

PSAB/Asset Management

NEWSLETTER NO. 58

PRESENTING COMPARATIVE DATA - why? and what will be involved?

By Bruce Ratford, CMA

**This Newsletter has been made available as a result of financial support from the
Province of Ontario**

The previous six newsletters looked at a 2007 municipal financial report as it had been published, and then presented in the full accrual accounting manner, as outlined in Section PS 1200 of the Public Sector Accounting Handbook, and reporting on tangible capital assets in accordance with Section 3150. Both versions showed comparable 2006 data, as well as the 2007 information. The statements also included 2007 budget data, where appropriate.

You have been publishing current year and previous year financials all along. There may be situations where the classification of an item in the financial statements of the current period may be different from that in the financial statements of prior periods as a result of a change in the allocation or grouping of items within or among relevant categories. Such a change in classification is a matter of presentation and is not, in itself, a change in an accounting policy. However, to enhance comparability with the financial statements of the current period, the item is reclassified in the financial statements of the prior periods to conform to the new basis. If you changed one of your own accounting policies, you restated the previous year on the new basis, or reported specifically on what the differences would be. The implementation of tangible capital asset accounting and of accounting on a full accrual basis is much more profound.

Unfortunately, the readers of your 2009 annual financial report will want to compare your 2009 figures with your 2008 ones, expecting that your 2008 ones will be restated on the same basis that gave rise to your 2009 ones, including full TCA accounting. Why are these comparisons important and necessary? How will you go about it?

Background

In “20 Questions about Government Financial Reporting”, published by CICA/PSAB (page 32), it is observed that

“... a government’s organizational objectives tend to be very broad, are continuously redefined in each annual budget, and are often completely revamped when there is a change of government. The budget plays a dominant role in portraying public policy. A government’s budget is a crucial element in the accountability cycle and the standard against which subsequent performance is judged.”

“..... each of the statements will include comparative numbers for the prior year that can be compared with current year numbers. Changes in performance from the prior year will be apparent. This prior year information [in the Consolidated Statement of Financial Position] highlights areas where the mix of assets and liabilities in the government’s financial position has changed from the prior year.”

Like adding a third dimension to a picture, the comparative data provides the reader with depth and perspective. While the focus of public budgeting and accounting is very much oriented towards the current fiscal year, the organization is an on-going entity, so that what happens this year will be impacted by what happened last year, and the reader will likely want to see what changes have taken place.

For your 2008 financial report, providing comparatives was easy. You probably took the final electronic version of your 2007 financial report, changed “2007” to “2008” and “2006” to “2007”, moved all of the 2007 data into what were the positions occupied by the 2006 data, input the 2008 data into the appropriate places that were occupied by the 2007 data, compiled the 2008 budget data using the same approach you used in 2007, and saved and printed the file. This gave you a well-advanced first draft of your 2008 annual financial report. Yes, you did then have to revise the Notes to eliminate 2007 specific items, and include 2008 items that required reporting on.

Thus your 2008 annual financial report used 2008 budget numbers and prior year actuals that required virtually no massaging at all.

PRIOR YEAR ACTUALS

2010 and future years

You will probably use a similar approach as for 2008, as current and prior year actual data will be reported on the same basis, and you will use the same approach for deriving your current year budget numbers that you used for the prior year.

2009

That method won’t work. As you can see in Irgendwo’s statements, the Statements have changed, including a new one, the Schedules have changed, including 4 new ones, and the Notes required a fairly substantial make-over. Will you have sufficient data to be able to restate your 2008 financials like this? Or your 2009 budget numbers? What do you do if you don’t?

PS 2120.17 states that “when a change in an accounting policy is applied retroactively, the financial statements of all prior periods presented for comparative purposes should be restated to give effect to the new accounting policy, except in those circumstances when the effect of the new accounting policy is not reasonably determinable for individual prior periods. In such circumstances, an adjustment should be made to the opening balance of the accumulated surplus / deficit of the current period, or such earlier period as is appropriate, to reflect the cumulative effect of the change on prior periods.”

If one chooses to not restate, a cumulative adjustment representing the effect of the change in an accounting policy on prior periods is made in the period in which the change is made as an adjustment

to the opening balance (i.e. Jan 1, 2009) of the accumulated surplus/deficit. If one chooses to restate, the balance of the accumulated surplus/deficit at the beginning of the earliest period (i.e. opening 2008) presented is restated to reflect the cumulative effect of the change on periods prior to that date.

