BUDGETING, ACCOUNTING AND REPORTING SYSTEM (BARS)

For

Cities And Counties
And Other Local Governments
(Category 1)

Washington
State Auditor
Brian Sonntag

FOR CATEGORY 1 LOCAL GOVERNMENTS

Copies of this manual will be furnished
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DEDICATION

This edition of the BARS Manual is dedicated to the memory of

WILLIAM L. LAVAGNINO
(December 17, 1918 - September 22, 1983)

Bill pioneered the development of the Budgeting, Accounting and Reporting System. Although he was fiercely proud of the system, he advocated its continual review and modification to meet the needs of local governments.

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In addition, the State Auditor and his staff would like to thank the following individuals who gave their time and energy to the committee and its subcommittees.

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Finally, special credit and recognition is made of the efforts of Wendell Bowerman, System Manager, DMC, and his staff in making this publication possible.

INTRODUCTION

This system of accounting is consistent with the accounting principles, fund classifications, and concepts recommended by the Governmental Accounting Standards Board (GASB). Additions have been made to comply with state law.

The chart of accounts and procedures contained in this manual must be used by all counties and cities and other local governmental units as prescribed by the State Auditor's Office (RCW 43.09.200).

The uniform system of accounts is best applied consistently throughout the budgeting, accounting, and reporting cycles. However, it is permissible to use a different system of numbers for internal accounting, so long as equivalent detail is maintained for reporting purposes. The prescribed chart of accounts must be used for detail reporting of revenues and expenses.

Counties and cities are divided into two categories as follows:

Category 1 - Cities with populations of 8,000 or more, and all counties with population of 18,000 or more. Municipalities in this category must use this chart of accounts for budgeting and reporting in conformity with generally accepted accounting principles (GAAP) as defined in the Glossary.

Category 2 - Cities and towns with populations under 8,000, counties with population under 18,000 and all other political subdivisions which use BARS, unless otherwise prescribed. Municipalities in this category may follow single-entry accounting and cash-basis reporting procedures which are not intended to reflect financial condition and results of operations in conformance with GAAP.

Category 2 municipalities are permitted and strongly encouraged to use the entire system prescribed for Category 1 municipalities. It is the intention of the State Auditor's Office to offer assistance to the maximum extent that resources permit to enable these smaller municipalities also to account and report in conformity with GAAP.

Districts and utilities are categorized into two groups as follows:

Classified - Utilities or districts having annual gross operating revenues of $2,000,000 or more. These entities are required to prepare financial statements in conformity with generally accepted accounting principles (GAAP) as defined in the Glossary. The accounts in the BARS Category 1 manual satisfy this requirement.

Regulatory (and some other) accounting systems are acceptable if additional disclosures required by GAAP are provided. Refer to Part 1, Chapter 6 for a complete list of the other acceptable accounting systems.

Unclassified - Utilities or districts having annual gross operating revenues of less than $2,000,000. Entities in this classification may follow single-entry accounting and cash-basis reporting procedures which are not intended to reflect financial condition and results of operations in conformance with GAAP. These entities may use the BARS Category 2 manual.

The accounting procedures consist of prescribed rules for handling financial transactions that have general application for Washington municipalities. They are not intended to deal with all situations or circumstances and must be supplemented from a variety of other sources:

1. Bulletins (issued separately by the Division of Municipal Corporations of the State Auditor's Office). Bulletins are concerned primarily with compliance matters, such as allowable transactions, but sometimes prescribe accounting rules that relate to such compliance.

2. Subsystems and other prescribed systems of accounts.

3. Statutes, regulations, and local rules.

4. Generally accepted accounting principles (GAAP). These encompass the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. Major sources of promulgated GAAP are provided in Part 3, Chapter 1.

1997 Update And Overview Of Changes

V	Pt	Ch	Page	Description	Remove	Insert
Front Page				Updated the SAO address		
1	1	1	3	Added fund codes; moved paragraph 5 and 6 to next page	3-6	3-6
1	1	1	4	Moved paragraph 5 and 6 from previous page		
1	1	1	5	Corrected subelement in revenues table		
1	1	2	5	Corrected title of 151	5-6	5-6
1	1	2	6	Removed 174.10 and 175.10		
1	1	2	9	Added 231.20; revised 235	9-12	9-12
1	1	2	10	Revised 251, 252 and 253; added 251.41, .42, .45, .46 and 252.41, .42, .45, .46		
1	1	2	11	Added 263.20 and 263.70		
1	1	2	12	Revised 274, 276 and 278.60		
1	1	2	35	Revised last sentence in second paragraph; added third paragraph	35-36	35-36
1	1	2	43	Revised references in 229	43-44	43-44
1	1	2	44	Revised description of 231.20		
1	1	2	49	Revised description of 252.30, title of 252.40 and references in 252.50 and .90	49-50	49-50
1	1	2	50	Revised description of 253.30 and references in 253.50 and .90		
1	1	2	70	Corrected title of 369.90 and 519.90 in definition of 294.48	69-72	69-72
1	1	2	71	Corrected references in 296.10; moved 297.30 from next page		
1	1	2	72	Moved 297.30 to previous page		
1	1	3	1	Corrected chapters numbers in third paragraph	1-8	1-8
1	1	3	4	Revised title of 311.20; revised definition of 312.10		
1	1	3	5	Revised 314.58		
1	1	3	6	Added detail accounts to 316.70		
1	1	3	8	Added detail accounts to 317.50		

1997 Update And Overview Of Changes

V	Pt	Ch	Page	Description	Remove	Insert
1	1	3	23	Corrected 01.9X, 04.5X and 05.6X; removed 03.0X; added 07.0X-09.99	23-26	23-26
1	1	3	26	Corrected RCW references in 336.00.87 and 336.00.88		
1	1	3	29	Revised title of 336.06.95	29-32	29-32
1	1	3	30	Revised second and fourth paragraph		
1	1	3	32	Replaced word “handicapped” with “disabled” in 338.47 and 338.56		
1	1	3	41	Same in 344.70	41-42	41-42
1	1	3	48	Same in 349.56	47-48	47-48
1	1	3	51	Removed 353.60; revised 353.70	51-52	51-52
1	1	3	56	Added 361.12; revised 361.40	55-56	55-56
1	1	3	62	Revised 372; removed 377	61-68	61-68
1	1	3	64	Changed 386.80 to 386.81; added 386.82; moved 386.95 to next page; added note to 386.00		
1	1	3	65	Moved 386.95 from previous page; added 386.99		
1	1	3	67	Revised definition of 391; title and definition of 391.60; removed 394		
1	1	3	68	Revised title of 395.40 and definition of 395.81 and .85		
1	1	4	1	Removed fifth paragraph	1-6	1-6
1	1	4	3-4	Corrected title of 501.00		
1	1	4	5	Revised title of 556 and 564		
1	1	4	10	Revised 514.23 and .70	9-10	9-10
1	1	4	13	Revised title of 517.21; added 517.62	13-14	13-14
1	1	4	20	Added 523.32	19-22	19-22
1	1	4	22	Revised 526.50		
1	1	4	30	Revised definition of 538.00	29-30	29-30
1	1	4	35	Corrected title of 546	35-36	35-36
1	1	4	42	Replaced word “handicapped” with “disabled” in 556.00, 556.30 and .80	41-46	41-46

1997 Update And Overview Of Changes

V	Pt	Ch	Page	Description	Remove	Insert
1	1	4	43	Revised 558.40 and 559.40		
1	1	4	44	Revised title of 564.00		
1	1	4	45-46	Reformatted both pages		
1	1	4	50	Revised definition of 576.00 and title of 576.63	49-52	49-52
1	1	4	51	Corrected misspelling		
1	1	4	55	Corrected title of 599	55-56	55-56
1	1	4	59	Revised description in .00, .01, .02, .03; added note to .07 and .08	59-62	59-62
1	1	4	62	Corrected footnote		
1	1	4	67	Revised .79	67-70	67-70
1	1	4	69	Corrected headings; revised .56 and .64; replaced .65 and .67 with .66		
1	1	5	1-18	The entire chapter was revised. There are many format changes but**NO** content changes (except in account 177.1X which now includes storm drains). Numbers of pages are changed. The chapter is now chapter 5 not 5s. The tables on the bottom of old pages 8-18 were consolidated and are on the last page of new chapter.	1-18	1-10
1	2	1	5	Revised and reformatted matrix	5-6	5-6
1	2	2	2	Revised column headings; corrected footnotes to second table	1-8	1-8
1	2	2	3	Revised column headings		
1	2	2	4	Revised column headings; corrected footnotes		
1	2	2	5	Revised column headings; corrected misspelling		
1	2	2	6	Revised column headings		
1	2	2	7	Corrected misspelling		
1	3	0	1-2	Revised table of contents	1-2	1-2
1	3	1	1	Revised first paragraph	1-40	1-28

1997 Update And Overview Of Changes

V	Pt	Ch	Page	Description	Remove	Insert
1	3	1	4	Revised examples of agency funds		
1	3	1	5	Moved text from next page		
1	3	1	6	Moved text to previous page; revised reference in 8a; moved text from next page		
1	3	1	7	Revised and moved text to previous page; revised 9d, 10c, 12c and 12d; moved text from next page		
				The rest of this chapter was reformatted and moved forward. There are**NO** content changes on these pages.		
1	3	2	4	Revised 335.00	3-4	3-4
1	3	3	15	Revised RCW citation in first paragraph	15-16	15-16
1	3	3	16	Corrected misspelling		
1	3	3	21	Corrected first line	21-22	21-22
1	3	3	25-26	Reformatted	25-26	25-26
1	3	5	5	Revised last paragraph	5-6	5-6
1	3	6	1-4	Updated investment list	1-14	1-12
1	3	6	5-14	Changed page numbers		
1	3	7	1-38	The entire chapter was revised. Because several pages were removed and the chapter is reprinted in a new font, there are many changes in page numbers. Below are listed pages with content changes. (Page numbers refer to the old text.)	1-38	1-26
			2	Removed entire section		
			7	Removed first paragraph in*General Requirements*		
			8	Revised first paragraph		
			22	Revised first paragraph in*Historical Cost*		
			23	Revised *Capitalization of Interest* and *Contributed Assets*		

1997 Update And Overview Of Changes

V	Pt	Ch	Page	Description	Remove	Insert
			24	Revised *Repair/Maintenance Expenditures*		
			25-29	Revised and corrected all journal entries		
			33	Added subsection on depreciation in governmental funds		
1	3	9	1-34	The entire chapter was reformatted and reprinted; empty pages were removed. Below are content changes. (Page numbers refer to the old text.)	1-34	1-8
			33	Changed requirements for signature on affidavit		
1	3	10	1-5	Revised entire section	1-6	1-4
1	3	12	1-44	Because the chapter was reprinted in a new font and several pages at the beginning of the chapter were removed, there are page number changes. In addition to reformatting, there are following content changes. (Page numbers refer to old text.)	1-44	1-36
			7-8	Revised requirements for funds to operate fair		
			31	Removed first paragraph		
			33-34	Updated first paragraph,*Effective Date* and *Accounting Standards*		
1	4	1	9	Corrected matrix (Schedule 17)	9-18	9-18
1	4	1	12-13	Added new cities; moved some cities to next page		
1	4	1	14	Moved several cities from previous page		
1	4	1	16	Corrected matrix (Schedules 09 and 17)		
1	4	1	17	Corrected RCW reference		
1	4	3	3	Corrected matrix (Schedule 17)	3-4	3-4
1	4	4	3	Corrected matrix (Schedule 17)	3-4	3-4

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V	Pt	Ch	Page	Description	Remove	Insert
1	4	5	9	Corrected misspelling	9-10	9-10
1	4	6	1	Corrected table of contents	1-2	1-2
1	4	6	2	Corrected matrix (Schedule 17)		
1	4	6	9-19	Revised Schedule 09	9-20	9-20
1	4	6	20	Revised first paragraph in *General Obligations*		
1	4	6	32-34	Revised requirements for reinvested interests in instructions and on schedule	31-34	31-34
1	4	6	50	Reformatted text (no content changes)	49-56	49-56
1	4	6	51	Revised text to include counties; moved to next page		
1	4	6	52	Removed duplicate text (already included in instructions) and moved to previous page		
1	4	6	53	Revised schedule to include counties		
1	4	6	55	Revised schedule (for clarification - no requirements changes)		
1	4	7	50-55	Revised note to include new requirements for reporting repurchase agreements and securities lending transactions	49-56	49-56
1	4	7	71-81	Updated pension note	71-82	71-82
1	A	1	1	Revised definition of *Accountability*	1-12	1-12
1	A	1	2	Revised reference in *Agency Fund*		
1	A	1	3	Revised reference in *Auditor's Opinion*		
1	A	1	4	Revised reference in *Basic Financial Statements*		
1	A	1	6	Revised reference in *Capital Grants*		
1	A	1	7	Revised reference in *Character Classification* and *Classified*		
1	A	1	8	Added *Construction In Progress*		
1	A	1	10	Added *Deferred Revenue*; revised *Department*; moved *Depositary* to next page		
1	A	1	11	Moved *Depositary* from previous page		
1	A	1	12	Corrected *Earnings*		

1997 Update And Overview Of Changes

V	Pt	Ch	Page	Description	Remove	Insert
1	A	1	15	Corrected *Flow-Through*	15-18	15-18
1	A	1	18	Corrected *Gross Revenue*		
1	A	1	25	Corrected *Municipal Corporation*	25-38	25-38
1	A	1	27	Revised *Object*		
1	A	1	29	Revised *Petty Cash*		
1	A	1	31	Corrected *Quasi-Municipal Corporation*		
1	A	1	32	Corrected *Rebates*		
1	A	1	33	Corrected *Revenues*		
1	A	1	34	Moved *Special District* to next page		
1	A	1	35	Moved *Special District* from previous page; corrected *Statement of Cash Flows*; revised *Statement of Changes in Fund Equity*		
1	A	1	36	Added *Subsidiary Ledger*		
1	A	1	38	Revised *Unit*		
1	A	3	1-7	Updated RCW Index	1-8	1-8

DESIGN AND PRESCRIPTION

Applicability

The *Budgeting, Accounting and Reporting System* (BARS) must provide a complete record of financial transactions to ease preparation of the prescribed financial reports.

The prescribed chart of accounts represents an orderly means of classifying transactions. Only the accounts applicable to a particular entity should be used. This uniform system of accounts is best applied consistently throughout the budgeting, accounting and reporting cycles. However, it is permissible to use a different system of numbers for internal accounting, so long as equivalent detail is maintained for reporting purposes.

The following policies will govern the application of this accounting system by local governmental units classified as Category 1:

1. Double-entry accounting will be employed. This method requires that appropriate journals and ledgers be maintained to reflect the flow of financial transactions from the original source documents to the final posting. Journals provide a chronological history of financial transactions and a systematic means by which the transactions can be distributed and summarized for convenient posting to ledger accounts. Subsidiary ledgers provide detail necessary to support or supplement control accounts in the general ledger. The general ledger control accounts record financial information in summary form for the entity.

2. The modified accrual basis of accounting is mandatory for the general (current expense), special revenue, debt service, capital projects, expendable trust, and agency funds. See FLOW OF CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS in the Glossary.

3. The accrual basis of accounting is prescribed for enterprise, internal service, nonexpendable trust, and pension trust funds. See FLOW OF ECONOMIC RESOURCES MEASUREMENT FOCUS is the Glossary.

4. The prescribed chart of accounts must be used for detail reporting of revenues and expenditures/expenses. If a different system of numbers is used for internal accounting, it must contain equivalent detail throughout the budgeting, accounting, and reporting processes.

DESIGN AND PRESCRIPTION

Account Code Structure

In the BARS structure a sixteen (16) digit code accommodates the various transactions. Of these 16 digits, 7 digits are fully reserved for the Account Number, which means that if you decide to use unassigned portions of this field for local purposes, you should be aware that additional account coding may be prescribed in the future which will supplant your local applications. (One exception: In the general ledger, the subelement digit is left for local applications; it will not be assigned required meanings.)

In addition to this seven digit Account Number, the Organizational Number includes a field of three digits for fund code, three digits for the program code, and three digits for the department code, for a total code structure of 16 digits. THE PARTICULAR CODES IN THE FUND, PROGRAM, AND DEPARTMENT FIELDS GENERALLY ARE ASSIGNED LOCALLY.

The account structure is designed to provide for complete identification of each transaction. The same Account Number is used for budgetary estimates and for actual resources or outlays.

❶	❷	❸	❹ ❺	❻	❼
P L L L	L L L	L L L P	P P	P P	P P
Fund/Acct Group field	Program field	Department field	Prime and BASUB field	Element and subelement field	Object and subobject field

_____/ _____/

Organizational Number Account Number

P = Specific coding is prescribed in the BARS manual.
L = The fields are established in the BARS manual, but specific numbers are assigned by each local government.

The first part of the account code is the ORGANIZATIONAL NUMBER indicating:

	Digits
Fund	xxx
Program	xxx
Department	xxx

The second part of the account code is the ACCOUNT NUMBER, consisting of:

	Digits
Prime Digit	x
Basic and Subaccount (BASUB)	xx
Element/Subelement	xx
Object/Subobject	xx

DESIGN AND PRESCRIPTION

The account code structure has the following components:

❶ **FUND CODE** - used to identify funds created and maintained for a particular purpose and having transactions subject to legal or administrative restrictions. (See Part 3, Chapter 1.)

General (Current Expense) Fund	000-099
Special Revenue Funds	100-199
Debt Service Funds	200-299
Capital Projects Funds	300-399
Proprietary Funds	400-499
Internal Service Funds	500-599
Nonexpendable Trust Funds	601-610
Pension Trust Funds	611-620
Expendable Trust Funds	621-630
Agency Type Funds	631-699

❷ **PROGRAM CODE** - used to identify a group of interdependent, closely related activities contributing to a common objective or a group of allied objectives. Program numbers are determined by each entity. If used, they must have three digits, so "1" should be "001".

❸ **DEPARTMENT CODE** - used to identify distinct departments of the government. Also may be used in grant accounting to sequence grants from a single source. Department numbers are also determined locally. Like program numbers, if used, they must have three digits; i.e., department "1" or "23" should be "001" or "023".

❹ **PRIME DIGIT** - the first figure in the seven digit Account Number, assigned as follows:

1 (One) denotes an asset account.

2 (Two) denotes a liability or equity account. It also denotes budgetary and nominal control accounts.

3 (Three) denotes a revenue, nonrevenue, or other financing source detail (subsidiary) account.

4 Reserved.

5 (Five) denotes an encumbrance, expenditure, nonexpenditure, or other financing use detail (subsidiary) account.

6 (Six) denotes an expense account in a proprietary fund, the prime digit six substituting for an entire expenditure BASUB/element. Used when the 5XX account field does not provide enough room for the needed detail.

7 (Seven), 8 (Eight) and 9 (Nine) are not being used as prime digits currently.

❺ BASIC/SUB (BASUB) CODES

Revenue - The numbers assigned to identify the source (origin or originating category) from which revenues are obtained.

Expenditure/Expense - The numbers assigned to identify different categories of operations from which expenditures/expenses are incurred.

❻ ELEMENT/SUBELEMENT CODES

Revenue - The numbers assigned to further identify specific types of revenues within a particular Basic/Sub category.

Expenditure/Expense - The numbers assigned to further identify specific types of activities related to the particular Basic/Sub category.

❼ OBJECT/SUBOBJECT CODES (OR UNIT/SUBUNIT)

Revenue - Generally, the numbers have not been defined, and are available for the additional coding by the entity. However, as the BARS manual is updated, it may be necessary to define these codes.

Expenditure/Expense - The numbers assigned to identify expenditures/expenses according to the character and the type of items purchased or services obtained.

Balance Sheet/General Ledger BASUB/ELEMENT CODES - The numbers assigned to identify accounts which classify, in summary form, all transactions of the accounting unit. The subelement digit is left for local use throughout the general ledger.

MINIMUM LEVELS FOR REPORTING EXPENDITURES AND REVENUES

The following chart summarizes the amount of detail required.

Item Description	Example	EXPENDITURES
Fund	001	X
Program	000	Optional
Department	000	Optional
Prime Digit	500	X
Basic Account	510	X
Subaccount	514	X
Element	514.20	X
Subelement	514.23	Optional 1/
Object	514.23.21	X
Subobject	514.23.21	Optional 1/

Item Description	Example	REVENUES
Fund	001	X
Program	000	Optional
Department	000	Optional
Prime Digit	300	X
Basic Account	330	X
Subaccount	334	X
Element	334.03	X
Subelement	334.03	Optional 1/
Object (or Unit)	334.03.1	Optional 1/
Subobject (or Subunit)	334.03.11	Optional 1/

1/ Except when specifically prescribed in the BARS manual.

Revenue Account Numbering - EXAMPLE

Account codes are derived from the chart of accounts by selecting a series of numbers which describe a transaction. For example, assume that the police chief receives revenue from services at privately sponsored athletic events. The following steps show the procedure used to classify this information:

Step 1: Select a basic account which describes the source of the revenue. (See Part 1, Chapter 3, RESOURCES):

310.00	TAXES
320.00	LICENSES AND PERMITS
330.00.00	INTERGOVERNMENTAL REVENUES
340.00	CHARGES FOR GOODS AND SERVICES
350.00	FINES AND FORFEITS
360.00	MISCELLANEOUS REVENUES
370.00	PROPRIETARY/TRUST GAINS (LOSSES) AND OTHER INCOME
380.00	NONREVENUES
390.00	OTHER FINANCING SOURCES

Step 2: From the subaccounts shown under the basic account select the one which describes the type of charge.

340.00	CHARGES FOR GOODS AND SERVICES
341.00	GENERAL GOVERNMENT
342.00	SECURITY OF PERSONS AND PROPERTY
343.00	PHYSICAL ENVIRONMENT
344.00	TRANSPORTATION
345.00	ECONOMIC ENVIRONMENT
346.00	MENTAL AND PHYSICAL HEALTH
347.00	CULTURE AND RECREATION
348.00	INTERNAL SERVICE FUND SALES AND SERVICE CHARGES
349.00	INTERFUND/INTERDEPARTMENTAL - SALES AND SERVICE CHARGES

Revenue Account Numbering (cont.)

Step 3: From the elements shown under the subaccount, 342.00 selected in Step 2, select the revenue element which describes the service rendered.

342.10	LAW ENFORCEMENT SERVICES
342.20	FIRE PROTECTION SERVICES
342.30	CHARGES FOR DETENTION AND CORRECTION SERVICES
342.40	PROTECTIVE INSPECTION FEES
342.50	EMERGENCY SERVICE FEES
342.60	AMBULANCE AND EMERGENCY AID FEES
342.70	JUVENILE SERVICES
342.80	COMMUNICATION SERVICES
342.90	OTHER

Expenditure Account Numbering - EXAMPLE

A similar procedure is used to classify expenditures. For example,assume that the information to be classified is the supplies for Police Department administrators. The following steps show the procedures used to locate the prope r account number.

Step 1: Select the basic account under which the activities of the Police Department would normally fall. (See Part 1, Chapter 4, EXPENDITURES/USES)

510.00	GENERAL GOVERNMENT SERVICES
520.00	SECURITY OF PERSONS AND PROPERTY
530.00	PHYSICAL ENVIRONMENT
540.00	TRANSPORTATION
550.00	ECONOMIC ENVIRONMENT
560.00	MENTAL AND PHYSICAL HEALTH
570.00	CULTURE AND RECREATION
580.00	NONEXPENDITURES
591-593	DEBT SERVICE
594-596	OTHER EXPENDITURES/EXPENSES
597-599	OTHER FINANCING USES

Step 2: Select a subaccount which describes the function of the Police Department.

520.00	SECURITY OF PERSONS AND PROPERTY
521.00	LAW ENFORCEMENT
522.00	FIRE CONTROL
523.00	DETENTION AND/OR CORRECTION
524.00	PROTECTIVE INSPECTIONS
525.00	EMERGENCY SERVICES
526.00	AMBULANCE, RESCUE AND EMERGENCY AID
527.00	JUVENILE SERVICES
528.00	COMMUNICATIONS, ALARMS AND DISPATCH

Expenditure Account Numbering (cont.)

Step 3: Select the element which identifies the function being performed.

521.00	LAW ENFORCEMENT, Those activities normally related to police services and the support of police services.
521.10	ADMINISTRATION
521.20	POLICE OPERATIONS
521.21	INVESTIGATION
521.22	PATROL
521.23	SPECIAL UNITS
521.24	LABORATORY
521.25	ENFORCEMENT OF GAMBLING TAX
521.30	CRIME PREVENTION
521.40	TRAINING
521.50	FACILITIES
521.70	TRAFFIC POLICING
521.90	OTHER SERVICES
521.91	PROPERTY ROOM
521.92	PROTECTION SERVICES

Step 4: Select an object which describes the purpose of the expenditure. (See Part 1, Chapter 4, OBJECT DETAIL ACCOUNTS)

30	SUPPLIES
31	Office and Operating Supplies
32	Fuel Consumed
33	Power, Water, Gas Purchased for Resale
34	Items Purchased for Inventory or Resale
35	Small Tools and Minor Equipment

BARS UNIFORM CHART OF ACCOUNTS
GENERAL LEDGER

As explained in Chapter 1 of this part, the specific account numbers contained in this chapter are not prescribed, as long as equivalent detail is maintained. However, this general ledger has been carefully designed to meet several needs.

First, the accounts provide for detailed identification of each type of asset, liability, and equity that any local government fund might acquire. The accounts have been carefully compared with the uniform systems prescribed by federal regulatory agencies to assure that any required segregation is provided for and detailed conversion charts are available (use the order form provided in Part 4, Chapter 9). Throughout the general ledger, the fifth and subsequent digits have been left for local governments to use in establishing more detailed breakdowns where needed. Chapter 5 of this part of the BARS manual offers a complete detailed chart of fixed asset subaccounts which local governments may optionally adopt to meet their needs.

Second, the general ledger has been designed to permit logical summarization of the detailed accounts at various levels. The table which follows on the next few pages illustrates in detail the structure of the general ledger. In general, the outline is as follows:

100-19X			**ASSETS**	200-26X		**LIABILITIES**
	110-14X		Current Assets		210-23X	Current Liabilities
		11X	Cash & Investments		24X	Payable from Restricted Assets
		120-13X	Current Receivables		250-26X	Long-Term Payable
		14X	Other Current Assets			
	15X		Restricted Assets	270-29X		**FUND EQUITY**
	160-19X		Non-Current Assets		270-274	Contributed Capital
		16X	Non-Current Receivables		276-278	Investment in General Fixed Assets
		170-18X	Fixed Asset		28X	Fund Balance/Retained Earnings
		19X	Other Non-Current Assets & Debits		29X	Control Accounts

Third, the comprehensiveness of the general ledger combined with the uniform summarization outlined above is designed to make the preparation of balance sheets a simple matter of extracting the balances at the same BASUB level for all the funds of a government. The headings on the chart which begins on the next page identify which digits to sort or summarize by for reporting purposes. The presentation of the balance sheet is structured in the same manner as the general ledger accounts.

- The PRIME (first) digit identifies whether the account is an asset or a liability/equity account (e.g., 1 or 2).

- The BASIC (second) digit is used to categorize the major classification of assets, liabilities, and equities. The outline on the previous page identifies these major classifications, which are used as subheadings on balance sheets.

- The SUBACCOUNT (third) digit defines the reporting level for all assets and liabilities. In the equities section of the balance sheet, some SUBACCOUNTS are combined for reporting purposes: Accounts 271-274, 276-278, and 281-283.

- The ELEMENT (fourth) digit defines the prescribed accounting detail in the BARS General Ledger. Ordinarily, this level of detail is not shown on the financial statements.

Finally, the BARS General Ledger contains a set of optional control accounts that can be used to monitor budgetary and actual revenue and expenditure/expense account balances. These accounts summarize subsidiary ledger transactions and, depending on the amount of subelement detail that a government elects to use, these control accounts will segregate and classify those transactions as they occur. The budgetary control accounts (291 and 293) provide a convenient summary of the total budget of a fund and of the amendments that have been made since the original budget was adopted. The total of the actual control accounts at the SUBACCOUNT level (292 or 294) will equal the increase (decrease) in fund balance, the net income (loss), or the net change in working capital of the fund. Much of the subelement segregation illustrated in the control accounts can be automated by establishing rules by fund or fund type for which subsidiary accounts are summarized in each control account. Updating these control accounts, producing combining and combined operating statements, and transferring the balance to the actual equity accounts in the 270-280 series can then be done automatically as the subsidiary ledgers are posted.

Report Headings And Account Names	1 & 2 Report Heading (Prime Or Basic Digit)	3 Report Accounts (Sub-Digit)	4 Detail Accounts (Element Digit)	5 Optional Detail Accounts (Sub-element Digit)
ASSETS:	100.-19X			
CURRENT ASSETS:	110-14X			
CASH AND INVESTMENTS:	11X			
CASH AND CASH EQUIVALENTS		111.		
Cash			111.10	
Cash in Treasury Pool Investments (Optional)			111.40	
Petty Cash			111.70	
Change Funds (Optional)				111.71
Advance Travel (Optional)				111.74
Other Imprest Funds (Optional)				111.77
DEPOSITS WITH FISCAL AGENTS/TRUSTEES		115.		
Deposits with Internal Fiscal Agency (Optional)			115.10	
Cash (Optional)				115.11
Investments (Optional)				115.12
Deposits with External Fiscal Agents			115.20	
Cash (Optional)				115.21
Investments (Optional)				115.22
Deposits with Internal Bond Refunding Trustee (Optional)			115.40	
Cash (Optional)				115.41
Investments (Optional)				115.42
Deposits with External Bond Refunding Trustees			115.50	
Cash (Optional)				115.51
Investments (Optional)				115.52
Other Internal Trusts (Not in Treasury)			115.70	
Court Trust (Optional)				115.71
Prisoner's Cash (Optional)				115.72
Other External Trusts			115.90	
Escrow Accounts (Optional)				115.92
TEMPORARY INVESTMENTS, AT COST		118.		

Report Headings And Account Names	1 & 2 Report Heading (Prime Or Basic Digit)	3 Report Accounts (Sub-Digit)	4 Detail Accounts (Element Digit)	5 Optional Detail Accounts (Sub-element Digit)
CURRENT RECEIVABLES (NET OF ALLOWANCES FOR UNCOLLECTIBLES):	120-13X			
TAXES RECEIVABLE (NET)		121.		
Taxes Receivable (Current Portion)			121.10	
Taxes Receivable (Delinquent)			121.30	
Interest Receivable on Taxes (Optional Segregation)			121.50	
Penalties Receivable on Taxes (Optional Segregation)			121.70	
Allowance for Uncollectibles (Credit)			121.90	
CUSTOMER ACCOUNTS (NET)		122.		
Accounts Receivable			122.10	
Unbilled Receivables			122.70	
Allowance for Uncollectibles (Credit)			122.90	
SPECIAL ASSESSMENTS		123.		
Assessment Receivable (Current Portion)			123.10	
Assessment Receivable (Delinquent)			123.30	
Interest Receivable on Assessments			123.50	
Penalties Receivable on Assessments			123.70	
INTEREST RECEIVABLE		124.		
NOTES/CONTRACTS (CURRENT PORTION)		125.		
OTHER CURRENT RECEIVABLES (NET)		126.		
Due from Subdividers			126.10	
Other			126.40	
Allowance for Uncollectibles (Credit)			126.90	

Report Headings And Account Names	1 & 2 Report Heading (Prime Or Basic Digit)	3 Report Accounts (Sub-Digit)	4 Detail Accounts (Element Digit)	5 Optional Detail Accounts (Sub-element Digit)
DUE FROM OTHER FUNDS		131.		
INTERFUND LOANS RECEIVABLE		132.		
DUE FROM OTHER GOVERNMENTAL UNITS		134.		
DUE FROM COMPONENT UNITS		135.		
DUE FROM PRIMARY GOVERNMENT		136.		
OTHER CURRENT ASSETS:	14X			
INVENTORIES		141.		
Merchandise			141.10	
Raw Materials			141.40	
Finished Goods			141.70	
PREPAYMENTS		143.		
Insurance			143.10	
Operating Supplies			143.40	
Other Prepayments			143.70	
OTHER CURRENT ASSETS		145.		
Work in Process			145.10	
Raw Materials Put in Process (Optional)				145.11
Direct Labor (Optional)				145.13
Equipment Charges (Optional)				145.15
Contracted Services (Optional)				145.17
Other Overhead (Optional)				145.19
Other			145.40	
RESTRICTED ASSETS:	15X			
DEBT SERVICE, DEPOSITS AND REPLACEMENTS		151.		
Cash and Cash Equivalents			151.10	
Investments at Cost or Amortized Cost			151.20	
Utility Special Assessments - Current			151.40	
Utility Special Assessments - Delinquent			151.50	
Utility Special Assessments - Interest			151.60	
Utility Special Assessments - Penalties			151.70	
Other			151.90	
CONSTRUCTION ACCOUNTS		155.		
Cash and Cash Equivalents			155.10	
Investments at Cost or Amortized Cost			155.20	
Other			155.90	

Report Headings And Account Names	1 & 2 Report Heading (Prime Or Basic Digit)	3 Report Accounts (Sub-Digit)	4 Detail Accounts (Element Digit)	5 Optional Detail Accounts (Sub-element Digit)
NON-CURRENT ASSETS:	160-19X			
NON-CURRENT RECEIVABLES	16X			
SPECIAL ASSESSMENTS - DEFERRED		161.		
NOTES/CONTRACTS RECEIVABLE		163.		
ADVANCES TO OTHER FUNDS		165.		
INVESTMENT IN JOINT VENTURES (NET)		167.		
FIXED ASSETS (NET)	170-18X		See Part 1, Chapter 5, For Separate Optional Listing of Element and Subelement Detail	
LAND, NET OF DEPLETION Accumulated Depletion (Credit)		171.	171.90	
BUILDINGS AND STRUCTURES (NET) Accumulated Depreciation (Credit)		172.-173.	173.90	
CAPITAL LEASES (NET) Accumulated Depreciation (Credit)		174.	174.90	
LEASEHOLD IMPROVEMENTS (NET) Accumulated Amortization (Credit)		175.	175.90	
OTHER IMPROVEMENTS (NET) Accumulated Depreciation (Credit)		176.-179.	179.90	
MACHINERY AND EQUIPMENT (NET) Accumulated Depreciation (Credit)		181.-188.	188.90	
CONSTRUCTION IN PROGRESS		189.		

Report Headings And Account Names	1 & 2 Report Heading (Prime Or Basic Digit)	3 Report Accounts (Sub-Digit)	4 Detail Accounts (Element Digit)	5 Optional Detail Accounts (Sub-element Digit)
OTHER NON-CURRENT ASSETS AND DEBITS:	19X			
INTANGIBLE ASSETS (NET)		191.		
Plant Acquisition Adjustments			191.10	
Franchises and Licenses			191.30	
Computer Software			191.50	
Other			191.70	
Accumulated Amortization (Credit)			191.90	
DEFERRED COMPENSATION		192.		
OTHER PROPERTY AND INVESTMENTS (NET)		193.		
Long-Term Investments			193.10	
Unamortized Premiums on Investments			193.20	
Unamortized Discounts on Investments (Credit)			193.30	
Property Held in Trust or for Future Use			193.40	
Fixed Assets Held for Resale			193.70	
Accumulated Depreciation and Amortization (Credit)			193.90	
DEFERRED CHARGES		195.		
Preliminary Surveys and Investigations			195.10	
Landfill Closure Costs			195.20	
Unamortized Debt Issue Costs			195.30	
Extraordinary & Other Deferred Property Losses			195.50	
Other			195.70	
Accumulated Amortization (Credit)			195.90	
OTHER DEBITS		197.		
Amount Available in Debt Service Funds			197.10	
Amount to be Provided			197.40	

Report Headings And Account Names	1 & 2 Report Heading (Prime Or Basic Digit)	3 Report Accounts (Sub-Digit)	4 Detail Accounts (Element Digit)	5 Optional Detail Accounts (Sub-element Digit)
LIABILITIES AND FUND EQUITY:	200.-29X			
LIABILITIES:	200-26X			
CURRENT LIABILITIES:	210-23X			
WARRANTS PAYABLE		211.		
ACCOUNTS/VOUCHERS PAYABLE Accounts Payable Vouchers Payable		213.	 213.10 213.40	
CLAIMS AND JUDGMENTS PAYABLE		215.		
MATURED LONG-TERM OBLIGATIONS G.O. Bonds Revenue Bonds Special Assessment Bonds Revenue Warrants Leases and Installment Purchases Other		217.	 217.10 217.20 217.30 217.40 217.50 217.90	
MATURED INTEREST PAYABLE		219.		
ANNUITIES PAYABLE		221.		
CONSTRUCTION CONTRACTS PAYABLE Contracts Payable Retainage Payable Interest on Contracts Payable		223.	 223.10 223.40 223.70	
DUE TO OTHER FUNDS		225.		
DUE TO COMPONENT UNITS		226.		
INTERFUND LOANS PAYABLE		227.		
DUE TO PRIMARY GOVERNMENT		228.		
DUE TO OTHER GOVERNMENTAL UNITS		229.		

Report Headings And Account Names	1 & 2 Report Heading (Prime Or Basic Digit)	3 Report Accounts (Sub-Digit)	4 Detail Accounts (Element Digit)	5 Optional Detail Accounts (Sub-element Digit)
OTHER ACCRUED LIABILITIES		231.		
Interest Payable			231.10	
Arbitrage Rebate Tax Payable			231.20	
Accrued Wages			231.30	
Accrued Employee Benefits			231.50	
Accrued Taxes			231.70	
Other			231.90	
REVENUES COLLECTED IN ADVANCE		233.		
Advance Payments of Special Assessments			233.30	
CURRENT PORTION OF LONG-TERM OBLIGATIONS		235.		
G.O. Bonds Payable			235.10	
Revenue Bonds Payable			235.20	
Special Assessment Bonds Payable			235.30	
Revenue Warrants Payable			235.40	
Leases and Installment Purchases Payable			235.50	
Other Notes Payable			235.70	
Other			235.90	
CUSTODIAL ACCOUNTS		237.		
OTHER CURRENT LIABILITIES		239.		
Customer Deposits (Nonproprietary)			239.10	
Anticipation Warrants/Notes			239.60	
Other			239.90	
PAYABLE FROM RESTRICTED ASSETS:	24X			
DEBT PRINCIPAL		241.		
Revenue Bonds			241.10	
Other Bonds			241.20	
Notes and Warrants			241.40	
DEBT INTEREST		242.		
DEPOSITS AND OTHER PAYABLES		245.		
Deposits			245.10	
Advance Payments of Special Assessments			245.30	
Other			245.90	

Report Headings And Account Names	1 & 2 Report Heading (Prime Or Basic Digit)	3 Report Accounts (Sub-Digit)	4 Detail Accounts (Element Digit)	5 Optional Detail Accounts (Sub-element Digit)
LONG-TERM LIABILITIES:	250-26X			
GENERAL OBLIGATION BONDS PAYABLE (NET)		251.		
Bonds at Par (for Capital Purposes)			251.10	
No Vote Required				251.11
Vote Required				251.12
Advance Refunding - Defeasance Method				251.15
Advance Refunding - Crossover Method				251.16
Unamortized Premium			251.20	
Unamortized Discount (Debit)			251.30	
Bonds at Par (for M&O Purposes)			251.40	
No Vote Required				251.41
Vote Required				251.42
Advance Refunding - Defeasance Method				251.45
Advance Refunding - Crossover Method				251.46
Deferred Amount on Refunding			251.50	
Advance Refunded G.O. Bond Issues			251.90	
REVENUE BONDS (NET)		252.		
Bonds at Par (for Capital Purposes)			252.10	
No Vote Required				252.11
Vote Required				252.12
Advance Refunding - Defeasance Method				252.15
Advance Refunding - Crossover Method				252.16
Unamortized Premium			252.20	
Unamortized Discount (Debit)			252.30	
Bonds at Par (for M&O Purposes)			252.40	
No Vote Required				252.41
Vote Required				252.42
Advance Refunding - Defeasance Method				252.45
Advance Refunding - Crossover Method				252.46
Deferred Amount on Refunding			252.50	
Advance Refunded Revenue Bond Issues			252.90	
SPECIAL ASSESSMENT BONDS (NET)		253.		
Bonds at Par			253.10	
LID				253.11
ULID				253.12
RID				253.13
Other Special Improvement Bonds				253.14
Advance Refunding - Defeasance Method				253.15
Advance Refunding - Crossover Method				253.16
Unamortized Premium			253.20	
Unamortized Discount (Debit)			253.30	
Deferred Amount on Refunding			253.50	
Advance Refunded Special Assessment Bond Issues			253.90	

Report Headings And Account Names	1 & 2 Report Heading (Prime Or Basic Digit)	3 Report Accounts (Sub-Digit)	4 Detail Accounts (Element Digit)	5 Optional Detail Accounts (Sub-element Digit)
ADVANCES FROM OTHER FUNDS		255.		
DEFERRED REVENUE		257.		
COMPENSATED ABSENCES		259.		
DEFERRED COMPENSATION		261.		
OTHER LONG-TERM LIABILITIES		263.		
Claims and Judgments Payable			263.10	
Accumulated Landfill Closure Costs			263.20	
Utility "Operating Reserves"			263.30	
Revenue Warrants Payable			263.40	
Leases and Installment Purchases			263.50	
Notes Payable			263.60	
Arbitrage Rebate Tax Payable			263.70	
Due to Other Governmental Units			263.80	
Miscellaneous Long-Term Liabilities			263.90	
DEFERRED CREDITS		267.		

