you do not have an appropriation, then you should provide your expenditure amount and an explanation. Levies are not legal appropriations or budgets and therefore should not be included. **Municipalities can also follow State Budget Act**.

- **Type of Component Unit:** Indicate if the component unit is a blended or a discretely presented component unit. If the component unit is blended, the financial data should be presented in a blended format by combining all component unit funds with the primary government funds. Component unit general funds should be presented in the Special Revenue column of the AFR. If the component unit is discretely presented, include all financial data for the component unit in the Discretely Presented Component Unit column throughout the rest of the form.

All road and bridge districts are blended component units.

WHAT IS THE DIFFERENCE: BETWEEN A FUND AND A COMPONENT UNIT?

Local officials often ask this question. This section is meant to shed some light on the matter.
Component units are legally separate organizations (*may be a governmental organization* [except those that meet the definition of a primary government], *a nonprofit corporation, or a for-profit corporation*) for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.
A **fund** is created through an ordinance or legislation crafted by the primary or state government. It is not a governmental unit. "Funds" are grouped into three fund types: governmental, proprietary, and fiduciary and are defined as an independent accounting entity with a self-balancing set of accounts. Special funds often restrict what monies can pay for services and it prohibits the movement of monies from one fund to another without the approval of the board of the unit of government.

- **Fiscal Year End:** The fourth column should include the fiscal year end for the primary government and component units. Most component units have the same fiscal year end as the primary government. However, if the fiscal year end is different list it as such.
- **Governmental / Proprietary / Fiduciary Fund Type:** In the last column, indicate if your component unit is funded with (1) Governmental Funds, which consist of General, Special Revenue, Capital Projects, or Debt Service Funds or (2) Proprietary Funds, which include Enterprise or Internal Service or (3) Fiduciary Funds, which include funds established for governments to hold or manage financial resources in an agent or fiduciary capacity.

If you need more information about primary governments or component units after reviewing the *Chart of Account and Definitions*, you can review the Governmental Accounting Standards Board (GASB) Statement No. 61 (amends GASB Statement No. 14) for more information. You can contact GASB by calling 1-203-847-0700, extension 14 or by logging on to www.gasb.org.

STEP 7: Other Governments
Record payments made by the local government to federal, state, or other local governments. This does not include state retirement or social security payments. If no payments are made to other governments, enter zero in all boxes. Indicate all payments for intergovernmental agreements.

STEP 8*:* Fund Listing & Account Groups
List all legally established funds, how much was spent from each fund, the type of each fund, and the fiscal year end date of each fund.

A. <u>Provide the following information on the funds table</u>:

- **Fund Name:** List all funds used for reporting purposes. Do not record separate bank accounts or levies that do not have legally defined funds. Separate accounts based on separate levies often make up one fund. Some governments have separate accounts for social security, insurance, and/or pensions. However, these accounts are all part of the general fund. Unless your government has passed legislation (or created in its charter) regarding special funds, all accounts are general funds.

- **Expenditures:** Indicate total amount of money spent per fund in the reporting fiscal year. Expenditures listed in this section should equal the Total Expenditures/Expense (Code 270) in the Expenditures/Expense section of the AFR. If the expenditures listed in this question substantially deviate from the expenditures listed in Total Expenditures/Expense (Code 270), please provide an explanation.
- **Fund Type:** The AFR provides for eight different fund types (general, special revenue, capital projects, debt service, enterprise, internal service, and fiduciary), which are listed as column headings. Each local government fund should be accounted for in one of these funds types.
- Each government will have at least one general fund, except for Enterprise Governments. The smaller the government, the fewer fund types a government should have.
- All townships having road and bridge districts should include the financial data of the Road and Bridge District's fund in the Special Revenue Funds column in the financial section of the AFR.
- **Fiscal Year End:** Most funds have the same fiscal year end date as the government they are part of. If a fund has a different fiscal year end date, please indicate.