For prior year actuals in 2009, your choices then are:

1. retroactive application with restatement of prior periods, i.e. restate them on the new accounting basis, including TCA information;
2. retroactive application with no restatement of prior period, or include as originally presented for 2008, but include a reconciliation schedule that tries to tie the two different sets of numbers together; or
3. do not include prior year actuals. **This option is contrary to PSAB accounting guidelines (see PS1200.018), so don't even think about it.**

Option 1, full restatement, with perhaps the inclusion of a one-time note that reconciles the restated numbers back to the figures published in your 2008 annual financial report is the preferred option (PS 2120.14).

You should have 100% of the information required for a complete restatement, or be able to reconstruct what you do not have. This assumes that your 2009 financial reporting will be fully compliant with the new accounting model.

If you know what TCAs you had on January 1, 2009, you can readily determine what your 2008 acquisitions were. You should be able to find records on all of your 2008 disposals, and on their net book value, so that you can report on them. If you cannot, perhaps you should be critically reviewing your internal control processes.

If you assumed that the assets disposed of had a net book value of zero, the revenue received would be net gain on sale of assets. If you use the January 1, 2009 inventory value to work back to calculate the 2008 amortization expense, allowing for 2008 acquisitions at 50% and ignoring disposals, you will be much closer to reality than if you don't even try. The difference is probably about 1 or 2% at most.

You can cover off virtually all of the pieces in this puzzle in a similar manner. Look at Irgendwo's Note 2 (vii) about the use of estimates. A reasonable estimate is always better and more informative than nothing. Your auditor will also be assessing how reasonable your estimates are as part of the audit.

Option 2, provision of the same numbers that were published in the prior year's report, is permitted by Handbook Paragraph PS2120.20, but requires that *".... the fact that the statements of prior periods that are presented have not been restated should be disclosed. The cumulative adjustment to the opening balance of the accumulated surplus/deficit of the current period should also be disclosed."*

However, it can be argued that this accounting change for fiscal 2009 is so significant and so profound that this "waiver" does not apply in this circumstance. Again, look at any of the four Irgendwo financial statements. How would you cobble a column of numbers from a published statement into the corresponding statement in the new format? Especially when one of the new statements did not exist before?

While potentially doable, this option is not really workable.

Option 3, non-provision of prior year actuals at all would be an easy way out. However, your auditor will almost certainly question this lack, and will likely give you a qualified opinion as a result, as your financial report will lack the perspective and depth for a reader that we talked about at the beginning of this newsletter. Don't go there.

Guideline PSG-7 provides transition guidelines, and does address the situation of not having complete information about some categories of tangible capital assets, but for fiscal years prior to 2009 (Paragraph PSG-7.5). There is no absolution provided for not providing comparative prior year financial information in 2009.

When and How?

At time of writing, most municipalities have documented and valued their asset inventories, and are starting to account for and manage the records of their TCAs on an on-going basis. They have, or shortly will have, policies on TCA accounting, so that the 2009 financial reporting process should go relatively smoothly, and provide the information required for the annual financial report.

Currently you have probably finished preparing your 2008 financial report. Soon after it is completed and signed off, the ideal strategy is to take the report and to go through and restate the 2008 information in the new reporting formats. Do this while the file is still fresh, and staff can remember how they came up with the information that was presented. As stated earlier, do the necessary estimating to fill in some of the blanks for which hard data does not exist, when you will more likely have the time and the inclination to do it. Or the time to try to dig up the missing information.

Remember that if you do this in the next couple of months, the files you may need to consult will still be around, whereas they may have gone to archive by early next year.

During the MFOA/AMCTO Spring 2009 Workshops, Dan Wilson of Watson & Associates Economists Ltd. presented a very straight-forward technique for restating your 2008 financial data in the new reporting format. This uses a trial balance approach and a series of journal entries to translate the 2008 published statement balances into a version consistent with the new financial reporting model. A sample of the worksheet, and a copy of Mr. Wilson's presentation can be found on the MFOA website.

2009 BUDGET DATA

The Public Sector Accounting Board (PSAB) develops standards for financial statement reporting and accounting principles appropriate for government. PSAB does not develop standards for other financial reports published by municipalities such as the budget. Although PSAB would encourage it, budgets do not have to be prepared on a full accrual basis. The primary interest of PSAB, in accordance with Section 1200, is to present budget amounts on two of the four financial statements, with the objective of allowing users to compare actual results against what was planned.