Report Headings And Account Names	1 & 2 Report Heading (Prime Or Basic Digit)	3 Report Accounts (Sub-Digit)	4 Detail Accounts (Element Digit)	5 Optional Detail Accounts (Sub-element Digit)
FUND EQUITY:	270-29X			
CONTRIBUTED CAPITAL, NET OF AMORTIZATION:	270.-274.			
CONTRIBUTED CAPITAL - FEDERAL		271.	Use Grant Codes To Identify Specific Contributor (Optional)	
CONTRIBUTED CAPITAL - STATE AND OTHER LOCAL GOVERNMENTS		272.	Use Grant Codes To Identify Specific Contributor (Optional)	
OTHER CONTRIBUTED CAPITAL		273.		
Other Funds			273.40	
Customers			273.70	
Contractors/Developers			273.80	
Other Sources			273.90	
AMORTIZATION OF CAPITAL GRANTS (DEBIT)		274.		
INVESTMENT IN GENERAL FIXED ASSETS:	276.-278.			
FROM FEDERAL GRANTS		276.	Use Grant Codes To Identify Specific Source (Optional)	
FROM STATE AND INTERLOCAL GRANTS		277.		
FROM OTHER SOURCES		278.		
General Fund			278.40	
Special Revenue Funds			278.50	
G.O. Bonds			278.60	
Special Assessments			278.70	
Private Contributions			278.80	
Other Sources			278.90	

Report Headings And Account Names	1 & 2 Report Heading (Prime Or Basic Digit)	3 Report Accounts (Sub-Digit)	4 Detail Accounts (Element Digit)	5 Optional Detail Accounts (Sub-element Digit)
FUND BALANCE/RETAINED EARNINGS RESERVED:	28X.			
RESERVED FUND BALANCE LEGALLY SEGREGATED FOR FUTURE USE		281.		
Reserve for Encumbrances			281.10	
Reserve for Continuing Appropriations			281.30	
Reserve for Debt Service			281.50	
Other Reserves			281.90	
RESERVED FUND BALANCE NOT AVAILABLE FOR APPROPRIATION		282.		
Reserve for Loans/Advances Receivable			282.10	
Reserve for Inventories			282.30	
Reserve for Prepaid Items			282.50	
Reserve for Endowment Principal			282.70	
Reserve for Arbitrage Rebate Tax			282.80	
Other Reserves			282.90	
RESERVED FOR EMPLOYEES' RETIREMENT SYSTEM		283.		
Current Retirants and Beneficiaries Reserves			283.10	
Terminated Participants Reserves			283.20	
Active Employees Credited Reserves			283.30	
Member Contributions				283.31
Employer Contributions				283.32
Unfunded Credited Projected Benefits (Debit)			283.80	
Net Assets Available for Future Benefit Credits			283.90	
RESERVED RETAINED EARNINGS		285.		
Reserve for Debt Service			285.10	
Reserve for Replacement, Renewals, Emergencies			285.20	
Reserve for Solid Waste Closure and Post-closure			285.30	
Other Reserved Retained Earnings			285.90	
DESIGNATED UNRESERVED FUND BALANCE		287.		
UNDESIGNATED UNRESERVED FUND BALANCE/RETAINED EARNINGS		288.		

Report Headings And Account Names	1 & 2 Report Heading (Prime Or Basic Digit)	3 Report Accounts (Sub-Digit)	4 Detail Accounts (Element Digit)	5 Optional Detail Accounts (Sub-element Digit)
CONTROL ACCOUNTS:	29X.			
NOMINAL ACCOUNTS CONTROL - BUDGETARY		291.		
Estimated Revenue Control			291.10	
Estimated Operating Revenue Control (Proprietary Funds)				291.11
Estimated Non-operating Revenue Control (Proprietary Funds)				291.14
Estimated Other Revenue Control (Proprietary Funds)				291.17
Appropriation/Expense Control			291.20	
Estimated Operating Expense Control (Proprietary Funds)				291.21
Estimated Non-operating Expense Control (Proprietary Funds)				291.24
Estimated Other Expenses Control (Proprietary Funds)				291.27
Estimated Other Financing Sources Control			291.30	
Estimated Other Financing Uses Control			291.40	
Estimated Expenditures Included in Working Capital (Proprietary Funds Only, Optional)			291.50	
Estimated Inventory Purchases				291.51
Estimated Prepayments				291.53
Estimated Work in Process				291.55
Estimated Beginning Fund Balance Control (Used by Governmental Funds and for Budgeting by Object in Proprietary Funds)			291.70	
Estimated Beginning Reserved Fund Balance				291.71
Estimated Beginning Unreserved Fund Balance				291.74
Estimated Ending Fund Balance Control (Used by Governmental Funds and for Budgeting by Object in Proprietary Funds)			291.80	
Estimated Ending Reserved Fund Balance				291.81
Estimated Ending Unreserved Fund Balance				291.84

Report Headings And Account Names	1 & 2 Report Heading (Prime Or Basic Digit)	3 Report Accounts (Sub-Digit)	4 Detail Accounts (Element Digit)	5 Optional Detail Accounts (Sub-element Digit)
NOMINAL ACCOUNTS CONTROL - ACTUAL		292.		
Revenue Control			292.10	
Operating Revenue Control (Proprietary Funds)				292.11
Non-operating Revenue Control (Proprietary Funds)				292.14
Other Revenue Control (Proprietary Funds)				292.17
Expenditure/Expense Control			292.20	
Operating Expense Control (Proprietary Funds)				292.21
Nonoperating Expense Control (Proprietary Funds)				292.24
Other Expenses Control (Proprietary Funds)				292.27
Other Financing Sources Control			292.30	
Other Financing Uses Control			292.40	
Expenditures Included in Working Capital (Proprietary Funds Only, Optional)			292.50	
Inventory Purchases Control				292.51
Prepayments Control				292.53
Work in Process Control				292.55
Beginning Fund Balance Control (Used by Governmental Funds and for Budgeting by Object in Proprietary Funds)			292.70	
Beginning Reserved Fund Balance				292.71
Beginning Unreserved Fund Balance				292.74
Ending Fund Balance Control (Used by Governmental Funds and for Budgeting by Object in Proprietary Funds)			292.80	

Report Headings And Account Names	1 & 2 Report Heading (Prime Or Basic Digit)	3 Report Accounts (Sub-Digit)	4 Detail Accounts (Element Digit)	5 Optional Detail Accounts (Sub-element Digit)
REAL ACCOUNTS CONTROL - BUDGETARY		293.		
Estimated Charges and Credits Not Affecting Working Capital			293.10	
Estimated Depreciation Control				293.11
Estimated Amortization Control				293.12
Working Capital Estimated Expenditures Offset				293.15
Estimated Gains Control				293.16
Estimated Losses Control				293.17
Estimated Resources Other Than Operations			293.30	
Estimated Proceeds from Sale of Proprietary Fund Fixed Assets				293.31
Estimated Proceeds from Sale of Long-Term Investments (Proprietary Funds)				293.32
Estimated Proceeds of Long-Term Proprietary Fund Debt				293.33
Estimated Interfund Loan Proceeds				293.34
Estimated Contributed Capital				293.35
Estimated Residual Equity Transfers-In				293.36
Estimated Decrease in Net Restricted Assets				293.37
Estimated Other Resources				293.39
Estimated Uses Other Than Operations			293.40	
Estimated Acquisition of Proprietary Fund Fixed Assets				293.41
Estimated Purchases of Long-Term Proprietary Fund Investments				293.42
Estimated Retirement of Long-Term Proprietary Fund Debt				293.43
Estimated Repayment of Interfund Loans				293.44
Estimated Residual Equity Transfers-Out				293.46
Estimated Increase in Net Restricted Assets				293.47
Estimated Other Uses				293.49
Estimated Beginning Working Capital (Proprietary Funds Only)			293.70	
Estimated Ending Working Capital (Proprietary Funds Only)			293.80	

Report Headings And Account Names	1 & 2 Report Heading (Prime Or Basic Digit)	3 Report Accounts (Sub-Digit)	4 Detail Accounts (Element Digit)	5 Optional Detail Accounts (Sub-element Digit)
REAL ACCOUNTS CONTROL - ACTUAL		294.		
Charges and Credits Not Affecting Working Capital			294.10	
Depreciation Control				294.11
Amortization Control				294.12
Working Capital Expenditures Offset				294.15
Gains Control				294.16
Losses Control				294.17
Resources Other Than Operations Control			294.30	
Proceeds from Sale of Proprietary Fund Fixed Assets				294.31
Proceeds from Sale of Long Term Investments (Proprietary Fund)				294.32
Proceeds of Long-Term Proprietary Fund Debt				294.33
Interfund Loan Proceeds				294.34
Contributed Capital				294.35
Residual Equity Transfers-In				294.36
Decrease in Net Restricted Assets				294.37
Other Resources				294.39
Uses Other Than Operations Control			294.40	
Acquisition of Proprietary Fund Fixed Assets				294.41
Purchase of Long-Term Proprietary Fund Investments				294.42
Retirement of Long-Term Proprietary Fund Debt				294.43
Repayment of Interfund Loans				294.44
Residual Equity Transfers-Out				294.46
Increase in Net Restricted Assets				294.47
Prior Period Adjustments				294.48
Other Uses				294.49
Beginning Working Capital (Proprietary Funds Only)			294.70	
Ending Working Capital (Proprietary Funds Only)			294.80	

Report Headings And Account Names	1 & 2 Report Heading (Prime Or Basic Digit)	3 Report Accounts (Sub-Digit)	4 Detail Accounts (Element Digit)	5 Optional Detail Accounts (Sub-element Digit)
ENCUMBRANCE CONTROL		295.		
LIFE-TO-DATE ACCOUNTS CONTROL - BUDGETARY		296.		
Grants/Projects Authorized			296.10	
Continuing Grants/Projects Appropriations			296.20	
LIFE-TO-DATE ACCOUNTS CONTROL - ACTUAL		297.		
Life-To-Date Resources Earned			297.10	
Life-To-Date Expenditures/Uses			297.20	
Project/Grant Contra			297.30	

110 - 14X CURRENT ASSETS

Those assets which will be used up or converted into cash within the next operating cycle (e.g. twelve months).

111. CASH AND CASH EQUIVALENTS

111.10 CASH

Money, negotiable money orders and checks, and balances on deposit with financial institutions after deducting outstanding checks. Include deposits in transit. Do not include petty cash items (see below). Also, for reporting purposes, do not include proprietary fund cash that may be used only for non-current purposes (see Restricted Assets - account 150). Do not include time deposits or pass book savings accounts. Compensating balances should be disclosed parenthetically or in a note.

111.40 CASH IN TREASURY POOL INVESTMENTS (OPTIONAL)

This account provides for optional segregation of those amounts of money not invested for a specific fund but included in treasury surplus and invested on behalf of the municipality.

111.70 PETTY CASH

Any sum of money or other resources set aside for such specific purposes as minor disbursements, making change, and similar uses.

111.71 Change Funds (Segregation Optional)
111.74 Advance Travel (Segregation Optional)
111.77 Other Imprest Funds (Segregation Optional)

115. DEPOSITS WITH FISCAL AGENTS/TRUSTEES

115.10 DEPOSIT WITH INTERNAL FISCAL AGENCY (OPTIONAL)

This account provides for optional segregation of moneys set aside within the treasury to pay matured bonds and interest.

115.11 Cash (Segregation Optional)
115.12 Investments (Segregation Optional)

115.20 DEPOSITS WITH EXTERNAL FISCAL AGENTS

Deposits with fiscal agents, such as commercial banks, for the payment of matured bonds and interest.

115.21 Cash (Segregation Optional)
115.22 Investments (Segregation Optional)

115.40 DEPOSIT WITH INTERNAL BOND REFUNDING TRUSTEE

This account provides for optional segregation of moneys set aside within the treasury to invest and accumulate for eventual payment of interest and principal on refunded bonds when called or matured. Do not include any amounts in these accounts in your financial statements. See Part 3, Chapter 9F of this manual.

115.41 Cash (Segregation Optional)
115.42 Investments (Segregation Optional)

115.50 DEPOSITS WITH EXTERNAL BOND REFUNDING TRUSTEES

Deposits with bond refunding trustees, such as commercial banks, to invest and accumulate for eventual payment of interest and principal on refunded bonds when called or matured. Do not include any amounts in these accounts on your financial statements. See Part 3, Chapter 9F of this manual.

115.51 Cash (Segregation Optional)
115.52 Investments (Segregation Optional)

115. DEPOSITS WITH FISCAL AGENTS/TRUSTEES (Cont.)

115.70 OTHER INTERNAL TRUSTS (NOT IN TREASURY)

Moneys held by municipal officials outside the main treasury on behalf of private individuals or organizations, or until ultimate disposition is determined. Include both cash and investments.

115.71 Court Trust (Segregation Optional)
115.72 Prisoner's Cash (Segregation Optional)

115.90 OTHER EXTERNAL TRUSTS

Deposits with fiduciaries including banks, brokers and insurance companies made on behalf of private individuals or organizations.

115.92 Escrow Accounts (Segregation Optional)

118. TEMPORARY INVESTMENTS, AT COST

Time deposits made and securities held for the production of income such as interest and dividends. This account does not include long-term investments, such as real estate. (See account 193.XX). Also, for reporting purposes, do not include proprietary fund investments that may be used only for non-current purposes (see Restricted Assets, account 150.XX). Short-term investments should be recorded at cost, and market value should be disclosed parenthetically or in a note. In no case should the cost include purchased interest, which should be debited to revenue account 361.20 (control account 292.10).

121. TAXES RECEIVABLE (NET)

121.10 TAXES RECEIVABLE (CURRENT PORTION)

The uncollected portion of property taxes which a government has levied and for which the due date has not yet passed. Also include any amounts of other uncollected taxes (see BARS 310 series) that are measurable and available. Do not include interfund receivables (see account 131).

121.30 TAXES RECEIVABLE (DELINQUENT)

Taxes remaining unpaid on and after the date on which interest is assessed or a penalty for nonpayment attached. This segregation from current taxes is required only for the municipality which is the tax collection agent.

121.50 INTEREST RECEIVABLE ON TAXES (OPTIONAL SEGREGATION)

The uncollected portion of interest receivable on taxes. Include accruals to the end of the fiscal period.

121.70 PENALTIES RECEIVABLE ON TAXES (OPTIONAL SEGREGATION)

The uncollected portion of penalties receivable on taxes. Include accruals to the end of the fiscal period. Penalties assessed for failure to list personal property must be separately identified since they are distributed with taxes rather than remitted to the county Current Expense Fund (RCW 84.56.020(3)).

121.90 ALLOWANCE FOR UNCOLLECTIBLES (CREDIT)

A valuation account used to indicate that portion of taxes and related interest and penalties which it is estimated will never be collected.

122. CUSTOMER ACCOUNTS RECEIVABLE (NET)

122.10 ACCOUNTS RECEIVABLE

Amounts due from customers on open account for goods and services provided. If collections will be deferred beyond one year, such amounts should be offset by a deferred revenue entry.

122.70 UNBILLED RECEIVABLES

Amounts earned by the district for goods or services furnished to private individuals or organizations for which billings have not been prepared at the end of the reporting period.

122.90 ALLOWANCE FOR UNCOLLECTIBLES (CREDIT)

A valuation account used to indicate that portion of customer accounts which it is estimated will never be collected and will eventually be written off.

123. SPECIAL ASSESSMENTS RECEIVABLE

123.10 ASSESSMENTS RECEIVABLE (CURRENT PORTION)

The uncollected portion of special assessments which a governmental unit has levied and which are due within 60 days (for governmental funds). Exclude interfund assessments which should be reported in account 131. Also exclude any assessment accounted for in a proprietary fund, which should be reported in account 151.40.

123.30 ASSESSMENTS RECEIVABLE (DELINQUENT)

The uncollected portion of special assessments which are past due. Exclude interfund assessments, which should be reported in account 131. Also exclude any assessment accounted for in a proprietary fund, which should be reported in account 151.50.

123.50 INTEREST RECEIVABLE ON ASSESSMENTS

The uncollected portion of interest receivable on special assessments in governmental funds. (Use account 151.60 for proprietary funds).

123.70 PENALTIES RECEIVABLE ON ASSESSMENTS

The uncollected portion of penalties receivable on special assessments in governmental funds. (Use account 151.70 for proprietary funds).

124. INTEREST RECEIVABLE

Interest earned on investments, notes, contracts and miscellaneous receivables. Do not include interest on taxes or special assessments. (See accounts 121.50 and 123.50).

125. NOTES/CONTRACTS RECEIVABLE (CURRENT PORTION)

Current amounts due from private individuals or organizations evidenced by a written promise to pay. In governmental funds, use the account only for that portion due by the end of the current fiscal period; in proprietary funds, use this account for that portion due within the next 12 months.

126. OTHER CURRENT RECEIVABLES (NET)

126.10 DUE FROM SUBDIVIDERS

Amounts of fees or reimbursable charges for services receivable from private developers.

126.40 OTHER

126.90 ALLOWANCE FOR UNCOLLECTIBLES (CREDIT)

131. DUE FROM OTHER FUNDS

A receivable for goods issued, work performed or services rendered to or for the benefit of another fund of the same government. Also use this account for subsidies and other transfers between funds that have been authorized but not yet paid. The owing fund should have an equal amount recorded under account 225. Includes receivables between a primary government and blended component units.

132. INTERFUND LOANS RECEIVABLE

The uncollected amounts of temporary interfund loans. See Part 3, Chapter 4A., for further definition.

134. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due to the reporting government from another government. These amounts may represent measurable and available intergovernmental grants, entitlements, or shared revenues; grants or taxes collected for the reporting government by an intermediary collecting government; loans; and charges for services rendered by the reporting unit for another government. Receivables for services that are not governmental in nature, such as insurance, utilities, rents, repairs, and supplies, should not be included here. Use account 122.

135. DUE FROM COMPONENT UNITS

Amounts due to the reporting entity from discretely presented component units. The receivables from blended component units are presented in 131. Some transactions and balances previously recorded in 131 or 134 may need to be reclassified for presentation in the reporting entity (primary government) financial statements. The owing component unit(s) should have an equal amount recorded in 228. For details, see Part 3, Chapter 12, Interpretation 14.

136. DUE FROM PRIMARY GOVERNMENT

Amounts due to the discretely presented component unit(s) from the primary government. The owing reporting entity (primary government) should have an equal amount recorded in 226. For details, see Part 3, Chapter 12, Interpretation 14.

141. INVENTORIES

Use this account for the cost of all stock-in-trade items acquired for sale to private individuals, to other governments, or to other funds and departments. Also include the cost of stockpiled raw materials for use in manufacture and the cost of finished goods manufactured by your government for sale. (Use account 145 to accumulate the costs of manufacturing these items.) The accounts may be subdivided to distinguish different kinds or grades of inventories, or a subsidiary ledger may be used.

General administrative and office supplies which will be consumed in routine operations should not be included in this account (see account 143.40). Merchandise and materials that are put to use as soon as they are acquired need not be charged to this account; however, all WORK IN PROCESS should be closed to 141.7X and expensed from there.

141.10 MERCHANDISE

Generally, goods supplied from vendors in the form and condition they will be used.

141.40 RAW MATERIALS

This account includes material that may be used in a manufacturing process or "as is", such as lumber, paint, and rock.

141.70 FINISHED GOODS

This account is used for completed items that have been manufactured by your government (see account 145).

143. PREPAYMENTS

143.10 INSURANCE

Unexpired portion of insurance premiums (it is not necessary to record insurance prepayments except in proprietary funds).

143.40 OPERATING SUPPLIES

Cost of stationery and office supplies held for use in routine operations. Use this account only if material amounts of supplies are on hand at the end of the reporting period. Do not include supplies acquired for sale (see account 141.10). For governmental funds, the offsetting credit is the Reserve for Prepaid Items, account 282.50. NOTE that the expenditure should not be reversed.

143.70 OTHER PREPAYMENTS

145. OTHER CURRENT ASSETS

145.10 WORK IN PROCESS

This account is used to accumulate the costs of manufacturing items for resale to private individuals, other governments, or other funds and departments. It is not used for capital construction (see 189.XX). Items manufactured for immediate internal use need not be charged to this account.

The various optional subaccounts are used to segregate the total costs to produce such items as crushed rock, asphalt, road signs, rebuilt parts, printing jobs, and other merchandising, jobbing and contract work. When the manufacturing process is complete, the total costs should be transferred to account 141.7X. For financial reporting, include all incomplete work orders not classified as construction in progress.

The accounts may be subdivided to distinguish different types of projects, or a subsidiary work order system may be used.

145.11 Raw Materials Put In Process (Segregation Optional)

Include materials used in manufacture, either transferred from account 141.4X or directly purchased as they are needed.

145.13 Direct Labor (Segregation Optional)

Include labor costs incurred by your government and related fringe benefits.

145.15 Equipment Charges (Segregation Optional)

Include rental charges on equipment, whether paid to another department or fund or to an outside vendor.

145.17 Contracted Services (Segregation Optional)

Include payments to vendors which do part or all of the processing of raw materials owned by your government. Examples include contracts for crushing rock from government-owned quarries and printing or fabrication jobs where part of the work is done in-house and part by an outside contractor.

145. OTHER CURRENT ASSETS (Cont)

145.19 Other Overhead (Segregation Optional)

Include the cost of services and supplies other than those which may be properly included in the foregoing accounts. When labor or equipment rates include overhead, there is no need to accumulate a separate amount to charge to this account.

145.40 OTHER

150. RESTRICTED ASSETS

Restricted assets are those proprietary fund monetary assets which have their use limited by statute, bond covenant, or other contractual or trust relationship. For reporting purposes, restricted assets must be shown in account 150, although they may be accounted for during the year in separate funds, using current asset accounts (111, 118, 123, etc.). Separate funds are not required for restricted assets, even though bond covenants may stipulate a "bond reserve fund," "construction fund," etc. The bond covenant use of the term "fund" is not the same as the use in governmental accounting. For bond covenants, "fund" means only a segregation or separate account, not a self-balancing set of accounts. Most restricted assets are offset by corresponding current liabilities (account 240, Payable From Restricted Assets) or by a reservation of retained earnings (account 285). The common exception is bond proceeds received for construction purposes, which are separately categorized as "construction account" restricted assets and for which there is no offsetting current liability or reservation of retained earnings.

It is not necessary to include cash with fiscal agents in the restricted assets category. There's nothing wrong with having two cash with fiscal agent accounts, but it is not necessary either. These amounts are offset by matured payables and the BAR System treats both fiscal agent cash and related payables as current items in all funds, because the account titles are sufficient to indicate the limited use of the assets.

Assets restricted for debt service should include moneys set aside to pay current principal and interest on outstanding debt and moneys earmarked for deficiencies or contingencies and normally not used until the final retirement of the debt issue. "Deposits" include customer deposits on hookups and meters must be offset by account 245.10. "Replacement" accounts include renewal, replacement and emergency moneys that covenants or agreements require to be set aside.

151. ASSETS RESTRICTED FOR DEBT SERVICE, DEPOSITS AND REPLACEMENT

151.10	CASH AND CASH EQUIVALENTS
151.20	INVESTMENTS AT COST OR AMORTIZED COST
151.40	UTILITY SPECIAL ASSESSMENTS - CURRENT
151.50	UTILITY SPECIAL ASSESSMENTS - DELINQUENT
151.60	UTILITY SPECIAL ASSESSMENTS - INTEREST
151.70	UTILITY SPECIAL ASSESSMENTS - PENALTIES
151.90	OTHER

155. RESTRICTED ASSETS -- CONSTRUCTION ACCOUNTS

155.10	CASH AND CASH EQUIVALENTS
155.20	INVESTMENTS AT COST OR AMORTIZED COST
155.90	OTHER

160 - 19X NON-CURRENT ASSETS

161. SPECIAL ASSESSMENTS - DEFERRED

The uncollected portion of special assessments not due for 60 days (governmental funds) or l year (proprietary funds). Exclude interfund assessments which should be reported in account 165. In assessments accounted for in proprietary funds, make certain that al l collections are recorded as restricted assets. The current portion and related interest and penalties should be recorded in account 123 (for governmental funds) or account 151 (for proprietary funds).

163. NOTES/CONTRACTS RECEIVABLE

Noncurrent amounts due from private individuals or organizations evidenced by a written promise to pay, including receivables on capital and financing leases. The current portion should be recorded in account 125.

165. ADVANCES TO OTHER FUNDS

The uncollected amounts of long-term interfund loans; that is, loans which do not meet the criteria of "temporary" defined in the BARS, Part 3, Chapter 4A. Also include the amount of deferred assessments owed by other funds of the same government.

167. INVESTMENT IN JOINT VENTURES (NET)

A joint venture is a legal entity or other organization that results from a contractua l arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an on going financial interest or (b) an ongoing financial responsibility. The municipality's investment should be accounted for using the equity method, if the investment is material.

170. - 189. FIXED ASSETS

Those assets acquired by the municipal corporation for its own use through purchase, lease, self-construction, donation, or gift, with a life expectancy of more than one year. In addition to land, buildings and equipment, fixed assets also include land and air rights, depletable resources such as minerals or timber, improvements made to rented property and the cost of partly-completed capital projects.

In regulated utilities and certain other enterprise funds, plant facilities are primarily classified as to mode (facility type), e.g., source of supply, treatment plant, etc. Within these modes, the assets are segregated into categories of land, buildings, equipment, and other improvements. In the BARS, this scheme is reversed so that all the fixed assets of a government can be classified the same way. In the optional detail accounts, the 5th digit can be used by utilities to identify plant-in-service modes. The same digit (and the 6th and 7th digits) may be used for other proprietary funds and for general government fixed assets to segregate them by function or purpose. For further explanation and for definition of specific fixed asset categories, see Part 1, Chapter 5 and Part 3, Chapter 7.

Use element 90 for accumulated depreciation.

171. LAND (NET)

172. - 173. BUILDINGS AND STRUCTURES (NET)

174. CAPITAL LEASES (NET)

175. LEASEHOLD IMPROVEMENTS (NET)

176. - 179. OTHER IMPROVEMENTS (NET)

181. - 188. MACHINERY AND EQUIPMENT (NET)

189. CONSTRUCTION IN PROGRESS

191. INTANGIBLE ASSETS (NET)

An asset with no physical substance, such as a patent or license, with a useful life that exceeds one year.

191.10 PLANT ACQUISITION ADJUSTMENTS

Used only in utilities, this account includes the difference between the cost to the current governmental owner and the cost incurred by the person or company that first devoted the property to utility service.

191.30 FRANCHISES AND LICENSES

Amounts paid to procure franchises, consents, licenses, or certificates of permission and approval, whether in perpetuity or for a specified term of more than one year, that give a government authority to operate certain facilities. Include related legal and filing expenses. Annual or other periodic payments under franchises should be charged to operating expenses. (For utilities, see also 191.7X.)

191.50 COMPUTER SOFTWARE

Amounts paid to acquire or develop data processing programs and related documentation. The cost of programs developed for sale to others must be expensed as incurred; only those programs developed or acquired for internal use may be capitalized. (The existence of this account is not meant to imply that any software costs must be capitalized, only that they may be.)

191.70 OTHER INTANGIBLE ASSETS

Include any amount paid by a utility to the assignor of a franchise that exceeds the amount paid by the original grantee.

191.90 ACCUMULATED AMORTIZATION (CREDIT)

The amount of original cost of intangible assets which has already been charged against revenue (or as a use allowance) since the date of acquisition.

192. DEFERRED COMPENSATION

Amounts of employees' salaries or wages (or related earnings on investments) deferred under the provisions of Section 457 of the Internal Revenue Code. This account should be equal to account 261.

193. OTHER PROPERTY AND INVESTMENTS (NET)

193.10 LONG-TERM INVESTMENTS

Time deposits made and securities held for which the government has the firm intention of retaining the investment for a period of years (until maturity, in the case of bonds). Also, real estate held for the production of income such as rentals or lease payments. Do not include real estate used in governmental operations. Also do not include restricted assets in proprietary funds (account 150). Long-term investments should show any premium or discount separately. In no case should the cost include purchased interest, which should be debited to revenue account 361.20 (control account 292.10).

193.20 UNAMORTIZED PREMIUMS ON INVESTMENTS

The amount paid for securities over and above the face value. Such premiums on long-term investments should be amortized over the life of the investment, and the amount not yet amortized is shown in this account.

193.30 UNAMORTIZED DISCOUNTS ON INVESTMENTS (CREDIT)

Discount is the amount by which purchase price of an investment falls short of the face value. This account should include only that discount which has not yet been written off.

193.40 PROPERTY HELD IN TRUST OR FOR FUTURE USE

For nonmonetary property acquired by distraint, foreclosure or default, record at the amount of the tax lien. Use the purchase price for land acquired for a future plant site.

193.70 FIXED ASSETS HELD FOR RESALE

Fixed assets which have been declared surplus but are still owned by the government until they can be sold, traded, or otherwise disposed of.

193.90 ACCUMULATED DEPRECIATION AND AMORTIZATION (CREDIT)

195. DEFERRED CHARGES

195.10 PRELIMINARY SURVEYS AND INVESTIGATIONS

This account is used only in proprietary funds to account for all expenditures for preliminary surveys,plans, investigations, etc., made for the purpose of determining the feasibility of projects under contemplation. If construction results, the appropriate fixed asset account should be charged. If the work is abandoned, the appropriate operating or non-operating expense account should be charged.

195.20 LANDFILL CLOSURE COSTS

The estimated and accrued costs related to the closure of solid waste dump sites in accordance with DOE standards and which will be charged against income in future periods. Refer to discussion at Volume 1, Part 3, Chapter 12.

195.30 UNAMORTIZED DEBT ISSUE COSTS

Those costs incurred for the issuance of long-term debt, such as legal fees, printing costs and other related costs. Use accounts 251, 252 and 253 for recording unamortized premium and discount on bonds sold. It is appropriate to treat debt issue costs as expenditures (subobject 84) when due in governmental funds, but such costs must be deferred and amortized (see 592.83.01) in proprietary and similar trust funds.

195.50 EXTRAORDINARY AND OTHER DEFERRED PROPERTY LOSSES

This account is used only in proprietary funds to account for any expenditure not recognized as a cost of operations of the period in which incurred, but carried forward to be written off in one or more future periods.

195.70 OTHER

195.90 ACCUMULATED AMORTIZATION (CREDIT)

197. OTHER DEBITS

197.10 AMOUNT AVAILABLE IN DEBT SERVICE FUNDS

An account in the General Long-Term Debt Account Group equal to the amount of fund balance available in debt service or other funds for the retirement of general long-term debt. Exclude fund balance in debt service funds that is to be used for imminent interest payments.

197.40 AMOUNT TO BE PROVIDED

An account in the General Long-Term Debt Account Group which represents the amount which must be obtained from future revenues to retire outstanding general long-term debt.

210 - 23X CURRENT LIABILITIES

Liabilities which are payable within next operating cycle (e.g. twelve months).

211. WARRANTS PAYABLE

The amount of operating warrants issued and outstanding. This account will be credited when warrants are issued and debited when warrants are redeemed or canceled. Do not use this account to record the issuance of revenue warrants (see accounts 235 and 263). Code cities using checks instead of warrants should not use this account.

213. ACCOUNTS/VOUCHERS PAYABLE

213.10 ACCOUNTS PAYABLE

Amounts not yet vouchered but owed on open account to private persons or organizations for goods and services furnished to a government (but not including amounts due to other funds or to other governments).

213.40 VOUCHERS PAYABLE

Liabilities for goods and services evidenced by vouchers which have been pre-audited and approved for payment but not yet paid.

215. CLAIMS AND JUDGMENTS PAYABLE

Amounts owed as compensation or payment for injury or damage. Include unpaid losses not covered by an insurance contract or bond and amounts owed as the result of court decisions, such a condemnation awards for private property taken for public use.

217. MATURED LONG-TERM OBLIGATIONS

That portion of all long-term debt which has become due. For explanation of the specific categories below, see accounts 251, 252, 253 and 263.

217.10	MATURED G.O. BONDS PAYABLE
217.20	MATURED REVENUE BONDS PAYABLE
217.30	MATURED SPECIAL ASSESSMENT BONDS PAYABLE
217.40	MATURED REVENUE WARRANTS PAYABLE
217.50	MATURED LEASES AND INSTALLMENT PURCHASES PAYABLE
217.90	OTHER

219. MATURED INTEREST PAYABLE

Interest due on long-term debt. For interest accrued between due dates, use account 231.10.

221. ANNUITIES PAYABLE

Pension benefits due and payable to retired employees in a public employee retirement system.

223. CONSTRUCTION CONTRACTS PAYABLE

223.10 CONTRACTS PAYABLE

Amounts of progress payments due for construction of buildings and other improvements. If the amounts earned by contractors at the end of the fiscal period are material, they should be estimated and accrued if a progress billing is not available.

223.40 RETAINAGE PAYABLE

Amounts due on construction contracts, representing a percentage of the progress billings. These amounts are not paid until final inspection, the lapse of a specified time period, or both. (RCW 50.24.130 and Chapter 60.28 RCW). Include amounts deposited to escrow accounts (see account 115.92) as well as amounts held in the municipal treasury.

223.70 INTEREST ON CONTRACTS PAYABLE

Use this account to accumulate interest on retainage when requested by the contractor (RCW 60.28.010).

225. DUE TO OTHER FUNDS

A payable for goods issued, work performed or services rendered from or by another fund of the same government. Also use this account for subsidies and other transfers between funds that have been authorized but not yet paid. The recipient fund should have an equal amount recorded under account 131. Includes payables between a primary government and blended component units.

226. DUE TO COMPONENT UNITS

Amounts due to discretely presented component units from the primary government. The payables to blended component units are presented in 225. Some transactions and balances previously recorded in 225 and 229 may need to be reclassified for the presentation in the reporting entity (primary government) financial statements. The recipient component unit(s) should have an equal amount recorded in 136. For details, see Part 3, Chapter 12, Interpretation 14.

227. INTERFUND LOANS PAYABLE

The amounts of temporary interfund loans not yet repaid. See Part 3, Chapter 4, Section A, for further definition.

228. DUE TO PRIMARY GOVERNMENT

Amounts due to the primary government from discretely presented component unit(s). The payables of blended component unit(s) are presented in 225. An equal amount should be recorded in 135. For details, see Part 3, Chapter 12, Interpretation 14.

229. DUE TO OTHER GOVERNMENTAL UNITS

Current amounts due to other governments. These amounts may represent intergovernmental grants or entitlements; temporary loans; and charges for services rendered by another government. Payables for services that are not governmental in nature, such as insurance, utilities, rents, repairs, and supplies, should not be included here. Use account 213 or 231. See the description of Object 50 in Part 1, Chapter 4.

231. OTHER ACCRUED LIABILITIES

These are amounts of expenses/expenditures that have been incurred by the end of the fiscal period but will become payable at a future date. Do not include accruals for claims and judgments, annuities, or construction contracts in this account. See accounts 215, 221, and 223.

231.10 INTEREST PAYABLE

Interest earned by creditors, including bondholders, since the last payment or coupon date.

231.20 ARBITRAGE REBATE TAX PAYABLE

The interest earnings accrued at the end of the 5th year and due and payable to the U.S. Treasury. See Part 3, Chapter 10.

231.30 ACCRUED WAGES

Wages earned by employees since the last payroll. Include the current portion of the unpaid liability for employee absences (vacation and other accruable leave). Use account 259 to record the long-term liability for compensated absences.

231.50 ACCRUED EMPLOYEE BENEFITS

Estimated benefits associated with accrued wages, account 231.30. Include payroll taxes.

231.70 ACCRUED TAXES

Estimated taxes that are not directly associated with other specific liability accounts, such as B&O taxes or excise taxes. Do not include payroll taxes (see account 231.50).

231.90 OTHER

233. REVENUES COLLECTED IN ADVANCE

Use this account for receipts that will become revenues in the next fiscal period. (See account 257, *Deferred Revenues*.)

233.30 ADVANCE PAYMENTS OF SPECIAL ASSESSMENTS

Special assessments paid during the period after the final roll is established but before interest is assessed. This account should be debited and revenue credited when the moneys have been spent on the LID project. Use account 245.30 in proprietary funds and credit contributed capital when spent.

235. CURRENT PORTION OF LONG-TERM OBLIGATIONS

The unmatured portion of all long-term debt which will become due within one year (proprietary funds) but which is not yet due and which will require current assets to redeem (see account 240 for the current portion of long-term debt payable from restricted assets). Do not include any portion of refunded debt. Special rules apply to certain types of intermediate-length financing (see accounts 239.60 and 263.60). For explanations of the other specific types of debt, see accounts 251, 252, 253 and 263.

235.10 CURRENT G.O. BONDS PAYABLE

235.20 CURRENT REVENUE BONDS PAYABLE

235.30 CURRENT SPECIAL ASSESSMENT BONDS PAYABLE

235.40 CURRENT REVENUE WARRANTS PAYABLE

235.50 CURRENT LEASES AND INSTALLMENT PURCHASES PAYABLE

235.70 OTHER CURRENT NOTES PAYABLE

235.90 OTHER

237. CUSTODIAL ACCOUNTS

A liability account for the net monetary assets held by a governmental unit in a trustee capacity or as an agency for individuals, private organizations, other governmental units, or other funds. Include such items as sales and leasehold taxes collected for the state, prisoners' cash, court trusts, contractors' bonds (bid deposits), and suspense accounts (receipts pending classification and grants or taxes collected by the reporting government as an intermediary). County treasurers should use this account to offset the assets held in agency funds for special purpose districts. Do not use this account for any trust fund in which your government has an equity interest and do not use for any nonexpendable or pension trust funds.

239. OTHER CURRENT LIABILITIES

239.10 CUSTOMER DEPOSITS (NONPROPRIETARY)

Liability for deposits made by customers as a prerequisite to receiving services. In proprietary funds use account 245.10 instead.

239.60 ANTICIPATION WARRANTS/NOTES

These are short-term financing instruments (Chapter 39.50 RCW). Include the entire principal of those notes and warrants unless the instruments were authorized in anticipation of a bond issue (see account 263.60). This debt should be treated as fund debt, even in governmental fund-types; it should not be included in the General Long-Term Debt Account Group.

239.90 OTHER

240. PAYABLE FROM RESTRICTED ASSETS

These accounts are used only in proprietary funds. Include the amounts of current liabilities and customer deposits for which the assets have been set aside as restricted in account 150. Do not include matured bonds or progress payments due to contractors; instead, the related assets should be treated as current and nonrestricted. For explanation of the specific types of debt, see accounts 233.30, 239.60, 251, 252, 253, and 263.

241. DEBT PRINCIPAL PAYABLE FROM RESTRICTED ASSETS

241.10	REVENUE BONDS PAYABLE FROM RESTRICTED ASSETS
241.20	OTHER BONDS PAYABLE FROM RESTRICTED ASSETS
241.40	NOTES AND WARRANTS PAYABLE FROM RESTRICTED ASSETS

242. DEBT INTEREST PAYABLE FROM RESTRICTED ASSETS

245. DEPOSITS AND OTHER PAYABLES FROM RESTRICTED ASSETS

245.10	DEPOSITS PAYABLE FROM RESTRICTED ASSETS
245.30	ADVANCE PAYMENTS OF SPECIAL ASSESSMENTS
245.90	OTHER

251. GENERAL OBLIGATION BONDS PAYABLE (NET)

251.10 G.O. BONDS AT PAR (FOR CAPITAL PURPOSES)

The face value of all noncurrent bonds used for capital acquisitions and/or improvements for which the government has pledged its full faith and credit. Despite the unlimited liability, these bonds should be reported in the General Long-Term Debt Account Group or in one or more proprietary funds, depending on what resources the government intends to use to finance debt service.

251.11 No Vote Required
251.12 Vote Required
251.15 Advance Refunding - Defeasance Method
251.16 Advance Refunding - Crossover Method

251.20 UNAMORTIZED PREMIUM ON G.O. BONDS
251.30 UNAMORTIZED DISCOUNT ON G.O. BONDS (DEBIT)

It is not necessary to record premium or discount on long-term debt accounted for in the General Long-Term Debt Account Group. Such debt may be recorded at its face or par value and the proceeds shown net in the receiving fund. Premium or discount must be shown separately (and amortized over the life of the debt issue) for all fund debt. See general ledger account 195.30 for debt issue costs.

251.40 G.O. BONDS AT PAR (FOR M AND O PURPOSES)

The face value of all noncurrent bonds used for maintenance and operations (M and O) for which the government has pledged its full faith and credit. Despite the unlimited liability, these bonds should be reported in the General Long-Term Debt Account Group or in one or more proprietary funds, depending on what resources the government intends to use to finance debt service.

251.41 No Vote Required
251.42 Vote Required
251.45 Advance Refunding - Defeasance Method
251.46 Advance Refunding - Crossover Method

251.50 DEFERRED AMOUNT ON REFUNDING

This account is used only in proprietary funds to amortize the difference between the reacquisition price and net carrying value of the refunded (old) debt in the debt refunding transactions. If the reacquisition price exceeds the net carrying value of the old debt, debit this account.

For more details see Part 3, Chapter 9, Section F.

251.90 ADVANCE REFUNDED G.O. BOND ISSUES

The amount of any refunded bonds included in this account should not be reported on your financial statements. (For further discussion, see Part 3, Chapter 9, Section F.)

252. REVENUE BONDS (NET)

252.10 REVENUE BONDS AT PAR (FOR CAPITAL PURPOSES)

The face value of all noncurrent bonds used for capital acquisitions and/or improvements for which debt service is made dependent on earnings of an income-producing enterprise.

252.11 No Vote Required
252.12 Vote Required
252.15 Advance Refunding - Defeasance Method
252.16 Advance Refunding - Crossover Method

252.20 UNAMORTIZED PREMIUM ON REVENUE BONDS

252.30 UNAMORTIZED DISCOUNT ON REVENUE BONDS (DEBIT)

Premium or discount must be shown separately (and amortized over the life of the debt issue) for all proprietary fund debt. See G.L. account 195.30 for unamortized debt issue costs.