B. <u>Account Groups</u>:

Technically, Account Groups are not funds. Account Groups is an accounting term used to present fixed assets or long-term debt. If your government has fixed assets or long-term debt, this is the appropriate designation to indicate those accounts.

When applying accounting standards, Account Groups are defined as accounting entities used to establish control over and accountability for the government's general fixed assets and the unmatured principal of its general long-term debt, including special assessment debt for which the government is obligated in some manner. Account groups are dissimilar to funds in that they are not used to account for sources, uses, and balances of expendable available financial resources.

✓ **NOTE**: Local governments who have implemented GASB 34 should NOT have Account Groups.

Question:
How can I tell the difference between an account and a fund?

Answer:
First, check if an ordinance or any other legally binding documents have been established to direct the use of specific funds collected. The Clerk should have a record of all ordinances passed. If you cannot locate any ordinances and any two of the following indicators are true, you likely have a restricted special fund:

- Levy for a specific program
- Transfer of funds from one account to another cannot be made without board approval
- An appropriation or budget ordinance that names a fund

STEP 9*:* Governmental Entities
Provide a list of all governmental entities that have a relationship to the primary government. Indicate nature of relationship. Typically, this question applies to municipalities and counties. Examples of governmental entities include Police Pension Funds and Hospitals. Review the *Chart of Accounts and Definitions* for more information regarding types of Governmental Entities.

STEP 10: Reporting
Indicate other agencies receiving financial reports from your unit of government. The Office of the Comptroller and the County Clerk have both been checked since it is mandatory to file a copy of the AFR with these offices.

ASSETS, LIABILITIES, AND EQUITY - F1(a)
CODES 101 - 145

✓ **NOTE: If your unit of government has implemented GASB 34, please leave page F1(a) blank and proceed to page F1(b).** Page 11 of this "How To" document provides directions on how to fill out Page F1b, the *GASB 34 Alternative Assets & Liabilities* section.

This section is used to record assets, liabilities, and equity for your unit of government. DO NOT record revenue and expenditures here. You should report all future tangible or intangible economic benefits and liabilities in this section. Your government's equity, including fund balance and investments in general fixed assets, should also be reported here.

If you are using the SHORT FORM, you will only provide information about the government's cash, investments, and fund balances.

If you are using the LONG FORM, you will need to provide additional information regarding your government's assets, liability, and equity.

Cash (Code 101) and Investments (Code 102): reflects all the funds available to you at the end of the year. If you do not have any other assets, these two combined rows should equal your Current Year Ending Balance (Code 310). Investments should be included in the fund balance.

Fixed Assets (Code 111): Fixed assets are always recorded in the "Account Groups" column and should NEVER be reported in the "General" or "Special Revenue" columns. This row should be used to record the value of any land or equipment that lasts longer than a year. If the asset was purchased with general, special revenue, capital project or debt service funds it cannot be depreciated. If you do not know the value of the asset when it was purchased, it is acceptable to estimate the cost at the time of purchase. If you do not know the value of your assets and cannot determine the original price, leave this field blank and provide a notation of this on the explanation page.

Amount available or to be provided for retirement and payment of long-term debt (Codes 113 and 114): records the entire amount of your debt. The Amount Available for Retirement of Long-Term Debt (Code 113) should be the amount being paid this year on your debt. The Amount to be Provided for Payment of Long-Term Debt (Code 114) should equal the remaining amount of debt after payments in the current year. Codes 113 and 114 should equal the totals in Debt Service Payable – Principle (Code 133) and Debt Service Payable – Interest (Code 134). If they are not, please provide an explanation. Other Liabilities (Code 128) may also be a part of Code 113 & Code 114. Additionally, figures reflecting debt related activities should be provided on the Statement of Indebtedness page (F7).

TOTAL LIABILITY & EQUITY MUST EQUAL TOTAL ASSETS

(CODE 145) = (CODE 120)

Question

Our government incurred debt for FY 2016, how do we record this under assets and liabilities?