Objectives of Presenting Budget Amounts in Financial Statements

The following paragraphs speak directly to this objective in reporting budget amounts.

“A comparison of the actual results with those originally forecast by the budget to identify significant variances is information that helps users assess the government's results in the management of its resources and financial affairs. (PS 1100.59)

“Important accountability information about the budget decisions of the current period is provided when financial statements include a comparison of the government's actual and planned financial results of its management of its resources, obligations and financial affairs in the period. (PS 1100.62)

“ The budget plays a dominant role in portraying public policy. It establishes estimates of revenues and expenses / expenditures. The budget includes financing requirements for both operating and capital spending. It is used to set tax rates and determine borrowing requirements. A government's budget is a critical element in the accountability cycle and the standard against which subsequent performance is judged. Governments are thus held publicly accountable for the choices they have made, for their programs, the cost of services, and the financial position of their jurisdiction. (PS 1100.63)”

Two comparisons of actual and budgeted results, on the Statement of Operations and the Statement of Change in Net Debt respectively, provide the key accountability information integral to evaluating the municipality's performance in achieving its operational and spending plans. A comparison of actual and budgeted amounts is reported on the statement of operations, which has an economic resources (expense-based) focus, and on the statement of change in net debt, which has a financial resources (expenditure-based) focus. The comparison of actual and budgeted results on the statement of operations is important for assessing the municipality's management of its recognized economic resources. The comparison of actual and budgeted results on the statement of changes in net debt is important for assessing the municipality's management of its financial resources. Including budget figures on the statement of change in net debt is important in assessing actual and budgeted spending on non-financial assets (TCAs), the actual and budgeted extent to which expenditures of the period were met by revenues (excluding non-cash revenues such as developer contributed assets) recognized in the period, and the actual and budgeted opening and closing net debt numbers.

The Debate over Need to Prepare Budgets on Same Scope and Basis of Accounting

The budgetary/fiscal planning frameworks of local governments are influenced by many factors. The most significant are (1) financial policies, such as pay-as-you go debt management, use of stabilization reserves, pricing, etc., (2) legislative requirements, such as balanced budget, debt, development charges levies, etc., and (3) administrative policies, such as performance management and measurement, asset management, etc. Due to the breadth of budgetary/fiscal policy frameworks that influence budget preparation, it may be argued that there is no need to prepare budgets on the same scope or basis as the actual results will be reported. There is also an argument that budgeting/fiscal policy should not be driven by accounting standards.

Those that argue that budgets should be prepared on a full accrual basis of accounting feel that being able to provide a direct comparison of actual to approved budget amounts in the financial statements adds transparency and accountability. It would promote credibility in the summary financial statements and furthers public trust. Decision makers understand the ultimate cost, not just the immediate cash requirements to finance its programs and services.

If your budget is prepared on the same scope and basis used for your financial reporting, then presenting the required budget information for comparative purposes should be straight-forward, with little or no restatement required. However, what if

Budgets are not Prepared on the Same Scope as Reported Actual Amounts

If the budget is prepared for a different scope, the municipality provides a link with the actual amounts reported in the consolidated financial statements so that the council and other users understand how the actual results compare to the results it planned and the amounts approved. In accordance with PS 1200.124, this comparison would be presented in a note or supporting schedule to the financial statements. To ensure that this disclosure is reconcilable to the information reported in the financial statements, a municipality would highlight the differences between the reporting entity used for the financial statements and that used for the fiscal plan. PS 1200.124 states;

“On the statement of operations or the statement of change in net debt, when the scope of financial activity reported in the fiscal plan is not the same as that reported in the financial statements, it may be necessary to restrict the comparison of actual and budgeted results to the scope of financial activity reported in the budget or main estimates of expenditures. This comparison would be presented in a note or supporting schedule. To ensure that this disclosure is reconcilable to the information reported in the financial statements, a government would highlight the differences between the reporting entity used for the financial statements and that used for the fiscal plan.”

On the statement of operations or the statement of change in net debt, when a municipality's approved budget is not prepared on the same basis of accounting as that used to report the actual results, planned results should be restated and reported on the same basis of accounting as that used to report the actual results. In those circumstances, it would be necessary to provide a reconciliation of the restated information with that originally presented in the fiscal plan. PS 1200.125 states:

“On the statement of operations or the statement of change in net debt, when a government's fiscal plan is not prepared on a basis consistent with that used to report the actual results, planned results should be reported on the same basis as that used to report the results of the current period. In those circumstances, it would be necessary to provide a reconciliation of the restated information with that originally presented in the fiscal plan.”