252.40 REVENUE BONDS AT PAR (FOR M AND O PURPOSES)

The face value of all noncurrent bonds used for maintenance and operations (M and O) for which debt service is made dependent on earnings of an income-producing enterprise.

252.41 No Vote Required
252.42 Vote Required
252.45 Advance Refunding - Defeasance Method
252.46 Advance Refunding - Crossover Method

252.50 DEFERRED AMOUNT ON REFUNDING

This account is used only in proprietary funds to amortize the difference between the reacquisition price and net carrying value of the refunded (old) debt in the debt refunding transactions. If the reacquisition price exceeds the net carrying value of the old debt, debit this account. For more details see Part 3, Chapter 9, Section C.

252.90 ADVANCE REFUNDED REVENUE BOND ISSUES

The amount of any refunded bonds included in this account should not be reported on your financial statements. (For further discussion, see Part 3, Chapter 9, Section C.)

253. SPECIAL ASSESSMENT BONDS (NET)

253.10 SPECIAL ASSESSMENT BONDS AT PAR

The face value of bonds issued for public improvements to be repaid (wholly or in part) from assessments levied against benefitted properties. Bonds expected to be financed from special assessments should be recorded here even if the full faith and credit of the municipality is pledged.

253.11 LID Bonds
253.12 ULID Bonds
253.13 RID Bonds
253.14 Other Special Improvement Bonds
253.15 Advance Refunding - Defeasance Method
253.16 Advance Refunding - Crossover Method

253.20 UNAMORTIZED PREMIUM ON SPECIAL ASSESSMENT BONDS

253.30 UNAMORTIZED DISCOUNT ON SPECIAL ASSESSMENT BONDS (DEBIT)

Premium or discount must be shown separately (and amortized over the life of the debt issue) for all proprietary fund debt. See G.L. account 195.30 for unamortized debt issue costs.

253.50 DEFERRED AMOUNT ON REFUNDING

This account is used only in proprietary funds to amortize the difference between the reacquisition price and net carrying value of the refunded (old) debt in the debt refunding transactions. If the reacquisition price exceeds the net carrying value of the old debt, debit this account. For more details see Part 3, Chapter 9, Section C.

253.90 ADVANCE REFUNDED SPECIAL ASSESSMENT BOND ISSUES

The amount of any refunded bonds included in this account should not be reported on your financial statements. (For further discussion, see Part 3, Chapter 9, Section C.)

255. ADVANCES FROM OTHER FUNDS

The amounts of long-term interfund loans not yet repaid. These are loans which do not meet the criteria of "temporary" defined in the accounting section of this manual (Part 3, Chapter 4A). Also include the amount of deferred assessments owed by a fund to other funds of the same government.

257. DEFERRED REVENUE

Amounts recognized as receivables, including amounts due from other governments, which cannot be classified as revenues. An example is property taxes levied but not yet collected. Under the modified accrual basis of accounting, such amounts are measurable but not available. See the discussion of revenue accrual in the Revenues section.

Also include amounts collected that will not become revenues during the next fiscal year. (See account 233.) For example, rental payment received for the last year of a lease running for several more years.

259. COMPENSATED ABSENCES

This account is used to record the noncurrent liability for employee absences. Such compensation should be recorded for all accrued vacation and for that portion of other leave, such as sick leave, for which the employee would be paid on termination. Use account 231.30 and 231.50 to record the current portion of these kinds of leave.

261. DEFERRED COMPENSATION

Include in this account those amounts of employees' salaries or wages (and related earnings on investments) deferred under the provisions of Section 457 of the Internal Revenue Code. (For further discussion, see Part 3, Chapter 3 of this manual.)

263. OTHER LONG-TERM LIABILITIES

263.10 CLAIMS AND JUDGMENTS PAYABLE

The noncurrent portion of amounts owed as compensation or payment for injury or damages. Use this account only in proprietary fund-types and the General Long-Term Debt Account Group.

263.20 ACCUMULATED LANDFILL CLOSURE COSTS

The estimated and accrued costs related to the closure of solid waste dump sites in accordance with DOE standards. Refer to discussion in Part 3, Chapter 12.

263.30 UTILITY "OPERATING RESERVES"

Amounts expensed by a proprietary fund and irrevocably set aside for pension, accident and death benefits, employee health and welfare, etc., but not included in restricted assets. Utilities may also use this account during the fiscal year for amounts expensed to meet the probable liability, not covered by insurance, for losses through accidents, fire, flood, or other hazards, and for losses from injury and damage claims. For reporting purposes, amounts that remain in this account at year-end which represent net self-insurance "reserves" must be credited against the related risk expense accounts, so that operating statements include as expenses only the actual judgments awarded and/or losses sustained.

263.40 REVENUE WARRANTS PAYABLE

The noncurrent portion of warrants issued with a set term for redemption (also known as time warrants). In most cases, they are backed by the earnings of a specific fund rather than the full faith and credit of the issuing government. Any premium or discount should be accounted for separately from the face value, using subaccounts of this account.

263.50 LEASES AND INSTALLMENT PURCHASES

Include the noncurrent portion of capital leases and lease/purchases. An explanation of capital leases and the required accounting for them is contained in Part 3, Chapter 9 of this manual.

263.60 NOTES PAYABLE

The noncurrent portion of promissory notes issued by a government.

Include the entire unpaid principal of intermediate length financing instruments, such as anticipation notes and warrants (Chapter 39.50 RCW) authorized in anticipation of a bond issue, even though it may come due within 12 months.

Other anticipation notes or warrants should be classified as current debt, even though payment may be delayed beyond 12 months (see account 239.60).

263.70 ARBITRAGE REBATE TAX PAYABLE

The interest earnings accrued in years 1-4 that will be due to the U.S. Treasury at the end of the 5th year. Refer to discussion in Part 3, Chapter 10.

263.80 DUE TO OTHER GOVERNMENTAL UNITS

The long-term portion of intergovernmental loans. Use this account only in proprietary fund-types and in the General Long-Term Debt Account Group.

263.90 MISCELLANEOUS LONG-TERM LIABILITIES

267. DEFERRED CREDITS

This account is used in proprietary funds to account for gains that will be amortized over succeeding fiscal periods. Use the separate accounts provided for items sometimes classified as deferred credits, such as unamortized debt premium (accounts 251.20, 252.20, and 253.20), customer advances to be refunded (account 245) and amounts held pending disposition (account 237).

271. - 274. CONTRIBUTED CAPITAL

An equity account used only in proprietary funds which reflects the amount of donated assets or resources externally restricted for capital purposes, such as contributions in aid of construction. The account is also used for moneys contributed to establish working capital. Each source should be accounted for separately, either in the general ledger or in a subsidiary ledger. For federal, state and interlocal contributions, you may use the grant source codes in the element through subdigit fields for this purpose.

Contributed capital in enterprise funds may be amortized as the related asset is depreciated. However, there is one exception: capital contributed by other funds. The authoritative literature specifically refers to the amortization of "externally restricted" contributed capital.

The authoritative literature explicitly addresses the amortization of grants, entitlements and shared revenues (BARS accounts 271 and 272). Prevalent practice has made acceptable the amortization of customer contributed capital (273.70). However, the practice of amortizing other fund contributed capital (273.40) is NOT GAAP.

Contributed capital in internal service funds should be amortized only to the extent that cost reimbursements do not cover depreciation. When other governments or funds contribute on the basis of services rendered (such as area assessments or hook-up charges), include those contributions in 273.70.

271. CONTRIBUTED CAPITAL - FEDERAL

272. CONTRIBUTED CAPITAL - STATE AND OTHER LOCAL GOVERNMENTS

273. OTHER CONTRIBUTED CAPITAL:

273.40 CAPITAL CONTRIBUTED BY OTHER FUNDS

Normally, contributions or returns of interfund contributed capital will be recorded as residual equity transfers.

273.70 CAPITAL CONTRIBUTED BY CUSTOMERS

Include special assessments here.

273.80 CAPITAL CONTRIBUTED BY CONTRACTORS/DEVELOPERS

273.90 OTHER SOURCES

274. AMORTIZATION OF CAPITAL GRANTS (DEBIT)

At year-end, after preparing a Statement of Revenues, Expenses and Changes in Retained Earnings, this account should be debited for the amount of depreciation recognized in enterprise funds on assets acquired with contributed capital and in internal service funds for any depreciation that exceeds cost reimbursements.

276. - 278. INVESTMENT IN GENERAL FIXED ASSETS

An equity account used only in the General Fixed Assets Account Group which represents the cost of general fixed assets.

This account must be subdivided according to the source of funds which financed the asset acquisition. For example, if a parks fund received state and federal grants to construct a senior center, the state portion would be accounted for in 277. The federal portion in 276 and the local portion in 278.20. For federal, state, and interlocal grants, you may use the grant source codes in the element through subdigit fields to further specify the source.

276. FROM FEDERAL GRANTS

277. FROM STATE AND INTERLOCAL GRANTS

278. FROM OTHER SOURCES:

278.40	FROM GENERAL FUND
278.50	FROM SPECIAL REVENUE FUNDS
278.60	FROM G.O. BONDS
278.70	FROM SPECIAL ASSESSMENTS
278.80	FROM PRIVATE CONTRIBUTIONS
278.90	FROM OTHER SOURCES

28X FUND BALANCE/RETAINED EARNINGS

281. RESERVED FUND BALANCE LEGALLY SEGREGATED FOR FUTURE USE

This account is used only in governmental funds, to represent that portion of fund balance which has already been committed by an appropriation still in effect although the expenditure has not yet been incurred. This account should be used only if the amounts to be segregated are material.

281.10 RESERVE FOR ENCUMBRANCES

An account used to indicate that portion of fund balance which has been segregated for expenditure under unperformed (executory) contracts.

At year-end, this account represents prior-year appropriation authority carried forward to the next year. This account may also be used to record outstanding purchase orders and other contracts, even though appropriation authority lapses at year-end, if the intent of the government is to honor the contracts.

Part 3, Chapter 3A, contains a discussion of encumbrance accounting procedures.

281.30 RESERVE FOR CONTINUING APPROPRIATIONS

This account is used only at year-end, when the budgetary accounts are closed. This reserve indicates that some or all of the fund resources are restricted to specific uses, already budgeted for, and that an unexpended, unencumbered appropriation is still in effect to authorize expenditures for those specific uses, already budgeted for, and that an unexpended, unencumbered appropriation is still in effect to authorize expenditures for those specific uses. Note that the amount recorded as a continuing appropriation is limited to the lesser of (a) fund resources already booked and available to finance the expenditures; and (b) the amount of unexpended and unencumbered appropriations. Also note that the amount of contracts let but not yet expended should be reserved as encumbrances rather than as continuing appropriation. Consider the example of a construction project funded by bond proceeds. Money reserved for construction contracts already let but unperformed should be offset by a credit to account 281.10; moneys reserved for construction where the contracts have not yet been let should be offset by a credit to this account, 281.30.

281.50 RESERVED FOR DEBT SERVICE

This account is used in governmental type funds other than debt service funds to indicate the amount of fund resources available for and committed to payment of debt. The entire resources of debt service funds are considered reserved, so that the use of this account in debt service funds is unnecessary.

281.90 OTHER RESERVES

282. RESERVED FUND BALANCE NOT AVAILABLE FOR APPROPRIATION

This account is used only in governmental funds, to represent that portion of current assets which cannot be appropriated because it has already been expended or because it has been loaned.

282.10 RESERVED FOR LOANS/ADVANCES RECEIVABLE

The offset or contra account to account 132 INTERFUND LOANS RECEIVABLE and 165 ADVANCES TO OTHER FUNDS. This account should also be used to offset amounts in account 163, NOTES/CONTRACTS RECEIVABLE, which have not been offset by deferred revenues.

282.30 RESERVE FOR INVENTORIES

The account is used only at year-end to indicate material amounts of items purchased for resale. The accounting entry is a debit to the inventory account and a credit to this reserve.

282.50 RESERVE FOR PREPAID ITEMS

This account is used only at year-end to indicate material amounts of prepayments. In many cases, the account will not need to be used: see the definition of account 143, PREPAYMENTS.

282.70 RESERVE FOR ENDOWMENT PRINCIPAL

This account should be used only in nonexpendable trust funds to report the principal (corpus) of the trust. In such funds, the donors have stipulated that the amount contributed is to be maintained either in perpetuity or for a term of years.

282.80 RESERVE FOR ARBITRAGE REBATE TAX

This account should be used at year-end to indicate rebate of interest earnings due to the U. S. Treasury.

282.90 OTHER RESERVES

283. FUND BALANCE RESERVED FOR EMPLOYEES' RETIREMENT SYSTEM

This account includes the total fund balance of a pension fund. The components of this fund balance are reserves for particular classes of pension beneficiaries, and a separate reserve to account for the excess of fund assets over (or the deficit of fund assets under) the actuarially determined requirements.

283.10 CURRENT RETIRANTS AND BENEFICIARIES RESERVES

The actuarial present value of projected benefits payable to retired employees or their heirs.

283.20 TERMINATED PARTICIPANTS RESERVES

The actuarial present value of projected benefits payable to former employees who have a specified minimum number of years in the system but have not reached the eligibility age for receiving benefits.

283.30 ACTIVE EMPLOYEES CREDITED RESERVES

The actuarial present value of credited projected benefits payable to current employees. The subelement detail should be used to identify accumulated member and employer contributions.

283.31 Member contributions
283.32 Employer Contributions

283.80 UNFUNDED CREDITED PROJECTED BENEFITS (DEBT)

This account represents the actuarial present value of reserves required in excess of net assets available in the pension fund.

283.90 NET ASSETS AVAILABLE FOR FUTURE BENEFIT CREDITS

This account represents the balance of net assets available in the pension fund that exceed the actuarial present value of all benefit reserves.

285. RESERVED RETAINED EARNINGS

This account is used only in proprietary and trust funds to indicate that portion of retained earnings which is being held or set aside for a special purpose. This category is often referred to as "appropriated retained earnings," where "appropriation" means only an expression of intent by management, not necessarily a restrictive limitation by a legislative body. The amounts in this account have no necessary relation to specific assets, except for restricted assets.

285.10 RESERVE FOR DEBT SERVICE

The amount that bond covenants require be accumulated in restricted asset accounts, excluding the current amount reported as payable from restricted assets. For further explanation, see account 150.

285.20 RESERVE FOR REPLACEMENT, RENEWALS, EMERGENCIES

The amount required by bond covenant or other contractual provisions that must be set aside for unforeseen operating expenditures or for asset replacement. As authorized expenditures are incurred, this reserve should be reduced and unappropriated retained earnings should be credited.

285.30 RESERVED FOR SOLID WASTE CLOSURE AND POST CLOSURE RCW 70.95.215

285.90 OTHER RESERVED RETAINED EARNINGS

287. DESIGNATED UNRESERVED FUND BALANCE

This account is used only in governmental funds to indicate tentative plans or commitments to expend resources in a future period. In contrast, reserves often reflect statutory or contractual requirements, that is, decisions or commitments already made.

288. UNDESIGNATED UNRESERVED FUND BALANCE/RETAINED EARNINGS

The excess of the assets of a fund over its liabilities and reserved or designated accounts. In governmental funds, this amount plus the amount of designated fund balance represents what is available for future appropriation.

290. CONTROL ACCOUNTS

An account containing totals of one or more types of transactions the detail of which appears in a subsidiary ledger or its equivalent. The balance of the control account equals the sum of the balances of the detail accounts.

291. NOMINAL ACCOUNTS CONTROL - BUDGETARY

"Budgetary" accounts record annual estimates that are formally integrated into an accounting system, whether those estimates are appropriations or merely management estimates. Budgetary accounts should be contrasted with "Actual" accounts, which record true revenues, expenditures or expenses, assets, liabilities and equities. Budgetary accounts should also be contrasted with project accounts, which record both estimates and actual amounts, but not on an annual basis.

"Nominal" accounts are those accounts that are closed to fund equity at the end of each fiscal period. For simplicity of reporting, the BAR System includes in the nominal control account only those accounts which appear on the operating statement (revenues, expenditures, etc.). Other nominal accounts, which appear on the statement of changes in fund equity, such as residual equity transfers and contributed capital, are controlled by the real control account.

291.10 ESTIMATED REVENUE CONTROL

This account records the total revenues it is estimated will be earned by a specific fund during a government's own fiscal year.

291.11 Estimated Operating Revenue Control
291.14 Estimated Nonoperating Revenue Control
291.17 Estimated Other Income Control

291.20 APPROPRIATION/EXPENSE CONTROL

This account records the estimated or legally authorized total expenditures or expenses to be incurred during a government's own fiscal year.

291.21 Estimated Operating Expense Control
291.24 Estimated Nonoperating Expense Control
291.27 Estimated Other Expenses Control

291.30 ESTIMATED OTHER FINANCING SOURCES CONTROL

This account records the total proceeds of borrowings, operating transfers (and a few other items not regarded as revenues) it is estimated will be received during a government's own fiscal year.

291.40 ESTIMATED OTHER FINANCING USES CONTROL

This account records the estimated or legally authorized amount of operating transfers to be paid during a government's fiscal year.

291.50 ESTIMATED EXPENDITURES INCLUDED IN WORKING CAPITAL (PROPRIETARY FUNDS ONLY AND OPTIONAL)

This account may be used in proprietary funds to establish budgetary control over specific line items within income from operations. Offset in account 293.15.

291.51 Estimated Inventory Purchases
291.53 Estimated Prepayments
291.55 Estimated Work in Process

291.70 ESTIMATED BEGINNING FUND BALANCE CONTROL (USED BY GOVERNMENTAL FUNDS AND FOR BUDGETING BY OBJECT IN PROPRIETARY FUNDS)

This account records the amount by which fund assets are expected to exceed fund liabilities at the beginning of the fiscal year. Include any amounts of reserved or designated unreserved fund balance.

291.71 Estimated Beginning Reserved Fund Balance
291.74 Estimated Beginning Unreserved Fund Balance

291.80 ESTIMATED ENDING FUND BALANCE CONTROL (USED BY GOVERNMENTAL FUNDS AND FOR BUDGETING BY OBJECT IN PROPRIETARY FUNDS)

This account records the excess of fund assets over liabilities estimated to exist at the end of the fiscal year.

291.81 Estimated Ending Reserved Fund Balance
291.84 Estimated Ending Unreserved Fund Balance

292. NOMINAL ACCOUNTS CONTROL - ACTUAL

"Actual" accounts record true revenues earned and expenditures or expenses incurred during a fiscal period.

292.10 REVENUE CONTROL

This account records the actual revenues earned by a specific fund during a government's own fiscal period. Do not include proceeds from long-term debt and operating transfers-in which are classified not as revenues but as other financing sources. See Account 292.3X.

292.11 Operating Revenue Control
292.14 Nonoperating Revenue Control
292.17 Other Income Control

292.20 EXPENDITURE/EXPENSE CONTROL

This account is used to record actual expenditures or expenses incurred during a government's own fiscal year. Do not include operating transfers-out which are classified not as expenditures or expenses but as other financing uses. See account 292.4X.

292.21 Operating Expense Control
292.24 Nonoperating Expense Control
292.27 Other Expenses Control

292.30 OTHER FINANCING SOURCES CONTROL

This account records the actual proceeds of borrowings, operating transfers (and a few other items not regarded as revenues) which are received during a government's own fiscal year.

292.40 OTHER FINANCING USES CONTROL

This account records the actual amount of operating transfers paid during a government's own fiscal year.

292.50 EXPENDITURES INCLUDED IN WORKING CAPITAL (PROPRIETARY FUNDS ONLY)

This account may be used to segregate expenditures (rather than expenses) for specific line items within income from operations. Offset in account 294.15.

292.51	Inventory Purchase Control
292.53	Prepayments Control
292.55	Work in Process Control

292.70 BEGINNING FUND BALANCE CONTROL (USED BY GOVERNMENTAL FUNDS AND FOR BUDGETING BY OBJECT IN PROPRIETARY FUNDS)

This account records the amount by which fund assets exceed fund liabilities at the beginning of the fiscal year. Include any amounts of reserved or designated unreserved fund balance.

Entry to this account is normally made once a year as soon as the entity has closed its books for the previous year, by crediting this account and debiting account 292.8X for the amount of actual beginning fund balance.

292.71	Beginning Reserved Fund Balance
292.74	Beginning Unreserved Fund Balance

292.80 ENDING FUND BALANCE CONTROL (USED BY GOVERNMENTAL FUNDS AND FOR BUDGETING BY OBJECT IN PROPRIETARY FUNDS)

This account records the actual excess of fund assets over liabilities at any specific date. The first entry to this account should be made as soon as the entity has closed its books for the previous year, by debiting this account for the actual beginning fund balance (see account 292.7X for the offsetting entry). Thereafter, entries must be made periodically (no less often than monthly) to update fund balance by charging this account for the excess of fund resources over fund uses since the last time fund balance was updated. The offsetting entry is made to unreserved undesignated fund balance (account 288). If periodic expenditures and other uses exceed resources, this account will be credited and account 288 will be debited.

293. REAL ACCOUNTS CONTROL - BUDGETARY

A control account is one that contains totals of one or more types of transactions the detail of which appears in a subsidiary ledger or its equivalent. The balance of the control account equals the sum of the balances of the detail accounts.

"Real" accounts are those accounts which are carried forward from one fiscal period to the next. Normally, these are balance sheet accounts, however, for simplicity of reporting, the BAR System includes in this category those nominal accounts which appear on the statement of changes in fund equity, such as residual equity transfers and contributed capital.

"Budgetary" accounts record annual estimates that are formally integrated into an accounting system, whether those estimates are appropriations or merely management estimates. Budgetary accounts should be contrasted with "Actual" accounts, which record true revenues, expenditures or expenses, assets, liabilities and equities. Budgetary accounts should also be contrasted with project accounts, which record both estimates and actual amounts, but not on an annual basis.

293.10 ESTIMATED CHARGES AND CREDITS NOT AFFECTING WORKING CAPITAL

This account is used to adjust estimated net income or loss to the amount of working capital that it is estimated will be provided by operations. The adjustments include those estimated revenues and expenses that do not provide or use working capital, such as depreciation of fixed assets, amortization of bond discount and premium, and book gains and losses recorded when fixed assets are sold. This account is also used to offset amounts in account 291.5X, for appropriations included in working capital.

293.11	Estimated Depreciation Control
293.12	Estimated Amortization Control
293.15	Working Capital Estimated Expenditures Offset
293.16	Estimated Gains Control
293.17	Estimated Losses Control

293.30 ESTIMATED RESOURCES OTHER THAN OPERATIONS CONTROL

This account represents the amount of working capital expected to be obtained from transactions which:

a. are accounted for by direct credits to equity accounts; or

b. incur long-term debt; or

c. reduce the amount of fund resources invested in long-term assets.

For further clarification, see chapters in Part 2 on working capital budgeting.

293.31 Estimated Proceeds from Sale of Proprietary Fund Fixed Assets

293.32 Estimated Proceeds from Sale of Long-Term Investments (Proprietary Fund Assets)

293.33 Estimated Proceeds of Long-Term Proprietary Fund Debt

293.34 Estimated Interfund Loan Proceeds

This account should be used only for long-term interfund loans; that is, loans that are for more than one year.

293.35 Estimated Contributed Capital

This account should be used for additional external contributions expected to be received during the year.

293.36 Estimated Residual Equity Transfers-In

See Glossary for definition of residual equity transfers.

This account should include interfund transfers expected by a proprietary fund to increase its operating capacity (i.e., increase productive assets or working capital); interfund transfers expected by any fund when a proprietary fund's capacity is being reduced; or transfers expected to be received from a discontinued fund.

293.37 Estimated Decrease in Net Restricted Assets

This account should include the amount by which required restricted assets (net of current payables) will be reduced during the fiscal year. Examples include restricted assets that will be spent on construction and bond indenture reserves that will be liquidated.

293.39 Estimated Other Resources

293.40 ESTIMATED USES OTHER THAN OPERATIONS

293.41 Estimated Acquisition of Proprietary Fund Fixed Assets

293.42 Estimated Purchases of Long-Term Proprietary Fund Investments

293.43 Estimated Retirement of Long-term Proprietary Fund Debt

293.44 Estimated Repayment of Interfund Loans

293.46 Estimated Residual Equity Transfers-Out

293.47 Estimated Increase in Net Restricted Assets

Examples include anticipated unspent proceeds of long-term debt and obligatory increases in restricted assets to meet bond indentures.

293.49 Estimated Other Uses

293.70 ESTIMATED BEGINNING WORKING CAPITAL (PROPRIETARY FUNDS ONLY)

This account represents the amount by which it is expected that current assets will exceed current liabilities at the beginning of the fiscal year.

293.80 ESTIMATED ENDING WORKING CAPITAL (PROPRIETARY FUNDS ONLY)

This account represents the amount by which it is expected that current assets will exceed current liabilities at the end of the fiscal year.

294. REAL ACCOUNTS CONTROL - ACTUAL

Actual accounts record true changes in accounts not included in an operating statement.

294.10 CHARGES AND CREDITS NOT AFFECTING WORKING CAPITAL

This account is used to adjust net income or loss to the amount of working capital provided by operations. The adjustments include those revenues and expenses that do not provide or use working capital, such as depreciation of fixed assets, amortization of bond discount and premium, and book gains and losses recorded when fixed assets are sold. This account is also used to offset amounts in account 292.5X for appropriated expenditures included in working capital.

294.11 Depreciation Control
294.12 Amortization Control
294.15 Working Capital Expenditures Offset
294.16 Gains Control
294.17 Losses Control

294.30 RESOURCES OTHER THAN OPERATIONS CONTROL

This account should record the amount of working capital obtained from transactions which:

a. are accounted for by direct credits to equity accounts; or

b. incur long-term debt; or

c. reduce the amount of fund resources invested in long-term assets.

For further clarification, see chapters in Part 2 on working capital budgeting.

294.31 Proceeds from Sale of Proprietary Fund Fixed Assets

294.32 Proceeds from Sale of Long-Term Investments (Proprietary Fund Assets)

294.33 Proceeds of Long-Term Proprietary Fund Debt

294.34 Interfund Loan Proceeds

This account should be used only for long-term interfund loans; that is, loans that are for more than one year.

294.35 Contributed Capital

This account should be used for additional external contributions received during the year.

294.36 Residual Equity Transfers-In

See Glossary for definition of residual equity transfers.

This account should include interfund transfers received by a proprietary fund to increase its operating capacity (i.e., increase productive assets or working capital); transfers received by any fund when a proprietary fund's capacity is being reduced; or transfers received from a discontinued fund.

294.37 Decrease in Net Restricted Assets

This account should include the amount by which required restricted assets (net of current payables) are reduced during the fiscal year. Examples include restricted assets spent on construction and bond indenture reserves that have been liquidated.

294.39 Other Resources

294.40 USES OTHER THAN OPERATIONS CONTROL

294.41 Acquisition of Proprietary Fund Fixed Assets

294.42 Purchase of Long-Term Proprietary Fund Investments

294.43 Retirement of Long-Term Proprietary Fund Debt

294.44 Repayment of Interfund Loans

294.46 Residual Equity Transfers-Out

294.47 Increase in Net Restricted Assets

Examples include unspent proceeds of long-term debt and obligatory increases in restricted assets to meet bond indentures.

294.48 Prior Period Adjustments

This account should be used only for corrections of material errors in prior period financial statements. Errors include computational mistakes and misapplication of accounting principles. Material errors are those which would distort current operations. This account should never be used for refunds received or canceled warrants (both of which should be credited to the affected expenditure account) or for refunds paid (which should be debited to the affected revenue account). The correction of minor errors should be credited to 369.90, OTHER or debited to 519.90, MISCELLANEOUS.

294.49 Other Uses

294.70 BEGINNING WORKING CAPITAL (PROPRIETARY FUNDS ONLY)

This account represents the amount by which current assets exceeded current liabilities at the beginning of the fiscal year.

Entry to this account is normally made once a year as soon as the entity has closed its books for the previous year, by crediting this account and debiting account 294.8X for the amount of actual beginning working capital.

294.80 ENDING WORKING CAPITAL (PROPRIETARY FUNDS ONLY)

This account represents the actual excess of current assets over current liabilities at any specific date. The first entry to this account should be made as soon as the entity has closed its books for the previous year, by debiting this account for the actual beginning working capital (see account 294.7X for the offsetting entry). Thereafter, entries must be made periodically (no less often than monthly) to update working capital by charging this account for the excess of sources of working capital over uses since the last time working capital was updated. The offsetting entries are made to unreserved retained earnings (account 288) for periodic net income or loss, to account 294.1X for amounts that adjust net income to working capital provided by operations, and to accounts 294.3X and 294.4X for amounts of sources and uses other than operations. If periodic uses of working capital exceed sources, this account will be credited.

295. ENCUMBRANCE CONTROL

Encumbrances are commitments related to unperformed (executory) contracts for goods or services. These are recorded before the actual expenditure is incurred to prevent expenditures from exceeding appropriations. The offsetting account is 281.1X, *Reserve for Encumbrances*. See Part 3, Chapter 3, Section A, for recommended procedures.

296. LIFE-TO-DATE ACCOUNTS CONTROL - BUDGETARY

296.10 GRANTS/PROJECTS AUTHORIZED

The total amount of ongoing grants/projects authorized through the current fiscal year. This amount should include all grant amendments to date. See discussion in Part 2, Chapter 2, Section A.

296.20 CONTINUING GRANTS/PROJECTS APPROPRIATIONS

The total amount of appropriations for ongoing grants/projects authorized through the current fiscal year. This amount should include all grant amendments to date. See discussion in Part 2, Chapter 2, Section B.

297. LIFE-TO-DATE ACCOUNTS CONTROL - ACTUAL

297.10 LIFE-TO-DATE RESOURCES EARNED

Resources earned from inception of the project to date for ongoing projects that extend over a period that does not coincide with or fall within the current fiscal year.

297.20 LIFE-TO-DATE EXPENDITURES/USES

Expenditures incurred from inception of the project to date for ongoing projects that extend over a period that does not coincide with or fall within the current fiscal year.

297.30 PROJECT/GRANT CONTRA

The excess of 297.20, *Life-To-Date Expenditures/Uses* over 297.10, *Life-To-Date Resources Earned*. This account represents the current grant receivable and serves to prevent these accounts from impacting fund balance.

300.00* RESOURCE ACCOUNTS

The 300 series of resource accounts designate all fund inflows by source.

For governmental-type funds, the subsidiary revenue accounts 310 - 369 represent the sources of revenue to a fund which are summarized in the general ledger control account 292.10. The subsidiary accounts 391 - 399 represent other financing sources in governmental-type funds and are subsidiary to the general ledger control account 292.30. Nonrevenue accounts 380 - 389 represent subsidiaries of general ledger accounts other than 292.

For proprietary and similar trust funds, both the 310 - 369 series and account 395 represent revenues classified by source. In addition, the 371 - 379 series is used in these fund types for unusual and infrequent types of gains and losses. The subsidiary account 397 is the only *Other Financing Source* in proprietary and similar trust funds. As with governmental funds, the nonrevenue accounts 381 - 389 represent subsidiaries of general ledger accounts other than 292. Note that proprietary fund operating statement do not classify revenues by source; see Part 4, Chapter 4 for further discussion of financial statement presentation of proprietary and trust fund revenues.

The word SUBSIDIARY indicates the relationship of the 300 account to the control accounts for those governmental entities using double-entry accounting.

BASIC ACCOUNTS

291.70	ESTIMATED BEGINNING FUND BALANCE
292.70	ACTUAL BEGINNING FUND BALANCE
308.00 1/	BEGINNING FUND BALANCE
310.00	TAXES
320.00	LICENSES AND PERMITS
330.00.00	INTERGOVERNMENTAL REVENUES
340.00	CHARGES FOR GOODS AND SERVICES
350.00	FINES AND FORFEITS
360.00	MISCELLANEOUS REVENUES
370.00	PROPRIETARY/TRUST GAINS (LOSSES) AND OTHER INCOME (EXPENSES)
380.00	NONREVENUES
390.00	OTHER FINANCING SOURCES

* Most of the prescribed subsidiary revenue and nonrevenue codes are limited to five (5) positions; however, a total of seven (7) positions are reserved for BARS information, i.e. - 300.00. 00.

1/ 308.00 is intended for use by Category 2 local governments. It can optionally be used by Category 1 local governments.

291.70	ESTIMATED BEGINNING FUND BALANCE	
292.70	ACTUAL BEGINNING FUND BALANCE	
308.00	BEGINNING FUND BALANCE	
310.00	TAXES	
311.00		GENERAL PROPERTY TAXES
312.00		TIMBER HARVEST TAXES
313.00		RETAIL SALES AND USE TAXES
314.00		INTERFUND TAXES
316.00		BUSINESS TAXES
317.00		EXCISE TAXES
318.00		OTHER TAXES
319.00		PENALTIES AND INTEREST ON DELINQUENT TAXES
320.00	LICENSES AND PERMITS	
321.00		BUSINESS LICENSES AND PERMITS
322.00		NON-BUSINESS LICENSES AND PERMITS
329.00		INTERFUND LICENSES AND PERMITS
330.00.00	INTERGOVERNMENTAL REVENUES	
331.00.00		DIRECT FEDERAL GRANTS
332.00.00		FEDERAL ENTITLEMENTS, IMPACT PAYMENTS AND IN-LIEU TAXES
333.00.00		INDIRECT FEDERAL GRANTS
334.00.00		STATE GRANTS
335.00.00		STATE SHARED REVENUES
336.00.00		STATE ENTITLEMENTS, IMPACT PAYMENTS AND IN-LIEU TAXES
337.00.00		INTERLOCAL GRANTS, ENTITLEMENTS, IMPACT PAYMENTS AND IN-LIEU TAXES
338.00.00		INTERGOVERNMENTAL SERVICE REVENUES
340.00	CHARGES FOR GOODS AND SERVICES	
341.00		GENERAL GOVERNMENT
342.00		SECURITY OF PERSONS AND PROPERTY
343.00		PHYSICAL ENVIRONMENT
344.00		TRANSPORTATION
345.00		ECONOMIC ENVIRONMENT
346.00		MENTAL AND PHYSICAL HEALTH
347.00		CULTURE AND RECREATION
348.00		INTERNAL SERVICE FUND SALES AND SERVICE CHARGES
349.00		INTERFUND/INTERDEPARTMENTAL-SALES AND SERVICE CHARGES

350.00 FINES AND FORFEITS

351.00 SUPERIOR COURT - FELONY/MISDEMEANOR PENALTIES
352.00 CIVIL PENALTIES
353.00 CIVIL INFRACTION PENALTIES
354.00 CIVIL PARKING INFRACTION PENALTIES
355.00 CRIMINAL TRAFFIC MISDEMEANOR FINES
356.00 CRIMINAL NON-TRAFFIC FINES
357.00 CRIMINAL COSTS
359.00 NON-COURT FINES, FORFEITURES AND PENALTIES

360.00 MISCELLANEOUS REVENUES

361.00 INTEREST EARNINGS
362.00 RENTS, LEASES AND CONCESSIONS
363.00 INSURANCE PREMIUMS AND RECOVERIES
365.00 INTERNAL SERVICE FUND MISCELLANEOUS REVENUES
366.00 INTERFUND/INTERDEPARTMENTAL-MISCELLANEOUS REVENUES
367.00 CONTRIBUTIONS AND DONATIONS FROM PRIVATE SOURCES
368.00 SPECIAL ASSESSMENT PRINCIPAL (CURRENT)
369.00 OTHER

370.00 PROPRIETARY/TRUST GAINS (LOSSES) AND OTHER INCOME (EXPENSES)

380.00 NONREVENUES

381.00 INTERFUND LOAN RECEIPTS
382.00 PROCEEDS OF LONG-TERM DEBT-PROPRIETARY FUNDS ONLY
383.00 CONTRIBUTED CAPITAL-FEDERAL/STATE/INTERLOCAL
384.00 PROCEEDS FROM SALES OF INVESTMENTS
385.00 COLLECTIONS OF ACCRUED REVENUES AND OTHER RECEIVABLES
386.00 AGENCY TYPE DEPOSITS
387.00 RESIDUAL EQUITY TRANSFERS-IN
388.00 OTHER INCREASES IN FUND EQUITY
389.00 OTHER NONREVENUES

390.00 OTHER FINANCING SOURCES

391.00 PROCEEDS OF LONG-TERM DEBT-GOVERNMENTAL FUNDS ONLY
393.00 PROCEEDS OF REFUNDING LONG-TERM DEBT
394.00 DONATIONS OF FIXED ASSETS
395.00 DISPOSITION OF FIXED ASSETS
397.00 OPERATING TRANSFERS-IN

291.70 292.70 308.00 BEGINNING FUND BALANCE. These accounts record the estimated and actual amounts of fund balance at the beginning of the year; that is, the excess of fund assets over liabilities. Include any amounts of reserved or designated unreserved fund balance.

310.00 TAXES

311.00 GENERAL PROPERTY TAXES. Ad valorem taxes levied on an assessed valuation of real and personal property. Include compensating tax and property taxes on land with statutory values, such as forest land, reforestation land, open space land, etc. (RCW 84.33.120, .140, .145)

311.10 REAL AND PERSONAL PROPERTY (RCW 84.56.230 and RCW 35.13.270). Additional earmarked levies of real and personal property tax should be coded using the subelement (5th) digit. For example, Emergency Medical Services (RCW 84.52.069), Veterans Relief (RCW 73.08.080), Community Services (RCW 71.20.110), etc.

311.20 DIVERTED COUNTY ROAD PROPERTY TAXES (RCW 36.33.220 and 36.82.040). For details see Part 3, Chapter 12, Interpretation 3.

311.30 SALE OF TAX TITLE PROPERTY (RCW 84.64.230)

311.60 DEFERRED PROPERTY TAXES (RCW 84.38.120)

Note: Account 311.00 should not include: (1) non-tax revenue; or (2) taxes levied by the municipality upon subjects or bases other than general property. This account should include taxes levied by a county and diverted to a city because of annexation.

312.00 TIMBER HARVEST TAXES

312.10 PRIVATE HARVEST TAX. County-levied tax on private timber harvest. See 335.02.31 for reforestation harvest tax and 335.02.33 for timber sales from the state forest land (Chapter 84.33 RCW).

313.00 RETAIL SALES AND USE TAXES. Taxes imposed upon the sale or consumption of goods and/or services generally, with few or limited exemptions. Include sales taxes levied by the governmental unit even though collected and distributed by the state after deduction of a handling fee. The net amount received should be reflected in the account. (Chapter 82.14 RCW)

313.10 LOCAL RETAIL SALES AND USE TAX (RCW 82.14.060)

313.20 LOCAL RETAIL SALES AND USE TAX - TRANSPORTATION

313.21 PUBLIC TRANSPORTATION SYSTEMS (RCW 82.14.045)

313.22 HIGH CAPACITY TRANSPORTATION (HCT) (RCW 81.104.160(2) and .170)

313.30 HOTEL/MOTEL TAX (Chapter 67.28 RCW)

313.50 HOTEL/MOTEL TAX - CONVENTION/TRADE CENTER (RCW 67.40.100)

313.60 BROKERED NATURAL GAS USE TAX (RCW 82.14.230)

313.70 LOCAL RETAIL SALES AND USE TAX - PUBLIC SAFETY

313.71 CRIMINAL JUSTICE FUNDING. Funds distributed are to be used exclusively for criminal justice purposes; these funds cannot be used to replace or supplant existing funding. (RCW 82.14.340)

313.72 JUVENILE DETENTION FACILITIES AND JAILS. Funds are to be used exclusively for financing, design, acquisition, construction, equipping, operating, maintaining, remodeling, repairing, reequipping, and improvement of juvenile detention facilities and jails. (RCW 82.14.350)

314.00 INTERFUND TAXES. (Quasi-External Transactions) Taxes assessed against one fund for the benefit of another fund of the same governmental entity.

314.50 BUSINESS AND OCCUPATION TAXES ON MUNICIPALITY'S OWN UTILITIES. Levied on the gross revenues or other activity of utility.

314.51 ELECTRIC
314.52 WATER
314.53 GAS
314.54 SEWAGE
314.55 GARBAGE/SOLID WASTE
314.56 TELEVISION CABLE
314.57 STREET UTILITIES
314.58 STORM DRAINAGE
314.59 OTHER

316.00 BUSINESS TAXES. Taxes levied on business activities or designated types of business firms. Business taxes imposed on utilities and enterprises should also be included.

316.10 BUSINESS AND OCCUPATION TAXES. A revenue tax that derives from municipal authority to license businesses, usually based on gross revenue. (The license fee itself is recorded in account 321.) (RCW 82.04.220)

316.20 ADMISSIONS TAX. A consumer tax based on entrance to theaters, parks, sports arenas, etc. Also include similar taxes on season tickets, cover charges, rentals of recreational facilities and equipment, and the like. (RCW 35.21.280 and 36.38.010)

316.30 PARKING TAX. A tax imposed upon all persons engaged in a commercial parking business within the boundaries of an incorporated city or unincorporated county. (RCW 82.80.030)

316.40 BUSINESS AND OCCUPATION TAXES ON PRIVATELY OWNED UTILITIES

316.41 ELECTRIC
316.42 WATER
316.43 GAS
316.44 SEWAGE
316.45 GARBAGE/SOLID WASTE
316.46 TELEVISION CABLE
316.47 TELEPHONE AND TELEGRAPH
316.48 STEAM
316.49 OTHER

316.50 BUSINESS AND OCCUPATION TAXES ON UTILITIES OF OTHER GOVERNMENTS

316.51 ELECTRIC - Excise tax locally levied. If state shared, use 335.00.91 (RCW 82.16.020)
316.52 WATER
316.53 GAS
316.54 SEWAGE
316.55 GARBAGE/SOLID WASTE
316.56 TELEVISION CABLE
316.57 RAILROAD
316.58 STORM DRAINAGE
316.59 OTHER

316.70 TAXES BILLED TO CUSTOMERS OF GOVERNMENT'S OWN UTILITIES. This account is restricted to include only those taxes directly passed on to the consumer. Such taxes must be shown on utility bills to customers. These taxes are not revenues to the utility, only to the general fund. See account 314 for business and occupation taxes levied on the revenues (or other activity basis) of a government's own utility.