Answer

In Code 114 - Amount to be Provided for Payment of Long-term Debt you should record the amount of accumulated debt or total debt (principal & interest) that remains at the end of the fiscal year. The amount of debt paid during the current fiscal year should be recorded in Amount Available for Retirement of Long-term Debt (Code 113).

In the liabilities section, the principal should be reported in Debt Service Payable – Principal (Code 133) and the amount owed in interest should be accounted for in Debt Service Payable – Interest (Code 134).

Also, do not forget to complete the Statement of Indebtedness page if you have debt.

Question

Our government has a six-month certificate of deposit (CD). Do we account for this money under Cash and Cash Equivalent or Investments?

Answer

Account for this money in Investments (Code 102) if it has been a CD for six months or more. However, if the CD's term is less than three months, it should be accounted for in Cash and Cash Equivalent (Code 101).

Question

I have listed my 'compensated absences' amount on Amount to be Provided for Payment of Long-term Debt (Code 114), in the Assets section. Where do I list this amount in the Liabilities section?

Answer

This amount can be listed in Other Liabilities (Code 128). This will result in an error message saying that (Code 113) and (Code 114) should equal (Code 133) and (Code 134). In the explanation field, state that codes 113 and 114 do not equal due to "Compensated Absences" being recorded in Other Liabilities (Code 128).

GASB 34 ALTERNATIVE ASSET & LIABILITY - F1(b)
CODES 101 - 145

✓ **NOTE:** The Alternative Asset & Liability page should be used by those units of government that have implemented GASB 34. If your unit of government has not implemented GASB 34 leave this page blank and proceed to the Revenue/Receipts section.

The Alternative Asset & Liability page was developed in response to various local government officials and accounting professionals indicating the difficulty in cross-walking asset and liability data from the GASB 34 audit to the AFR. The layout of this page has been drafted similar to that of the Statement of Net Assets, allowing for easy reporting of Asset and Liability activity within your government.

This page has been structured with column headings consistent with Fund-based Financial Statements. The *Governmental Activity* column should contain data from your governments General, Special Revenue, Capital Projects and Debt Service funds. The *Business-Like Activity* column should contain data from the Enterprise and Internal Service funds, while the Fiduciary and Discretely Presented Component Units columns should contain data from their respective funds.

ASSETS

Capital Assets (Code 116): record the value of land, land improvements, buildings, building improvements, construction in progress, machinery and equipment, vehicles, infrastructure, easements, including software and intangibles, and works of art and historical treasures. If you do not know the value of the asset when it was purchased, it is acceptable to estimate the cost at the time of purchase.

LIABILITIES

Due Within One Year (Code 129): Indicate the amount of debt your government has that is due within the current reporting year.

Due Beyond One Year (Code 130): Indicate the amount of debt your government has that is due for repayment beyond the reporting year.

NET POSITION

Net Position – Restricted (Code 148): Report any restricted net assets (i.e. assets restricted by creditors, grantors, contributors, laws, regulations, or when imposed by law through constitutional provisions or enabling legislation) in Code 148.

REVENUES/RECEIPTS
Codes 201 - 240

Revenue and receipts from all fund sources should be reported in the revenue section.
The Revenue/Receipts section consists of three main categories:

- Local Taxes (Codes 201-204)
- Intergovernmental Receipts & Grants (Codes 205 -226)
- Other Sources (Codes 231-236)

LOCAL TAXES reflect all revenue or receipts collected through the taxing process that your unit of local government has imposed.

Property Tax (Code 201): is the most common source of revenue for governments. Almost all governments "levy" property taxes. For smaller governments, property tax may be the only source of revenue collected.

Local Sales Tax (Codes 202): record the sales tax that the local government specifically imposes over and above the state imposed sales tax. Approximately 80 municipalities and 12 counties impose this tax. No townships have this tax.

Utility Tax (Code 203): Municipalities and counties have the power to impose specific utility taxes. Townships do not have this power, but a township can own a utility and receive proprietary funds from a utility tax. This major account has several sub-accounts including Electric, Water, and Communications Utilities. Record other revenue generated from utility taxes in Code 203d.