2009 Budget Data

For 2009 budget data, if developed consistent with your current accounting data, your only option is to restate the budget numbers on the same scope as the actuals that you will be presenting in your financial statements.

You will have to present budget data that is comparable to the actuals from now on, so that there is really no excuse not to start doing this for 2009. As discussed in Newsletter #41, you can budget on whatever basis your municipality chooses, but you will be required to provide comparable budget data for your financial reporting, which must follow the new financial reporting model. You will need to develop a practical approach for massaging your data to provide comparable numbers.

Thus there really is only one choice or option for 2009 and for all future years. Restate.

In the appendix, we show how budgeting, current financial reporting and the new financial reporting model compare for the acquisition of a \$100K asset under different financing scenarios.

Summary

The provision of comparative data facilitates performance measurement in the case of budget data. How well did your municipality do compared to the annual budget for the year? Where or how did priorities change during the year, if at all? The inclusion of prior year actuals tells the reader how operations and financial position have changed over time, and how have this year's activities impacted on the assets and liabilities of the municipality.

Start work on restating your 2008 financials now that the 2008 financial report is finished. Do it while all the relevant files are still around, and you can remember what happened last year. While you could theoretically choose not to include comparatives in your 2009 annual financial report, because of the major restatement of 2008 required, this really isn't a viable option.

-----00000-----

Our next newsletter will look at what you will need to prepare your 2009 annual financial report, and how to prepare for putting it together. We will also look again at what will be required to obtain an unqualified audit opinion for 2009. This will also be a recap of some of the major topics that we have looked at in this series of newsletters.

For more information and resources regarding tangible capital asset management, go to [PSAB/Asset Management](#) or contact:

Dan Cowin
Executive Director
MFOA
dan@mfoa.on.ca
Tel: 416-362-9001 x 223

Andy Koopmans
Executive Director
AMCTO
akoopmans@amcto.com
Tel: 905-602-4294 x 26

This Newsletter is published to assist you with your implementation of tangible capital asset accounting and with related matters. The Public Sector Accounting Handbook is the only authoritative primary source on matters relating to GAAP, and you should consult with your auditor to resolve specific issues that you may have.

Statement 2A - Consolidated Statement of Financial Activities and Fund Balances (aka Operations) – published format

1 **THE CORPORATION OF THE DISTRICT**

2 **MUNICIPALITY OF IRGENDWO**

3 **Consolidated Statement of Financial Activities and Fund Balances**

4 **Year ended December 31, 2007**

5 (in thousands of dollars)

	2007		2006
	Budget	Actual	Actual
	(Note 16)		
11 REVENUES			
12 District taxes (including supplementary taxes)	428,155	432,056	407,771
13 User charges			
14 Water and sewer	112,539	118,289	108,264
15 Other	107,036	105,863	99,997
16 Fines (Note 14)	5,500	5,900	5,540
17 Government transfers			
18 Canada	12,016	11,800	11,838
19 Ontario	159,990	167,231	164,017
20 Deferred revenue earned - Schedule 5	40,310	59,939	55,242
21 Contributions from developers	460	67	276
22 Other	7,854	44,728	40,717
23 TOTAL REVENUES	873,860	945,873	893,662
24			
25 EXPENDITURES - Schedules 1 & 2 (Note 9)			
26 General government	33,229	33,375	33,549
27 Protection to persons and property	177,729	160,563	154,784
28 Transportation services	70,267	69,791	71,953
29 Transit	60,404	79,244	65,145
30 Environmental services	205,412	225,428	249,680
31 Health services	66,600	60,744	60,206
32 Social and family services	207,503	210,099	204,680
33 Social housing	53,559	51,715	52,743
34 Planning and development	7,393	6,269	6,160
35 TOTAL EXPENDITURES	882,096	897,228	898,900
36			
37 NET REVENUES (EXPENDITURES)	(8,236)	48,645	(5,238)
38			
39 FINANCING ACTIVITIES			
40 Debt issued for District purposes	25,650	0	14,650
41 District debenture principal repayments	(13,690)	(13,708)	(12,649)
42 Increase in unfunded employee			
43 benefits and post employment liabilities	0	5,599	15,463
44 Increase in landfill closure and post closure			
45 liabilities	0	772	1,028
46 (DECREASE) INCREASE IN AMOUNTS TO BE RECOVERED IN FUTURE YEARS			
47	11,960	(7,337)	18,492
48			
49 CHANGE IN FUND BALANCES	3,724	41,308	13,254
50			
51 FUND BALANCES, BEGINNING OF YEAR		533,623	520,369
52 FUND BALANCES, END OF YEAR		574,931	533,623