Note: Account 316 should not include any intergovernmental or interfund charges in lieu of taxes. Use accounts 314, 337 or 338.

316.71 ELECTRIC
316.72 WATER
316.73 GAS
316.74 SEWAGE
316.75 GARBAGE/SOLID WASTE
316.76 TELEVISION CABLE
316.77 TELEPHONE
316.78 STORM DRAINAGE
316.79 OTHER

317.00 EXCISE TAXES. Taxes levied on the sale, production or consumption of certain commodities. Also, taxes levied for certain privileges.

317.10 LOCAL MOTOR VEHICLE/FUEL EXCISE TAX

317.11 PUBLIC TRANSPORTATION SYSTEMS. A tax imposed on all motor vehicles owned by the residents of city or county. Moneys must be spent on public transportation systems. (RCW 35.58.273 and 82.44.150(3)(4))

317.12 HIGH CAPACITY TRANSPORTATION (HCT). A tax imposed on employers based on number FTEs (RCW 81.104.150) and on all motor vehicles (RCW 81.104.160(1)) solely for the purpose of providing high capacity transportation service.

317.13 HIGH OCCUPANCY VEHICLE (HOV) SYSTEMS. A tax imposed on employers (RCW 81.100.030) and on all motor vehicles for HOV lane development, mitigation of environmental impacts of HOV development, support of employer programs to reduce single occupant commuting, and commuter rail programs. (RCW 81.100.060)

317.14 BORDER AREA JURISDICTIONS. A tax imposed on the sale of motor vehicle fuel and special fuel. Proceeds shall be used for the purposes of border area jurisdiction street maintenance and construction. (RCW 82.47.020 and .030)

317.20 LEASEHOLD EXCISE TAX. Taxes on property owned by state or local governments and leased to private parties. (RCW 82.29A.090)

317.30 REAL ESTATE EXCISE TAX (REET)

317.31 COUNTY TREASURER'S COLLECTION FEE (RCW 82.45.180 and 82.46.030)

317.34 REET 1 - FIRST QUARTER PERCENT. Excise tax imposed on the sale of real property and dedicated to local capital projects identified in RCW 82.46.010(2)(6). Proceeds should be placed in the capital improvement fund. (RCW 82.46.030(2) and 82.45.180(2))

317.35 REET 2 - SECOND QUARTER PERCENT. An additional excise tax on sale of real property. Proceeds should be used solely for financing capital projects specified in a capital facilities plan. (RCW 82.46.035)

317.36 REET - ONE HALF PERCENT. An additional tax on sale of real property imposed in-lieu of sales and use tax authorized in RCW 82.14.030(2). (RCW 82.46.110(3))

317.37 CONSERVATION AREAS. An additional excise tax on sale of real property imposed by counties and used exclusively for the acquisition and maintenance of conservation areas. (RCW 82.46.070)

317.40 HOUSEHOLD TAXES. Excise tax levied and collected from residents and used to support selected government's operations. Note: tax for ambulance services (RCW 35.21.768) has been reclassified as property tax (RCW 84.52.069) and should be recorded in account 311.10.

317.41 ENHANCED 911 - SWITCHED ACCESS LINES (RCW 82.14B.030)
317.42 ENHANCED 911 - WIRELESS ACCESS LINES (RCW 82.14B.030)
317.43 MUNICIPAL PUBLIC TRANSPORTATION SYSTEM (RCW 35.95.040)
317.49 OTHER

317.50 GAMBLING EXCISE TAXES (RCW 9.46.110, .113 and .270)

317.51 PUNCH BOARDS AND PULL TABS
317.52 BINGO AND RAFFLES
317.53 AMUSEMENT GAMES
317.54 CARD GAMES

317.70 OPERATING ASSESSMENTS. A tax levied by a local government to support particular operations. These assessments are distinguished from general property taxes because the basis of allocation is not the assessed value of real or personal property. Assessments levied to finance local capital improvements are accounted for in account 368.

317.90 OTHER

318.00 OTHER TAXES. Taxes levied for purposes not otherwise included in accounts 311 through 317.

319.00 PENALTIES AND INTEREST ON DELINQUENT TAXES. Penalties for the payment of taxes after due date, and the interest charged on delinquent taxes from the due date to the date of actual payment. Penalties for capital assessment should be coded 361.51.

319.10 PENALTIES AND INTEREST ON REAL AND PERSONAL PROPERTY TAXES

319.11 PENALTIES ON REAL AND PERSONAL PROPERTY TAXES (RCW 84.56.020(1)(2), 84.33.120(8) and 84.33.140(4))

319.12 PENALTY FOR FAILURE TO LIST PERSONAL PROPERTY (RCW 84.40.130)

319.15 OTHER PENALTIES

319.16 INTEREST ON REAL AND PERSONAL PROPERTY TAXES (RCW 84.56.020)

319.19 OTHER INTEREST

319.30 PENALTIES AND INTEREST ON RETAIL SALES AND USE TAXES

319.60 PENALTIES AND INTEREST ON BUSINESS TAXES

319.80 PENALTIES AND INTEREST ON OTHER TAXES. Include penalties for delinquent operating assessments (e.g., irrigation assessment - RCW 87.03.270).

320.00 LICENSES AND PERMITS. Charges for the issuance of licenses and permits. Not a charge for inspections (see 342.40).

Licenses are required by municipalities for selected trades, occupations and other activities for regulatory purposes. These businesses and activities are selected because of health, safety, or security hazards which might arise in the absence of regulation. Licenses may be accompanied by inspections of the premises by city, county, or state departments. Inspection may be repeated upon renewal of the license. License fees are usually designed to cover the cost of administration, inspection and continuing services in connection with regulation. If inspection charges are assessed separately, they should be coded 342.40.

Permits are issued to aid regulation of new business activities. Some represent public control over private activity while other permits regulate private use of public property. Issuance of permits protects the property from dangerous or unauthorized use.

321.00 BUSINESS LICENSES AND PERMITS. Proceeds from the issuance of licenses and permits to businesses and occupations which must be licensed before doing business within a governmental unit. Not a charge for inspections. (See 342.40.)

321.10 ALCOHOLIC BEVERAGES

321.20 HEALTH

321.30 POLICE AND PROTECTIVE. Include fireworks permits.

321.50 PUBLIC UTILITIES.

321.60 PROFESSIONAL AND OCCUPATIONAL. Examples: Antique Dealers, Taxicab Operation Licenses, Auctioneers, and Taxicab Driver Permits

321.70 AMUSEMENTS. Examples: Amusement Devices, Carnivals and Circuses, Billiard and Card Tables, and Dance and Dance Hall Licenses

321.80 PENALTIES ON BUSINESS LICENSES

321.90 OTHER BUSINESS LICENSES AND PERMITS. Include general business licenses and permits not includable in any other specific account number, such as vending machine licenses.

321.91 FRANCHISE FEES. Charges levied on private utilities for the right to use public property. (Note: Exceptions for cities and towns in RCW 35.21.860.)

322.00 NON-BUSINESS LICENSES AND PERMITS. Levied according to benefits presumably conferred by the license or permit. Not a charge for inspections. (See 342.40.)

322.10 BUILDINGS, STRUCTURES AND EQUIPMENT
Examples:
Building Permits - Commercial - Residential
Plumbing Permits
Electrical Permits
Septic Tank Permits

322.20 MARRIAGE LICENSES

322.30 ANIMAL LICENSES

322.40 STREET AND CURB PERMITS
Examples:
Overload Permits (RCW 46.44.096)
Temporary Street and/or Sidewalk Closures
Taxi and Other Zone Permits, etc.

322.80 PENALTIES ON NON-BUSINESS LICENSES

322.90 OTHER NON-BUSINESS LICENSES AND PERMITS
Examples:
Gun Permits

329.00 INTERFUND LICENSES AND PERMITS. (Quasi-External Transactions) Licenses, permits, fees assessed against one fund for the benefit of another fund of the same governmental entity.

NOTE: Pages 1-3-12 through 1-3-16 are omitted intentionally to leave room for future revisions.

330.00.00 INTERGOVERNMENTAL REVENUE

Grants, entitlements, shared revenues and payments for goods and services provided by one government to another. Private grants are recorded in account 367 and intergovernmental loans are recorded in 382.80 or 391.80.

331.00.00 DIRECT FEDERAL GRANTS

Cash or other assets furnished by the federal government to local governments under contractual arrangements that provide aid or reimburse the local government for costs it has incurred. Programs provided by the federal government are classified into 15 types of assistance: eight nonfinancial and seven financial types of assistance.

The seven types of financial assistance that are available to state and local governments are:

1) formula grants
2) project grants
3) direct payments (direct payments for specific use and unrestricted use)
4) direct loans
5) guaranteed/insured loans
6) insurance
7) sale, exchange, or donation of property and goods

Most federal financial assistance is in the form of cash awards. However, there are programs that do not involve cash transactions (e.g., food stamps, food commodities, loan guarantees, interest-rate subsidies, or insurance).

Direct federal grants are distinguished from indirect grants by the fact that direct grants are received from a federal department or agency without passing through an intermediary state or local government or other nonfederal agency. All direct federal grants should be coded using this account number. Federal loans are recorded in account 382.80 or 391.80.

Coding Instructions

The following coding procedures apply to federal grant moneys. They apply whether such arrangements are called *awards*, *grants*, *block grants*, *subsidies*, *programs*, *cost reimbursements*, *contracts*, or *agreements*. The coding does not apply to entitlements, shared revenues, or intergovernmental service revenues (see Revenue Accounts 332, 335, and 336).

Federal Grants Other Than Department of Health and Human Services (DHHS)

All codes for federal grants are abbreviated versions of the numbers assigned by the federal government itself in the Catalog of Federal Domestic Assistance (CFDA). There are two strategies: one for DHHS grants and one for all other federal grants.

Most agreements with federal agencies include references to the funding program in the first few paragraphs of the agreement. The exact title of the funding program is what you need to find the catalog number.

Grants from all federal agencies except DHHS will be coded using the first three digits of the number assigned that program in the Catalog of Federal Domestic Assistance (CFDA).

Example: Entity receives a direct federal grant. The title of the grant is Senior Community Service Employment Program. The CFDA number is 17.235. The BARS code for this grant is 331.17.2X.

```
BARS CODE                          3  3  1.  1 7. 2   X

1.      Revenue-----------------------*  *  *  *______* *
2.          Intergovernmental---------  *  *     *     *
3.              Direct Federal--------------*     *     *
4.                  First three digits----  *     *     *
5.                  of the CFDA          *--------*     *
6.                  number ---------------*             *
7.      For local use (see below)--------------------------- *
```

If more than one grant with the same CFDA number is received, use the seventh digit (shown by "X") to distinguish them. You may also use the seventh digit to distinguish different program years of the same grant.

Federal Grants - Department of Health and Human Services

Grants from the federal DHHS will be coded using the last three digits of the CFDA number preceded by a "9." The catalog number of all DHHS grants begins with 93. Since there are numerous DHHS grants to distinguish and since the BARS is limited to 7 digits, we substituted the one-digit number 9 for the 93.

Example: Entity receives a direct federal grant. The title of the grant is Preventive Health and Health Services Block Grant. The CFDA number is 93.991. The BARS code for this grant is 331.99.91.

```
BARS CODE                          3 3  1. 9  9. 9 1

1.      Revenue-----------------------* *  *  **______*
2.          Intergovernmental----------*  *  *     *
3.              Direct Federal-------------*  *     *
4.              DHHS--------------------------*     *
5.                  Last three digits------------*__*
6.                  of the CFDA number----- *
```

332.00.00 FEDERAL ENTITLEMENTS, IMPACT PAYMENTS, AND IN-LIEU TAXES

Cash furnished by the federal government to local governments based on a distribution formula. Entitlements are distributed per capita or based on some eligibility requirements. Typically, there are few or no restrictions on how federal entitlements may be spent.

Note that federal aid for secondary highways (FAS), federal aid-municipal (FAM), etc., are accounted for in Basub 333.20.2X.

332.12.00 MILITARY FOREST YIELD

Counties' share of forest receipts from military installations remitted by the state treasurer (Title 10, USC, Section 2665). These moneys are to be spent on public roads and public schools.

332.12.10 FEDERAL FLOOD CONTROL LEASES

Counties' share of the receipts from leases of federal lands acquired for flood control, navigation, and related purposes. These moneys are remitted by the state treasurer and may be used for any expense of county government. Alternatively, these receipts may be passed on to flood control districts or diking and drainage districts. (Title 33, USC, Section 701c-3, RCW 36.34.220)

332.15.21 FEDERAL GRAZING LEASES (TAYLOR ACT)

Counties' share of the receipts from grazing leases on federal lands outside grazing districts, remitted by the state treasurer, usually in October. (Title 43, USC, Section 315i, RCW 79.28.040)

332.15.22 FEDERAL GEOTHERMAL LEASES

Counties' share of rentals and royalties from leases pursuant to the U.S. Geothermal Steam Act of 1970, remitted by the state treasurer. (Title 30, USC, Section 191 and 1001, RCW 43.140.040)

332.15.23 PAYMENT IN-LIEU OF TAX

U.S. Department of the Interior, Bureau of Land Management

Payments are made to each unit of local government in which federally owned entitlement land is located. Funding limitations may require prorata payments. Funds received are subject to post-audit review of data submitted by the state. (Title 31, USC, Section 6902, P.L. 97-258)

332.15.60 PAYMENT IN-LIEU OF TAX

U.S. Department of the Interior, U.S. Fish and Wildlife Service

Funds are paid to the county and are further distributed by it on a proportional basis to those units of local government which have wildlife refuge lands and waters administered by the Secretary of the Interior. Payments are made to those local governments which have incurred a loss or reduction of real property tax revenue due to the existence of the wildlife refuge lands. (Refuge Revenue Sharing Act, as amended Title 16, USC, Section 715s.)

332.21.00 EQUITBLE SHARING OF FEDERALLY FORFEITED PROPERTY

U.S. Department of Justice
U.S. Department of Treasury

Payments made to local law enforcement agencies that directly participated in investigation or prosecution that resulted in a federal forfeiture of property.

333.00.00 INDIRECT FEDERAL GRANTS

Indirect federal grants are distinguished from direct grants by the fact that they are passed through one or more intermediary governments or nonfederal agencies before reaching the local government.

For coding instructions see pages 17 and 18 of this chapter. Make sure to use 333 instead of 331 if the federal grant is indirect.

Federal loans are recorded in account 382.80 or 391.80.

Note that federal aid for secondary highways (FAS), federal aid - municipal (FAM), etc., are accounted for in this Basub, at 333.20.2X.

334.00.00 STATE GRANTS

Cash or other assets furnished by the state government to local governments directly or indirectly, through another local government, under contractual arrangements that provide aid or reimburse the local government for costs it has incurred. Code state grants by the state agency which provides the grant, using the element, subelement and unit fields. Do not confuse state grants with grants received from the state but originating with the federal government; when the state is acting as an agent of the federal government, the grants should be classified as indirect federal grants, account 333. Be careful to segregate federal indirect moneys from state matching grants, which may be paid on the same state remittance.

Coding Instructions

The following coding procedures apply to all state grant moneys. They apply whether such arrangements are called *awards*, *grants*, *block grants*, *subsidies*, *programs*, *cost reimbursements*, *contracts*, or *agreements*.

Grants from all state agencies will be coded using the three digit code listed on the following page.

Example: Entity receives a state grant from the Transportation Improvement Board (03.8X). The BARS code for the grant is 334.03.8X.

```
BARS CODE                          3  3  4.  0 3. 8  X

1.      Revenue----------------------*   *  *  *______* *
2.          Intergovernmental---------  *  *     *     *
3.              State-------------------------*     *     *
4.                  BARS Grant---- *            *     *
5.                  Code           *------------ *     *
6.                  Listing---------- *                 *
7.      For local use (see below)-------------------------- *
```

If more than one grant is received from the same agency, use the seventh digit (shown by "X") to distinguish them. You may also use the seventh digit to distinguish different program years of the same grant.

STATE AGENCIES

00.1X	Legislature and its Committees
00.2X	Office of the Governor
00.3X	Secretary of State
00.4X	Office of Financial Management
00.5X	Department of Personnel
00.6X	Department of Retirement Systems
00.7X	Department of General Administration
00.8X	Department of Licensing
00.9X	Department of Revenue
01.0X	Office of Attorney General
01.1X	Criminal Justice Training Commission
01.2X	Other Judicial Agencies
01.3X	State Patrol
01.4X	Gambling Commission
01.5X	Department of Corrections
01.6X	Jail Commission
01.7X	Other Corrections Agencies
01.8X	Military Department
01.9X	Lottery Commission
02.1X	Department of Agriculture
02.2X	Agricultural Commissions
02.3X	Department of Natural Resources
02.4X	Department of Parks and Recreation
02.5X	Department of Fish and Wildlife
02.7X	Interagency Committee for Outdoor Recreation
02.8X	Utilities and Transportation Commission
03.1X	Department of Ecology
03.2X	Other Environmental Agencies
03.5X	Traffic Safety Commission
03.6X	Department of Transportation
03.7X	County Road Administration Board
03.8X	Transportation Improvement Board
03.9X	Other Transportation Agencies
04.2X	Department of Community, Trade and Economic Development
04.3X	Human Rights Commission
04.4X	Hospital Commission
04.5X	Department of Veterans Affairs
04.6X	Department of Social and Health Services
04.7X	Department of Employment Security
04.8X	Minority Commissions and Councils
04.9X	Department of Health
05.1X	Superintendent of Public Instruction
05.2X	Commission for Vocational Education
05.3X	Council for Post Secondary Education
05.4X	Universities and Four-Year Colleges
05.5X	Community Colleges
05.6X	Other Educational Agencies
05.7X	Library Commission
05.8X	Arts Commission
06.9X	Other Agencies

INTERLOCAL GRANTORS

07.0X-09.99

335.00.00 STATE SHARED REVENUES

Moneys which represent the local government's portion of a revenue levied and collected by the state. State shared revenues differ from state-collected revenues, which are levied by the local government itself but collected and distributed by the state (such as local sales taxes). State shared revenues differ from state entitlements and impact payments by the nature of the distribution. State shared revenues are distributed in proportion to amounts collected in each local jurisdiction; state entitlements and impact payments are distributed per capita or based on some eligibility requirements. Some revenues previously included in the 335 accounts have been reclassified as state grants (the urban arterial and county ferry portions of motor vehicle fuel taxes, and snowmobile registration fees) and others have been reclassified as state entitlements (most motor vehicle fuel taxes, motor vehicle excise taxes, fire insurance premium taxes, liquor board profits and excise taxes, harbor lease revenues and parimutuel taxes.) Specific coding is prescribed below.

335.00.81 TRAVEL TRAILER AND CAMPER EXCISE TAX

State distribution of excise taxes imposed on the owner of any travel trailer or camper. The distribution to county government is based on taxes collected in each county; distribution to cities and towns is based on population. (RCW 82.50.400 and .510)

335.00.82 MOTOR VEHICLE EXCISE TAX--COUNTY PUBLIC HEALTH

State distributed motor vehicle excise tax and other moneys to be used by county health departments for public health purposes. (RCW 70.05.125)

335.00.83 MOTOR VEHICLE EXCISE TAX--REGULAR

State-distributed excise tax imposed on motor vehicles. The distribution to cities and towns is based on population. These moneys must be used for police and fire protection. (RCW 82.44.020, .150 and .155)

335.00.84 CAPRON REFUNDS (ISLAND AND SAN JUAN COUNTIES)

State distribution of motor vehicle license and fuel taxes paid by residents of these two counties. Distribution is based on fees paid by county residents, then allocated to cities and towns on the basis of assessed valuation. These moneys must be deposited into a road or street fund. (RCW 46.68.080)

335.00.91 PUD PRIVILEGE TAX

State distribution of excise taxes collected from public utility districts which operate facilities for generating, distributing or selling electrical energy. The distribution to local governments is based on gross revenues from sales within each county and on the locations of generating facilities. (RCW 54.28.020 and .090) Local taxes on PUD operations belong in account 316.50. County treasurer collections from the state are distributed per RCW 54.28.090.

335.02.31 REFORESTATION HARVEST TAX

State distribution of harvest taxes on reforestation timber; the tax is based on the stumpage value of harvested timber. The Department of Revenue distributes these receipts to the county treasurer, who distributes them to local taxing districts on the basis of assessed valuation. (Chapter 84.33 RCW)

335.02.32 NON-TIMBER REVENUE FROM STATE FOREST LAND

Counties' share of proceeds from leases and sales of products, other than timber, from state forest lands managed by the Department of Natural Resources. The county should prorate and distribute the money to other funds in the same manner as general taxes are paid and distributed that year. (RCW 76.12.120)

335.02.33 SALE OF TIMBER FROM STATE FOREST LAND

Counties' share of proceeds from sale of timber from state forest lands managed by the Department o f Natural Resources. The county should prorate and di stribute the money to other funds in the same manner as general taxes are paid and distributed that year. (RCW 76.12.120)

336.00.00 STATE ENTITLEMENTS, IMPACT PAYMENTS AND IN-LIEU TAXES

Moneys furnished by the state government to local governments based on a distribution formula, either per capita or according to some eligibility criteria, such as local taxing efforts, qualifying employees, or clients served. Unlike federal entitlements, state entitlements generally do contain restrictions on how the moneys may be spent; this makes state entitlements somewhat analogous to federal categorical grants, but unlike grant resources, the entitlement moneys may be commingled with other functionally dedicated resources and a separate accounting for the expenditure of entitlement dollars is not required.

336.00.81 LOCAL VEHICLE LICENSE FEE

State distribution of county imposed additional vehicle license fees. This local option transportation revenue should be used strictly for transportation purposes. (RCW 82.80.020)

336.00.84 VESSEL REGISTRATION FEES

Money allocated to counties with elegible boating safety programs approved by the State Parks and Recreation Commission. Distribution based on the number of registered vessels by county of moorage. The county is responsible for equitable allocation to other jurisdictions with approved programs within this county. (RCW 88.02.040)

336.00.85 MOTOR VEHICLE EXCISE TAX--EQUALIZATION

Also referred to as SALES/USE EQUALIZATION. State-distributed excise tax imposed on all motor vehicles, except those operated under dealers' licenses. This portion is allocated to cities and towns that do not levy a sales tax and to counties, cities, and towns that have levied local sales taxes, but received below-average per capita revenues from the sales tax. (RCW 82.44.150(2) through .150(5); 82.14.210(2) through .210(5))

336.00.86 MOTOR VEHICLE EXCISE TAX--EQUALIZATION REFUND

State-distributed excise tax imposed on all motor vehicles, except those operated under dealers' licenses. A distribution of any amount remaining in the state treasurer's Municipal Sales and Use Tax Equalization Account after all the equalizing distributions have been paid. This portion is allocated to those cities and towns which levy a local sales tax on the basis of population.

336.00.87 MOTOR VEHICLE FUEL TAX--CITY STREET

State-distributed taxes on motor vehicle fuels, to be used for city street purposes. Distribution is based on population. (RCW 46.68.100(1) and .110 and Chapter 35.76 RCW)

336.00.88 MOTOR VEHICLE FUEL TAX--CITY STREET IMPROVEMENT

State-distributed taxes on motor vehicle and special fuels, to be used for construction, improvement, chip sealing, seal-coating, and repair of arterial highways and city streets and related debt service. Cities with a population of less than 15,000 may use for the maintenance of arterial highways and city streets. (RCW 46.68.100(3), .110 and .115)

336.00.89 MOTOR VEHICLE FUEL TAX--COUNTY ROAD

State-distributed taxes on motor vehicle and special fuels, to be used for county road purposes. Distribution is based on population in unincorporated areas, on the miles of county roads reported by the county engineer to the Department of Transportation, and on the amounts of road taxes and certain other taxes. (RCW 46.68.100(3), .120, .122, .124 and 36.78.090)

336.00.90 MOTOR VEHICLE FUEL TAX (MVFT)--HIGHWAY PURPOSES

State distribution of county-imposed additional taxes on motor vehicle and special fuels. This local option transportation revenue is to be used for the construction, maintenance and operation of city streets, county roads, and state highways; operation of ferries; and related activities. Distribution is based on the population. (RCW 82.80.010 and .080)

336.00.91 MVFT--TRANSFER RELIEF ACCOUNT

State distributed taxes on motor vehicle and special fuels to be used for roads previously in the state's jurisdiction. (RCW 46.68.090)

336.00.93 MOTOR VEHICLE LICENSE FEE

State distribution of additional motor vehicle license fee to counties which do not cover their costs of providing motor vehicle licensing services. (RCW 46.16.060 and 46.68.220)

336.02.11 PARIMUTUEL TAXES

State Department of Agriculture distribution of taxes on horserace betting. The entire amount must be deposited into a county's fair fund. The distribution is based on reports furnished by county fairs to the Department of Agriculture. (Chapter 15.76 and 67.16 RCW)

336.02.35 HARBOR LEASES

State distribution of income from leases of state-owned tidelands, harbor areas and waterways. The entire amount distributed to local governments must be deposited into a special fund and must be used only for harbor or waterfront improvements. (RCW 79.90.055 and 79.92.110)

336.04.11 AUDITOR'S CENTENNIAL DOCUMENT PRESERVATION AND MODERNIZATION

State treasurer's distribution of income from the surcharge on documents recorded by the county auditor or recorder. The money should be placed in Auditor's Operation and Maintenance Fund and used solely for ongoing preservation of historical documents of all county offices and departments. (RCW 36.22.170)

336.04.61 INSTITUTIONAL IMPACT PAYMENTS

DSHS and DOC reimbursements for criminal justice costs incurred directly as a result of crimes committed by offenders residing in institutions under their jurisdictions. (RCW 72.72.030)

336.05.21 VOCATIONAL EDUCATION COSTS RECOVERED BY JUVENILE COURT

336.06.10 MOTOR VEHICLE EXCISE TAX (MVET)--CRIMINAL JUSTICE FUNDING--HIGH CRIME

State-distributed excise tax. This portion is allocated to counties based on population, crime rate and annual number of criminal cases filed in the county superior courts **or** to qualified cities based on population, subject to crime rate and levy of tax authorized in RCW 82.14.030. The entire distribution must be expended for criminal justice purposes and shall not be used to replace or supplant existing funding. (RCW 82.14.310 and .320) For details see Part 3, Chapter 12, Interpretation 12.

336.06.20 MVET--CRIMINAL JUSTICE FUNDING--SPECIAL DISTRIBUTION--CITIES

336.06.21 MVET--CRIMINAL JUSTICE FUNDING--VIOLENT CRIMES/POPULATION

State-distributed excise tax to be used for criminal justice purposes only. Include distribution to cities with high violent crime rate (RCW 82.14.330(1)(a)) and distribution based on population (RCW 82.14.330(1)(b)).

336.06.22 MVET--CRIMINAL JUSTICE FUNDING--PROGRAM AREA 1

State-distributed excise tax to be used for criminal justice purposes only. To be eligible for this distribution, a city has to meet the criteria established by the Department of Community, Trade and Economic Development for innovative law enforcement strategies. (RCW 82.14.330(2)(a))

336.06.23 MVET--CRIMINAL JUSTICE FUNDING--PROGRAM AREA 2

State-distributed excise tax to be used for criminal justice purposes only. To be eligible for this distribution, a city has to meet the criteria established by the Department of Community, Trade and Economic Development for programs helping at-risk children or child abuse victims. (RCW 82.14.330(2)(b))

336.06.24 MVET--CRIMINAL JUSTICE FUNDING--PROGRAM AREA 3

State-distributed excise tax to be used for criminal justice purposes only. To be eligible for this distribution, a city has to meet the criteria established by the Department of Community, Trade and Economic Development for programs reducing the level of domestic violence. (RCW 82.14.330(2)(c))

336.06.25 MVET--CRIMINAL JUSTICE FUNDING--PROGRAM AREA 4

State-distributed excise tax to be used for criminal justice purposes only. To be eligible for this distribution, a city has to meet the criteria established by the Department of Community, Trade and Economic Development for contracting with another governmental agency for a majority of its law enforcement services. (RCW 82.14.330(2)(d))

336.06.91 FIRE INSURANCE PREMIUM TAX

State-distributed taxes on fire insurance premiums. Distribution is based on the local government's report to the state treasurer of the number of paid firemen. The entire amount received by a local government must be deposited in a firemen's pension fund. (RCW 41.16.050)

336.06.94 LIQUOR EXCISE TAX

State-distributed taxes on liquor sold at state liquor stores and agencies and on other retail sales of wine. Distribution is based on population, except that local governments that prohibit the sale of liquor within their jurisdictions do not share in the distribution. Two percent of the total amoun t must be spent on substance abuse treatment program(s). See Part 3, Chapter 12, Interpretation 4. (RCW 82.08.150 thru .170, 66.08.200, .210, 70.96A.085 and .087)

336.06.95 LIQUOR CONTROL BOARD PROFITS

State distribution of license and permit fees, penalties, forfeitures, and other income received by the state Liquor Control Board. Distribution is based on population, except that local governments that prohibit the sale of liquor within their jurisdictions do not share in the distribution. Two percent of the total amount must be spent on substance abuse treatment program(s). See Part 3, Chapter 12, Interpretation 4. (RCW 66.08.170 thru .210, 70.96A.085 and .087)

337.00.00 INTERLOCAL GRANTS, ENTITLEMENTS, IMPACT PAYMENTS AND IN-LIEU TAXES

Cash or other assets furnished by one unit of local government to another unit of local government, other than for services rendered or goods provided. Note that a receipt for the other government's share of a joint cost should either be treated as a REIMBURSEMENT (see the Glossary for explanation) or accounted for in 338. Use 367 for grants from private sources.

Do not confuse interlocal grants with grants received from another local government but originating from the federal or state government. These grants should be coded as 333 or 334.

Interlocal grants, entitlements, etc., are generally allowed to be made only by home rule counties and charter cities. However, RCW 35.21.420, .422 and 54.28.110 permit certain impact payments by public utility departments and districts and RCW 35.21.730 permits such distributions of private funds (distributions of federal funds should be recorded in 333). In addition, various statutes allow cooperative undertakings in areas such as urban renewal, public housing, parks, and utilities that may involve interlocal grants and similar payments.

Interlocal revenues should be coded as to source, with the local government assigning codes 07.00 through 09.99 in the fourth and subsequent digits of the account number.

338.00 INTERGOVERNMENTAL SERVICE REVENUES. This account is used to record the revenue derived by one unit of government for performing a service that is the statutory responsibility of another unit of government. Shared costs of providing services are included within these accounts. These accounts will appear on the books of the governmental unit that actually performs the work. The payment may be based on actual costs or a fixed fee. What is recorded as a 338-type revenue by the performing governmen t should result in an subobject 51 expenditure by the paying government.

The specific accounts prescribed below are comprised of the Basub account 338 plus the expenditur e Basub of the service that is being paid for. This account is not to be used for:

- Revenues of internal service funds or for services rendered by the government that are no t governmental in nature (see the definition of subobject 51), such as central stores, data processing, insurance and trust contributions, photocopies, sales of fuel or road materials, utility charges , equipment repair charges, engineering charges, equipment and property rentals.

- Revenues derived from services that are the statutory responsibility of the government receiving the revenue, such as election costs, recording fees, treasurer's investment fees, licenses, buildin g permits, and court fees and charges.

Also use this account to code federal funds received as fee for service. To further identify the revenu e source, use the CFDA number the same way you use it to code grants (e.g., if the funds with the CFDA number 93.778 were received as a fee for service, the BARS code would be 338.97.78). See Part 1 , Chapter 3 for additional coding information.

338.XX.XX	FEDERAL FEE FOR SERVICE
338.11	LEGISLATIVE COMMITTEES AND ADVISORY BODIES
338.12	COURT COSTS
338.13	EXECUTIVE BOARDS AND COMMITTEES
338.15	LEGAL SERVICES
338.16	PERSONNEL SERVICES
338.21	LAW ENFORCEMENT SERVICES
338.22	FIRE CONTROL SERVICES
338.23	DETENTION AND/OR CORRECTION
338.24	PROTECTIVE INSPECTIONS (Use 320 series for sales of intergovernmental licenses and permits)
338.25	EMERGENCY SERVICES
338.26	AMBULANCE, RESCUE AND EMERGENCY AID SERVICES
338.27	JUVENILE SERVICES
338.28	COMMUNICATIONS, ALARMS AND DISPATCH SERVICES (Use 342.80 for intergovernmental charges for central phone systems)
338.31	WEED CONTROL AND POLLUTION CONTROL SERVICES
338.36	CEMETERIES
338.39	ANIMAL CONTROL AND PEST/NUISANCE CONTROL SERVICES (Use 340 series for intergovernmental utility services)

338.42	ROAD AND STREET MAINTENANCE SERVICES (Use 344 and 362 for intergovernmental sales of fuel and road materials, repair charges and rentals.)
338.46	AIRPORTS, PORTS AND TERMINAL FACILITIES
338.47	TRANSIT SYSTEMS AND RAILROADS (Include intergovernmental payments for shared costs of van pools and transportation of the elderly or disabled. Use 344 for intergovernmental fares, 362 for intergovernmental parking fees.)
338.51	WELFARE SERVICES
338.52	EMPLOYMENT OPPORTUNITY AND DEVELOPMENT SERVICES
338.53	VETERANS SERVICES
338.54	CHILD CARE SERVICES
338.55	AGING SERVICES
338.56	SERVICES FOR DISABLED
338.57	COMMUNITY SERVICES
338.58	PLANNING AND COMMUNITY DEVELOPMENT SERVICES
338.59	HOUSING AND COMMUNITY SERVICES
338.61	HOSPITALS AND CONVALESCENT CENTERS
338.62	PUBLIC HEALTH
338.63	CORONER SERVICES
338.64	MENTAL HEALTH SERVICES
338.66	SUBSTANCE ABUSE SERVICES
338.68	DEVELOPMENTAL DISABILITIES SERVICES
338.69	OTHER HEALTH SERVICES
338.71	EDUCATIONAL PROGRAMS (Use 347.80 for tuition fees)
338.72	LIBRARY SERVICES
338.73	SPECTATOR AND COMMUNITY EVENTS
338.74	RECREATION PROGRAMS
338.75	CULTURAL AND RECREATIONAL FACILITIES
338.76	PARK FACILITIES
338.79	OTHER CULTURE AND RECREATION COSTS (Note that intergovernmental payments for admissions, tuitions, use fees, rents and leases should be coded 347 or 362.)
338.95	ROAD AND STREET CONSTRUCTION SERVICES

340.00 CHARGES FOR GOODS AND SERVICES. Fees and charges for goods and professional or other services rendered.

341.00 GENERAL GOVERNMENT. Charges for services rendered by public officials. Use this category ONLY for services not included in any other specific function or activity of the unit of government. (See accounts 342 through 349 and 361 through 366.) If the charges are made to another government, see the text of account 338 to determine whether to use 338 or 341. The amount of these fees and charges is determined by law, custom or by an estimate of the worth of the service to the recipient. There is no necessary relationship between the fee and the cost of the service.

341.20 FILING AND RECORDING FEES AND CHARGES. Compensation to public officers for services rendered, normally collected in advance.

All court filings shown in account 341.20 are shared with the state, except for the special superior courts filing fees accounted for in 341.24 and 341.25. For district and municipal courts, only the local government's 68% should be recorded in this account. For superior courts, only the local government's 54% should be recorded in this account (RCW 36.18.025). Note that in municipal and district courts 1.75% of the local portion must be remitted to or spent on county crime victim and witness programs. This portion should be recorded by cities in account 237 or 386 when received and 586 when transferred to the county. Only counties should use 341.98 when they receive the money and 515.70 when they make payments to victims and witnesses. The filings shown in 341.22 and 341.26 (in district but not municipal courts) and 341.23 (in superior courts) are subject to a law library allocation, while the other filings are not. Do not include *costs* that are assessed or awarded incident to a judgment. In civil, probate, and domestic cases, the collection of costs awarded is a trust transaction (if BARS coding is used, receipts should be credited to account 237 or 386); for crimes and infractions, collection of costs assessed is recorded as a penalty (see account 357 for further explanation). The *filing fees* paid by a city to a district court for processing municipal court cases should be coded 338.12, while the fees collected for and remitted by the district court to the municipality should be accounted for as a trust transaction by the county.

341.21 AUDITORS' FILINGS AND RECORDINGS (RCW 36.18.010). For details see Part 3, Chapter 12, Interpretation 10.

341.22 DISTRICT/MUNICIPAL COURT CIVIL FILINGS (RCW 3.62.060 and 35.20.030.) District courts should allocate from the local portion the sum of six dollars for each filing for the support of the law library. (RCW 27.24.070)

341.23 SUPERIOR COURTS CIVIL, PROBATE AND DOMESTIC RELATIONS FILINGS (RCW 36.18.014, 36.18.020(a)(b)(c)(d)(f)(g)(h)). Courts should allocate from the local portion a sum of twelve dollars (maximum to fifteen dollars) for each filing for the support of the law library. (RCW 27.24.070)

341.24 DISPUTE RESOLUTION SURCHARGE (RCW 7.75.035.) A county legislative authority may charge up to ten dollars on civil filing fees and up to fifteen dollars on small claims actions. Surcharge must be remitted to county treasurer to be used solely for dispute resolution centers.

341.25 WATER RIGHTS AND TORRENS ACT FILINGS. These filings in superior courts are separated because they are not shared with the state. (RCW 90.03.190 and 65.12.780)

341.28 DISTRICT/MUNICIPAL OTHER COURT FILINGS. Examples include transcripts, abstracts, and small claims.

341.29 SUPERIOR COURT OTHER FILINGS. Examples include transcripts, abstracts, wills without probate, petitions for modification and tax warrants. (RCW 36.18.012 and .016(2)) These filings are not subject to a law library allocation.

341.30 RECORDS SERVICES. Charges for processing requests for records. Charges to other departments of the same government should be coded 349.

341.32 DISTRICT/MUNICIPAL COURT RECORDS SERVICES. Include fees for executing writs and furnishing certifications. These fees are shared with the state. Note that only the local portion should be recorded in this account and that 1.75% of the local portion must be remitted to or spent on county crime victim and witness programs.

341.33 DISTRICT/MUNICIPAL COURT - ADMINISTRATIVE FEES. Include name change fees (RCW 4.24.130), warrant preparation and deferred prosecution program fees (RCW 10.01.160). These fees are retained 100% locally. Also include local portion ($5) of crime lab analysis. The state portion ($95) is recorded in 386.96.

341.34 SUPERIOR COURT RECORD SERVICES. Include fees for executing writs of attachment and bond approvals, certificates of qualification, letters testamentary, statutory certifying and copy fees, fees for research (records search), fees for preparation of clerk's papers on appeals or change of venue, civil jury demands, etc. (RCW 36.18.016). Unlike similar fees in courts of limited jurisdiction, fees for these services in superior courts are not shared with the state.

341.35 OTHER STATUTORY CERTIFYING AND COPY FEES. See Chapter 36.18 RCW for fee schedules of the county auditor, sheriff and treasurer. Use 341.60 for copy fees established by local ordinance or resolution.

341.36 AUDITORS' CENTENNIAL DOCUMENT PRESERVATION AND MODERNIZATION SURCHARGE. Fifty percent of the two dollar surcharge for documents recorded in the county auditor's or recorder's office (the remaining 50% is remitted to the state treasurer). This portion of the surcharge should be deposited in the Auditor's Operation and Maintenance Fund for ongoing preservation of historical documents of all county offices and departments. (RCW 36.22.170) For details see Part 3, Chapter 12, Interpretation 10.

341.37 SUPERIOR COURT - ADMINISTRATIVE FEES. Include warrant preparation fees (RCW 10.01.160). Also include local portion of crime lab analysis ($5). The state portion is recorded in 386.96 ($95).

341.38 RECORDS SEARCH BY COUNTY AUDITORS. See Chapter 36.18 RCW for fee schedules of the county auditor.

341.40 FINANCIAL SERVICES

341.41 ASSESSORS' FEES. (e.g., Open Space Processing (RCW 84.34.030).) Use 341.60 for photocopies.

341.42 TREASURERS' FEES. Fees and charges for handling, administering, collecting, disbursing, and accounting for taxes or assessments collected for the county, state, or others (e.g., charges for establishing assessments rolls - RCW 36.29.180, processing fees for collecting forest fire protection assessment - RCW 76.04.610). Also include recovering costs associated with foreclosure, distraint and sale of property for delinquent taxes (RCW 84.56.020). Treasurer's investment fees are accounted for in 361.19. Penalties for delinquent irrigation assessments (RCW 87.03.270) and capital assessments should be coded 319.80 and 361.51, respectively.

341.43 BUDGETING AND ACCOUNTING SERVICES. For example, collection fees. Intergovernmental revenues are included here.

341.44 AUDIT AND CONSULTING SERVICES

341.45 ELECTION SERVICES. Charges to other governments for their prorata share of election costs. For details see Part 3, Chapter 12, Interpretation 8.

341.47 RISK MANAGEMENT SERVICES

341.48 MOTOR VEHICLE LICENSE FEES (RCW 46.01.140)

341.50 SALES OF MAPS AND PUBLICATIONS. Sales tax collected on these items is credited to general ledger account 237 or nonrevenue account 386.

341.60 WORD PROCESSING, PRINTING AND DUPLICATING SERVICES.

341.62 MUNICIPAL/DISTRICT COURT. Include district and municipal fees for photocopies and fees for forms sold, except where the fee is set by state statute. (See 341.34 and 341.35) In district and municipal courts, 32% of these charges are distributed to the state; include only the local 68% here. Note that 1.75% of the court's local portion must be remitted to or spent on county crime victim and witness program.