INTERGOVERNMENTAL RECEIPTS & GRANTS are revenue sources from state, federal, and other local governments. This includes any grants obtained from other governmental agencies (federal, state and/or local).

State Income Tax (Code 211): is received by municipal and county governments. Townships do not receive any State Income Tax and should not record amounts in this code. You can contact the Illinois Department of Revenue to verify the amount of State Income Tax your local government received from the state.

State Sales Tax (Code 212): is received by all municipal and county governments. Townships do not receive any State Sales Tax and should not record funds in this code. The Illinois Department of Revenue can verify the amount your local government received from the state.

State Motor Fuel Tax (Code 213): is distributed from the state to municipalities, counties, townships, and road districts based on state statutes. Ninety-five percent of counties and municipalities collect Motor Fuel Tax from the state. Only 25% of townships collect Motor Fuel Tax. Some townships incorrectly report Motor Fuel Tax revenue. If the monies are received from a municipality or county these funds should be regarded as revenue, received from other local governments and recorded in Other Intergovernmental Sources (Code 226).

✓ **NOTE***:* State Motor Fuel Tax (Code 213) differs from Streets and Highways (Code 215d). The Streets and Highways category is to record all funds received from the state other than the Motor Fuel Tax funds distributed by formula.

Replacement Tax (Code 214): is provided from the state to any local government that collected personal property tax before 1970. Most governments receive Replacement Tax, sometimes called the Personal Property Replacement Tax, from the state. The Department of Revenue can verify the amount of Replacement Tax your government received.

State Gaming Taxes (Code 205): is based on five different taxes the state collects and reimburses to local governments. The five taxes include: 1) Riverboat Gambling Taxes and Fees, 2) Racing Privilege Tax, 3) Bingo Tax and License Fees, 4) Charitable Games Tax and License Fees, and 5) Pull-Tab and Jar Games Tax and Fees. You can verify how much your government received from any of these taxing sources with the Department of Revenue.

Other State Sources (Codes 215): record revenue from the state that is not listed in Codes 211 - 205. This category should generally provide funds from state agencies for grants or capital programs. If you receive grants or funds from the Illinois FIRST Program, it should be included in this category. See the *Chart of Accounts and Definitions* for a definition of sub-accounts.

Federal Sources (Code 225): record all funds your government received from the federal government. See the *Chart of Accounts and Definitions* for a definition of sub-accounts.

Other Intergovernmental Sources (Code 226): record all revenue you receive from the other governments. This category should include all funds received from intergovernmental agreements or funds received for cost-sharing programs. See the *Chart of Accounts and Definitions* for a definition of sub-accounts.

OTHER SOURCES covers local revenue derived by a method other than a tax.

Licenses and Permits (Code 231): record revenue from businesses, occupations or non-business activities, which must be licensed before doing business within the government's jurisdiction or before an activity (motor vehicle operation, hunting, marriage or pet ownership), may be conducted within the government's jurisdiction.

Fines and Forfeitures (Code 233): record revenue derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations and for the neglect of official duty; moneys derived from confiscating deposits held as performance guarantees.

Charges for Services (Code 234): record all funds received from specific services your government provides. Public Utility income is usually listed in this section. See the *Chart of Account and Definitions* for a definition of sub-accounts.

Interest (Code 235): record all income received from interest.

Question
Our government receives all of its revenue from property taxes. To our knowledge, this is the only source of revenue our township receives. Are we reporting our revenue correctly?

Answer
Few governments receive all of its revenue from one taxing source. Multi-Township Taxing Assessment Districts are an exception. Most governments created before 1970 that levy a property tax also receive State Replacement Tax (Code 214). If you do not know how much money you received from this taxing source, you can obtain that information from the Department of Revenue.

Question
Where should my government record local sales tax?