54 The accompanying notes and schedules are an integral part of these financial statements.

Schedule 1A – Consolidated Schedule of Operating Fund Financial Activities and Fund Balance – published format

1 **THE CORPORATION OF THE DISTRICT**

2 **MUNICIPALITY OF IRGENDWO**

3 **Consolidated Schedule of Operating Fund Financial Activities**
4 **and Fund Balance**

5 **Year ended December 31, 2007**

6 (in thousands of dollars)

Schedule 1

	2007		2006
	Budget	Actual	Actual
	(Note 16)		
10	REVENUES		
11	District taxes (including supplementary taxes)	428,155	432,056
12	User charges		
13	Water and sewer	112,539	118,289
14	Other	107,036	105,863
15	Fines	5,500	5,900
16	Government transfers		
17	Canada	12,016	11,800
18	Ontario	158,930	163,286
19	Deferred revenue earned - Schedule 5	9,900	9,914
20	Other	4,854	20,586
21	TOTAL REVENUES	838,930	867,694
22	EXPENDITURES		
23	General government	31,272	31,512
24	Protection to persons and property	154,401	155,947
25	Transportation services	25,344	26,454
26	Transit	45,870	48,291
27	Environmental services	147,985	142,723
28	Health services	62,868	58,862
29	Social and family services	204,348	206,079
30	Social housing	51,530	50,281
31	Planning and development	7,284	6,193
32	TOTAL EXPENDITURES	730,902	726,342
33	NET REVENUES	108,028	141,352
34	FINANCING ACTIVITIES AND TRANSFERS		
35	District debenture principal repayments	(13,690)	(13,708)
36	Increase in unfunded employee benefits		
37	and post employment liabilities	0	5,599
38	Increase in landfill closure		
39	and post closure liabilities	0	772
40	Transfer from Reserves and Reserve Funds	6,198	7,936
41	Transfer to Capital Fund	(54,231)	(44,121)
42	Transfer to Reserves and Reserve Funds	(46,305)	(98,060)
43	NET FINANCING ACTIVITIES AND TRANSFERS	(108,028)	(141,582)
44	CHANGE IN FUND BALANCE	0	(230)
45	FUND BALANCE, BEGINNING OF YEAR	0	230
46	FUND BALANCE, END OF YEAR	0	230

Schedule 2A – Consolidated Schedule of Capital Fund Financial Activities and Fund Balance – published format

1 **THE CORPORATION OF THE DISTRICT**
 2 **MUNICIPALITY OF IRGENDWO**
 3 **Consolidated Schedule of Capital Fund Financial Activities**
 4 **and Fund Balance**
 5 **Year ended December 31, 2007**
 6 (in thousands of dollars) **Schedule 2**

	2007		2006
	Budget	Actual	Actual
	(Note 16)		
11 REVENUES			
12 Deferred revenue earned - Schedule 5	30,410	50,025	44,995
13 Government transfers - Ontario	1,060	3,945	21,352
14 Contribution from developers	460	67	276
15 Other	3,000	14,261	13,431
16 TOTAL REVENUES	34,930	68,298	80,054
17			
18 EXPENDITURES			
19 General government	1,957	1,863	2,199
20 Protection to persons and property	23,328	4,616	5,562
21 Transportation services	44,923	43,337	45,457
22 Transit	14,534	30,953	11,930
23 Environmental services	57,427	82,705	115,172
24 Health services	3,732	1,882	4,346
25 Social and family services	3,155	4,020	10,778
26 Social housing	2,029	1,434	1,584
27 Planning and development	109	76	95
28 TOTAL EXPENDITURES	151,194	170,886	197,123
29 NET EXPENDITURES	(116,264)	(102,588)	(117,069)
30			
31 FINANCING ACTIVITIES AND TRANSFERS			
32 Debt issued for District purposes	25,650	0	14,650
33 Transfer from Operating Fund	54,231	44,121	45,580
34 Transfer from Reserves and Reserve Funds	36,383	47,836	55,773
35 NET FINANCING ACTIVITIES AND TRANSFERS	116,264	91,957	116,003
36			
37 CHANGE IN FUND BALANCE	0	(10,631)	(1,066)
38			
39 FUND BALANCE, BEGINNING OF YEAR	0	174,929	175,995
40 FUND BALANCE, END OF YEAR	0	164,298	174,929