341.65 SUPERIOR COURT - WORD PROCESSING AND TRANSCRIPTION FEES. Superior court services are not subject to the split to the state. Also include fees for photocopies and forms sold. These fees are retained 100%.

341.70 SALES OF MERCHANDISE. Include sales to other governments or private parties from central stores. (Use 348.70 or 349 for interfund sales.) Also include concession sales (including sales to inmates), vending machine proceeds, and sales of prepared meals. See 344 for sales of fuel, vehicle parts, and road materials. Sales tax collected on these items is credited to general ledger account 237 or nonrevenue account 386.

341.80 DATA PROCESSING SERVICES. Use 348.80 or 349 for interfund.

341.90 OTHER GENERAL GOVERNMENT SERVICES.

341.91 ELECTION CANDIDATE FILING FEES

341.92 PROPERTY MANAGEMENT SERVICES. Include relocation services. Use 348.92 or 349 for interfund.

341.93 CUSTODIAL/JANITORIAL/BUILDING SECURITY. Use 349.18 for interfund.

341.94 PURCHASING SERVICES. Do not include the price of items purchased (these should be coded either as reimbursements--a credit to the expenditure account--or as a sale of merchandise--341.70).

341.95 LEGAL SERVICES. Include public defender fees collected under contracts, unless assessed on judgment of a guilty defendant (see account 357). Use 349 for interfund legal services.

341.96 PERSONNEL SERVICES. Use 349.16 for interfund.

341.97 EMPLOYEE BENEFIT PROGRAM SERVICES. Do not include trust contributions or premium payments (accounted for in 365, 366, or 369). Use 348.97 or 349.17 for interfund service fees.

341.98 COUNTY CRIME VICTIM AND WITNESS PROGRAMS. Amounts remitted to counties out of the local share of court revenues per RCW 7.68.035(4). Use 341.98.01 for the payment from district and municipal courts and 341.98.02 for the payment from superior courts. (See 515.70 for expenditures.)

341.99 PASSPORT AND NATURALIZATION FEES. Include fees charged for passport and naturalization services. These fees are retained 100% locally.

342.00 SECURITY OF PERSONS AND PROPERTY. Current services rendered by departments performing public safety functions and activities. Revenue from private sources only. Intergovernmental revenue should be coded 338.2X.

342.10 LAW ENFORCEMENT SERVICES. Include fees charged by police and sheriff departments for crowd control and special patrol services. Also include sheriff's fees for conducting a sale, making seizures and serving papers, including the related mileage and making a return. Sheriff's fees for copies should be accounted for at 341.35 or 341.60. For sheriff's fees recovered in a criminal judgment, use account 357. Charges to other governments for providing their law enforcement are accounted for in 338.21. Recovery of emergency response cost from persons convicted for DUI should be coded 342.20, 342.50, or 342.60, depending upon type of service provided. (RCW 38.52.430)

342.20 FIRE PROTECTION SERVICES. Include service charges on personal property and improvements to real property. (Chapter 52.18 RCW)

342.30 CHARGES FOR DETENTION AND CORRECTION SERVICES

342.33 ADULT PROBATION SERVICE CHARGES. Include monthly assessments per RCW 10.64.120; also include presentencing evaluation fees and DUI evaluation fees. These revenues are not shared with the state. Juvenile probation and diversion service charges are accounted for at 342.70.

342.36 HOUSING AND MONITORING OF PRISONERS. For example, charges collected in work release programs, electronic monitoring (RCW 26.50.060 and .110) or costs recovered from offenders for incarceration (RCW 9.94A.120, .145 and 10.01.160(2)). Use 338.23 for intergovernmental service charges. See 342.70 for juvenile detention.

342.37 BOOKING FEES. Fees for photograph and fingerprints, adult or juvenile.

342.40 PROTECTIVE INSPECTION FEES. Charge for an inspection service (not a charge for a license or a permit). (See 320.)

342.50 EMERGENCY SERVICE FEES

342.60 AMBULANCE AND EMERGENCY AID FEES

342.70 JUVENILE SERVICES. Include diversion fines as well as fees for juvenile counseling, continuing diversion services, detention, probation and work release. (RCW 13.16.085, 13.40.080(2)(d), and .220). Public defender fees collected under contracts are accounted for at 341.95, unless assessed on judgment of a guilty defendant (see account 357). Recovery of damages to facilities during detention should be coded to 395.20. Restitution for damages to private property is a trust transaction; if BARS coding is used, receipts should be credited to account 237 or 386. All fines and fees collected for juvenile diversions stay with county to supplement juvenile services. (RCW 13.40.080(14)) Include non-refundable bail fee (RCW 13.40.056).

342.80 COMMUNICATION SERVICES. Include intergovernmental charges for central phone systems.

342.90 OTHER

343.00 PHYSICAL ENVIRONMENT. Functions and activities applicable to a satisfactory living environment for the community and the individual. See account 347 for parks and recreation.

NOTE: Include operating portion (i.e., cost of connection) of utility hook-up fees. The amount exceeding operating portion is considered contributed capital and should be included in 388.10 (G.L. 273.70 - 273.90).

343.10 NATURAL RESOURCE CONSERVATION AND CONTROL

343.11 CONSERVATION FEES AND CHARGES

343.12 IRRIGATION FEES AND CHARGES

343.13 FLOOD CONTROL FEES AND CHARGES

343.16 WEED CONTROL SERVICE FEES. Code permits to 320 and fines to 350.

343.17 POLLUTION CONTROL FEES. Include the recovery of clean-up costs. Code permits to 320, fines to 350; intergovernmental payments for shared costs are coded 338.31.

343.18 ENERGY CONSERVATION FEES AND CHARGES

343.19 OTHER ENVIRONMENTAL PRESERVATION FEES AND CHARGES

343.20 ENGINEERING FEES AND CHARGES

343.30 SALES OF ELECTRICITY AND NATURAL GAS. See Part 1, Chapter 6 for a discussion of operating revenues and their BARS classification.

343.40 WATER SALES. See Part 1, Chapter 6 for a discussion of operating revenues and their BARS classification.

343.50 SEWER SERVICE CHARGES. See Part 1, Chapter 6 for a discussion of operating revenues and their BARS classification.

343.60 CEMETERY FEES. Lots, liners, markers, vases, mausoleum space, sexton services, opening and closing charges, miscellaneous cemetery revenues.

343.70 GARBAGE/SOLID WASTE FEES AND SERVICE CHARGES. Examples include garbage collection service fees; dumping and sanitary fill charges; charges for container service, transfer stations, and refuse stations; and salvage fees. See Part 1, Chapter 6 for a discussion of operating revenues and their BARS classification.

343.80 OTHER UTILITY FEES AND CHARGES

343.81 COMBINED WATER/SEWER/GARBAGE. Use this account only if the individual sources of revenue are not separable.

343.82 (RESERVED). Used for natural gas revenues in statistics.

343.83 STORM DRAINAGE FEES AND CHARGES

343.84 (RESERVED). Used for solid waste revenues in statistics.

343.85 STREET UTILITY CHARGES (RCW 82.80.050)

343.90 OTHER FEES AND CHARGES FOR SERVICE RELATED TO PHYSICAL ENVIRONMENT

343.92 NUISANCE/PEST CONTROL FEES AND SERVICE CHARGES. Use 350 for fines.

343.93 ANIMAL CONTROL AND SHELTER FEES. Use 350 for fines.

343.95 ABATEMENT CHARGES. Demolition and removal of hazards.

344.00 TRANSPORTATION. Transportation functions and activities applicable to highways, roads and streets and other transportation facilities and systems. Use 348-349 for interfund charges.

344.10 ROAD/STREET MAINTENANCE AND REPAIR CHARGES

344.20 SALES OF ROAD MATERIALS. Examples include rock, gravel, sand and asphalt.

344.30 REPAIR CHARGES. Revenues of mechanical shops, except parts.

344.40 SALES OF PARTS. Use for items issued to repair or maintain vehicles and heavy equipment.

344.50 FUEL SALES

344.60 AIRPORT, PORT AND TERMINAL TARIFFS AND SERVICE FEES. See Part 1, Chapter 6 for a discussion of operating revenues and their BARS classification. Use 362 for facility and equipment rentals and leases.

344.70 TRANSIT AND RAILROAD TARIFFS AND FARES. See Part 1, Chapter 6 for a discussion of operating revenues and their BARS classification. Use 362 for parking fees. Include private vanpool charges, streetcar and monorail fares and disabled/aging transportation fees.

344.80 PLANNING AND DEVELOPMENT FEES AND CHARGES. Fees and charges associated with growth and development.

344.85 IMPACT FEES. Include developer fees for off-site transportation improvements not yet constructed and for those jointly funded improvements constructed since the commencement of a transportation improvement program. (RCW 39.92.040 and 82.02.020)

344.90 OTHER TRANSPORTATION FEES AND CHARGES

344.91 FERRY TOLLS

345.00 ECONOMIC ENVIRONMENT. Current services rendered by departments performing general economic or welfare functions and activities. Example: commission on sale of food stamps.

345.10 FAMILY COURT SERVICE FEES AND CHARGES. These charges are set by local ordinance or resolution, often at an hourly rate, for providing counselling and evaluation in domestic relations. Also include an additional assessment for the courthouse facilitator program (use 345.10.02 for imposed user fees and 345.10.01 for the surcharge). (RCW 26.12.240) The subelement accounts shown below are illustrative, not required.

345.13 FAMILY CONCILIATION FEES. Use 342.70 for fees charged for family reconciliation (juvenile) services under RCW 13.32A.040.

345.15 ADOPTION HOME STUDIES

345.40 CHILD CARE SERVICE FEES

345.50 AGING SERVICE FEES. Include adult day service fees and charges. Use 341.70 for revenues from lunch programs, "Meals on Wheels," and other food services and use 344.70 for senior transportation charges.

345.70 INFORMATION SERVICES. Fees for services such as presentations and consultations. Intergovernmental shared costs are coded 338.57. Use 341.50 for sales of publications.

345.80 PLANNING AND DEVELOPMENT FEES AND CHARGES. Fees and charges associated with growth and development. Note that licenses and permits are coded in the 320 series. Intergovernmental shared costs are coded 338.58. Use 341.50 for sales of maps and publications.

345.81 ZONING AND SUBDIVISION FEES. Include developer fees and moneys collected from voluntary agreements allowing a payment in-lieu of a dedication of land or to mitigate a direct impact that has been identified as a consequence of a proposed development, subdivision, or plat. Use 344.85 for moneys used for local off-site transportation improvements authorized by Chapter 39.92 RCW. (RCW 82.02.020, Chapter 43.21C RCW)

345.83 PLAN CHECKING FEES. Include fees for inspecting and reviewing plans. (RCW 82.02.020)

345.85 IMPACT FEES. Include fees and moneys collected on development activity to be used as part of the financing for public facilities such as: (a) public streets and roads; (b) publicly owned parks, open space, and recreation facilities; (c) school facilities; and (d) fire protection facilities in jurisdictions that are not part of a fire district - (RCW 82.02.050 through .090) in compliance with the Growth Management Act (RCW 36.70A.070).

345.89 OTHER PLANNING AND DEVELOPMENT FEES AND CHARGES. Include fees for preparing environmental review documents (RCW 82.02.020, Chapter 43.21C RCW)

345.90 HOUSING SERVICE FEES AND CHARGES. Include charges for minor home repairs, weatherization services, etc. Note that licenses and permits are coded in the 320 series. Use 342.40 for building inspection fees and use 362.60 for rent income.

346.00 MENTAL AND PHYSICAL HEALTH.

346.10 HOSPITAL AND CONVALESCENT CENTER FEES/CHARGES. Include daily and ancillary services. Do not include fees/charges for programs separately listed below.

346.20 PUBLIC HEALTH CLINIC FEES/CHARGES. Include daily and ancillary services. Do not include fees/charges for programs separately listed below.

346.30 SUBSTANCE ABUSE SERVICE FEES/CHARGES. Payments made by or on behalf of recipients of alcohol or drug abuse services. Include client fees, copayments, capitation payments and deductible payments and charges for services provided under a contract with a private entity. Do not include grants from any government agency. (See 330.) Local governments performing these services under contract with other governments should use account 338.

346.40 MENTAL HEALTH SERVICE FEES/CHARGES

346.50 ENVIRONMENTAL HEALTH SERVICE FEES/CHARGES. Include environmental lab fees, inspection fees, water system plan check fees, etc. Do not include fees or charges for licenses or permits such as sewage and design permits, food handler cards and licenses for sewage system designers, installers and pumpers. See BARS accounts 321.10, 322.10, etc.

346.60 DEVELOPMENTAL DISABILITIES SERVICE FEES/CHARGES. Payments made by or on behalf of recipients of developmental disability services. Include client fees, copayments, capitation payments and deductible payments and charges for services provided under a contract with a private entity. Do not include grants from any government agency. (See 330.) Local governments performing these services under contract with other governments should use account 338.

346.70 OTHER PUBLIC HEALTH FEES. Include vital statistics.

346.80 CORONERS' FEES

346.90 MISCELLANEOUS SERVICE FEES/CHARGES

347.00 CULTURE AND RECREATION.

347.10 COOPERATIVE EXTENSION SERVICES. Fees and charges for training programs, including tuition for home economics and agricultural education, 4-H club fees, etc. Use 341.50 for sales of publications.

347.20 LIBRARY USE FEES Include non-resident borrowers' fees and film rentals. Use 341.60 for photocopies, 359.70 for fines, and 362 for rentals of equipment and facilities.

347.30 ACTIVITY FEES. Charges to use a recreational facility. Examples include golf green fees, swimming pool fees, ball court use fees, etc. If the use fee is included as part of a charge for an organized recreational program, use 347.60. Use 362 for camping fees, rentals of equipment, and rentals of facilities. Sales tax collected on these items should be credited to general ledger account 237 and/or nonrevenue account 386.

347.40 EVENT ADMISSION FEES. Charges to attend a fair, performance, sporting event, convention, etc. Use 362 for parking fees.

347.50 EXHIBIT ADMISSION. Charges to enter a museum, zoo, aquarium, botanical garden, or other permanent display.

347.60 PROGRAM FEES. Charges for organized recreational programs, including tuition for recreational education. Examples include Little League, skiing and swimming lessons, summer camps, excursions, arts and crafts. Sales tax collected on these items should be credited to general ledger account 237 and/or nonrevenue account 386.

347.70 PERIODICAL SUBSCRIPTIONS. Include related royalties.

347.80 OTHER TUITION CHARGES. Include conference fees, consumer education programs, first aid programs, etc.

347.90 OTHER CULTURE AND RECREATION FEES AND CHARGES. Include participant entry fees and vendor display charges.

348.00 INTERNAL SERVICE FUND SALES AND SERVICE CHARGES . (Quasi-External Transactions) Include sales and charges for services by an internal service fund to another fund of the same governmental entity. Use 349 for payments between departments of the same fund. Use 341-347 for sales and charges to other governments and private parties. Use accounts 365 and 366 for interfund trust contributions, insurance payments and rents. What is recorded as a 348 revenue by the internal service fund should result in an object-90 expenditure by the paying fund. See accounts 362.10 and 362.20 for Equipment and Rental Revenue.

348.10 COMMUNICATION SERVICE CHARGES

348.20 SALES OF ROAD MATERIALS. Include revenues of pits, quarries, and asphalt plants.

348.30 VEHICLE/EQUIPMENT REPAIR CHARGES

348.40 SALES OF PARTS. Use this account for items issued to repair or maintain vehicles and heavy equipment.

348.50 FUEL SALES

348.60 WORD PROCESSING, PRINTING AND DUPLICATING CHARGES

348.70 OTHER SALES. Include sales from central stores and fabrication shop charges for materials, labor, and overhead. Use 341.70 for sales of signs to other governments.

348.80 DATA PROCESSING SERVICE CHARGES

348.90 OTHER INTERNAL SERVICE CHARGES

348.92 PROPERTY MANAGEMENT SERVICE FEES

348.94 PURCHASING SERVICE FEES AND CHARGES. There is no need to separate these charges if included in the price of merchandise.

348.95 ARCHITECT/ENGINEERING SERVICE FEES

348.96 PERSONNEL SERVICE FEES

348.97 EMPLOYEE BENEFIT PROGRAM SERVICE FEES. Use 366.50 for interfund employer-paid premiums; 369.50 through 369.70 for employee-paid premiums and premiums from other employers.

349.00 INTERFUND/INTERDEPARTMENTAL-SALES AND SERVICE CHARGES. (Quasi-External Transactions) Include sales and charges for services by one fund or department to another fund or department of the same government, EXCEPT:

(1) Sales and charges by internal service funds (use 348).
(2) Utility charges and service fees (use 343).
(3) Shared costs, operating and capital subsidies (see the Glossary for definitions of operating and residual equity transfers; use 397 for operating transfers; credit fund balance or contributed capital for equity transfers).
(4) Reimbursements (see the Glossary for definition; credit expenditure account).

This account is also used to record interdepartmental transactions within an internal service fund. Note that separate accounts are established for interfund taxes (314) and interfund licenses and permits (329). Use accounts 365 and 366 for interfund trust contributions, insurance payments, and rents.

The specific accounts prescribed below are comprised of the Basub account 349 plus the expenditure Basub of the service that is being paid for. While the list is intended to be comprehensive, it does not include every expenditure Basub and you may need to use an account not listed below. What is recorded as a 349-type revenue by the performing fund or department should result in an object-90 expenditure by the paying fund or department.

349.11 ELECTION SERVICES. For details see Part 3, Chapter 12, Interpretation 8.

349.12 COURT FEES AND CHARGES

349.14 BUDGETING, ACCOUNTING, AUDITING AND CONSULTING SERVICES

349.15 LEGAL SERVICES

349.16 PERSONNEL SERVICES

349.17 EMPLOYEE BENEFIT PROGRAM SERVICES

349.18 CENTRAL SERVICES. Include property management, janitorial services, word processing, printing, duplicating, and photocopy services, data processing, and building security.

349.19 OTHER GENERAL GOVERNMENT SERVICES. Include fabrication shop charges, central stores sales.

349.21 LAW ENFORCEMENT SERVICES

349.22 FIRE PROTECTION SERVICES

349.23 DETENTION/CORRECTION SERVICES

349.24 INSPECTION SERVICES

349.25 EMERGENCY SERVICES

349.27 JUVENILE SERVICES

349.28 COMMUNICATION SERVICES

NOTE THAT INTERFUND PAYMENTS FOR ELECTRICITY, GAS, WATER, SEWER AND GARBAGE SERVICE ARE NOT CREDITED TO 349 BUT TO 343.30, 343.40, ETC.

349.31	NATURAL RESOURCE SERVICES. Include interfund payments for flood control, pollution control, and weed control.
349.32	ENGINEERING SERVICES
349.39	OTHER PHYSICAL ENVIRONMENT SERVICES. Include interfund payments for animal control, nuisance and pest control.
349.42	ROAD MAINTENANCE SERVICES
349.48	MUNICIPAL VEHICLES AND PUBLIC WORKS EQUIPMENT. Include interfund payments for road materials, vehicle repairs, parts, and fuel.
349.53	VETERANS SERVICES
349.55	AGING SERVICES
349.56	SERVICES FOR DISABLED
349.57	COMMUNITY SERVICES
349.58	PLANNING SERVICES
349.59	HOUSING SERVICES
349.62	PUBLIC HEALTH CLINIC SERVICES
349.63	CORONER SERVICES
349.64	MENTAL HEALTH SERVICES
349.66	SUBSTANCE ABUSE SERVICES. Note that shared costs and operating subsidies are coded 338 and 397, respectively.
349.68	DEVELOPMENTAL DISABILITIES SERVICES
349.69	OTHER HEALTH SERVICES
349.71	EDUCATIONAL SERVICES. Use 349.78 for interfund tuition charges.
349.72	LIBRARY SERVICES
349.76	RECREATION PROGRAM FEES
349.78	TUITION CHARGES
349.95	ROAD CONSTRUCTION AND ENGINEERING SERVICES

350.00 FINES AND FORFEITS. The terms *fine*, *forfeiture*, *penalty*, and *assessment* are often used interchangeably. For proper meaning of those terms refer to the Glossary.

In municipal courts, parking fines (354) are 100% local revenue as are investigative fund assessments (356.50). All other fines, forfeitures and penalties assessed are subject to a 60% surcharge; the city's share is 68% of the total fine and surcharge; the remaining 32% is remitted to the state (RCW 3.62.090(1)). Note that 1.75% of the local portion must be remitted to the county for crime victim and witness programs. This 1.75% applies not only to penalties but also to all court fees that are shared with the state. This portion should be recorded by cities in account 237 or 386 when received and 586 when transferred to the county. Only counties should use 341.98 when they receive the money and 515.70 when they make payments to victims and witnesses. (RCW 3.46.120, 3.50.100, 3.62.090 and 7.68.035(8)) An additional 50% of the PSEA surcharge (i.e., 60%) is added to all fines forfeitures and penalties, except for DUI and parking, which must be remitted in total to the state (RCW 3.62.090(2)).

In district courts, parking fines (354) are 100% local revenue as are investigative fund assessments (356.50). All other fines, forfeitures and penalties are subject to a 60% surcharge; the county's share is 68% of the total fine and surcharge; the remaining 32% is remitted to the state (RCW 3.62.090(1)). Note that 1.75% of the local portion must be used by the county for crime victim programs. This 1.75% applies not only to penalties but also to all court fees that are shared with the state. (RCW 3.62.020, .090 and 7.68.035(4)) An additional 50% of the PSEA surcharge is added to all fines, forfeitures, and penalties, except for DUI and parking, which must be remitted in total to the state (RCW 3.62.090(2)).

In superior courts, all fines, forfeitures, and penalties other than investigative fund assessments (351.50) are also split with the state, but no surcharge is assessed. Otherwise, the county's share is 68% of the total fine; the remaining 32% is remitted to the state with the exception of account 351.30, of which 46% is remitted to the state. 1.75% of the local portion of penalties (but not fees) must be used by the county for crime victim and witness programs (341.98.02). (RCW 7.68.035(4) and 10.82.070)

The revenue accounts below should not include the state portion. Use BARS account 237 or 386 for the state portion.

351.00 SUPERIOR COURT - FELONY/MISDEMEANOR PENALTIES

351.30 CRIMINAL FILING FEES. Although called fees in statute, these charges are classified as penalties because they are collected in criminal cases upon conviction, plea of guilty, or upon failure to prosecute an appeal from a court of limited jurisdiction. (RCW 36.18.020(17)) Note: The Judicial Accounting Sub-System (JASS) uses 351.31 for this account.

351.50 INVESTIGATIVE FUND ASSESSMENTS. Amounts that the court orders a defendant to contribute to a local fund for investigations. The assessment is not shared with the state. Moneys confiscated and other property forfeited in drug-related arrests are accounted for at 369.30. A defendant's repayment of moneys used to obtain a basis for arrest should be coded as a reimbursement. (RCW 9.95.210)

351.80 CRIME VICTIM PENALTY ASSESSMENTS. An additional assessment levied only in superior court. The subelement detail shown below is needed for reports to the Administrator for the Courts. (RCW 2.56.035 and 7.68.035(1)(3))

351.82 ADULT FELONY CRIME VICTIM ASSESSMENTS

351.83 ADULT GROSS MISDEMEANOR CRIME VICTIM ASSESSMENTS

351.84 ADULT MISDEMEANOR CRIME VICTIM ASSESSMENTS

351.86 JUVENILE FELONY CRIME VICTIM ASSESSMENTS

351.87 JUVENILE GROSS MISDEMEANOR CRIME VICTIM ASSESSMENTS

351.88 JUVENILE MISDEMEANOR CRIME VICTIM ASSESSMENTS

351.90 OTHER SUPERIOR COURT PENALTIES. Includes fines for misdemeanors (also when combined with felonies or reduced from felonies). Juvenile diversion fines, probation, and other service charges are accounted for at 342.70, except for truancy fines (RCW 28A.225.110) which should be recorded in this account. Note: The Judicial Accounting Sub-System (JASS) uses 351.91 for this account.

352.00 CIVIL PENALTIES

352.20 CRUELTY TO ANIMALS PENALTIES. These penalties are retained 100% locally. (RCW 16.52.200)

352.30 PROOF OF MOTOR VEHICLE INSURANCE. Include only administrative costs. Includes 1.75% crime victims split. Penalty for failure to have insurance is recorded in 353.10. (RCW 46.30.020)

352.90 OTHER CIVIL PENALTIES. For violations of court orders. Bail bond forfeitures should be accounted for in the appropriate category of offense (felony, misdemeanor, etc.). These penalties are shared with the state. (RCW 10.82.070) Note: The Judicial Accounting Sub-System (JASS) uses 352.90.01 for district/municipal courts and 352.90.02 for superior courts.

353.00 CIVIL INFRACTION PENALTIES. These penalties are shared with the state. Use 386 for the state portion of those penalties.

353.10 TRAFFIC INFRACTION PENALTIES. Infraction rules for courts of limited jurisdiction. (RCW 46.63.110) Include penalties for speed infractions in a roadway construction zone. (RCW 46.61.527)

353.70 NON-TRAFFIC INFRACTION PENALTIES. Include penalties for fish and game, wildlife, agriculture, building code violations, standing-stopping pedestrian violations, and violation of Model Litter Control and Recycling Act (RCW 70.93.070).

354.00 CIVIL PARKING INFRACTION PENALTIES. Include penalties for parking in places reserved for persons with disabilities (RCW 46.16.381).

355.00 CRIMINAL TRAFFIC MISDEMEANOR FINES. Include only fines from courts of limited jurisdiction (district/municipal).

355.20 DRIVING UNDER INFLUENCE (DUI) FINES. Also include the local portion of an additional fee imposed by RCW 46.61.5054. Presentence and probation assessments are accounted for at 342.33.

355.80 OTHER CRIMINAL TRAFFIC MISDEMEANOR FINES. Include penalties for reckless endangerment of highway workers. (RCW 46.61.527) Note that presentence evaluation fees and probation assessments are accounted for at 342.33.

356.00 CRIMINAL NON-TRAFFIC FINES.

356.40 BOATING SAFETY FINES. Fines for the violation of watercrafts' registration rules. (RCW 88.02.110) These penalties are not shared with the state.

356.50 INVESTIGATIVE FUND ASSESSMENTS. Amounts that the court orders a defendant to contribute to a local fund for investigations. This assessment is not shared with the state and is not subject to the 60% surcharge. Moneys confiscated and other property forfeited in drug-related arrests are accounted for at 369.30. A defendant's repayment of moneys used to obtain a basis for arrest should be coded as a reimbursement. (RCW 9.95.210)

356.80 DISTRICT COURT FELONY FINES. Include only felony fines collected by courts of limited jurisdiction.

356.90 OTHER CRIMINAL NON-TRAFFIC FINES. Include fines for theft, assault, prostitution, public hazards and nuisances. Note that presentence valuation fees and probation assessments are accounted for at 342.33.

357.00 CRIMINAL COSTS. Costs incurred in judicial proceedings that are recovered from the defendant. In order to qualify as *costs*, the amount collected must be directly related to payments that the local government has made to third parties, such as jury, witnesses, or attorneys. These costs recovered are retained in total by the local jurisdiction and not shared with the state. Assessments of general *costs*, not directly related to specific payments to the local jurisdiction has made are recorded as penalties in the appropriate category (felony, misdemeanor, etc.). Assessments of general *costs* at a flat dollar amount that are not related to an expenditure of the local government are to be accounted for as fines in the appropriate category (felonies at 351, infractions at 353, and misdemeanors at 355). Costs recovered for juvenile detention, diversion, and probation are accounted for at 342.70 and adult presentence evaluation fees and probation assessments are accounted for at 342.33. Recovery of damages to your own government facilities should be coded 395.20. Restitution for damages to other property is a trust transaction; if BARS coding is used, receipts should be credited to account 237 or 386.

357.20 SUPERIOR COURT COST RECOUPMENTS. Costs collected from a defendant upon conviction, etc. Only those costs recovered on a dollar-for-dollar basis for amounts paid out by the county should be included in this account. The subelement accounts shown below are illustrative, not required.

357.21 JURY DEMAND COST. A jury demand fee may be assessed against a convicted defendant, but not the mileage or per diem paid to jurors. (RCW 10.01.160(2) and 10.46.190)

357.22 WITNESS COST. The cost associated with attendance of witnesses for the prosecution may be assessed against a convicted defendant. If the defendant is indigent and the local government has paid for witnesses for the defense, this expenditure may also be charged against the defendant as a cost. If the state has reimbursed the county for witness fees that are later recouped from a defendant, the county should pay the state back in the same amount collected from the defendant. (RCW 10.01.160 and AGO 1976 #14)

357.23 PUBLIC DEFENSE COST. The cost of providing public defense to indigent defendants may be recouped from a convicted defendant. (RCW 10.01.160 and AGO 1976 #14)

357.24 SHERIFF'S SERVICE COST. Include sheriff's fees for seizures, auction sales, and serving papers and warrants, including the related mileage and making a return, when recovered by court judgment; for other sheriff's fees, use account 342.10. (RCW 10.01.160(2) and 36.18.040)

357.25 COURT INTERPRETER COST. The cost of employing a foreign language interpreter or interpreter for hearing impaired. (RCW 2.43.040(3))

357.26 COST RECOUPED - MANDATES. Attorney's fees and expenses awarded by the court of appeals and collected by the trial courts.

357.29 COLLECTION AGENCY COST. The cost of services provided by a collection agency in the collection of outstanding legal financial obligations (LFO) may be recouped from a convicted defendant. The cost of bank services relating to the provisions of credit cards may also be recouped from a convicted defendant. (RCW 36.18.190)

357.30 DISTRICT/MUNICIPAL COURT COST RECOUPMENTS. Costs collected from a defendant upon conviction, etc. Only those costs recovered on a dollar-for-dollar basis for amounts paid out by the county or city should be included in this account. The subelement accounts shown below are illustrative, not required.

357.31 JURY DEMAND COST. A jury demand fee may be assessed against a convicted defendant, but not the mileage or per diem paid to jurors. (RCW 10.01.160(2) and 10.46.190)

357.32 WITNESS COST. The cost associated with attendance of witnesses for the prosecution may be assessed against a convicted defendant. If the defendant is indigent and the local government has paid for witnesses for the defense, this expenditure may also be charged against the defendant as a cost. (RCW 10.01.160 and AGO 1976 #14)

357.33 PUBLIC DEFENSE COST. The cost of providing public defense to indigent defendants may be recouped from a convicted defendant. (RCW 10.01.160 and AGO 1976 #14)

357.34 SHERIFF'S SERVICES. Include sheriff's fees for seizures, auction sales, and serving papers and warrants, including the related mileage and making a return, when recovered by court judgment; for other sheriff's fees, use account 342.10. (RCW 10.01.160 and 36.18.040)

357.35 COURT INTERPRETER COST. The cost of employing a foreign language interpreter or interpreter for the hearing impaired may be recouped from a convicted defendant. (RCW 2.43.040(3))

357.36 COLLECTION AGENCY COST. The cost of services provided by a collection agency in the collection of outstanding fines and penalties may be recouped from a convicted defendant. The cost of bank services relating to the provisions of credit cards may also be recouped from a convicted defendant. (RCW 3.02.045(5))

357.50 CRIMINAL PROFITEERING. Confiscated moneys, court ordered payments of actual cost incurred, proceeds from the sale of forfeited property from criminal profiteering acts. The moneys shall be used by the county prosecuting attorney for the investigation of any offense, within their jurisdiction, included in the definition of criminal profiteering, including civil enforcement.

Do not include moneys in excess of actual costs incurred in actions brought by the county prosecuting attorney on behalf of the county under RCW 9A.82.100(1)(b)(i). These moneys are to be deposited in the public safety and education account in the state general fund. (Use 237 or 386.) (RCW 9A.82.100 and .110.)

359.00 NON-COURT FINES, FORFEITURES, AND PENALTIES. Courts should not use this Basub, which is segregated for other penalties assessed by local governments. See also penalties on taxes (319), licenses and permits (321.80 and 322.80), and LID assessments (361.51).

359.10 FORFEITURES OF BONDS AND DEPOSITS (E.g., performance and bid bonds.)

359.70 LIBRARY FINES (E.g., late returns.)

359.90 MISCELLANEOUS FINES AND PENALTIES

360.00 MISCELLANEOUS REVENUES. Derived from sources not otherwise provided for in accounts 310 to 359.

361.00 INTEREST EARNINGS. Interest earned on investments, contracts, notes, loans, accounts receivable, etc. Do not include interest on delinquent taxes (319) or interest on interfund loans (366.10).

361.10 TOTAL INVESTMENT INTEREST

361.11 INVESTMENT INTEREST. Interest earnings collected on investments held (net of investment service fees).

361.12 ARBITRAGE INTEREST. Include interest proceeds from arbitrage transactions.

361.19 INVESTMENT SERVICE FEES. Charges deducted by treasurers from investment earnings.

361.20 ACCRUED INTEREST PAID ON INVESTMENTS PURCHASED (DEBIT). Include purchased interest when investments are bought between interest coupon dates. (Do not include any interest earnings.)

361.30 GAINS (LOSSES) ON INVESTMENTS. Gain or loss on sale of investments. Do not include any earnings attributable to interest.

361.40 INTEREST ON CONTRACTS, NOTES, TAXES, LOANS AND ACCOUNTS RECEIVABLE. Interest received on contracts, notes, taxes and accounts held. (Do not include interest on delinquent taxes.) Use 361.40.01 for interest collected by municipal/district courts and 361.40.02 for superior courts. (RCW 3.46.120, 3.50.100, 3.62.020, 3.62.040, 10.82.090, 35.20.220)

361.50 INTEREST AND PENALTIES ON CAPITAL ASSESSMENTS. See account 368 for proper treatment of capital assessment principal. Use account 317.70 for operating assessment principal and 319.80 for related interest and penalties.

361.51 PENALTIES

361.55 INTEREST

361.60 ALLOWANCE FOR INTEREST ON UTILITY RESOURCES USED FOR CONSTRUCTION

361.70 INTEREST EARNINGS APPLIED TO CONSTRUCTION (DEBIT)

361.80 COST ALLOCATION OF INVESTMENT YIELD. These accounts are used only for long-term investments. Accounts 361.84 and 361.87 should be used in utilities and pension systems when the legislative body has authorized amortization of an investment gain or loss over the period of the rate adjustment or of replacement investments. The offsetting entry for these postponements is to account 195 or 267 (Deferred Charges and Credits).

361.81 AMORTIZATION OF (PREMIUM) OR DISCOUNT ON LONG-TERM INVESTMENTS

361.84 AMORTIZATION OF DEFERRED GAINS (LOSSES) ON LONG-TERM INVESTMENTS

361.87 DEFERRAL OF (GAINS) LOSSES ON LONG-TERM INVESTMENTS SOLD

361.90 OTHER INTEREST EARNINGS. Any other type of interest or dividend received.

362.00 RENTS, LEASES AND CONCESSIONS. Examples: Rentals, leases, percent of concession proceeds, commissions, royalties, etc. Revenue from external sources only. Sales and leasehold taxes collected on these items should be credited to general ledger account 237 or nonrevenue account 386. See 365 and 366 for interfund rentals.

362.10 EQUIPMENT AND VEHICLE RENTALS (SHORT-TERM). Rentals at hourly, daily or weekly rates. Include operator charges if you do not choose to separate them; otherwise use the 340 series for operator fees (e.g., 344.10 for snow plowing).

362.20 EQUIPMENT AND VEHICLE LEASES (LONG-TERM). Rentals at monthly or annual rates.

362.30 PARKING. Rentals at hourly, daily or weekly rates. Use 362.50 for long-term leases of parking space.

362.40 SPACE AND FACILITIES RENTALS (SHORT-TERM). Rentals at hourly, daily or weekly rates. Include camping and moorage fees but use 347.30 for other recreational use fees.

362.50 SPACE AND FACILITIES LEASES (LONG-TERM). Rentals at monthly or annual rates. Include proceeds from lease of state forest land. (RCW 76.12.030)

362.60 HOUSING RENTALS AND LEASES

362.80 CONCESSION PROCEEDS

362.90 OTHER RENTS AND USE CHARGES. Include royalties for property use. Use 347.70 for publication royalties.

363.00 INSURANCE PREMIUMS AND RECOVERIES. Use this account for intergovernmental revenues and payments from private sources, including insurance claim receipts. Use 395.20 and 395.30 for recoveries on property insurance. Experience rating credits and other premium rebates should be treated as REIMBURSEMENTS.

365.00 INTERNAL SERVICE FUND MISCELLANEOUS REVENUES. All charges for rent, insurance, etc., by an internal service fund to another fund of the same government. Use this Basub for interfund payments only. Use 362 and 368 for revenues from other governments and private sources. Use 366.90 for payments between departments of the same fund. What is recorded as a 365 revenue by the internal service fund should result in an object 90 expenditure by the paying fund.

365.10 INTERFUND EQUIPMENT AND VEHICLE RENTALS (SHORT-TERM). See 362.10

365.20 INTERFUND EQUIPMENT AND VEHICLE LEASES (LONG-TERM). See 362.20

365.30 INTERFUND PARKING. See 362.30. Payroll deductions should be coded 362.50.

365.40 INTERFUND SPACE AND FACILITIES RENTALS (SHORT-TERM). See 362.40

365.50 INTERFUND SPACE AND FACILITIES LEASES (LONG-TERM). See 362.50

365.80 INTERFUND INSURANCE PREMIUMS. Use this account for interfund payments for property and liability insurance. Use 366.50 for employee benefit programs. See 363 for intergovernmental and private payments.

365.90 OTHER. Use 366.10 for interfund interest.

366.00 INTERFUND/INTERDEPARTMENTAL-MISCELLANEOUS REVENUES. (Quasi-External Transaction) Include interfund trust contributions and miscellaneous payments by one department or fund to another department or fund of the same government, EXCEPT:

(1) Rents, insurance premiums, and miscellaneous charges by internal service funds (use 365).
(2) Shared costs, operating and capital subsidies (see the Glossary for definitions of operating and residual equity transfers; use 397 for operating transfers; credit fund balance or contributed capital for residual equity transfers).
(3) Reimbursements (see the Glossary for definition; credit expenditure account).

This account is also used to record interdepartmental transactions within an internal service fund. Note that separate accounts are established for interfund taxes (314), interfund licenses and permits (329), and interfund charges for services (348 and 349). What is recorded as a 366 revenue by the performing fund or department should result in an object 90 expenditure by the paying fund or department, except for 366.10 which should use subobject 82.

366.10 INTERFUND INTEREST. (Example: interest on interfund loans, assessments, etc.)

366.20 INTERFUND RENTS AND CONCESSIONS. See 365 for internal service fund rental revenues.

366.50 INTERFUND TRUST CONTRIBUTIONS-EMPLOYER. Note that amounts withheld from employee paychecks are accounted for at 369.60 and 369.70. See 348.97 for service fees.

366.90 OTHER. Include special assessment principal due to a governmental fund.

367.00 CONTRIBUTIONS AND DONATIONS FROM PRIVATE SOURCES. Include gifts, pledges, grants and bequests from private sources. Use the general ledger account 273.70 (or 388.10) for contributed capital, including utility hook-up and connection charges.

368.00 SPECIAL ASSESSMENT PRINCIPAL (CURRENT). Use this account to accrue assessment principal as it becomes due in governmental funds. Unpaid assessments that are not due within 60 days of the end of your fiscal year are credited to deferred revenues. Use 361.50 for penalties and interest on assessments. Use 317.70 for operating assessments. In proprietary funds, special assessments are treated as contributed capital, not as revenues. Use general ledger account 273.70 and/or nonrevenue account 385. Code interfund accrual of special assessment principal to 366 if it is due to a governmental fund. Treat as contributed capital if due to a proprietary fund.

368.80 DEFERRED ASSESSMENTS. Distributed by the state treasurer based on the amount of special assessments certified as deferred by the county assessor. See 311.60 for deferred property taxes. (RCW 84.38.120)

369.00 OTHER MISCELLANEOUS REVENUES. From other sources not otherwise included in accounts 361 thru 368.

369.10 SALE OF SCRAP AND JUNK

369.20 UNCLAIMED MONEY AND PROCEEDS FROM SALES OF UNCLAIMED PROPERTY. Includes sale of intangible property, unclaimed for more than two years (RCW 63.29.130) and sale of unclaimed animals. (Chapter 63.32 or 63.40 RCW)

369.30 CONFISCATED AND FORFEITED PROPERTY. Include proceeds from sale of confiscated and forfeited property. Use 386 to record the state portion of the proceeds. (RCW 9.41.098, 46.61.5058, 69.50.505)

369.40 OTHER JUDGMENTS AND SETTLEMENTS. Revenue from claims determined by legal judgment or mutual consent. Include liquidated damages. See 363 and 395 for claims related to insurable losses.

369.50 EXTERNAL TRUST CONTRIBUTIONS FROM EMPLOYERS

369.60 EXTERNAL TRUST CONTRIBUTIONS - EMPLOYEE MANDATORY

369.70 EXTERNAL TRUST CONTRIBUTIONS - EMPLOYEE VOLUNTARY

369.80 CASH ADJUSTMENTS

369.81 CASHIER'S OVERAGES OR SHORTAGES
Overages (Credit), Shortages (Debit)

369.82 FOREIGN CURRENCY EXCHANGE ADJUSTMENTS
Premium (Credit), Discount (Debit)

369.90 OTHER. Include recovery of NSF fees. Use 341.70 for concession sales to institution inmates; vending machine proceeds; etc.