Answer
If your government passed an ordinance or referendum increasing your local sales tax rate over the state sales tax rate, you should record the local sales taxes raised from the ordinance or referendum in Local Sales Tax (Code 202).

Record all sales tax received from the state due to the revenue sharing formula provided in state statutes (1.5% of the 7.5% collected) under State Sales Tax (Code 212).

Question
How do I know which column to use to record revenue?

Answer
Only town or general fund should be recorded under the "General Fund" column. All funds are general funds unless an ordinance, resolution, statutes, or charter has designated the fund for a specific purpose.

Very small governments usually have only a general fund. All townships that have road and bridge districts will have general funds and special revenue funds. The general fund for the Road and Bridge district should be recorded in the "Special Revenue" column.

See the *Chart of Accounts and Definition* for a definition of funds.

DISBURSEMENTS/EXPENDITURES & EXPENSES
CODES 251 – 270

Total expenditures should not be greater than your Total Appropriations (primary government's appropriation + any component unit appropriations) listed on Steps 5 and 6.

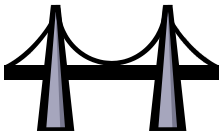
Expenditures should be recorded by program or function. All the accounts that require detailed reporting have a lowercase letter after the Code number (e.g. Code 251a). These expenditures should be reported in the sub-account rows instead of the major account rows. The *Chart of Accounts and Definitions* provides a detailed explanation of what should be recorded in each sub-account.

General Government (Code 251): Record the expenditures and expenses of all administrative functions. If your government provides no other services except basic administrative functions, it is acceptable to record all expenditures in this code. However, if your government provides any services, it is prudent to record expenditures under the specific program that it provides.

Public Safety (Code 252): Record expenditures for the protection of persons and property. The majority of sub-accounts under Public Safety are police protection, fire protection and protective inspection. The *Chart of Accounts and Definitions* provides a detailed explanation of what should be recorded in each sub-account.

Corrections (Code 253) : Record expenditures for the confinement and correction of adults and minors convicted of offenses against the law and pardon, probation and parole activities. Include costs for probation officers and non-residential halfway houses. This function generally only applies to counties. It may apply to a few municipalities.

Judiciary and Legal (Code 254): Record expenditures for the judicial activities of the government, including criminal courts, grand jury, public defender, civil courts and the law library. Include the cost of legal departments, general counsels, and attorneys providing government-wide services.



Transportation and Public Works (Code 255): Record all costs related to transportation including streets, highways, parking facilities and airports.

Social Services (Code 256): Record all costs related to Social Services such as welfare (general assistance), health programs, administration of hospitals, and administration of cemeteries.

Culture and Recreation (Code 257): Record expenditures for cultural and recreational activities maintained for the benefit of residents, citizens and visitors. The *Chart of Accounts and Definitions* provides a detailed explanation of what should be recorded in each sub-account.

Housing (Code 258): Record all expenditures related specifically to housing.

Environment (Code 275): Record all expenditures as they relate to the environment including sewer and solid waste management.

Debt (Code 259): Record any payments toward the retirement of your government's debt.

✓ **NOTE**: If you record any funds under Debt (Code 259) you must also complete the "Statement of Indebtedness" section.

Public Utility Operations (Code 271): Record all costs related to owning and operating a public utility operation including services for sewer, water, gas, and mass transit. Do not include utility bills the government pays for utility services. Those services are generally recorded in General Government (Code 251).

Depreciation (Code 272): Depreciation can only be recorded for enterprise fund types. Capital Assets are not recorded in governmental fund types, so are not depreciated.

Capital Outlay (Code 280): Record all costs associated with new construction and/or the cost to purchase land, structures, and equipment. If capital costs are built into other programs do not duplicate the cost here (e.g., if your government is upgrading a jail, that cost could be recorded under Public Safety or in Capital Outlay).

FUND BALANCE
Codes 301 – 310

The fund balance section indicates all financial transactions and the Current Year Ending Fund Balance (Code 310).

