

EXPENSES BY FUNCTION REVISION FOR OMNIBUS STATEMENT

Business-Type Activities

GASB 34, paragraph 39, requires that business-type activities should be presented at least by segment in the statement of activities, not by function as is required for governmental activities. A segment is an identifiable activity reported as or within an enterprise fund or an other stand-alone entity for which one or more revenue bonds or other revenue-backed debt instruments are outstanding. A segment has a specific identifiable revenue stream pledged in support of these revenue bonds or other revenue-backed debt, and has related expenses, gains, losses, assets, and liabilities that are required to be accounted for separately. The exposure draft "Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments: Omnibus – an amendment of Gasb Statements No. 21 and No. 34", paragraph 15, footnote e, states that this requirement for separate accounting should be imposed by an external party, such as is described in bond indentures.

Currently, enterprise funds report expenses by object; however, they will be reported by segment in the statement of activities, and all expenses will be added together as one lump sum for expenses for each segment; therefore, expenses for business-type activities do not have to be reported by function.