370.00 PROPRIETARY/TRUST GAINS (LOSSES) AND OTHER INCOME (EXPENSES). These accounts are provided for the segregation of special transactions that affect the net income of enterprise, internal service, and nonexpendable trust funds. Each of these items should be reported on a separate line of the statement of revenues, expenses and changes in retained earnings, if material. Note that proceeds and costs are accumulated within one Basub. Although governmental-type funds can have similar transactions, these accounts are NOT to be used; instead, losses and costs should be classified by the function or department that has incurred the expenditure; miscellaneous revenues should be coded in the 360 series.

371.00 EQUITY IN INCOME (LOSSES) OF JOINT VENTURES AND SUBSIDIARIES

372.00 EXTRAORDINARY, UNUSUAL OR INFREQUENT ITEMS

373.00 OTHER GAINS (LOSSES). Note that separate accounts are provided for the more common transactions that result in gains and losses; namely, investments (361) and fixed asset dispositions (395).

376.00 GAINS (LOSSES) FROM OPERATION AND DISPOSAL OF DISCONTINUED SEGMENTS

378.00 CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES

380.00 NONREVENUES. Receipts which do not meet revenue criteria. You may use the 380 series of accounts as subsidiary accounts to the appropriate general ledger accounts (identified below as G.L. account).

381.00 INTERFUND LOAN RECEIPTS. Include all interfund receipts covering loans to this entity. Do not include interfund receipts for services, materials or equipment properly included in other revenue account classes.

381.10 LOANS RECEIVED (G.L. accounts 227 and 255)

381.20 LOAN REPAYMENT RECEIVED (G.L. accounts 132 and 165)

382.00 PROCEEDS OF LONG-TERM DEBT - PROPRIETARY FUNDS ONLY. Use account 391 for long-term debt proceeds when the debt is recorded in the General Long-Term Debt Account Group. See Part 3, Chapter 1 for funds' classification.

382.10 GENERAL OBLIGATION BOND PROCEEDS (G.L. account 251)

382.20 REVENUE BOND PROCEEDS (G.L. account 252)

382.30 SPECIAL ASSESSMENT BOND PROCEEDS (G.L. account 253)

382.40 REVENUE WARRANT PROCEEDS (G.L. accounts 235.40 and 263.40)

382.50 PROCEEDS OF CAPITAL LEASES AND INSTALLMENT PURCHASES. See Part 3, Chapter 9, Section B for discussion of the accounting treatment of capital leases. (G.L. accounts 235.50 and 263.50)

382.60 PROCEEDS OF ANTICIPATION NOTES/WARRANTS (G.L. accounts 239.60 and 263.60)

382.70 OTHER NOTE PROCEEDS (G.L. accounts 235.70 and 263.60)

382.80 INTERGOVERNMENTAL LOAN PROCEEDS (G.L. accounts 229 and 263.80) For details see Part 3, Chapter 12, Interpretation 5.

382.90 PROCEEDS OF OTHER DEBT. Include registered warrants, bank loans, etc. (G.L. accounts 235.90 and 263.90)

383.00 CONTRIBUTED CAPITAL -- FEDERAL/STATE/INTERLOCAL. Use grant source coding in the element/subelement/unit/subunit fields. (G.L. accounts 271 and 272)

384.00 PROCEEDS FROM SALES OF INVESTMENTS. Include proceeds derived from the sale of investments. Exclude any interest or other earnings properly classified as revenue. Use a separate subcategory of this account to distinguish sales of long-term investments in proprietary and pension trust funds. (G.L. account 118)

385.00 COLLECTIONS OF ACCRUED REVENUES AND OTHER RECEIVABLES (G.L. accounts 121-126, 131-134, 233.30 and 245.30)

386.00 AGENCY TYPE DEPOSITS. (G.L. account 237) Examples include the following receipts of trust and agency moneys:

- Sales and leasehold excise taxes
- Forest patrol, forest fire protection assessment
- State share of gun permits
- Surety and performance deposits
- Passports and naturalization fees that are transferred to the federal government
- Centennial document preservation and modernization agency deposit. For details see Part 3, Chapter 12, Interpretation 10.

NOTE: 386.12.00 is used by the DISCIS for remittances of crime victim and witness program amounts to the counties.

386.80 STATE REMITTANCES--COURTS

386.81 STATE REMITTANCES--APPELLATE FILING FEE. Use this account to remit to the state treasurer any appellate court filing fees collected by the superior court for the courts of appeals (RCW 2.32.070).

386.82 STATE REMITTANCES--VEHICLE LICENSING FRAUD ACCOUNT. Use this account to remit to the state treasurer fines collected for evading the payment of any registration tax or license fee (RCW 46.19.010).

386.90 STATE REMITTANCES--COURTS

386.91 STATE REMITTANCES--SEGREGATED. Use this account to remit to your local treasurer the state's portion of your court's fees, fines, penalties and interest collected. Use 341-358 for your government portion of these revenues (RCW 3.46.120, 3.50.100, 3.62.020, .040, 10.82.070, 35.20.220, 36.18.025). Also use this account for the remittance of the state portion of additonal 60% PSE Assessment. Collections on behalf of trust accounts are trust transactions. If BARS coding is used for these, use 386 subaccounts or 237. (RCW 3.62.090(1)) Use 386.91.01 for remittance of all fines, forfeitures, etc., related to game and game fish (RCW 77.12.201 and .203).

386.92 STATE REMITTANCES--SEGREGATED--50% STATE DEDICATED PSEA. Use this account to remit to your local treasurer the 30% (50% of additional 60% PSE Assessment = 30%) PSE Assessment collected on all fines, penalties, and forfeitures except DUI and parking. (RCW 3.62.090(2))

386.93 STATE REMITTANCES--SEGREGATED--HORTICULTURAL PEST AND DISEASE CONTROL PENALTIES. Use this account to remit to your local treasurer the total penalty assessed for repeat violations. (RCW 15.09.100, 17.24.100)

386.94 STATE REMITTANCES--SEGREGATED--CIVIL WILDLIFE REIMBURSEMENT. Use this account to remit to your local treasurer the total wildlife reimbursement penalty assessed upon condition of killing or possessing protected or endangered species. These revenues are remitted in total to the state PSEA account. (RCW 77.21.070)

386.95 STATE REMITTANCES--SEGREGATED--UNCLAIMED RESTITUTION. Use this account to remit to your local treasurer the restitution from the defendant if the victim entitled to the restitution can not be found or died. These revenues are remitted in total to the state PSEA account and then used to compensate victims of crimes through the crime victims compensation fund. (RCW 7.68.290)

386.96 STATE REMITTANCES--CRIME LAB ANALYSIS. Use this account to record the state portion of the administrative fee. The local portion is recorded in 341.33 or 341.37. Also include the state portion of an additional fee as assessed in RCW 46.61.5054. Local portion of that fee is recorded in 355.20.

386.97 STATE REMITTANCES--JUDICIAL INFORMATION SYSTEM (JIS). Use this account to record the $10 assessment on fines and penalties for the purpose of the JIS (RCW 2.68.040) and 25% of interest collected on penalties, fines, bail forfeitures, fees and costs (RCW 3.46.120, 3.50.100, 3.62.020, .040, 10.82.090, 35.20.220).

386.98 STATE REMITTANCES--PROSTITUTION PREVENTION AND INTERVENTION. Use this account to record monthly remittance of fees collected for violation of RCW 9.68A.100 or Chapter 9A.88 RCW. (RCW 9.68A.105 and 9A.88.120)

386.99 STATE REMITTANCES--SCHOOL ZONE SAFETY. Use this account to record monthly remittance of penalties assessed for violation of speed restrictions within a school or playground speed zone. (RCW 46.61.440)

387.00 RESIDUAL EQUITY TRANSFERS-IN (G.L. accounts 273.40, 281, 287 and 288)

388.00 OTHER INCREASES IN FUND EQUITY

388.10 CONTRIBUTED CAPITAL - LOCAL SOURCES. Include utility hook-up and connection charges. See 383 and 387 for other sources (G.L. accounts 273.70-273.90). Operation portion of these fees (if known) should be included in account 343.

388.80 PRIOR YEAR(S) CORRECTIONS. This account should be used only for material errors in prior periods that would distort current operations (G.L. account 288). It should never be used for refunds or canceled warrants both of which should be credited to the expenditure account. The correction of minor errors should be credited to 369.90.

389.00 OTHER NONREVENUES. Subdivide this account as necessary to identify nonrevenue receipts which are not includable in accounts 381 through 388. This account may also be used for receipt of refunds and canceled warrants pending their credit to expenditure accounts. (Credit account 385 if a receivable was established when the need for refund was identified.) Examples:

- Receipt of moneys into a clearing fund such as salary or claims. (G.L. account 211)
- Receipt of moneys into a suspense fund. (G.L. account 237, 239.90 or 245.90. Use G.L. account 239.10 or 245.10 for customer deposits)
- Receipt of unidentified moneys pending identification and ultimate distribution. (G.L. account 237 or 239.90)
- Receipt of moneys from the refunding trustee for the redemption of refunded bonds and the payment of interest. (G.L. account 217 or 219)
- Receipt of moneys for interest on bonds issued between interest coupon dates. Use 589 for disbursement of this money at the next coupon date. (G.L. account 231.10)
- Revenues received in advance. (G.L. accounts 233 and 257)

390.00 OTHER FINANCING SOURCES

391.00 PROCEEDS OF LONG-TERM DEBT - GOVERNMENTAL FUNDS ONLY. Use this account only for debt recorded in the General Long-Term Debt Account Group. See account 382 for long-term proceeds of long-term debt in proprietary funds.

391.10 GENERAL OBLIGATION BOND PROCEEDS

391.30 SPECIAL ASSESSMENT BOND PROCEEDS. Use this account for proceeds of special assessment debt recorded in General Long-Term Debt Account Group. Other special assessment debt proceeds should be recorded in account 382.30 or 253.

391.50 PROCEEDS OF CAPITAL LEASES AND INSTALLMENT PURCHASES. See Part 3, Chapter 9, Section B for discussion of the accounting treatment of capital leases.

391.60 PROCEEDS OF ANTICIPATION NOTES/WARRANTS. Other anticipation notes and warrants are treated as fund debt. (Use 382.60 or 239.60, 263.90.)

391.70 OTHER NOTE PROCEEDS

391.80 INTERGOVERNMENTAL LOAN PROCEEDS

391.90 PROCEEDS OF OTHER LONG-TERM DEBT

393.00 PROCEEDS OF REFUNDING LONG-TERM DEBT

395.00 DISPOSITION OF FIXED ASSETS

395.10 PROCEEDS FROM SALES OF FIXED ASSETS. Examples: real estate (land and buildings), equipment, street vacations, timber sales (state forest land - RCW 76.12.030). Note: If the total credits to this account in a governmental fund type for the fiscal year are immaterial, you may journalize the year-end balance to account 369.90. For proprietary fund type see also account 395.40.

395.20 COMPENSATION FOR LOSS OF FIXED ASSETS -- INSURANCE RECOVERIES. (E.g., recovery of monies for damaged, destroyed, stolen, or lost governmental assets.)

395.30 COMPENSATION FOR LOSS OF FIXED ASSETS -- OTHER RECOVERIES

395.40 GAIN (LOSS) ON DISPOSITION OF FIXED ASSETS -- Note: This account is for the use of proprietary type funds only.

395.70 COSTS OF DISPOSAL OF FIXED ASSETS (DEBIT)

395.80 CONTRIBUTED PORTION OF RETIRED ASSETS. Use this set of accounts when an asset was donated.

395.81 CONTRIBUTED CAPITAL, NET OF AMORTIZATION (CREDIT). This account is used in proprietary funds to remove the net contributed equity from the fund. Offsetting entries are a debit to 271-273, *Contributed Capital* and a credit to 274, *Amortization of Capital Grants* .

395.85 PROCEEDS DUE TO GRANTOR (DEBIT). Use this account whenever the terms of a grant require that the government seeks instructions from the grantor for disposition of the grantor's share of the proceeds from sale or insurance. The offsetting entry is to account 229, *Due to Other Governmental Units* . If approval is obtained to apply the proceeds to another fixed asset of the government, debit 229, *Due to Other Governmental Units* and credit 271-273, *Contributed Capital* in proprietary funds or 395, *Disposition of Fixed Assets* (or 369.90, *Miscellaneous* if immaterial) in governmental fund.

395.90 NET BOOK VALUE OF RETIRED ASSETS (DEBIT)

397.00 OPERATING TRANSFERS-IN. Include the regular, recurring transfers previously classified as contributions from active funds. See the Glossary for explanation and examples. Although not required, many local governments have found it useful to use the element/subelement field in account 397 to code the expenditure BASUB for which the subsidy was received. By using the same element/subelement coding in account 597, balancing and reconciliation of operating transfers in and out is made much easier.

397.91 OPERATING TRANSFERS FROM COMPONENT UNITS. Amounts transferred from discretely presented component units to a primary government. Some transfers, previously recorded in 397, will need to be reclassified for the presentation of the reporting entity's financial statements. For details, see Part 3, Chapter 12, Interpretation 14.

397.92 OPERATING TRANSFERS FROM PRIMARY GOVERNMENT. Amounts transferred to discretely presented component units from a primary government. Some transfers, previously recorded in 397, will need to be reclassified for the presentation in the reporting entity's financial statements. For details, see Part 3, Chapter 12, Interpretation 14.

500.00 EXPENDITURE/USE ACCOUNTS

The 500 series of expenditure/use accounts designates all fund outflows by function, activity and character.

For governmental-type funds, the subsidiary expenditure accounts 510-579 represent current operating expenditures which are summarized in the general ledger control account 292.20. Expenditure accounts 591-593 represent debt service expenditures and accounts 594-596 represent capital outlay expenditures, which are also summarized in control account 292.20. The subsidiary account 597 represents other financing uses in governmental-type funds and is subsidiary to the general ledger control account 292.40. Nonexpenditure accounts 58l-589 represent subsidiaries of general ledger accounts other than 292.

For proprietary and similar trust funds, both the 5l0-579 series and accounts 592-593 represent expenses classified by function and activity. In addition, the 37l-379 resource series is used in these fund types for unusual and infrequent types of gains and losses. As with governmental funds, the subsidiary accounts 597-599 represent other financing uses and accounts 58l-589 represent subsidiaries of general ledger accounts other than 292.

The word SUBSIDIARY indicates the relationship of the 500 accounts to the control accounts for governmental entities using double-entry accounting.

BARS expenditure accounts are not organized on a departmental basis. They may be used wherever they are needed. Each expenditure/expense should be classified according to the function and activity it supports, regardless of the organizational unit that incurs it.

EXPENDITURE/USE SUBSIDIARY ACCOUNTS

BASIC ACCOUNTS

291.80	ESTIMATED ENDING FUND BALANCE
292.80	ACTUAL ENDING FUND BALANCE
508.00 1/	ENDING FUND BALANCE
501.00	CLASSIFIED PROPRIETARY SERVICES
510.00	GENERAL GOVERNMENT SERVICES
520.00	SECURITY OF PERSONS AND PROPERTY
530.00	PHYSICAL ENVIRONMENT
540.00	TRANSPORTATION
550.00	ECONOMIC ENVIRONMENT
560.00	MENTAL AND PHYSICAL HEALTH
570.00	CULTURE AND RECREATION
580.00	NONEXPENDITURES
591-593	DEBT SERVICE
594-596	OTHER EXPENDITURES/EXPENSES
597-599	OTHER FINANCING USES

1/ 508.00 is intended for use by Category 2 local governments. It can optionally be used by Category 1 loca l governments.

29l.80	ESTIMATED ENDING FUND BALANCE
292.80	ACTUAL ENDING FUND BALANCE
508.00	ENDING FUND BALANCE
501.00	CLASSIFIED PROPRIETARY SERVICES
510.00	GENERAL GOVERNMENT SERVICES
511.00	LEGISLATIVE
512.00	JUDICIAL
513.00	EXECUTIVE
514.00	FINANCIAL AND RECORDS SERVICES
515.00	LEGAL
516.00	PERSONNEL
517.00	EMPLOYEE BENEFIT PROGRAMS
518.00	CENTRAL SERVICES
519.00	OTHER GENERAL GOVERNMENT SERVICES
520.00	SECURITY OF PERSONS AND PROPERTY
521.00	LAW ENFORCEMENT
522.00	FIRE CONTROL
523.00	DETENTION AND/OR CORRECTION
524.00	PROTECTIVE INSPECTIONS
525.00	EMERGENCY SERVICES
526.00	AMBULANCE, RESCUE AND EMERGENCY AID
527.00	JUVENILE SERVICES
528.00	COMMUNICATIONS, ALARMS AND DISPATCH
530.00	PHYSICAL ENVIRONMENT
531.00	NATURAL RESOURCES
532.00	ENGINEERING
533.00	ELECTRIC AND GAS UTILITIES
534.00	WATER UTILITIES
535.00	SEWER UTILITIES
536.00	CEMETERY
537.00	GARBAGE AND SOLID WASTE UTILITIES
538.00	OTHER UTILITIES
539.00	OTHER PHYSICAL ENVIRONMENT
540.00	TRANSPORTATION
542.00	ROAD AND STREET MAINTENANCE
543.00	ROAD AND STREET GENERAL ADMINISTRATION AND OVERHEAD
545.00	ROAD AND STREET EXTRAORDINARY OPERATIONS
546.00	AIRPORTS, PORTS AND TERMINAL FACILITIES
547.00	TRANSIT SYSTEMS AND RAILROADS
548.00	MUNICIPAL VEHICLES AND PUBLIC WORKS EQUIPMENT

550.00	ECONOMIC ENVIRONMENT
551.00	WELFARE
552.00	EMPLOYMENT OPPORTUNITY AND DEVELOPMENT
553.00	VETERANS SERVICES
554.00	CHILD CARE SERVICES
555.00	AGING
556.00	SERVICES FOR DISABLED
557.00	COMMUNITY SERVICES
558.00	PLANNING AND COMMUNITY DEVELOPMENT
559.00	HOUSING AND COMMUNITY DEVELOPMENT
560.00	MENTAL AND PHYSICAL HEALTH
561.00	HOSPITALS AND CONVALESCENT CENTERS
562.00	PUBLIC HEALTH
563.00	CORONER
564.00	MENTAL HEALTH
566.00	SUBSTANCE ABUSE
568.00	DEVELOPMENTAL DISABILITIES
570.00	CULTURE AND RECREATION
571.00	EDUCATION
572.00	LIBRARIES
573.00	SPECTATOR AND COMMUNITY EVENTS
574.00	PARTICIPANT RECREATION
575.00	CULTURAL AND RECREATIONAL FACILITIES
576.00	PARK FACILITIES
580.00	NONEXPENDITURES
581.00	INTERFUND LOAN DISBURSEMENTS
582.00	REDEMPTION OF DEBT PRINCIPAL - PROPRIETARY FUNDS ONLY
584.00	PURCHASE OF INVESTMENTS
585.00	DISBURSEMENTS OF ACCRUED EXPENDITURES/EXPENSES
586.00	AGENCY TYPE DISBURSEMENTS
587.00	RESIDUAL EQUITY TRANSFERS-OUT
588.00	OTHER DECREASES IN FUND EQUITY
589.00	OTHER NONEXPENDITURES
591-593	DEBT SERVICE
591.00	REDEMPTION OF LONG-TERM DEBT - GOVERNMENTAL FUNDS ONLY
592.00	INTEREST AND OTHER DEBT SERVICE COSTS
593.00	ADVANCE REFUNDING ESCROW
594-596	OTHER EXPENDITURES/EXPENSES
594.00	CAPITALIZED EXPENDITURES
595.00	ROADS AND STREET CONSTRUCTION
596.00	NONCAPITALIZED EXPENDITURES
597-599	OTHER FINANCING USES
597.00	OPERATING TRANSFERS-OUT
598.00	INTERGOVERNMENTAL AGREEMENTS
599.00	PAYMENTS TO REFUNDED DEBT ESCROW AGENT

NOTE. The inclusion of an account in this chart of accounts does not in itself provide the user with the authority to do something prohibited or not otherwise authorized by law. The chart of accounts is intended to provide all accounts that will be needed by any user of the system; some apply to very few units of local government.

291.80 ENDING FUND BALANCE. This account is to be used to indicate the estimated and actual amounts
292.80 of fund balance at the end of the year. It represents the excess of assets over liabilities. This account
508.00 may be used in budget preparation if the law requires or permits the accumulation of moneys for future use.

501.00 CLASSIFIED PROPRIETARY SERVICES. These accounts are to be used by municipalities that have elected to use a separate authorized chart of accounts for one or more of their proprietary funds, such as NARUC for water utilities. For such funds, these accounts are used to establish and demonstrate budgetary control over expenditures on the modified accrual basis. The specific Basub, element, and subelement shown below will be combined with appropriate objects and subobjects. Do not use these 501 accounts for unclassified operations. (Use 533-538 for utilities, etc.)

501.30 UTILITIES

501.32 GAS
501.33 ELECTRIC
501.34 WATER
501.35 SEWER
501.38 OTHER UTILITIES

501.40 TRANSPORTATION FACILITIES AND SYSTEMS

501.46 AIRPORTS
501.47 TRANSIT SYSTEMS
501.48 RAILROADS
501.49 OTHER TRANSPORTATION ENTERPRISES

501.50 HEALTH AND MEDICAL ENTERPRISES

501.51 HOSPITALS

510.00 GENERAL GOVERNMENT SERVICES. This is a major class of services provided by the legislative, judicial and administrative branches of the governmental entity for the benefit of the public or governmental body as a whole. This class does not include administrative services provided by a specific department in support of services properly includable in another major class.

511.00 LEGISLATIVE. Cost of providing representation of the citizenry in the governing body.

511.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

511.20 ADVISORY SERVICES (Committees and Special Bodies)

511.30 OFFICIAL PUBLICATION SERVICES (Resolutions, Ordinances and Proceedings)

511.40 TRAINING

511.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

511.60 LEGISLATIVE SERVICES (Commission or Council)

511.70 ELECTION COSTS. Salaries, benefits, supplies, services, and other charges directly related to elections (RCW 29.13.045 and .047). For details see Part 3, Chapter 12, Interpretation 8.

511.80 VOTER REGISTRATION COSTS. For details see Part 3, Chapter 12, Interpretation 8.

512.00 JUDICIAL. Cost of providing a court system for civil, criminal and juvenile cases. Include in each category where appropriate such court costs as public defender assigned counsel, indigent defense, jury fees and expert witness fees.

512.10 COUNTY ADMINISTRATOR FOR COURTS

512.20 SUPERIOR COURT SYSTEM
512.21 SUPERIOR COURT
512.22 FAMILY COURT FEES AND CHARGES (Chapter 26.12 RCW)

512.30 COUNTY CLERK

512.40 DISTRICT COURT

512.50 MUNICIPAL COURT

512.60 TRAFFIC VIOLATIONS BUREAU

512.70 LAW LIBRARY

513.00 EXECUTIVE. Cost of providing management and administration of the affairs of the government entity including coordination, guidance and support for the development of effective programs and the planning, evaluation, analysis, control, and general management of programs. See 557.20 for citizens' complaints (Ombudsman). (E.g., Chief Administrative Officer and his/her assistants.)

513.10 ADMINISTRATION. Include all services rendered by the executive officer.

513.20 ADVISORY SERVICES. Include general boards and commissions. Boards formed for a narrow purpose should be coded functionally, such as Board of Equalization to 514.24, Boundary Review Boards and Zoning Commissions to 558.60.

513.40 TRAINING

513.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-592 for capital lease payments.

514.00 FINANCIAL AND RECORDS SERVICES. Cost of providing financial, record keeping and other related services.

514.10 ADMINISTRATION. Activities of a general nature, not associated directly with a specific service function. Include such positions as county auditor and city finance director.

514.20 FINANCIAL SERVICES

514.22 FIDUCIARY SERVICES (Treasurers)

514.23 BUDGETING, ACCOUNTING, AUDITING (State Auditors), and FINANCIAL CONSULTING SERVICES. Include clerks and towns' clerk-treasurers.

514.24 TAX ASSESSMENT AND EVALUATION SERVICES (Assessor and Board of Equalization)

514.30 RECORDS SERVICES. (Clerks) Include recording of: deeds, commission meetings, council proceedings, ordinances, resolutions, certifying records.

514.40 TRAINING

514.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

514.60 GRANT ADMINISTRATION

514.70 RISK MANAGEMENT. Use this account for the costs of administering a liability insurance program, including any management costs of self-insurance. (Use the 5l7 series of accounts for employee-related insurance.) In an internal service fund, this account will also contain payments for claims (subelement 77) and for insurance premiums (subelement 76). See Part 1, Chapter 7 for further discussion of proprietary fund expenses. In a governmental fund, the costs of claims and premiums are charged to the appropriate functional Basub and subobject 46. For payments by operating departments to a self-insurance fund, use the appropriate functional Basub and subobject 96.

514.71 ADMINISTRATION

514.73 DEPRECIATION/AMORTIZATION/DEPLETION

514.75 MAINTENANCE

514.76 RISK TRANSFER PAYMENTS

514.77 CLAIMS PROCESSING

514.78 PAYMENTS TO CLAIMANTS AND BENEFICIARIES. Amounts paid for claims determined by legal judgment or mutual consent.

514.79 OTHER OPERATING EXPENSES/EXPENDITURES

514.80 OTHER ADMINISTRATIVE SERVICES

514.81 LICENSING. Issuance of licenses, permits, certificates, etc. Examples: marriage, business, non-business, animal, motor vehicles, open space, etc.

515.00 LEGAL. Cost of providing legal services for the benefit of the governmental entity.

515.10 ADMINISTRATION. Activities of a general nature, not associated directly with a specific service function.

515.20 LEGAL SERVICES

515.21 CRIMINAL
515.22 CIVIL
515.23 TRAFFIC

515.40 TRAINING

515.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

515.60 CONSUMER AFFAIRS

515.70 CRIME VICTIM AND WITNESS PROGRAM. Payments to the victims and witnesses under RCW 7.68.035. See 512 for other witness fees. This account should be used by counties only. Cities making payments to the counties should use 586.

515.80 CHILD SUPPORT ENFORCEMENT

516.00 PERSONNEL. Cost of providing general supervision of personnel and related services for the entire governmental entity including the classification of positions, recruiting, placement, service ratings, attendance, job specifications, and other civil service related activities. Cost of special civil service boards for policemen, firemen, and sheriff's deputies should be accounted for at 521.10, 522.10, or 523.10.

516.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

516.20 PERSONNEL SERVICES

516.40 TRAINING

516.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

516.70 EQUAL OPPORTUNITY/AFFIRMATIVE ACTION

516.71 ADMINISTRATION. Includes commission services, program development, legal services, and administration.
516.72 AFFIRMATIVE ACTION
516.73 CONTRACT COMPLIANCE
516.75 EQUAL OPPORTUNITY ENFORCEMENT

517.00 EMPLOYEE BENEFIT PROGRAMS. See Part 1, Chapter 7 for further discussion of operating expenses in proprietary and similar trust funds.

517.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

517.20 PENSION SERVICES

517.21 ADMINISTRATION
517.22 DISABILITY PAYMENTS. Special disability programs for policemen, firemen and sheriff's deputies should be accounted for at 521.10, 522.10 or 523.10.
517.28 ANNUITY BENEFIT PAYMENTS
517.29 REFUNDS TO TERMINATED EMPLOYEES

517.30 HEALTH INSURANCE SERVICES

517.31 ADMINISTRATION
517.36 RISK TRANSFER PAYMENTS
517.37 CLAIMS PROCESSING
517.38 PAYMENTS TO CLAIMANTS AND BENEFICIARIES

517.40 TRAINING

517.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

517.60 WORKERS' COMPENSATION SERVICES. Costs of special disability programs for policemen, firemen and sheriff's deputies should be accounted for at 521.10, 522.10, or 523.10.

517.61 ADMINISTRATION
517.62 SAFETY PROGRAM/TRAINING
517.66 RISK TRANSFER PAYMENTS
517.67 CLAIMS PROCESSING
517.68 PAYMENTS TO CLAIMANTS AND BENEFICIARIES

517.70 UNEMPLOYMENT COMPENSATION SERVICES

517.71 ADMINISTRATION
517.76 RISK TRANSFER PAYMENTS
517.78 PAYMENTS TO CLAIMANTS AND BENEFICIARIES

517.80 DEFERRED COMPENSATION SERVICES

517.90 OTHER EMPLOYEE BENEFIT PROGRAMS

518.00 CENTRAL SERVICES. See Part 1, Chapter 7 for further discussion of operating expenses in proprietary funds.

518.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

518.20 PROPERTY MANAGEMENT SERVICES. Costs of managing the government's own investment in property and facilities. Include the costs of managing trust properties, surplus properties, and property held for future use. Include the costs incurred in planning for facilities of the government, except for utilities and other public works, which include these costs within their respective Basub. Use 594-596 for capital outlays.

518.30 CUSTODIAL/JANITORIAL/SECURITY SERVICES. Costs of cleaning, maintaining, and protecting the facilities of the government.

518.40 PURCHASING SERVICES

518.60 WORD PROCESSING SERVICES

518.63 DEPRECIATION
518.65 MAINTENANCE
518.66 OPERATIONS-CONTRACTED
518.67 OPERATIONS-CUSTOMER SERVICES AND MARKETING
518.68 OPERATIONS-GENERAL
518.69 OTHER OPERATING EXPENSES/EXPENDITURES

518.70 PRINTING AND DUPLICATION SERVICES. Include photocopy centers as well as print shops and binderies.

518.73 DEPRECIATION
518.75 MAINTENANCE
518.76 OPERATIONS-CONTRACTED
518.77 OPERATIONS-CUSTOMER SERVICES AND MARKETING
518.78 OPERATIONS-GENERAL. Suggest using this element for cost of goods manufactured. Code cost of paper to subobject 34.
5l8.79 OTHER OPERATING EXPENSES/EXPENDITURES. May use for cost of goods sold.

518.80 DATA PROCESSING

518.8l ADMINISTRATION
518.83 DEPRECIATION
518.85 MAINTENANCE
518.86 OPERATIONS-CONTRACTED. Include costs of software development.
518.87 OPERATIONS-CUSTOMER SERVICES AND MARKETING
518.88 OPERATIONS-GENERAL
518.89 OTHER OPERATING EXPENSES/EXPENDITURES

518.90 OTHER INTERNAL SERVICES. See 519 for fabrication shops and central stores; see 528 for central communications; see 548 for transportation- and public works-related services.

519.00 OTHER GENERAL GOVERNMENTAL SERVICES. See Chapter 7 for further discussion of operating expenses in proprietary funds.

519.10 FOOD SERVICES
519.11 ADMINISTRATION
519.13 DEPRECIATION/AMORTIZATION
519.15 MAINTENANCE
519.16 OPERATIONS-CONTRACTED
519.18 OPERATIONS-GENERAL. Code cost of food to subobject 34.
519.19 OTHER OPERATING EXPENSES/EXPENDITURES

519.30 FABRICATION SHOPS
519.3l ADMINISTRATION
519.33 DEPRECIATION/AMORTIZATION/DEPLETION.
519.35 MAINTENANCE
519.36 OPERATIONS-CONTRACTED
519.37 OPERATIONS-CUSTOMER SERVICES AND MARKETING
519.38 OPERATIONS-GENERAL. Suggest using this element for cost of goods manufactured. Code cost of materials to subobject 34.
519.39 OTHER OPERATING EXPENSES/EXPENDITURES. May use this element for cost of goods sold.

519.40 OTHER MANUFACTURING. See 5l8.70 for printing and 548 for pits, quarries, and asphalt plants.

519.50 CENTRAL STORES. See 548 for road materials, vehicle parts, and fuel depots.
519.5l ADMINISTRATION
519.53 DEPRECIATION/AMORTIZATION/DEPLETION
519.55 MAINTENANCE
519.56 OPERATIONS-CONTRACTED
519.57 OPERATIONS-CUSTOMER SERVICES AND MARKETING
519.58 OPERATIONS-GENERAL. Code cost of merchandise purchased to subobject 34.
519.59 OTHER OPERATING EXPENSES/EXPENDITURES. May use this element for cost of goods sold.

519.60 OTHER MERCHANDISING SERVICES

519.70 OTHER JOBBING AND CONTRACT WORK

519.90 MISCELLANEOUS. Include general governmental expenditures not provided for elsewhere, such as dues to the following organizational groups:

Association of Washington Cities
Washington State Association of Counties
Washington Association of County Officials

Use the other specified Basub accounts in coding dues and costs relevant to professional organizations such as:

513	City Manager's Association
514	Government Finance Officers' Association
514	Washington Finance Officers' Association
521	Sheriffs' and Police Chiefs' Association
522	Firemen's Association, or similar association dues legally authorized
532 or 543	American Public Works Association

Code other specific non-departmental expenditures as illustrated by the examples below:

Air Pollution Costs	531.70
Animal Control	539.30
County Assessor Assessment and Valuation	514.24
Court Costs	512.00
Election Costs	511.70
Emergency Services/Civil Defense	525.60
General Health/Public Health	562.00
Jail Costs	523.60
Mental Retardation/Developmental Disabilities	568.00
Planning	558.60
State Auditor - Audit Cost	514.23
Substance Abuse	566.00

520.00 SECURITY OF PERSONS AND PROPERTY

521.00 LAW ENFORCEMENT. Those activities normally related to police services and the support of police services.

521.10 ADMINISTRATION. Activities of a general nature, not associated directly with a specific service function. Include cost of civil service and disabilities programs. Also include the fee paid to the state treasurer for short firearms neither auctioned nor traded (RCW 9.41.098).

521.20 POLICE OPERATIONS. Police investigations and patrol of land, sea, and air (traffic is included under 521.70).

521.21 INVESTIGATION. Activities related to criminal activity, detection and arrest of criminal offenders, obtaining evidence for prosecution of criminal cases, filing of cases, return of fugitive felons from other jurisdictions, testimony in court cases, recovery of lost and stolen property, missing persons, etc. For details see Part 3, Chapter 12, Interpretation 7.

521.22 PATROL. Activities related to uniformed police assigned to districts and such related activities as arrest, security checking of premises, and general safety and security of the assigned district.

521.23 SPECIAL UNITS
521.24 LABORATORY
521.25 ENFORCEMENT OF GAMBLING ACT (RCW 9.46.113)

521.30 CRIME PREVENTION. Those activities related to the prevention of crime including but not limited to education, safety, community relations and public relations. Include traffic safety school, DARE, GREAT, etc.

521.40 TRAINING

521.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

521.70 TRAFFIC POLICING. Enforcement of traffic laws, radar unit operation, investigation of traffic accidents, checking parking meter violations, issuing tickets for such violations, traffic patrolling streets and issuing tickets for moving violations.

521.90 OTHER SERVICES. Any service not otherwise defined under BARS account 521. See 528 for communications.

521.91 PROPERTY ROOM
521.92 PROTECTION SERVICES. Include services related to protection of victims of domestic violence (shelters, etc.).

522.00 FIRE CONTROL. General fire fighting and prevention services.

522.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function. Include costs of civil service and disability programs.

522.20 FIRE SUPPRESSION. Functions and/or activities dedicated to putting fires out. It includes but is not limited to pre-fire planning, fire fighting, and company inspections.

522.30 FIRE PREVENTION AND INVESTIGATION. Functions and/or activities designed to prevent the occurrence of fires. Investigation is of a preventative nature even if after-the-fact, in that it gathers data used to prevent further occurrences. It includes but is not limited to public education, code enforcement, and investigation.

522.40 TRAINING

522.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

522.60 OTHER SERVICES. Any service not otherwise defined in account 522. See 528 for communications.

523.00 DETENTION AND/OR CORRECTION. Include confinement of prisoners (sentenced or otherwise), probation, parole and rehabilitation. This Basub account has been established recognizing that correction and general detention are not the same but that the costs are not easily separated into two accounts.

523.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function. Include cost of civil service and disability programs.

523.20 HOUSING AND MONITORING OF PRISONERS

523.21 CORRECTIONAL INSTITUTIONS

523.22 ELECTRONIC MONITORING. Equipment rental and monitoring cost associated with an electronic home detention program. (RCW 26.50.060 and .110)

523.30 PROBATION AND PAROLE SERVICES

523.32 MISDEMEANANT SUPERVISION. Include cost of supervision of superior court misdemeanant offenders placed on probation under RCW 9.92.060 or 9.95.210. (RCW 36.01.070)

523.40 TRAINING

523.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

523.60 CARE AND CUSTODY OF PRISONERS. Include concession costs of items purchased for resale to inmates. See 341.70 for sales revenues.

523.90 OTHER

523.91 JAIL-KITCHEN

523.92 SOCIAL SERVICES

524.00 PROTECTIVE INSPECTIONS. Inspections and enforcement of regulations relevant to the issuance of license, permit or certificate not specifically coded to any other 500 expenditure account, such as Law Enforcement, Fire Control, Health, etc.

524.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

524.20 INSPECTIONS, PERMITS, CERTIFICATES AND LICENSES

524.40 TRAINING

524.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

524.60 REGULATIONS, STANDARDS AND ENFORCEMENT. Inclu de cable TV regulations.

525.00 EMERGENCY SERVICES. Activities related to the preparation for, response to, and recovery from disasters.

525.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

525.20 SEARCH AND RESCUE/DISASTER RESPONSE

525.30 DISASTER RECOVERY

525.40 TRAINING

525.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

525.60 EMERGENCY PREPAREDNESS

526.00 AMBULANCE, RESCUE, AND EMERGENCY AID. Rescue and emergency aid and/or ambulance service for sick and injured. See Part 1, Chapter 7 for further discussion of operating expenses in proprietary funds.

526.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

526.20 AMBULANCE SERVICES. Transportation of the sick and injured.

526.30 DEPRECIATION/AMORTIZATION

526.40 TRAINING

526.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 582, 591-92 for capital lease payments.

526.60 OPERATIONS-CONTRACTED SERVICES

526.70 OPERATIONS-CUSTOMER BILLINGS

526.80 RESCUE AND EMERGENCY AID. Deliver the trapped and stranded to safety and administer emergency medical aid to the injured and sick.

526.90 OTHER OPERATING EXPENSES/EXPENDITURES

527.00 JUVENILE SERVICES. Services provided to juveniles in custody. Use 521.30 for preventio n programs.

527.10 ADMINISTRATION. Planning, organizing, coordinating, budgeting, and managing a n organization.

527.20 INTAKE. Include the evaluation of youth presented for detention and the evaluation o r referrals of youth who remain in the community.

527.30 INVESTIGATIONS/DIAGNOSIS. Include the activities n ecessary for legal investigations as well as social and medical diagnostic evaluations.

527.40 CASE SUPERVISION. Include all of the juvenile program services provided to youth in the community or the detention facility.

527.50 TRANSPORTATION. Includes all staff travel and costs related to transporting of clients and, where necessary, members of their family and/or volunteers to and from places i n which they are receiving services.

527.60 RESIDENTIAL CARE AND CUSTODY. Activities associated with operation, service or support of facilities which provide open, protective, and/or secure care.

527.70 MEDICAL/DENTAL TREATMENT. Medical and dental treatment provided to youth in the community or in detention.

527.80 JUVENILE FACILITIES. Rent, repair, operation and maintenance of land, buildings, and improvements such as parking lots, fences, walks, driveways, roadways, landscaping, etc., with assigned staff or contractual services. Use 594-96 for capital outlays and 591-92 for capital lease payments. Use 527.60 for detention facility costs.

527.90 TRAINING

528.00 COMMUNICATIONS, ALARMS AND DISPATCH. Include both routine business and emergency matters whether for a single department or centralized. Examples: alarm systems, radio, telephone, teletype, closed circuit TV, alerting systems, intercommunication systems, recording systems and computer systems when used in a communications mode. For the Enhanced 911 use 528.70. See Part 1, Chapter 7 for further discussion of operating expenses in proprietary funds.

528.10 ADMINISTRATION

528.20 PLANNING

528.30 DEPRECIATION/AMORTIZATION

528.40 TRAINING

528.50 MAINTENANCE OF FACILITIES. Use 594-96 for capital outlays.

528.60 OPERATIONS-CONTRACTED SERVICES

528.70 ENHANCED 911. Include operating expenditures related to the Enhanced 911 (E911) system. For training related to the E911 use 528.40.

528.80 OPERATIONS-GENERAL

528.90 OTHER OPERATING EXPENSES/EXPENDITURES

530.00 PHYSICAL ENVIRONMENT. A major class of services provided to achieve a satisfactory living environment for the community and the individual. Parks and recreation functions are accounted for in 570.

531.00 NATURAL RESOURCES

531.10 SOIL AND WATER CONSERVATION
531.11 ADMINISTRATION
531.12 LONG RANGE PROGRAMS
531.13 SPECIAL PROGRAMS
531.14 INFORMATION AND EDUCATION
531.15 CONSERVATION DISTRICT ELECTIONS
531.18 FEDERAL PROJECTS

531.20 IRRIGATION

531.30 FLOOD CONTROL

531.40 DIKING

531.50 DRAINAGE

531.60 WEED CONTROL

531.70 POLLUTION CONTROL

531.80 ENERGY CONSERVATION

531.90 OTHER ENVIRONMENTAL PRESERVATION

532.00 ENGINEERING. Engineering services necessary for the development and improvement of facilities to provide a satisfactory physical environment.