Excess of receipts/revenue over (under) expenditures (Code 301): is a simple calculation of Total Receipts and Revenues (Code 240) minus Total Expenditures/Expense (Code 270). This should be a positive number. If the number is negative, it could be a sign of fiscal stress and should be explained on the explanation page.

Operating transfers in (Code 302) & operating transfers out (Code 303): should indicate any amounts transferred from one fund to another in the current fiscal year. The total of these two rows should be equal. If the total sums are not equal, you should provide an explanation for the inequitable transfers.

Bond Proceeds (Code 304): is used to record income from the sale of bonds. Bonds are not considered revenue and must be included as a change to the fund balance instead of a revenue source.

Other (Code 305): is to record all fund balance changes. Include taxes, interest expense and other income expenses included in the Enterprise, Internal Services and Fiduciary fund types.

Previous Year Fund Balance (Code 307): is the amount of funds your government began its fiscal year with; it should correspond to the Current Year Ending Fund Balance (Code 310) on your FY 2013 AFR. If you have a different beginning fund balance than reported in your previous year AFR in (Code 310) please provide an explanation.

Other (Code 308): Please give an explanation if & why you use Code 308.

Current Year Ending Fund Balance (Code 310): should equal the amount of funds with which you are concluding the fiscal year. If your unit of government reports a negative number in (Code 310), this indicates extreme fiscal stress. This means your government is in a "deficit position" and a thorough assessment of all operational activities should be undertaken. You must provide an explanation as to why your government ended the current fiscal year in a deficit, detailing any and all indicators contributing to such a situation.

STATEMENT OF INDEBTEDNESS
Codes 400 - 423

The Statement of Indebtedness section summarizes debt activity during the current fiscal year. If you have debt listed on page(s) F1(a), F1(b) or on the Disbursements/Expenditures section, you should complete the Statement of Indebtedness.

General Obligation Bonds and Revenue Bonds have sub-accounts allowing you to indicate the type of program or activity bonds that were issued.

All the accounts that require detailed reporting have a lowercase letter after the code number (e.g. Code 400a). Report the debt figures in the sub-accounts instead of the major account rows.

The *Chart of Accounts and Definitions* provides a detailed explanation of what should be recorded in each sub-account.

Outstanding Beginning of Year (Codes 400 – 405): record the amount of debt your government began with in FY 2015. If the amount is different from your FY 2013 Outstanding End of Year Debt, please provide an explanation.

Issued Current Fiscal Year (Code 406 – 411): record the amount of debt "issued" or taken out during the reporting fiscal year.

Retired Current Fiscal Year (Codes 412 – 417): record the amount of debt "retired" or paid off by your government during the reporting fiscal year.

Outstanding End of Year (Codes 418 – 423): record the total debt owed at the end of the reporting period. If your government has assets it should also correspond with Codes 114, 133, and 134 on the Assets, Liabilities, & Equity page, F1(a) and/or codes 129 and 130 on the Alternative Asset & Liability page, F1(b).

Remember that Codes on the "Statement of Indebtedness" section are added by ROW and by COLUMN.

DEBT LIMITATIONS AND FUTURE DEBT

LEGAL DEBT LIMITATION (TOTAL): is the maximum amount of debt entity can undertake.

DEBT APPLICABLE TO THE LIMIT (TOTAL): is applicable debt limited by statute.

LEGAL DEBT MARGIN: is the difference between Total Legal Debt Limitation and Total Debt Applicable to the Limit. *THIS FIELD IS AUTOMATICALLY CALCULATED.*

LEGAL DEBT MARGIN: is the calculated amount of debt available. Legal Debt Margin divided by Total Legal Debt Limitation. *THIS FIELD IS AUTOMATICALLY CALCULATED.*

FUTURE DEBT SERVICE REQUIREMENTS: applicable to bonded debt

PENSION FUNDS / RETIREMENT BENEFITS
Codes 500 - 505

500 **Actuarial Valuation Date (VD):** The point in time in which an asset is assigned a dollar value.