Statement 2B - Consolidated Statement of Operations – new format

1 **THE CORPORATION OF THE DISTRICT**
 2 **MUNICIPALITY OF IRGENDWO**
 3 **Consolidated Statement of Operations**
 4 **Year ended December 31, 2007**
 5 (in thousands of dollars)

	2007		2006
	Budget	Actual	Actual
	(Note 16)		
6			
7			
8			
9			
10	REVENUES		
11	District taxes (including supplementary taxes)	428,155	432,056
12	User charges		
13	Water and sewer	112,539	118,289
14	Other	107,036	105,863
15	Fines	5,500	5,900
16	Government transfers		
17	Canada	12,016	11,800
18	Ontario	158,930	163,286
19	Deferred revenue earned - Schedule 5	9,900	9,914
20	Other	4,854	20,586
21			
22	<i>A Gain (loss) on disposal of tangible capital assets</i>	0	2,672
23	<i>B Proceeds from sale of tangible capital assets</i>	0	(5,406)
24	TOTAL REVENUES	838,930	864,960
25			
26	EXPENSES		
27	General government	31,272	31,512
28	Protection to persons and property	154,401	155,947
29	Transportation services	25,344	26,454
30	Transit	45,870	48,291
31	Environmental services	147,985	142,723
32	Health services	62,868	58,862
33	Social and family services	204,348	206,079
34	Social housing	51,530	50,281
35	Planning and development	7,284	6,193
36			
37	<i>C Change in inventories of supplies</i>	0	269
38	<i>C Change in prepaid expenses</i>	0	(987)
39	<i>D Amortization expense</i>	123,456	125,681
40			
41	<i>D "Capital expenditures" expensed</i>	1,400	1,443
42	<i>E Transfers of capital assets</i>	0	5,816
43	TOTAL EXPENSES	855,758	858,564
44			
45	<i>Revenues less expenses</i>	(16,828)	6,396
			(23,882)

46 **THE CORPORATION OF THE DISTRICT**
 47 **MUNICIPALITY OF IRGENDWO**
 48 **Consolidated Statement of Operations (continued)**
 49 **Year ended December 31, 2007**
 50 (in thousands of dollars)

	2007		2006
	Budget	Actual	Actual
54 <i>Revenues less expenses</i>	(16,828)	6,396	(23,882)
56 <i>OTHER</i>			
57 <i>Grants and transfers related to capital</i>			
58 <i>Deferred revenue earned - Schedule 5</i>	30,410	50,025	44,995
59 <i>Government transfers - Ontario</i>	1,060	3,945	21,352
60 <i>Contribution from developers</i>	460	67	276
61 <i>Other</i>	3,000	14,261	13,431
62	34,930	68,298	80,054
64 INTEREST EARNED ON RESERVE FUNDS	0	9,881	7,684
66 ANNUAL SURPLUS (DEFICIT)	18,102	84,575	63,856
68 ACCUMULATED SURPLUS, BEGINNING OF YEAR	3,770,745	3,770,745	3,706,889
69 ACCUMULATED SURPLUS, END OF YEAR	3,788,847	3,855,320	3,770,745

71 The accompanying notes and schedules are an integral part of these financial statements.

- 72
- 73 **A** This item covers the difference between book value and actual disposal proceeds. It would be credited or charge
 74 out to the respective program as the case may be.
- 75 **B** Line 20 shows the current "Other Revenues", which includes proceeds from the sale of tangible capital assets.
 76 This entry removes the amount of the proceeds, which will be used to cover off the net book value of the disposals.
- 77 **C** This item has traditionally been expensed in the fiscal year in which the invoices were paid.
- 78 **D** This expense will normally be included in the functional expenditure areas above. It is separated out here
 79 for illustrative purposes.
- 80 **E** Transfers and donations of assets were not recorded in the published statements, whether given out or received.

Note that items shown in this statement in *italics* would not be itemized out like this in a published statement. These are shown here to facilitate comparisons and cross-checking with the original published statements.