532.10 ADMINISTRATION

532.20 ENGINEERING PLANS AND SERVICES

532.30 ENGINEERING STUDIES AND SURVEYS

532.40 TRAINING

532.50 FACILITIES. Use 594-596 for capital outlays.

533.00 ELECTRIC AND GAS UTILITIES. See Chapter 7 for discussion of operating expenses and their BARS classification.

533.10 ADMINISTRATION-GENERAL. Code property, excise and B&O taxes to subobjects 53-54.

533.20 ADMINISTRATION-PLANNING, CONSERVATION, RESEARCH AND DEVELOPMENT

533.30 DEPRECIATION/AMORTIZATION/DEPLETION

533.50 MAINTENANCE. Use 594-96 for capital outlays.

533.60 OPERATIONS-CONTRACTED PROCESSING AND OPERATIONS

533.70 OPERATIONS-CUSTOMER SERVICES AND MARKETING

533.80 OPERATIONS-GENERAL. Code fuel costs to subobject 32 and power/gas purchased for resale to subobject 33.

533.90 OTHER OPERATING EXPENSES/EXPENDITURES

534.00 WATER UTILITIES. See Chapter 7 for discussion of operating expenses and their BARS classification.

534.10 ADMINISTRATION-GENERAL. Code property, excise and B&O taxes to subobjects 53-54.

534.20 ADMINISTRATION-PLANNING, CONSERVATION, RESEARCH AND DEVELOPMENT

534.30 DEPRECIATION/AMORTIZATION/DEPLETION

534.50 MAINTENANCE. Use 594-96 for capital outlays.

534.60 OPERATIONS-CONTRACTED PROCESSING AND OPERATIONS

534.70 OPERATIONS-CUSTOMER SERVICES AND MARKETING

534.80 OPERATIONS-GENERAL. Code fuel costs to subobject 32 and water purchased for resale to subobject 33.

534.90 OTHER OPERATING EXPENSES/EXPENDITURES

535.00 SEWER UTILITIES. See Chapter 7 for discussion of operating expenses and their BARS classification.

535.10 ADMINISTRATION-GENERAL. Code property, excise and B&O taxes to subobjects 53-54.

535.20 ADMINISTRATION-PLANNING, CONSERVATION, RESEARCH AND DEVELOPMENT

535.30 DEPRECIATION/AMORTIZATION/DEPLETION

535.50 MAINTENANCE. Use 594-96 for capital outlays.

535.60 OPERATIONS-CONTRACTED PROCESSING AND OPERATIONS

535.70 OPERATIONS-CUSTOMER SERVICES AND MARKETING

535.80 OPERATIONS-GENERAL. Code fuel costs to subobject 32.

535.90 OTHER OPERATING EXPENSES/EXPENDITURES

536.00 CEMETERY. Include the costs of meeting the zoning and environmental standards as well as maintenance and operation of the premises.

536.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

536.20 CEMETERY SERVICES

536.40 TRAINING. Full- or part-time activities that educate staff.

536.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

537.00 GARBAGE AND SOLID WASTE UTILITIES. See Part 1, Chapter 7 for discussion of operating expenses and their BARS classification.

537.10 ADMINISTRATION-GENERAL. Code property, excise and B&O taxes to subobjects 53-54.

537.20 ADMINISTRATION-PLANNING, CONSERVATION, RESEARCH AND DEVELOPMENT

537.30 DEPRECIATION/AMORTIZATION/DEPLETION

537.50 MAINTENANCE. Use 594-96 for capital outlays.

537.60 OPERATIONS-CONTRACTED PROCESSING AND OPERATIONS

537.70 OPERATIONS-CUSTOMER SERVICES AND MARKETING

537.80 OPERATIONS-GENERAL. Code fuel costs to subobject 32.

537.90 OTHER OPERATING EXPENSES/EXPENDITURES

538.00 OTHER UTILITIES. See Part 1, Chapter 7 for discussion of operating expenses and their BARS classification. Other utilities (not listed below) may be coded using an unassigned element (4th) digit (i.e., 538.60, .70, etc.). See note below for subelement coding within the following accounts.

538.10 COMBINED WATER/SEWER/GARBAGE. Use this account only if the expenses are not separable for any combination of utilities (i.e., water/sewer, water/garbage, sewer/garbage, etc.).

538.20 NATURAL GAS

538.30 STORM DRAINAGE

538.40 TELEVISION UTILITIES

538.50 STREET UTILITIES

NOTE: Use the following categories of expense for each type of utility listed above:

538.X1	Administrative - General
538.X2	Administrative - Planning, Conservation, Research and Development
538.X3	Depreciation/Amortization/Depletion
538.X4	Training
538.X5	Maintenance
538.X6	Operations - Contracted Processing and Operations
538.X7	Operations - Customer Service and Marketing
538.X8	Operations - General
538.X9	Other Operating Expenses

539.00 OTHER PHYSICAL ENVIRONMENT

539.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

539.20 NUISANCE CONTROL SERVICES. The control of mosquitos, rodents, etc. See 531.60 for weed control and 542.70 for roadside vegetation.

539.30 ANIMAL CONTROL. Control and welfare of animals including collection, detention, and disposition of both living and dead animals.

539.40 TRAINING.

539.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

539.90 OTHER. Include Environmental Impact Statement (EIS) costs to the extent they can be separately identified.

540.00 TRANSPORTATION. This is a major class of services provided by the governmental entity for the safe and adequate flow of vehicles and pedestrians.

542.00 ROAD AND STREET MAINTENANCE. The costs of preserving and keeping the right-of-way and each type of roadway, roadway structure and facility as nearly as possible in its original condition as constructed or as subsequently improved, and the operation of roadway facilities and services to provide satisfactory and safe motor vehicle transportation. This account is not to include reconstruction or betterment. A complete definition of maintenance is found in the *Local Agency Guideline Manual* (LAG), issued by the WSDOT. Note that maintenance does not include (3-R activities) repair, restoration, or rehabilitation. These activities should be coded as construction 595.XX.

542.30 ROADWAY. The costs of maintaining the roadway prism.

542.40 STORM DRAINAGE. The costs of maintenance and repair of storm drainage systems from the point of interception within the right-of-way to the point of outfall.

542.50 STRUCTURES. The costs of maintenance on bridges (structures 20 feet and over), tunnels, sea walls, irrigation canal crossings and livestock crossings, including the operation of air pollution control devices in tunnels and traffic control during maintenance operations.

542.60 TRAFFIC AND PEDESTRIAN SERVICES. The costs of operation and maintenance of roadway facility and services thereto, to provide safe, convenient and economical motor vehicle transportation. NOTE: Subelement coding is prescribed for the following:

542.61 SIDEWALKS

542.62 SPECIAL PURPOSE PATHS. For details see Part 3, Chapter 12, Interpretation 9.

542.63 STREET LIGHTING. The costs of operating, painting, replacing and repairing of road/street lighting systems. Does not include the lighting of parks or other ornamental lighting.

542.64 TRAFFIC CONTROL DEVICES. The costs of painting, repairing and replacing guardrails, signs, pavement markings and pavement stripes; operating, painting, replacing and repairing traffic signals and control systems; supervising, operating, maintaining and repairing weighing stations; and maintaining, repairing and replacing right-of-way fences when the damages result from public use of the roadway, or when maintenance is the responsibility of the department by agreement.

542.65 PARKING FACILITIES. The costs of operating, maintaining and repairing parking facilities and parking meters.

542.66 SNOW AND ICE CONTROL. The costs of all operations to reduce traffic hazards resulting from snow and ice.

542.67 STREET CLEANING. The costs of cleaning the road/street surface by flushing, washing or sweeping by machine or by hand, and the collection and disposal of sweepings, leaves, rocks and storm debris, except that associated with snow and ice control.

542.70 ROADSIDE. The costs of maintaining that portion of the right-of-way beyond the outside edge of the shoulder or the outside edge of the curb when no shoulder exists, including medians. Also include temporary signs and traffic control during maintenance operations.

542.80 ANCILLARY OPERATIONS. The costs of maintenance and operations that are not normally associated with the street or road department function but are performed by street or road departments in some localities because of unique geographical or organizational situations.

542.90 MAINTENANCE ADMINISTRATION AND OVERHEAD. Supervisory operations. Also includes general services that can be directly associated with the maintenance function of the department. (Optional)

543.00 ROAD AND STREET GENERAL ADMINISTRATION AND OVERHEAD. Work and materials of a road or street department which are concerned with the overall executive direction. These are activities of a general nature and not associated directly with a specific construction project, maintenance section, or other function separately recognized or financed.

543.10 MANAGEMENT. The costs of the department's executive body and employees engaged in a general administrative, guidance or supervisory capacity.

543.20 UNDISTRIBUTED ENGINEERING. The costs of engineering not specifically associated with a project, operation or control section. Includes planning engineering for projects that were never advanced beyond the planning stage.

543.30 GENERAL SERVICES. The costs of services such as accounting, mailing, communications, public relations, insurance and other general activities.

543.40 PLANNING. The costs of the work involved in the orderly and continuing assembly and analysis of information about roads/streets, including the history of their development, extent, dimensions and conditions; economic, environmental and social effects; and future needs.

543.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings and equipment used as shops or storage associated with road and street activities. This does not include rent or maintenance and operations costs paid by the rental and revolving fund.

543.60 TRAINING

543.70 MISCELLANEOUS

545.00 ROAD AND STREET EXTRAORDINARY OPERATIONS. The costs of maintenance repair and reconstruction necessitated by an extraordinary occurrence.

The subordinate categories or element and subelement accounts to be used in this category are the same element and subelement accounts that are under construction and maintenance.

546.00 AIRPORTS, PORTS AND TERMINAL FACILITIES. See Part 1, Chapter 7 for discussion of operating expenses and their BARS classification.

546.10 ADMINISTRATION-GENERAL. Code property, excise and B&O taxes to subobjects 53-54.

546.20 ADMINISTRATION-PLANNING, CONSERVATION, RESEARCH AND DEVELOPMENT

546.30 DEPRECIATION/AMORTIZATION/DEPLETION

546.50 MAINTENANCE. Use 594-96 for capital outlays.

546.60 OPERATIONS-CONTRACTED PROCESSING AND OPERATIONS

546.70 OPERATIONS-CUSTOMER SERVICES AND MARKETING

546.80 OPERATIONS-GENERAL. Code power/water/gas purchased for resale to subobject 33.

546.90 OTHER OPERATING EXPENSES

547.00 TRANSIT SYSTEMS AND RAILROADS. See Part 1, Chapter 7 for discussion of operating expenses and their BARS classification.

547.10 ADMINISTRATION-GENERAL. Code property, excise and B&O taxes to subobjects 53-54.

547.20 ADMINISTRATION-PLANNING, CONSERVATION, RESEARCH AND DEVELOPMENT

547.30 DEPRECIATION/AMORTIZATION/DEPLETION

547.50 MAINTENANCE. Use 594-96 for capital outlays.

547.60 OPERATIONS-CONTRACTED PROCESSING AND OPERATIONS

547.70 OPERATIONS-CUSTOMER SERVICES AND MARKETING

547.80 OPERATIONS-GENERAL. Code fuel costs to subobject 32 and power/water/gas purchased for resale to subobject 33.

547.90 OTHER OPERATING EXPENSES/EXPENDITURES

548.00 MUNICIPAL VEHICLES AND PUBLIC WORKS EQUIPMENT. Subelement coding distinguishes operating expenses in internal service funds. See Chapter 7 for discussion of operating expenses and their BARS classification. NOTE: Subelement coding for the 548 basub is illustrative only.

548.10 ADMINISTRATION

548.20 PITS, QUARRIES AND ASPHALT PLANTS

548.23 DEPRECIATION/AMORTIZATION/DEPLETION
548.25 MAINTENANCE OF FACILITIES. Use 594-96 for capital outlays.
548.26 OPERATIONS-CONTRACTED PROCESSING
548.27 OPERATIONS-CUSTOMER SERVICES AND MARKETING
548.28 OPERATIONS-GENERAL. Suggest using this element for cost of goods manufactured.
548.29 OTHER OPERATING EXPENSES/EXPENDITURES. May use this element for cost of goods sold.

548.30 MECHANICAL SHOPS

548.33 DEPRECIATION/AMORTIZATION
548.35 MAINTENANCE OF FACILITIES. Use 594-96 for capital outlays.
548.36 OPERATIONS-CONTRACTED REPAIRS AND PROCESSING
548.37 OPERATIONS-CUSTOMER BILLING, ETC.
548.38 OPERATIONS-GENERAL. Code repair parts to subobject 34
548.39 OTHER OPERATING EXPENSES/EXPENDITURES

548.40 PARTS STORES

548.43 DEPRECIATION/AMORTIZATION
548.45 MAINTENANCE OF FACILITIES. Use 594-96 for capital outlays.
548.47 OPERATIONS-CUSTOMER BILLING, ETC.
548.48 OPERATIONS-GENERAL. Code merchandise purchased to subobject 34.
548.49 OTHER OPERATING EXPENSES/EXPENDITURES. May use this element for cost of goods sold.

548.50 FUEL DEPOTS

548.53 DEPRECIATION/AMORTIZATION
548.55 MAINTENANCE OF FACILITIES. Use 594-96 for capital outlays.
548.56 OPERATIONS-CONTRACTED SERVICES
548.57 OPERATIONS-CUSTOMER SERVICES AND MARKETING
548.58 OPERATIONS-GENERAL. Code fuel purchases to subobject 32.
548.59 OTHER OPERATING EXPENSES/EXPENDITURES. May use this element for cost of goods sold.

548.60 EQUIPMENT RENTAL SERVICES. All equipment rental may be included in this account or motor pool rentals may be accounted for separately in 548.70. The use of the separate elements does not require separate legal funds.

548.63 DEPRECIATION/AMORTIZATION
548.65 MAINTENANCE OF FACILITIES AND EQUIPMENT. Use 594-96 for capital outlays.
548.66 OPERATIONS-CONTRACTED SERVICES
548.67 OPERATIONS-CUSTOMER SERVICES AND MARKETING
548.68 OPERATIONS-GENERAL
548.69 OTHER OPERATING EXPENSES/EXPENDITURES

548.70 MOTOR POOL SERVICES

548.73 DEPRECIATION/AMORTIZATION
548.75 MAINTENANCE OF FACILITIES AND EQUIPMENT. Use 594-96 for capital outlays.
548.76 OPERATIONS-CONTRACTED SERVICES
548.77 OPERATIONS-CUSTOMER SERVICES AND MARKETING
548.78 OPERATIONS-GENERAL
548.79 OTHER OPERATING EXPENSES/EXPENDITURES

548.90 OTHER TRANSPORTATION SERVICES

550.00 ECONOMIC ENVIRONMENT. This is a major class of services provided for the development and improvement in the welfare of the community and individual.

551.00 WELFARE. Economic assistance to the needy.

551.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

551.20 WELFARE SERVICES

551.30 INDIGENT BURIAL. Includes cost of disposition of unclaimed indigent remains.

551.40 TRAINING

551.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

552.00 EMPLOYMENT OPPORTUNITY AND DEVELOPMENT. Prepares an individual for employment and assists participation in the labor market. Preparation includes skill training, basic education and work orientation. Actions which influence the labor market consist of job placement, coordination with employers to provide employment, counseling of individuals, and equal employment opportunity.

552.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

552.20 EQUAL EMPLOYMENT. Activities to assist employers to develop and implement non-discriminatory employment and promotion policies and practices. See 516.70 for other equal opportunity and affirmative action activities.

552.30 MANPOWER TRAINING. Activities designed to provide individuals the skills necessary to participate successfully in the labor market, including adult basic education, classroom training in specific job skills, on the job training, vocational orientation training and work experience.

552.40 TRAINING

552.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

552.60 OTHER SERVICES. Consists of counseling, testing, interviewing, job placement, job finding and other functions that complement Manpower Training and Equal Employment. It includes the staff costs necessary to provide Participant Payments.

552.70 PARTICIPANT PAYMENTS (DIRECT). Consists of direct payments from a sub-grantee to or on behalf of individuals involved in or awaiting training or employment. The payments include wages and benefits.

552.80 PARTICIPANT ALLOWANCES (INDIRECT). Stipends paid weekly to partici-pants. This allowance usually is a supplement to participant payments, but in some cases it may be the only amount a participant receives under a program. In the case of a manpower consortium with a number of program sub-grantees, a non-program sub-grantee pays the allowances to eligible participants in all sub-grant programs; the non-program subgrantee is then reimbursed by the consortium.

552.90 PARTICIPANT SUPPORT (INDIRECT). Transportation, child care, medical assistance and similar supplemental support. Paid to participants as needed. A subgrant agency pays the participants and then bills the consortium or other grant agency.

553.00 VETERANS SERVICES. Services including counseling and assistance and relief with respect to educational and financial benefits, housing and employment opportunities.

553.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

553.40 TRAINING

553.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

553.60 SOLDIERS AND SAILORS RELIEF

553.70 VETERANS COUNSELING AND OTHER BENEFITS

554.00 CHILD CARE SERVICES. Coordinates state and local government child care services throug h contracts with licensed day care providers. Coordinates other governmental agencies which provide clinical health, educational, and family counseling services.

555.00** AGING. Services to improve the quality of living for elderly persons.

**The departments or agencies actually performing these services should use the detailed chart of accounts in th e appropriate BARS supplement available from the State Auditor's Office or the agency responsible for the program.

556.00 SERVICES FOR DISABLED. Those services that assist the disabled to participate in the community.

556.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

556.20 TRANSPORTATION. The cost of subsidies paid to operators of transit and taxi services.

556.30 RECREATION SERVICES. The cost of providing recreational services to the disabled.

556.80 HOUSING SERVICES. House repair for the disabled.

557.00 COMMUNITY SERVICES. Facilitates community and neighborhood access to a broad range of governmental programs by providing information and service through a combined program.

557.10 COUNSELING SERVICES

557.20 INFORMATION SERVICES. Include such activities as supplying information and referral services or serving as a communication channel between other governmental organizations and the community. Include citizen complaint handling (ombudsman).

557.30 TOURISM

558.00 PLANNING AND COMMUNITY DEVELOPMENT. Master planning and comprehensive community planning and development. Use 518.20 for expenditures incurred in planning for capital assets of the government, such as buildings and parks.

558.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

558.20 COMPREHENSIVE PLANNING

558.40 TRAINING

558.60 PLANNING (E.g., zoning regulations and land use administration.)

558.70 RESEARCH (E.g., feasibility studies, demographic studies and surveys, etc.)

558.80 DEVELOPMENT. (Urban and suburban development planning.) The physical implementation of this account is reflected in account 559, *Housing and Community Development*.

558.90 OTHER

559.00 HOUSING AND COMMUNITY DEVELOPMENT. Development and enforcement of building and occupancy standards and the upgrading of existing facilities. Development to meet the environmental need of the community, including slum clearance, community renewal, etc. (See account 558, *Planning and Community Development*.)

559.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

559.20 HOUSING AND COMMUNITY SERVICES

559.30 COMMUNITY DEVELOPMENT SERVICES

559.40 TRAINING

559.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

559.60 BUILDING PERMITS AND PLANS REVIEW IN BUILDING AND LAND DEVELOPMENT

559.90 OTHER

560.00 MENTAL AND PHYSICAL HEALTH. A major class of services provided for the care, treatment, and control of mental and physical illnesses.

561.00 HOSPITALS AND CONVALESCENT CENTERS. See Part 1, Chapter 7 for discussion of operating expenses in proprietary funds.

562.00** PUBLIC HEALTH

563.00 CORONER

563.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

563.20 CORONER SERVICES

563.30 DEATH INVESTIGATIONS

563.40 TRAINING

563.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

564.00** MENTAL HEALTH

566.00** SUBSTANCE ABUSE

568.00** DEVELOPMENTAL DISABILITIES

**The departments or agencies actually performing these services should use the detailed chart of accounts in the appropriate BARS supplement available from the State Auditor's Office or the state agency responsible for the program.

570.00 CULTURE AND RECREATION

571.00 EDUCATION. Community education.

571.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

571.20 EDUCATION SERVICES

571.21 AGRICULTURE - All cooperative extension agents.
571.22 HOME ECONOMICS
571.23 YOUTH SERVICES (E.g., 4-H, Boy Scouts, Campfire Girls, etc.)
571.25 HORTICULTURE
571.29 OTHER

571.40 TRAINING

571.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

571.90 OTHER

572.00 LIBRARIES

572.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

572.20 LIBRARY SERVICES

572.21 PUBLIC SERVICE

572.22 ORGANIZATION OF MATERIALS

572.40 TRAINING

572.50 FACILITIES. Rent, repair, operation and maintenance of land, buildings, and equipment. Use 594-96 for capital outlays and 591-92 for capital lease payments.

572.90 OTHER

573.00 SPECTATOR AND COMMUNITY EVENTS. Use this Basub to account for activities intended to display arts, entertain, promote industry or recognize historic and festive occasions. These accounts are intended to reflect the costs incurred by a county or city in sponsoring those events which they have legal authority to sponsor. These accounts would also reflect the costs incurred by a county or city when they host events for private sponsors. Account for facilities in 575.

573.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

573.20 ARTS AND SCIENCES

573.30 COMMERCIAL (Auto, boat, home shows, etc.)

573.60 SPORTS

573.70 FAIRS. For details see Part 3, Chapter 12, Interpretation 1.

573.80 CONVENTIONS

573.90 OTHER. Circuses, historical celebrations, decorations for holiday or other festive occasions.

574.00 PARTICIPANT RECREATION. Programs for leisure time activities, including organized sports, games, dances, arts and crafts, and lessons. Account for facilities in 575.

574.10 ADMINISTRATION. Overhead costs for participant recreational programs.

574.20 RECREATION SERVICES. Costs of personnel, supplies, rented facilities, etc., that are directly attributable to a participant program.

574.40 TRAINING

574.90 OTHER

575.00 CULTURAL AND RECREATIONAL FACILITIES. Include costs of maintenance and general operations of owned or leased facilities. Costs associated with specific events should be accounted for in 573. Use 594-596 for construction and equipment purchases. The subelement detail shown for stadiums and auditoriums, fairgrounds and convention centers, may be used for other facilities as well. See Part 1, Chapter 7 for discussion of operating expenses of proprietary funds.

575.20 STADIUMS AND AUDITORIUMS. Include opera houses.

575.21 ADMINISTRATION-GENERAL
575.22 ADMINISTRATION-PLANNING
575.23 DEPRECIATION/AMORTIZATION
575.25 MAINTENANCE
575.26 OPERATIONS-CONTRACTED
575.27 CUSTOMER SERVICES AND MARKETING
575.28 OPERATIONS-GENERAL
575.29 OTHER OPERATING EXPENSES

575.30 MUSEUMS AND ART GALLERIES

575.40 FAIRGROUNDS AND CONVENTION CENTERS

575.41 ADMINISTRATION-GENERAL
575.42 ADMINISTRATION-PLANNING
575.43 DEPRECIATION/AMORTIZATION
575.45 MAINTENANCE
575.46 OPERATIONS-CONTRACTED
575.47 CUSTOMER SERVICES AND MARKETING
575.48 OPERATIONS-GENERAL
575.49 OTHER OPERATING EXPENSES

575.50 MULTIPURPOSE AND COMMUNITY CENTERS. If exclusively a senior center, use 555.

575.70 MARINAS

575.90 OTHER

576.00 PARK FACILITIES. Include costs of maintenance and general operations of owned or leased facilities. Costs associated with specific events or recreational programs should be accounted for in account 573 or 574. Use 594-596 for capital outlays and 582, 591-592 for capital lease payments. The subelement detail shown for golf courses may be used for other facilities as well. See Part 1, Chapter 7 for discussion of operating expenses of proprietary funds.

576.10 ADMINISTRATION. Activities of general nature, not associated directly with a specific service function.

576.20 SWIMMING POOLS

576.30 CAMPGROUNDS

576.40 BALL COURTS (E.g., tennis, racquetball, etc.)

576.60 GOLF COURSES

576.61 ADMINISTRATION-GENERAL
576.63 DEPRECIATION/AMORTIZATION/DEPLETION
576.65 MAINTENANCE
576.66 OPERATIONS-CONTRACTED
576.67 CUSTOMER SERVICES AND MARKETING
576.68 OPERATIONS-GENERAL
576.69 OTHER OPERATING EXPENSES

576.80 GENERAL PARKS (E.g., playgrounds, etc.)

576.90 OTHER (E.g., zoos, public gardens, aquariums, etc.)

580.00 NONEXPENDITURES. Disbursements which do not meet the expenditures criteria. You may use the 580 series of accounts as subsidiary accounts to the appropriate general ledger accounts (identified below as G.L. account).

581.00 INTERFUND LOAN DISBURSEMENTS. Include interfund loans made to others and payments on those loans. Do not include interfund payments for services, materials or equipment properly included in other expenditure account classes. See the Glossary.

581.10 LOANS ISSUED TO OTHER FUNDS (G.L. accounts 132 and 165).

581.20 LOAN REPAYMENT ISSUED (G.L. accounts 227 and 255).

582.00 REDEMPTION OF LONG-TERM DEBT - PROPRIETARY FUNDS ONLY. Use this account only for debt recorded in proprietary funds. Code by purpose in the Element/Subelement field (see the table on the last page of this chapter) and by Subobject to classify the type of debt being paid or expensed. For governmental funds use 591. For interest or coupon payments use account 592. (G.L. accounts 217, 229, 235, 239, and 241)

584.00 PURCHASE OF INVESTMENTS. Amounts paid for investments. Do not include interest paid when investments are acquired between interest coupon dates. See 361.20. (G.L. account 118)

585.00 DISBURSEMENTS OF ACCRUED EXPENDITURES/EXPENSES. (G.L. accounts 213-223 and 229-231)

586.00 AGENCY TYPE DISBURSEMENTS. Cash disbursements from an agency fund (G.L. account 237). Agency funds are those numbered 631-699. Examples include:

Sales and Leasehold Excise Taxes
Forest Patrol
State Share of Gun Permits
Surety and Performance Deposits
Court Remittances

Unless specifically prescribed by the BARS manual, Element, Subelement, Object and Subobject codes may be assigned locally.

587.00 RESIDUAL EQUITY TRANSFERS - OUT. Nonrecurring or nonroutine interfund transfers out of equity between funds. See the Glossary for explanation and examples. (G.L. accounts 273.40, 281 and 285-288)

588.00 OTHER DECREASES IN FUND EQUITY

588.10 AMORTIZATION OF CONTRIBUTED CAPITAL (G.L. account 274)

588.80 PRIOR YEAR(S) CORRECTIONS. This account should be used only for material errors in prior periods that would distort current operations. (G.L. account 288) It should never be used for refunds which should be debited to the revenue account. The correction of minor errors should be debited to 519.90.

589.00 OTHER NONEXPENDITURES. Use this account for all other nonexpenditure transactions not includable in other specific 580 accounts. For example, remittance of moneys collected as an agent for the state, other local government, etc. This account may also be used for refunds of revenues collected in error pending their debit to a revenue account. (Debit account 585 if a payable was established when the need for refund was identified.) Examples include:

Disbursement of moneys out of a clearing fund (RCW 35.21.085) such as salary or claims. (G.L. account 211)
Disbursement of moneys out of a suspense fund. (G.L. account 237, 239.90, or 245.90. Use G.L. account 239.10 or 245.10 for customer deposits.)
Disbursement of unidentified moneys pending identification and ultimate distribution. (G.L. account 237 or 239.90)
Proprietary fund disbursements for inventory, prepayments and work-in-process (G.L. accounts 141-145), for fixed assets (G.L. accounts 171-189), etc.

Normally use 582, 591, and 592 Basubs for the remittance of moneys to fiscal agents for the redemption of bond principal and payment of interest.

591-593 DEBT SERVICE

591.00 REDEMPTION OF LONG-TERM DEBT - GOVERNMENTAL FUNDS ONLY. Use this account only for debt recorded in the General Long-Term Debt Account Group. Code by purpose in the Element/Subelement field (see the table on the last page of this chapter) and by Subobject to classify the type of debt being paid. For proprietary funds use 582.

592.00 INTEREST AND OTHER DEBT SERVICE COSTS. Code by purpose in the Element/Subelement field (see the table on the last page of this chapter) and by Subobject to indictate the type of debt service cost being paid or expensed. Also include interest on interfund loans (for principal payment use 581).

593.00 ADVANCE REFUNDING ESCROW. Include payments made to escrow agent from sources other than refunding debt proceeds. Code by purpose in the Element/Subelement field (see the table on the last page of this chapter).

594-596 OTHER EXPENDITURES/EXPENSES

594.00 CAPITALIZED EXPENDITURES. This account is used to collect in one Basub all expenditures that will be capitalized in a General Fixed Assets Account Group. The separation is designed to allow clear division between operating (recurring) expenditures and capital expenditures. The use of the codes on the last page of this chapter will classify these capital outlays by purpose/function. When construction or capital improvements are made with force account labor and materials, use the appropriate salary, benefit, and supply objects.

This account may be used in proprietary funds for budgetary control over expenses and/or to facilitate the preparation of the statement of cash flows. So used, the account is subsidiary to the general ledger accounts in the 170-189 series.

595.00 ROADS AND STREET CONSTRUCTION. The costs of any activities which involve improvement of the road/street. A complete definition of construction is found in the *Local Agency Guidelin e Manual* (LAG), issued by the Department of Transportation.

595.10 ENGINEERING. The costs of engineering associated directly with a construction project.

595.20 RIGHT OF WAY. The purchase of land or interest therein, including all work incidental to the acquisition of property rights for or devoted to a public road/street.

595.30 ROADWAY. The costs of all construction within the roadway prism, including al l appertaining structures and other necessary features.

595.40 STORM DRAINAGE. The costs of construction storm drainage systems. Sanitary sewer systems are excluded.

595.50 STRUCTURES. The costs of constructing bridges over 20 feet in length, tunnels, se a walls, irrigation canal crossings and live stock crossings that are necessary to provid e protection or to provide a means for the roadwa y to pass over or through an obstacle within the right-of-way.

595.60 TRAFFIC AND PEDESTRIAN SERVICES. The costs of work on construction projects that relates to traffic and pedestrian service facility installations.

595.61 SIDEWALKS.

595.62 SPECIAL PURPOSE PATHS. (RCW 47.30.050). For details see Part 3, Chapter 12, Interpretation 9.

595.63 STREET LIGHTING. The costs of constructing street lighting systems fo r road/street functions. This does not include the lighting of parks or othe r ornamental lighting.

595.64 TRAFFIC CONTROL DEVICES. The costs of construction projects involving traffic control devices.

595.65 PARKING FACILITIES. The costs of construction public parking facilities, including the purchase and installation of parking meters.

595.70 ROADSIDE DEVELOPMENT. The costs of construction projects involving roadsid e development. This includes landscaping, beautification, sound barriers, and irrigation.

595.80 ANCILLARY OPERATIONS. The cost of construction that is not normally associate d with the street or road department function but is performed by street or road departments in some localities because of unique geographical or organizational situations.

595.90 CONSTRUCTION ADMINISTRATION AND OVERHEAD. Supervisory operations. Also includes general services that can be direc tly associated with the construction function of the department. (Optional)

596.00 NONCAPITALIZED EXPENDITURES. This account is used to collect all capital outlays that are considered *infrastructure* and are not capitalized in the General Fixed Assets Account Group. The use of the element/subelement codes on the last page of this chapter will classify these capital outlays by purpose/function. When construction or capital improvements are made with force account labor and materials, use the appropriate salary, benefit, and supply objects.

597-599 OTHER FINANCING USES

597.00 OPERATING TRANSFERS - OUT. Include all routine or regular interfund transfers out previously considered to be contributions to active funds. The fund receiving the operating transfers in will use account code 397. See the Glossary for explanation and examples. Although not required, many local governments have found it useful to use the element/subelement field to code the expenditure Basub for which the subsidy is being paid. By using the same coding in account 397, balancing and reconciliation of operating transfers in and out is made much easier. The table on the last page of this chapter should be used for this purpose.

597.91 OPERATING TRANSFERS TO PRIMARY GOVERNMENT. Amounts transferred to the primary government from discretely presented component units. Some transfers, previously recorded in 597, will need to be reclassified for the presentation in the reporting entity financial statements. For details see Part 3, Chapter 12, Interpretation 14.

597.92 OPERATING TRANSFERS TO COMPONENT UNITS. Amounts transferred to discretely presented component units from the primary government. Some transfers, previously recorded in 597, will need to be reclassified for the presentation of reporting entity financial statements. For details see Part 3, Chapter 12, Interpretation 14.

598.00 INTERGOVERNMENTAL AGREEMENTS. This account is used to record local governments' disbursement of funds to other governments based on intergovernmental agreements. For example, a county's disbursement of gas tax in exchange for an agreement with a city to forgo grant funding. Code the purpose in the element/subelement field using the codes on the last page of this chapter. Also use subobject 52 with this Basub. Intergovernmental services are coded to the applicable Basub and subobject 51.

599.00 PAYMENTS TO REFUNDED DEBT ESCROW AGENT. Payments to an escrow agent from refunding debt proceeds that are to be placed in irrevocable trust. Code the purpose in the Element/Subelement field using the codes on the last page of this chapter. Also use subobject coding to classify the type of debt being paid.

CLASSIFICATION OF EXPENDITURES BY OBJECT

Definitions

00* RECLASSIFICATIONS AND COST ALLOCATIONS
- Depreciation, Amortization and Depletion Expense
- Bad Debt Expense
- Inventory Write-Off
- Reallocated Costs (Debit and Credit)
- Other Cost Reclassifications (Debit and Credit)
- External Refunds/Reimbursements of Expenditures (Credit)
- Interfund Refunds/Reimbursements of Expenditures (Credit)

10* SALARIES AND WAGES

20* PERSONNEL BENEFITS
- Pension and Disability Payments

30* SUPPLIES
- Office and Operating Supplies
- Fuel Consumed
- Power/Water/Gas Purchased for Resale
- Items Purchased for Inventory or Resale
- Small Tools and Minor Equipment

40* OTHER SERVICES AND CHARGES
- Professional Services
- Communication
- Travel
- Advertising
- Operating Rentals and Leases
- Insurance
- Utility Services
- Repairs and Maintenance
- Miscellaneous

50* INTERGOVERNMENTAL/INTERFUND SERVICES AND TAXES
- Intergovernmental Professional Services
- Intergovernmental Payments from Federal, State, or Local Funds
- External Taxes and Operating Assessments
- Interfund Taxes and Operating Assessments
- Interfund Subsidies
- Interfund Contributed Capital
- Fund Closeouts

60* CAPITAL OUTLAYS
- Land
- Buildings and Structures
- Other Improvements
- Machinery and Equipment
- Construction of Fixed Assets
- Capitalized Rentals and Leases

CLASSIFICATION OF EXPENDITURES BY OBJECT
Definitions

70* DEBT SERVICE: PRINCIPAL
- General Obligation Bonds
- Revenue Bonds
- Special Assessment Bonds
- Revenue Warrants
- Capital Leases and Installment Purchases
- Anticipation Notes/Warrants
- Other Notes
- Intergovernmental Loans
- Other Debt

80* DEBT SERVICE: INTEREST AND RELATED COSTS
- Interest on Short-Term External Debt
- Interest on Interfund Debt
- Interest on Long-Term External Debt
- Debt Issue Costs
- Debt Registration Costs
- Other Debt Service Costs

90* INTERFUND PAYMENTS FOR SERVICES
- Professional Services
- Communications
- Supplies
- Capital Outlays
- Operating Rentals and Leases
- Insurance Services
- Repairs and Maintenance
- Other Services and Charges

* Only the object (first digit) is required for reporting purposes. The subobject (second digit) is recommended for accounting purposes.

CLASSIFICATION OF EXPENDITURES BY OBJECT
Definitions

OBJECT. As used in expenditure classification, this term applies to the article purchased or the service obtained as distinguished from the results obtained from expenditures.

00 RECLASSIFICATIONS AND COST ALLOCATIONS. Use of this category of objects is **optional**. Unlike the remaining objects, those included in this category do not account for an immediate or anticipated cash outlay. Subobjects 04-05 do not represent particular types of articles or services, but summary accounts for grouping and redistributing other objects. If your accounting system has additional digits in the object field, the purposes accomplished here by subobjects 04-05 can be achieved even more effectively by appending a 4 or 5 to the regular subobject codes 11-89.

01 Depreciation, Amortization, And Depletion Expense. These types of transactions do not need to be coded at the object level. You may use this object to charge a portion of the cost of fixed or intangible assets against income in proprietary and similar trust funds and to record depreciation in the General Fixed Assets Account Group.

02 Bad Debt Expense. You may use it to charge estimated uncollectible receivables as expenses in proprietary funds and to write off debts declared uncollectible by the legislative body in governmental type funds.

03 Inventory Write-Offs. You may use it to charge off obsolete inventory and inventory shortages. Inventory overages should be credited against an expenditure account.

04 Reallocated Costs (Debit And Credit). You may use it to summarize and redistribute costs that were originally charged to a single Basub/element, program, or project. **Debits and credits to this subobject must always be equal.**

05 Other Cost Reclassifications (Debit And Credit). You may use it to summarize and reclassify costs that do not meet the criteria of subobjects 01-04. **Debits and credits to this subobject must always be equal.**

The two subobjects listed below will be removed in the next update.

When receive a reimbursement or refund, reverse (credit) the original expenditure/expense transaction using the same BARS account code (including the same object/suboject) like when the original transactions was posted. The same should be done for any reclassification or reallocation.

If the reimbursement applies to expenditures/expenses from the previous period(s) and reversing of transaction(s) is not possible, post the amount of reimbursements/refunds as a miscellaneous revenue and, if the amount is material, provide an explanation in the note to the financial statements.

07 External Refunds/Reimbursements Of Expenditures (Credit). Use of this object code is optional. You may use it to credit (i.e., reduce) any Basub/element of expenditure or expense that has been refunded or reimbursed from an external source. Do not use this subobject for charges for services or for services performed on behalf of another government. See the Glossary definitions of REIMBURSEMENTS and REFUNDS and the headnote to revenue account 338.

08 Interfund Refunds/Reimbursements Of Expenditures (Credit). Use of this object code is optional. You may use it to credit (i.e., reduce) any Basub/element of expenditure or expense that has been refunded or reimbursed from another department or fund of the same government. Do not use this subobject for interfund transfers properly classified as QUASI-EXTERNAL TRANSACTIONS, OPERATING TRANSFERS, RESIDUAL EQUITY TRANSFERS, or INTERFUND LOANS. (See subobjects 54-57 and 91-99 and the Glossary.)

CLASSIFICATION OF EXPENDITURES BY OBJECT
Definitions

10* SALARIES AND WAGES. Amounts paid for personal services rendered by employees in accordance with the rates, hours, terms and conditions authorized by law or stated in employment contracts. This category also includes overtime, hazardous duty or other compensation construed to be salaries and wages. Subdivide this account as necessary for local purposes (i.e., regular pay, overtime pay, sick pay (employee related), sick pay (non-employee related), vacation pay, shift differential, and other taxable compensation).

Note: Personal Services do not include fees and out-of-pocket expenses for professional or consultant services performed on assignments. Such services are properly classified as Other Services and Charges.

20* PERSONNEL BENEFITS. Those benefits paid by the employer as part of the conditions of employment. Subdivide as needed for local purposes. Examples:

Insurance	Unemployment Compensation
OASI (FICA) - Employer-paid portion	Uniforms and Clothing
Pension Retirement	Workmen's Compensation

29 Pension and Disability Payments. Payments by self-insurance and trust funds to retired or disabled employees or their beneficiaries. Use other 20 subobjects for employer payments to pension systems and to state agencies for unemployment and disability insurance. Use subobject 49 for payments from self-insurance funds for property and liability claims.

* Required for reporting purposes.

CLASSIFICATION OF EXPENDITURES BY OBJECT
Definitions

30* SUPPLIES. This is a basic classification of expenditures by object for articles and commodities purchased for consumption or resale.

31 Office and Operating Supplies. Articles purchased directly and consumed by operating departments . Examples:

Office Stationery	Feed for Animals
Forms	Food for Human Consumption
Maps	Household and Institution Supplies
Agricultural Supplies	Laboratory Supplies
Chemicals	Lubricants
Cleaning and Sanitation Supplies	Medicines
Clothing	Oil
Construction Materials and Supplies	Paints and Painting Supplies
Drugs	Plumbing Supplies
Electrical Supplies	Publications

32 Fuel Consumed. Include fuel used to generate power, fuel for heating, and fuel for operating engines and vehicles. See subobject 34 for fuel purchased for re sale. Use subobject 47 for electricity and natural gas. Examples:

Coal	Nuclear Fuel
Diesel Fuel	Propane Gas
Fuel Oil	Wood
Gasoline	

33 Power, Water, Gas Purchased For Resale

34 Items Purchased for Inventory or Resale
Examples:

Internal Service Fund items such as automotive repair parts	Central Stores
Code Books, Maps	Fuel
Concession Supplies	Grave Markers and Liners

35 Small Tools and Minor Equipment

* Required for reporting purposes.

CLASSIFICATION OF EXPENDITURES BY OBJECT
Definitions

40* OTHER SERVICES AND CHARGES. This is a basic classification by object for services other than personal services which are needed by the governmental unit. Such services may be provided by a governmental agency or by private business organizations. For interfund payments for services see object 90. The following are principal types of services and charges included in this object classification:

41 Professional Services
Examples:

Accounting and Auditing	Management Consulting
Engineering and Architectural	Legal
Medical, Dental and Hospital	Custodial and Cleaning
Computer Programming	Messenger

42 Communication
Examples:

Telephone	Postage
On-Line Charges	Facsimile

43 Travel
Examples:

Per Diem	Meals
Lodging	Mileage

44 Advertising

45 Operating Rentals and Leases. See subobject 66 for the distinction between operating and capitalized leases or rentals.

46 Insurance
Examples:

Fire	Theft
Other Casualty	Liability
Bonds	

Note: Use object 20 for insurance applicable to personnel benefits.

47 Utility Services
Examples:

Gas	Electricity
Water	Waste Disposal
Sewer	Cable TV

Note: Use subobject 33 for power, water or gas purchased for resale.

* Required for reporting purposes.