500a **Reporting Date (RD):** the plan's and/or the employer's fiscal year-ending date.

500b **Measurement Date (MD):** The date at which the employer's Total Pension Liability and Fiduciary Net Position will be measured, which may result in a net pension liability. Once decided, this date should remain consistent from year to year.

501 **Total Pension Liability (TPL):** The portion of the actuarial present value of projected benefit payments that is attributable to past periods of employee service in conformance with requirements of Statement 68 as of the measurement date.

502 **Plan Fiduciary Net Position (FNP):** The actual amount of assets held in the pension trust for a plan as of the measurement date. (Also called the market value of assets)

503 **Net Pension Liability (NPL):** The difference between the Total Pension Liability and the Fiduciary Net Position as of the measurement date.

504 **Plan Fiduciary Net Position as a Percentage of Total Pension Liability:** The percentage of the dollar value of the accrued benefits that is covered by the actuarial value of assets (AVA).

505 **Net OPEB Liability:** The difference between the total OPEB liability and the OPEB plan's fiduciary net position.

IMRF (Illinois Municipal Retirement Fund): This section is for the payment of retirement, disability, and death benefits for employees of local governments and school districts (excludes City of Chicago and Cook County).

SLEP (Sheriff's Law Enforcement Personnel): This section is for the payment of retirement, disability, and death benefits for county sheriffs, deputy sheriffs, forest preserve rangers and airport police and certain police chiefs.

OPEB (Other Post-Employment Benefits): This section is defined as benefits that an employer offers to retirees as compensation for past services. It includes postemployment healthcare benefits (such as medical, dental, vision, hearing), but may, under certain circumstances, also include other benefits such as life, disability and long term care insurance.

CAPITAL OUTLAY
CODES 601 - 617

If you do not have any capital expenditures or expenses, this section is not applicable to your government.

The Comptroller's Office considers this section optional. The Comptroller's Office has included this section at the request of the U.S. Census Bureau. If you complete this section, as well as the rest of your AFR, you will not have to complete the six section, legal paper size "Survey of Government Finances" from the U.S. Census Bureau. If you do not complete this section, the Census Bureau will require further information from your government.

The structure of this section is different from the rest of the financial report. This section is intended to measure capital project expenditures regardless of fund. Each row represents a program or function. The columns represent objects or types of spending instead of funds. There are no distinctions of spending by fund.

Your government should record the cost of construction and the cost to purchase land, structures, and equipment under the programs listed in each row, regardless of fund type spent. (See the *Chart of Accounts and Definitions* for further definitions).

CPA INFORMATION

According to the Governmental Account Audit Act [50 ILCS 310], an Annual Audit submitted to the IL Office of the Comptroller shall be performed by a licensed public accountant, with a valid certificate as a public accountant under the Illinois Public Accounting Act [225 ILCS 450]. Please access the website of the Illinois General Assembly (www.ilga.gov/legislation/ilcs/ilcs.asp) to view these Acts.

1. If your government is required to submit an annual audit, please complete this page.

> ✓ **NOTE: An annual audit is required if the government is a:**
>
> - **Township or Road and Bridge** receiving total General revenue OR Special revenue [**not** combined] of $850,000 or more
> - **Township** (that does **not** have a Road and Bridge) receiving total General and Special revenue [combined] of $850,000 or more
> - **Special Purpose government** receiving total General and Special revenue [combined] of $850,000 or more
> - **Special Purpose government** Beginning FY 2016, Governmental Account Audit Act (50 ILCS 310/3) now requires ALL Special Purpose governments with Total Revenue less than $850,000 to submit to our office **EITHER** an audit every four years **OR** an AFR that has been provided to each member of the board and approved by a 3/5 majority vote.
> - **Municipality** having a population of 800 or more, OR having a bonded debt, OR owning/operating any type of public utility
> - **Municipality** having a population of 200 or less, having bonded debt less than $50,000 AND owning/operating any type of public utility
> - **County** must submit an Audit (regardless of population)

Please provide the contact information and active, nine digit [i.e. 065_ _ _ _ _ _ _ _ _], state license number of the accounting professional, auditing firm, or professional service corporation that prepared the government's annual audit.

You can look up a license on the IL Department of Financial and Professional Regulation's website at: www.idfpr.com/dpr/licenselookup/default.asp.

2. If an audit is required, contact the person, firm or professional service corporation that has been hired to perform the annual audit to confirm that their licensing status will allow them to do so.

- **Licensed Certified Public Accountant [225 ILCS 450/8]**
  - ✓ Please provide the active, nine-digit, state license number of the individual licensed certified public accountant [the license number starts with 065]. Do not enter any dashes, hyphens or punctuation in this field.
  - ✓ Please provide the current license status [i.e. ACTIVE, CANCELLED]
  - ✓ Please provide the current contact information

- **<u>Public Accounting Firm [225 ILCS 450/13]</u>**
  - ✓ Please provide the active, nine-digit, state license number of the accounting firm [the license number starts with 066]. Do not enter any dashes, hyphens or punctuation in this field.
  - ✓ Please provide the current license status [i.e. ACTIVE, CANCELLED]
  - ✓ Please provide the current business information
  - ✓ Please provide the current contact information of the accounting professional completing the annual audit

- **<u>Professional Service Corporation [805 ILCS 10]</u>**
  (This entity must provide the corporate and certified public accountant licenses.)
  - ✓ Please provide the active, nine-digit, state license number of the professional service corporation [the license number starts with 060]. Do not enter any dashes, hyphens or punctuation in this field.
  - ✓ Please provide the current license status [i.e. ACTIVE, CANCELLED]
  - ✓ Please provide the current business information
  - ✓ Please provide the active, nine-digit, state license number of the individual licensed certified public accountant [the license number starts with 065]. Do not enter any dashes, hyphens or punctuation in this field.
  - ✓ Please provide the current license status [i.e. ACTIVE, CANCELLED]
  - ✓ Please provide the individual licensed certified public accountant's current contact information

- **<u>Certification of out-of-state accountants [225 ILCS 450/5]</u>**
  (This entity must provide the corporate and certified public accountant licenses.)

> ✓ **NOTE: Out-of-state accounting professionals, auditing firms, or professional service corporations must be associated with a Certified Public Accountant, Public Accounting Firm , or Professional Service Corporation licensed in IL**

  - ✓ Please provide the State that the individual, firm, or professional service corporation is licensed
  - ✓ Please provide the active license number issued by that State
  - ✓ Please provide the current license status [i.e. ACTIVE, CANCELLED]
  - ✓ Please provide the current business information
  - ✓ Please provide the active state license number of the individual licensed certified public accountant. Do not enter any dashes, hyphens or punctuation in this field.
  - ✓ Please provide the current license status [i.e. ACTIVE, CANCELLED]
  - ✓ Please provide the individual licensed certified public accountant's current contact information

Final Quick Check

Complete the following transactions before you submit your FY 2016 AFR:

- The local government official should print out a copy of the report from the Comptroller Connect Program and sign and date the report for your records or for any other entities that you must submit this information to.
  Please DO NOT mail a copy of an AFR to the Illinois Office of the Comptroller. When you submit your report online that fulfills your requirements to us. The printed copy is for your records.

- Indicate the appropriation or budget figure for your primary government and if applicable for its component units.

- Upload a copy of your audit if your government meets the criteria on page 24.

- If your government had an Ending Fund Balance (Code 310) in FY 2015, that amount must be transferred to the Beginning Fund Balance (Code 307) for FY 2016.

- If your government had an Outstanding End of Year Debt Balance (Code 423) for FY 2015, that amount must be transferred to Outstanding Beginning of Year Debt Balance (Code 405) for FY 2016.

- Use an audit (if applicable) to fill out the AFR. In addition, most auditing firms are familiar with the AFR and could either assist or complete the AFR with the appropriate cross walks from audit to AFR.