48 Repairs and Maintenance. Contracted (external) labor and supplies furnished by the contractors. See object 60 for construction contracts. Examples:

Buildings	Structures
Improvements	Equipment

49 Miscellaneous Examples:

Court Costs and Investigations	Judgments and Damages
Dues, Subscriptions and Memberships	Registration
Information and Credit Services	Laundry and Other Sanitation Services
Filing, Recording and Witness Fees	Printing and Binding
Contractual Services not Otherwise Classified	Tuition

CLASSIFICATION OF EXPENDITURES BY OBJECT
Definitions

50* INTERGOVERNMENTAL/INTERFUND SERVICES AND TAXES. This classification is primarily designed to segregate intergovernmental purchases of those specialized services typically performed by local governments. Such expenditures should be coded to subobject 51. Separate subobjects within this category may also be used to code OPERATING TRANSFERS and RESIDUAL EQUITY TRANSFERS at the object level. Such coding of interfund transfers is not required, for two reasons: First, the BASUB 597 will identify all OPERATING TRANSFERS, and Basub 587 and/or control account 294.36 will identify all RESIDUAL EQUITY TRANSFERS. Second, no expenditure has yet occurred when an interfund transfer takes place, unless the transaction is properly classified as a QUASI-EXTERNAL TRANSACTION, in which case one of the 90 objects should be used.

51 Intergovernmental Professional Services. Expenditures made to other governmental entities for services rendered. Intergovernmental services are limited to those functions normally provided by governments and not by private businesses. Examples include police and fire protection, detention, election services, animal control, inspections, libraries, pollution control, planning, and health services. Do not include expenditures that happen to be paid to another government but are not governmental in nature, such as those for insurance, utility charges, rentals, repairs and supplies. Also, do not include any interfund expenditures: QUASI-EXTERNAL TRANSACTIONS should be coded using one of the 90 series of objects; RESIDUAL EQUITY AND OPERATING TRANSFERS do not need to be coded at the object level. If your system requires object coding for interfund transfers, see subobjects 55-57.

52 Intergovernmental Payments from Federal, State, or Local Funds. Use this subobject for contributions your government makes to other local governments out of federal shared revenues, including flood control lease receipts and general revenue sharing. Also use this subobject for disbursement of state or local revenues to other governments.

53 External Taxes and Operating Assessments. Payments to other governments based on levies against property or income of your government. Do not separate sales taxes from the cost of the article or service purchased. Code LID payments and other special assessments to subobject 61 or 63.

54 Interfund Taxes and Operating Assessments. Payments to other funds of your government based on levies against property or income of a fund. Interfund LID payments and most other special assessments are accounted for as capital outlays (subobject 94) in the year assessed, and as debt service payments thereafter (subobjects 79 and 82).

55 Interfund Subsidies. The use of this subobject is optional; in fact, it is not recommended unless you have a system that requires all transactions to have objects. This subobject must be used ONLY with Basub 597, to record contributions one fund makes to support the operations of another fund. Examples include payments to a debt service fund by the general fund and transfers of tax (or other) revenue from the general fund to support a library, park, or jail accounted for in a separate fund.

56 Interfund Contributed Capital. The use of this subobject is optional; in fact, it is not recommended unless you have a system that requires all transactions to have objects. This subobject must be used ONLY with Basub 587 and/or control account 294.36, to record contributions from a governmental type fund to a proprietary fund or between proprietary funds, or the return of such contributions. Examples include payment of a fire department's share of a water fund special assessment and moneys (or equipment) transferred by a road or street fund to an internal service (equipment rental) fund.

57 Fund Closeout. The use of this subobject is optional; in fact, it is not recommended unless you have a system that requires all transactions to have objects. This subobject must be used ONLY with Basub 587 and/or control account 294.36, to record the transfer of assets when a fund is eliminated or merged with another fund.

* Required for reporting purposes.

CLASSIFICATION OF EXPENDITURES BY OBJECT
Definitions

60* CAPITAL OUTLAYS. Expenditures which result in the acquisition of, rights to, or additions to fixed assets, including incidental costs such as legal, appraisal and brokerage fees, land preparation and demolishin g buildings, fixtures and delivery costs. This category of object includes all major purchases of fixed assets, both those which are recorded in general ledger accounts 171-189 and those which are not capitalized. See the Glossary definition of FIXED ASSETS and the des criptions of accounts 594-596. This object should be used with accounts 594-596.

THIS OBJECT CLASSIFICATION PERTAINS ONLY TO THOSE ASSE TS WHICH ARE PURCHASED, NOT THOSE CONSTRUCTED OR FABRICATED BY THE MUNICIP ALITY. Cost elements of the latter are classified under other object classes; i.e., wages under Personal Services, materials under Supplies, etc.

61 Land Examples:

Easements
Land Acquisition Costs and Related Expenditures
LID Payments to Other Governments
Rights of Way

62 Buildings and Structures (Acquisition, Construction and Improvements) Examples:

Administration and Office Buildings
Garage and Shop Buildings
Storerooms and Warehouses
Zoos and Other Park Buildings
Firehouses
Jails
Libraries

63 Other Improvements Examples:

Alleys
Athletic Fields
Bridges
Culverts
Water and Sewer Systems
Fuel Depots
Lighting Systems
Parking Areas
Roadways
Sidewalks
Storm Drains
Streets

64 Machinery and Equipment Examples:

Communications
Laboratory
Transportation
Police Dogs and Horses
Library Books and Other Library Materials
Janitorial
Office Furniture and Equipment
Heavy Duty Work Equipment
Computer Software

Note: Exclude small tools and minor equipment. (See subobject 35)

* Required for reporting purposes.

65 Construction of Fixed Assets

Note: This classification is to be used where the expenditure applies to improvement projects involving several distinct subobjects such as land, buildings and structures, and other improvements. It is intended that the classification will be used primarily for undistributed work in progress in capital projects funds. Work orders or other adequate records must be maintained to identify and establish the validity of all amounts which ultimately will be distributed to appropriate fixed asset accounts.

66 Capitalized Rentals and Leases

At the time an asset is acquired, use this classification for the total principal to be paid for a fixed asset under executory conditional sales contracts (RCW 39.30.010), lease-purchase agreements, installment purchase agreements, and similar arrangements that defer payment for capital outlays over a period of time. An offsetting credit is made to account 391.50 or 382.50.

Also use this classification to record the expenditure at the time the asset is acquired if the agreement meets any one of the following criteria:

a. The agreement transfers ownership of the property by the end of the lease term.

b. The agreement allows the municipality an option to purchase the property during or at the end of the lease term at a price that is considerably below the market value of the property at the time of the option.

c. The term of the agreement is at least 75% of the estimated useful life of the property.

d. The total payments under the agreement, less interest costs and charges for insurance and maintenance, equal or exceed 90% of the market value of the property at the date of the agreement.

Payments under installment purchases and capital leases are coded to subobjects 75 and 83 as debt service. Any rent or lease payments that do not fit in the above categories should be charged to subobject 45, Operating Rentals and Leases.

CLASSIFICATION OF EXPENDITURES BY OBJECT
Definitions

70* DEBT SERVICE: PRINCIPAL. Use with Basub 582, 591, 593 and 599.

71 General Obligation Bonds

72 Revenue Bonds

73 Special Assessment Bonds

74 Revenue Warrants

75 Capital Leases and Installment Purchases

76 Anticipation Notes/Warrants

77 Other Notes

78 Intergovernmental Loans

79 Other Debt. Include interfund loans principal payments.

80* DEBT SERVICE: INTEREST AND RELATED COSTS. Use with Basub 592, or if interest expenses are capitalized, use Basub 594.

81 Interest on Short-Term External Debt

82 Interest on Interfund Debt. Include interest on debt to joint venturers and affiliates.

83 Interest on Long-Term External Debt

84 Debt Issue Costs

85 Debt Registration Costs

89 Other Debt Service Costs

* Required for reporting purposes.

CLASSIFICATION OF EXPENDITURES BY OBJECT
Definitions

90* INTERFUND PAYMENTS FOR SERVICES. Expenditures made to other funds (or other departments of the same fund) for services rendered. Use subobject 54 for interfund taxes and subobject 82 for interfund interest. Use subobject 47 for utility payments. Do not include reimbursements or contributions (subsidies). See the Glossary definitions of the various kinds of INTERFUND TRANSACTIONS. If your accounting system has additional digits available in the object field, the purposes accomplished here by subobjects 91-99 can be achieved even more effectively by appending subobject codes 10-89 to a "9" (e.g., .941 for interfund professional services).

91 Interfund Professional Services. For definition, see subobjects 41 and 51.

92 Interfund Communications. For definition, see subobject 42.

93 Interfund Supplies. For definition, see subobjects 31-35.

94 Interfund Capital Outlays. For definition, see subobjects 61-66.

95 Interfund Operating Rentals and Leases. For definition, see subobject 45.

96 Interfund Insurance Services. For definition, see subobject 46.

98 Interfund Repairs and Maintenance. For definition, see subobject 48.

99 Other Interfund Services and Charges.

* Required for reporting purposes.

CLASSIFICATION OF CERTAIN EXPENDITURES/EXPENSES
BY ELEMENT/SUBELEMENT

Use this table only with accounts 582, 591-594, 596-599

.10 General Government Services

- 11 Legislature
- 12 Courts
- 13 Executive
- 14 Finance and Other Administration
- 15 Legal Services
- 16 Personnel Services
- 17 Employee Benefits Programs
- 18 Central Services
- 19 Miscellaneous General Government

.20 Security of Persons and Property

- 21 Law Enforcement
- 22 Fire Control
- 23 Adult Detention/Correction
- 24 Protective Inspections
- 25 Emergency Services
- 26 Ambulance/Rescue/Emergency Aid
- 27 Juvenile Services
- 28 Communications/Alarm/Dispatch

.30 Physical Environment

- 31 Natural Resources
- 32 Engineering
- 33 Electric/Gas Utilities
- 34 Water Utilities
- 35 Sewer Utilities
- 36 Cemeteries
- 37 Garbage/Solid Waste
- 38 Other Utilities
- 39 Other Physical Environment

.40 Transportation

- 42 Road/Street Maintenance
- 43 Road/Street Administration
- 45 Road/Street Extraordinary
- 46 Airports/Ports/Terminals
- 47 Transit Systems/Railroads
- 48 Motor Pool Vehicles/Public Works Equipment

.50 Economic Environment

- 51 Welfare
- 52 Employment Opportunity
- 53 Veterans Services
- 54 Child Care
- 55 Aging
- 56 Services for Disabled
- 57 Information/Outreach
- 58 Planning
- 59 Housing

.60 Mental and Physical Health

- 61 Hospitals/Convalescent Centers
- 62 Public Health
- 63 Coroners
- 64 Mental Health
- 66 Substance Abuse
- 68 Developmental Disabilities

.70 Culture and Recreation

- 71 Education
- 72 Libraries
- 73 Multipurpose/Community Center
- 74 Stadiums/Auditoriums
- 75 Fairgrounds/Convention Centers
- 76 Park Facilities
- 79 Other Culture and Recreation

.80 Debt

- 81 Amortization of Debt Premium (Credit)
- 82 Amortization of Debt Discount (Debit)
- 83 Amortization of Debt Issue Costs
- 89 Refunding Debt

INTRODUCTION

The accounts contained in this chapter provide supplemental detail for the general ledger accounts in Chapter 2 and can be used for both proprietary and general fixed assets. For local governments which have regulated utilities, these fixed asset detail accounts are designed to satisfy regulatory reporting requirements and can be rearranged in regulatory account sequence by using a conversion chart. Complete conversion charts for most utility systems (e.g., NARUC, FERC, railroads, natural gas, etc.) are available upon request.

Requirements and suggested procedures for implementing and maintaining a fixed asset accounting system are contained in Part 3, Chapter 7.

Part 3, Chapter 7, also contains a set of forms for individual fixed asset records, to which references are made throughout this chapter. The forms are designed to include the account number which facilitates reconciliation of these individual records to the general ledger control accounts. The BARS account number consists of at least six digits up to a maximum of 16 digits; and, depending on the use of these digits, information can be summarized by any of the specific characteristics in these fields. A sample of the coding and sorting applications are illustrated in this chapter.

What follows are selected portions of the complete Chapter 5, *Optional Fixed Asset Accounts*, which is available on request. (It was not furnished automatically because it is not mandatory.)

The complete text of this chapter contains expanded illustrations of coding strategies to identify assets by location, components of buildings, etc. It also contains definitions of all of the detail accounts, instructions for using the accounts, and an index of specific types of assets to include in each account.

Fixed Assets Account Code Structure

An integral part of the overall fixed asset accounting structure is the coding system available for fixed asset accounting. A diagram of this system is provided below. The BARS uses 16 digits in six fields. Two of these fields use a total of five digits for the required general ledger account and the optional fixed asset detail. One to three additional digits are needed for fund/ account group identification. This leaves three fields (eight digits) which can be used by a local government for additional fixed asset detail. These unassigned fields can supply all the additional detail most local governments need without separate or subsidiary accounting systems for fixed assets. Although there are specific functional "labels" (i.e., fund/account group field, program field, department field, etc.) for all the fields in the BARS, only those fields that are required have to be used as the "label" indicates. Fields that are unassigned or for optional use with fixed asset fields can be designated for whatever purpose the local government chooses, regardless of the "labels" attached. For example, the "program" field can be used to identify location of an asset, and the "element" field can be used to identify make and model.

R R R	U U U	U U U	R R R	O O	U U
Fund/Acct. Group Field	Program Field	Department Field	Prime and BASUB Field	Element and Subelement Field	Object and Subobject Field

R – Minimum required by the BARS accounting for fixed assets
O – Optional fixed asset account detail
U – Unassigned fields in the BARS fixed asset system, available to the local government for additional detail

The following prescription is not intended to illustrate journal entries, rather, it represents a sample application of the coding that ultimately appears on individual fixed asset records. (See Part 3, Chapter 7, Section A for samples of the individual fixed asset records and illustrations of journal entries.) It is up to the local government to decide what, if any, significance will be assigned to the various optional or unassigned fields. Whatever alternative is chosen or developed, it should be documented and included in the fixed asset accounting manual.

Program/Department Fields

A combination of these two 3-digit unassigned fields can be used to identify departments, divisions, functions, and locations within proprietary and governmental funds. For instance, in a sewer fund where there are multiple pumping stations, these fields could identify each specific pumping station. In a governmental fund, the fields can be used to distinguish departments, or divisions and functions within a department. For instance, in the General (Current Expense) Fund, department 110 could signify the Sheriff's Office. By assigning further detail to these fields, the government can identify specific functions and locations for assets assigned to the Sheriff's Department. The following table illustrates this type of location/function application.

General (Current Expense) Fund

110 - Department location/function - Sheriff's Department
- 111 - Civil Division
- 112 - Criminal Division
- 113 - Juvenile Division
- 114 - Jail Custody - Adult prisoners
- 115 - Jail Custody - Juvenile Center
- etc.

If more location/function identification is desired, coding can be more specific. For example, assume 110 is the Sheriff's Department and 112 is the Criminal Division, then the program code and department code schedules could identify functions within the division:

Program Code	Department Code
001 - Administration	112 - Criminal Division
002 - Detectives	112 - Criminal Division
003 - K-9 unit	112 - Criminal Division

Using the tables illustrated and the appropriate asset detail account, the guns for the detectives in the Sheriff's Criminal Division would be coded with the following account number:

Governmental Fund - Asset Account

8 0 1	0 0 2	1 1 2	1 8 8	1 0	0 0
Fund/Acct. Group Field	Program Field	Department Field	Prime and BASUB Field	Element and Subelement Field	Object and Subobject Field
Current Expense Fund	Detectives	Sheriff-Criminal Division	Machinery and Equipment	Law Enforcement Weapons	Not Used

Using the same rationale for the sewer utility fund, assume that the program and department coding assignments are:

Program Code	Department Code
001 - Pumping Station #1	Sewer Plant #1 - 100
002 - Pumping Station #2	Sewer Plant #2 - 200
003 - Pumping Station #3	
etc.	

The coding for a sewer main purchased with special assessment funds would be:

Proprietary Fund - Asset Account

4 0 1	0 0 2	1 0 0	1 7 7	1 0	0 0
Fund/Acct. Group Field	Program Field	Department Field	Prime and BASUB Field	Element and Subelement Field	Object and Subobject field
Sewer Utility Fund	Pumping Station # 2	Sewer Plant #1	Other Improvements	Sewer Mains	Not Used

Careful consideration of the government's management and informational needs and data processing capacity wil l determine the sophistication of the coding system.

Fixed Asset Detail Chart of Accounts

The complete chart of fixed asset detail accounts follows. Also, the account definitions for each of the main asse t categories are included. Complete definitions for all the fixed asset detail accounts, including descriptions of peripheral costs related to those assets and examples of the types of assets to include in specific accounts, are available upo n request.

Account	Prime and BASUB	Optional Detail Accounts (Element)	Optional Detail Accounts (Subelement)
LAND (NET)	171.XX		SUBELEMENTS
Land		171.1X	ARE LISTED ON
Easements and Other Rights		171.3X	THE LAST PAGE
Depletable Resources		171.5X	OF THIS CHAPTER
Accumulated Depletion (Credit)		171.9X	
BUILDINGS AND STRUCTURES (NET)	172.XX		
BUILDINGS AND STRUCTURES (NET)	173.XX		
Wharves/Docks/Piers		172.1X	
Shipping Terminals		172.3X	
Warehouses		172.4X	
Passenger Stations/Terminals		172.5X	
Hangars/Tiedowns		172.6X	
Shops/Garages/Engine Houses		172.7X	
Other Transportation Facilities, Including Roadway Buildings		172.8X	
General Administration Buildings		173.1X	
Fire Stations		173.2X	
Stadiums/Auditoriums		173.3X	
Exhibition Halls/Convention Centers		173.4X	
Community/Recreation Centers		173.5X	
Libraries		173.6X	
Other Buildings and Structures		173.8X	
Accumulated Depreciation (Credit)		173.9X	
CAPITAL LEASES (NET)	174.XX		
Capital Leases		174.1X	
Accumulated Depreciation (Credit)		174.9X	
LEASEHOLD IMPROVEMENTS (NET)	175.XX		
Leasehold Improvements		175.1X	
Accumulated Amortization (Credit)		175.9X	
OTHER IMPROVEMENTS (NET)	176.XX		
OTHER IMPROVEMENTS (NET)	177.XX		
OTHER IMPROVEMENTS (NET)	178.XX		
OTHER IMPROVEMENTS (NET)	179.XX		
Reservoirs/Dams/Waterways		176.1X	
Breakwaters/Retaining Walls		176.2X	
Intakes/Gravity Sewers		176.3X	
Wells/Springs		176.4X	
Infiltration Galleries/Tunnels		176.5X	
Utility Towers/Poles		176.6X	
Electric Conduit/Conductors/Etc.		176.7X	

Account	Prime and BASUB	Optional Detail Accounts (Element)	Optional Detail Accounts (Subelement)
Water/Sewer Mains/Storm Drains		177.1X	SUBELEMENTS
Fire Mains/Sewer Outfall/Other Lines		177.2X	ARE LISTED ON
Hydrants		177.3X	THE LAST PAGE
Service Connections		177.4X	OF THIS CHAPTER
Meter Installations		177.5X	
Area/Street/Airfield Lighting		177.6X	
Roads		178.1X	
Bridges/Trestles		178.2X	
Tunnels/Subways		178.3X	
Parking Areas		178.4X	
Trackage		178.5X	
Landing Fields/Runways/Aprons		178.6X	
Fuel Handling/Storage Facilities		178.7X	
Sidewalks/Paths/Trails		179.1X	
Ball Courts/Playing Fields/Golf Courses		179.2X	
Swimming Pools/Beaches		179.3X	
Other Conservation/Recreation Facilities		179.4X	
Cemeteries		179.5X	
Other Improvements		179.8X	
Accumulated Depreciation (Credit)		179.9X	
MACHINERY AND EQUIPMENT	181.XX		
MACHINERY AND EQUIPMENT	182.XX		
MACHINERY AND EQUIPMENT	183.XX		
MACHINERY AND EQUIPMENT	184.XX		
MACHINERY AND EQUIPMENT	185.XX		
MACHINERY AND EQUIPMENT	186.XX		
MACHINERY AND EQUIPMENT	187.XX		
MACHINERY AND EQUIPMENT	188.XX		
Steam Engines/Prime Movers		181.1X	
Turbogenerators/Other Generators		181.2X	
Accessory Generator/Substation Equipment		181.3X	
Boiler/Reactor Plant Equipment		181.4X	
Compressors/Vacuum Equipment		181.6X	
Batteries/Transformers/Regulators		181.7X	
Meters/Gauges/Other Testing Devices/ Laboratory Equipment		181.8X	
Steam Pumping Equipment		182.1X	
Hydraulic Pumping Equipment		182.2X	
Electric Pumping Equipment		182.3X	
Diesel Pumping Equipment		182.4X	
Other Pumps		182.5X	
Purification/Filtering Equipment		182.7X	
Other Shop/Garage Equipment and Tools		182.8X	

Account	Prime and BASUB	Optional Detail Accounts (Element)	Optional Detail Accounts (Subelement)
Locomotives/Aircraft/Boats/Special Terrain Vehicles		183.1X	SUBELEMENTS
Vans/Buses/Other Revenue Vehicles		183.2X	ARE LISTED ON
Police Special Vehicles		183.3X	THE LAST PAGE
Automobiles/Motorcycles		183.4X	OF THIS CHAPTER
Rail/Transit Yard/Way Equipment		183.5X	
Vehicle Movement/Traffic Control Systems		183.7X	
Parking/Pedestrian Movement Equipment		183.8X	
Excavation/Loading Trucks		184.1X	
Pavement Maintenance Trucks		184.2X	
Street Sanitation/Storm Sewer Cleaning Trucks		184.3X	
Fire/Rescue Trucks		184.4X	
Ambulance/Aid Cars/Vans		184.5X	
Field Service/Refuse Compactor/Other Special Purpose Trucks		184.6X	
General Purpose Trucks		184.7X	
Tractors		185.1X	
Excavation and Loading Equipment (Self-Propelled)		185.2X	
Grading/Compaction/Paving Equipment (Self-Propelled)		185.3X	
Paving/Earthwork Equipment (Not Self-Propelled)		185.4X	
Sweepers/Grounds Maintenance/Forestry Equipment		185.5X	
Materials Handling/Other Self-Propelled Equipment		185.6X	
Trailers/Freight Cars		185.7X	
Stores/Materials Handling Equipment (Not Self-Propelled)		185.8X	
Office Furniture/Safes/Files		186.3X	
Word Processing Equipment		186.4X	
Printing/Duplicating Equipment		186.5X	
Data Processing Equipment		186.6X	
Other Office Machines		186.7X	
Radio/Television Transmitters/Receivers		187.1X	
Other Communications/Alarm/Dispatch Equipment		187.2X	
Audio-Visual Equipment		187.3X	
Library/Training Resources/Museum/Art Collections/Zoo Animals		187.4X	
Revenue Collection/Other Trade Equipment		187.6X	
Restaurant Equipment/Kitchen Appliances		187.8X	
Law Enforcement Weapons/Protective Gear		188.1X	
Firefighting Tools and Equipment		188.2X	
Rescue/Emergency/Medical Equipment		188.3X	
Recreation/Playground Equipment		188.6X	
Other Machinery/Equipment		188.8X	
Accumulated Depreciation (Credit)		188.9X	

171.XX LAND (NET OF DEPLETION)

This account includes the cost of land acquired by a governmental unit for its own use. If land is purchased, this account is to include the purchase price and incidental costs incurred to put the land in condition for its intended use, such as legal fees and excavation costs. If land is acquired by gift, the account is to include its fair market value at the time of acquisition. Site improvements (paving, fencing, landscaping, etc.) acquired with the land need not be accounted for separately from the land unless depreciation is required. See the definition of OTHER IMPROVEMENTS. If improvements acquired with the land are removed or wrecked in order to put the land into condition for its intended use, the costs of removal or wrecking must be charged and any salvage credited to this account. Land held for future building sites, as an investment, or in trust, and land acquired through foreclosure and pending resale should be accounted for as OTHER PROPERTY AND INVESTMENTS. Depletable resources acquired with land should be accounted for separately as subaccounts within the land account. Land that is rented under terms that meet the criteria of a capital lease may be separately classified in account 174 or included in this account.

l7l.9X ACCUMULATED DEPLETION (CREDIT)

This account includes the cost of those natural resources which have been removed from the land by harvesting, mining, or physical shrinkage.

l72.XX BUILDINGS AND STRUCTURES (NET)
l73.XX

This account should reflect the cost of freestanding facilities acquired by a governmental unit for its own use. There are two principal categories of buildings and structures: (l) Structures used to house governmental operations and services (this category encompasses most separate buildings); and (2) other freestanding facilities, such as wharves, grain elevators, asphalt plants, and marinas. Outdoor facilities, including infrastructure, that incorporate land as part of their structural support or that are frequently installed underground are classified as OTHER IMPROVEMENTS. Facilities housed within a building are generally classified as EQUIPMENT. Facilities that are rented under terms that meet the criteria of a "capital lease" may be separately classified in account 174 or included in this account.

Lighting, plumbing, heating, floorcovering and other systems and installations may be included in the cost of a building or accounted for as separate components. Even though some systems or installations are accounted for separately and are readily removable from the structure to which they are attached, such components should be accounted for as BUILDINGS if they are integral to the structure, which would be inoperative or incomplete without the system. There are two exceptions: use account l8l.4X for furnaces to produce steam heat and use account l87.4X for communications systems.

l73.9X ACCUMULATED DEPRECIATION (CREDIT)

This account includes the amount of original cost of buildings and structures which has been charged against revenue (or as a use allowance) since the date of acquisition.

174.XX CAPITAL LEASES (NET)

Use this classification for fixed assets which a government is renting or leasing when the agreement meets any one of the following criteria:

a. The agreement transfers ownership of the property by the end of the lease term.

b. The agreement allows the municipality an option to purchase the property during or at the end of the lease term at a price that is considerably below the market value of the property at the time of the option.

c. The term of the agreement is at least 75 percent of the estimated useful life of the property.

d. The total payments under the agreement, less interest costs and charges for insurance and maintenance, equal or exceed 90 percent of the market value of the property at the date of the agreement.

Assets acquired through capital leases should be recorded at the lesser of: (a) the fair market value of the leased asset (its "cash" price) or (b) the present value of the minimum lease payments required by the agreement. (See FASB Statement l3 and its amendments for further details).

It is permissible to charge the costs of capital leases directly to land, buildings, etc., account(s) instead of using this account. The same rules for capitalization and valuation apply. If an asset is acquired outright during or at the expiration of the lease, the cost of that asset and related depreciation should be transferred to the appropriate land, building, etc., account(s).

174.9X ACCUMULATED DEPRECIATION (CREDIT)

This account includes the amount of original cost of capital leases which has been charged against revenue (or as a use allowance) since the date of acquisition.

175.XX LEASEHOLD IMPROVEMENTS (NET)

Leasehold improvements are additions to the property made by the lessee. They become the property of the lessor when affixed to the property. If the leasehold improvement has a life longer than the current fiscal year, it is proper for the lessee to spread its cost over its useful life as is the case with any fixed asset. Useful life to the lessee cannot be longer than the remaining life of the lease unless the lessee has a right to renew the lease. If the lessee has the right to renew and is likely to do so, then the useful life of the improvement is limited by the renewal terms of the lease. If the lease expires before the physical usefulness is gone, the remaining usefulness belongs to the lessor.

175.9X ACCUMULATED AMORTIZATION (CREDIT)

176.XX through l79.XX OTHER IMPROVEMENTS (NET)

These accounts should include the cost of site improvements that have a limited life (where replacement will be required in the future), such as paving, fencing, water and sewer lines, and landscaping. In proprietary funds, these items are to be segregated from the cost of land and depreciated.

This category includes all capitalized infrastructure and other facilities that incorporate land as part of their structural support or that are permanently installed underground. This category also includes the cost of transmission and distribution lines and related poles, etc., in providing electric and telephone service.

Frequently, assets in this category will consist of an entire facility with many components, such as foundations, superstructures, services, utilities, landscaping, and perimeter fencing. The items included in the definition are intended to suggest other specific kinds of related costs to include. Access and service roads should be accounted for separately (account l78.lX) if their cost is material. Moveable equipment associated with these facilities should be accounted for in the l8X series.

179.9X ACCUMULATED DEPRECIATION (CREDIT)

This account includes the amount of original cost of other improvements which has been charged against revenue (or as a use allowance) since the date of acquisition.

l8l.XX through l88.XX MACHINERY AND EQUIPMENT (NET)

These accounts should reflect the costs of acquiring tangible personal property, including incidental costs such as sales tax, freight, and installation. This category includes office equipment and furniture, motor vehicles, and machine tools. Equipment may be attached to a structure for purposes of securing the item but unless it is permanently attached to or an integral part of the building or structure, it should be classified as equipment and not as buildings.

188.9X ACCUMULATED DEPRECIATION (CREDIT)

This account includes the amount of original cost of machinery and equipment which has been charged against revenue (or as a use allowance) since the date of acquisition.

BARS UNIFORM CHART OF ACCOUNTS
ASSET DETAIL ACCOUNTS

Electric	Gas	Sewer	Garbage & Solid Waste	Water	Water/Sewer/ Garbage Combined	Airport	Transit	Railroad	Equipment Rental & Public Works
							Joint Model		
Steam Production		Collection	Collection	Source of Supply	Water Source of Supply/Storage	Airfields	Rapid Rail	Freight/ Mainline	Revenue Equipment
Hydraulic Production	Storage		Transfer Stations	Storage	Sewer Collection	Hangers/ Tiedowns	Light Rail (Streetcar)	Freight/ Switching Yard	Repair/ Maintenance
Nuclear/Other Production	Processing	Pumping	Incineration	Pumping	Water Pumping	Terminal	Trolleybus	Freight/Other	Fuel/Parts
Transmission	Transmission	Treatment/ Disposal	Resource Recovery	Treatment	Water Treatment	Parking Lots	Motorbus (Fixed Route)	Passenger/Cm. Mainline	Materials Manufacturing
Distribution	Distribution		Disposal	Transmission/ Distribution	Water Transmission/ Distribution	Industrial Areas	Ferries	Passenger/Cm. Switch/Other	Fabrication
Services	Services	Outfall		Services	Sewer Transmission/ Distribution		Dial-A-Ride	Maintenance	
General Plant	General Plant	General Plant	General Plant	General Plant	General Plant	General Plant	School Bus	General Administration	General Administration
Other Utilities	Other Utilities	Other Utilities	Other Utilities	Other Utilities	Sewer Pumping	Utilities	Utilities	Utilities	Utilities
Nonutility Property	Nonutility Property	Nonutility Property	Nonutility Property	Nonutility Property	Garbage Collection/ Disposal	Utilities	Other		

OPERATING REVENUES - DETAIL ACCOUNTS

Introduction

This chapter has 2 purposes: first, to explain how to sort and summarize revenues of proprietary (and similar trust) funds for financial reporting; and, second, to provide additional detailed subaccounts for the operating revenues of proprietary funds.

All proprietary and trust funds should use the appropriate BARS resource accounts (the 300 series) in the same manner as governmental funds. This chapter does not apply to enterprise funds using any of the charts of accounts listed in Section A.

Although proprietary and trust funds use the same coding for revenues and other sources that governmental funds use, the summarization of resources for reporting purposes follows different rules. Governmental funds summarize resources by major source (taxes, licenses, charges for services, etc.). Proprietary and trust funds summarize resources into 5 main categories:

Operating Revenues
Nonoperating Revenues
Operating Transfers
Other Income
Other Increases in Equity

"Operating Revenues" are defined as revenues which are directly related to the fund's major or central functions. All other recurring revenues, including external subsidies, are summarized as "Nonoperating Revenues." "Operating Transfers" consist of subsidies from other funds of the same government. "Other Income" has 3 main categories: discontinued operations, extraordinary items, and the cumulative effect of changes in accounting principles. "Other Increases in Equity" are transactions that directly increase the capacity or `capital' of the fund. These concepts are explained in detail in Section B of this chapter.

Operating revenues will frequently need to be segregated into numerous subaccounts for management and regulatory purposes. Section C of this chapter explains the use of the remaining digits in the BARS revenue coding structure to accomplish this segregation, and illustrates detailed coding for utilities.

Section A. Regulatory Charts of Accounts

Until the 1985 edition of the BARS manual, the State Auditor's Office prescribed the use of national regulatory charts of accounts for several types of enterprise funds. The BAR System now makes provision for all the accounts needed by regulated enterprises, so the use of the regulatory accounts is no longer mandatory; however, a local government may adopt or continue to use any of the following charts of accounts. This chapter does not apply to enterprise funds using any of the following regulatory charts of accounts

Electric Utilities	Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act published by the Federal Energy Regulatory Commission (FERC) (CFR 18.101 & 18.104) and Uniform System of Account of the Rural Electrification Administration (REA)
Gas Utilities	Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act published by the Federal Energy Regulatory Commission (FERC) (CFR 18.201 & 18.204)
Water Utilities	Uniform System of Accounts for Water Utilities published by the National Association of Regulatory Utility Commissioners (NARUC)
Sewer Utilities*	Uniform System of Accounts for Sewer Utilities published by the National Association of Regulation Utility Commissioners (ARUC)
Railroads	Uniform System of Accounts for Railroad Companies published by the Interstate Commerce Commission (ICC) (DFR 49.1201)
Transit Systems*	Urban Mass Transportation Industry Uniform Systems of Accounts and Records and Reporting System published by the U. S. Department of Transportation, Urban Mass Transportation Administration (UMTA)

*In the past, the State Auditor's Office published separate charts of accounts for sewer and solid waste (garbage) utilities and for transit systems. These separate accounting systems will no longer be supported. Users of the sewer system should convert their accounts either to the system published by NARUC or the system contained in BARS. Solid waste account users should convert their accounts to the system contained in BARS. Transit account users may continue to use the BAR System for Transit until it is reissued with new account numbers taken from this BARS manual.

The last 2 charts of accounts are somewhat different in status than the preceding ones; Cunningham's Airport Accounts is not regulatory, and the hospital manual is not nationally standardized. However, both of these charts of accounts are acceptable alternatives to the BAR System for relevant enterprise.

Airports	Airport Accounts by Joseph M. Cunningham, published by the Government Finance Officers Association (GFOA)
Hospitals	Accounting and Reporting Manual for Hospitals, published and prescribed by the Washington State Department of Health

STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND EQUITY
(Proprietary and Similar Trust Funds)

OPERATING REVENUES:
- Sales of Merchandise
  - Less: Cost of Goods Sold
- Utility Sales & Service Fees
- Transportation Fares & Charges
- Admissions & Program Fees
- Other Charges for Services
- Rents, Parking & Concessions
- Interest & Dividend Income
- Insurance Premiums & Recoveries
- Trust Contributions
- Other Operating Revenue

  TOTAL OPERATING REVENUE

OPERATING EXPENSES:

- Operations:
  - General Operations
  - Power/Water/Gas Purchased for Resale
  - Contracted Processing & Operations
  - Cost of Energy
- Maintenance
- Customer Services & Marketing
- Administration:
  - General Administration
  - Planning, Conservation, Research & Development
- Depreciation/Amortization/Depletion
- Property, Excise & B&O Taxes
- Risk Transfer Payments
- Payments to Claimants & Beneficiaries
- Other Operating Expenses

  TOTAL OPERATING EXPENSES

  OPERATING INCOME (LOSS)

NONOPERATING REVENUES (EXPENSES):

- Operating Assessments & Tax Levies
- External Operating Subsidies
- Revenue from Merchandising, Jobbing and Contract Work
- (Costs & Expenses of Merchandising, Jobbing and Contract Work)
- Interest Revenue
- (Interest Expense & Related Charges)
- Equity in Income (Loss) of Joint Ventures/Subsidiaries
- Gains (Losses) on Fixed Asset Disposition
- Other Nonoperating Revenue
- (Other Nonoperating Expenses)

  NONOPERATING REVENUE NET OF EXPENSE

  INCOME BEFORE TRANSFERS & OTHER ITEMS

OPERATING TRANSFERS IN (OUT)

OTHER INCOME (LOSSES)
- Gains (Losses) on Discontinued Segments
- Extraordinary Gains (Losses)
- Cumulative Effect of Accounting Changes

  NET INCOME (LOSS)

FUND EQUITY, January 1
- Contributed Capital Increase (Decrease)
- Residual Equity Transfers In (Out)
- Other Changes in Fund Equity

FUND EQUITY, December 31

Section B. Proprietary Fund Income Classification

On the preceding page is the outline of an income statement designed to summarize the results of operations for a wide variety of proprietary and trust funds. There are 6 main categories on this statement, 5 of which involve resources:

Operating Revenue	-	Revenues from the major or central (primary) functions of a fund
Nonoperating Revenue	-	Other recurring revenues, those which are peripheral to incidental to the Port's primary functions, including most gains
Operating Transfers	-	Subsidies from other funds of the same government
Other Income	-	Unusual and infrequent items
Other Increases in Equity	-	Primarily external and interfund contributions for fixed assets of the fund

This section will discuss each of these 5 categories, starting with the last.

Other Increases in Equity

Transactions classified as "Other Increases in Equity" include grants, special assessments, taxes and interfund resources which are restricted for the acquisition or construction of capital assets. All of the proceeds from these transactions are credits to accounts 271 through 273 in the general ledger, and amortization of this contributed capital is charged to account 274, after it is recorded as depreciation/amortization expense and closed to net income. Interfund contributions to provide permanent working capital also belong in this category. (If the fund is expected to pay back these contributions once it has enough resources of its own, they should be treated as interfund advances (account 255).

The following table shows which accounts in the BAR System are used for these types of transactions.

Financial Statement Category	BARS Coding
FUND EQUITY, January 1	Total of 270s and 280s
Contributed Capital Increases	Net change in accounts 271-274. (May use 383 and 388.10 and/or 294.35) (May use 310 series, 330 series, and 368 with control account 294.35 or with 271-273 as control accounts)
Residual Equity Transfers In	Net change in account 273.40. (May use 387 and/or 294.36)
Other Changes in Fund Equity	Net change in accounts 283, 285, and 288 (May use 388.80 and 389 and/or 294.39 and 294.48)
FUND EQUITY, December 31	Total of 270s and 280s

As you can see, there are various options for recording these transactions, although all of the various methods must result in the same ultimate effect on a 270 or 280 account. The reason for these options is the variety of computer software in local governments, and the differing limitations and capacities of that software. The ideal system would include a subsidiary ledger that lists and summarizes increases and decreases to general ledger accounts in exactly the same way that revenue and expense/expenditure accounts are handled. The accounts in the 380 series are therefore for receipting purposes, where a system will not allow you to record a receipt directly to a general ledger account. The use of the 310 and 330 series for contributed capital is permitted for similar reasons, but also because the 330 series is frequently used to derive a grants inventory. If capital grants, similar taxes, and proprietary special assessments are coded to the revenue account series 310, 330 and 368, you must exercise extreme caution to make sure that these resources do not get included in nonoperating income in your financial statements. The use of a separate control account is the means designed into BARS to ensure proper financial reporting when the revenue accounts are used in this way.

Other Income

There are three distinct types of "Other Income." Each of them has a distinct BASUB, and "Extraordinary Gains" has 2 BASUBs, one specially for gains on early retirement of debt.

Financial Statement Category	BARS Coding
OTHER INCOME	
Gains on Discontinued Segments	376
Extraordinary Gains	377 and 593
Cumulative Effect of Accounting Changes	378

The accounting rules for the early retirement of debt are discussed in Part 3, Chapter 9, Section F.

Operating Transfers

This type of transaction amounts to a subsidy from other funds of the same government, and similar transactions between partners of a joint venture or parent/subsidiary enterprises. All such "Operating Transfers" are accounted for in BASUB account 397. Glossary contains a precise definition of each kind of interfund transaction.

Nonoperating Revenue

The distinction between nonoperating revenue and operating revenue depends on the major functions of a particular Port. Some guidelines for making the distinction and detailed schedules of operating revenues for different types of proprietary and trust functions are provided under the heading "Operating Revenues." The following table shows which BARS accounts are used for each category of nonoperating revenue.

Financial Statement Category	BARS Coding
NONOPERATING REVENUES	
Operating Assessments & Tax Levies	310 series
External Operating Subsidies	330 series, including 338
Revenue from Merchandising, Jobbing and Contract Work	A variety of accounts are used for this category because it is miscellaneous. The separation from "Other Nonoperating Revenue" is necessary only if the amounts of revenue from these types of activity are material. See accounts 341.50, 341.94, 343.20, 343.90, 344.10, 345.90, 348, 349 and (if all else fails) 369.
Interest Revenue	361 and 366.10
Equity in Income of Joint Ventures/ Subsidiaries	371
Gains on Fixed Asset Disposition	395
Other Nonoperating Revenue (Separately list any material gains or other unusual or infrequent items.)	Use 372-373 for material gains and other unusual items. Include revenues in the 320 and 350 series, which will rarely be used in proprietary or trust funds; also include miscellaneous fees and charges in the 340 series and other miscellaneous revenues in the 360 series (note that 368, assessment principal, is not accounted for as revenue in a proprietary fund).

Operating Revenue

As indicated in the preceding paragraphs, there are precise rules to define each kind of "Other Increases in Equity," "Other Income" and "Operating Transfers." Likewise, there are unique BARS accounts for each kind. On the other hand, what constitutes "Operating Revenues" will be different for each fund, depending on that fund's primary activities, so there is no universal rule about which revenue sources should be classified as operating revenues and which should be classified and nonoperating. However, there are 2 general guidelines:

1. Certain types of revenues are always classified as nonoperating; specifically, most taxes, operating subsidies (operating grants), and income from joint operations and subsidiaries.

2. Several other types of revenues are nearly always nonoperating, including interest income, rental income, and gains from the sale of fixed assets. (The exceptions arise when the primary activity of a fund is making investments, renting equipment or facilities, or managing real estate.)

These guidelines may sound complicated, but for any particular fund the distinction is usually easy to make. Because expenses are defined functionally, it is helpful to identify which expenses are "operating" and then to sort revenues by how directly they derive from operating expenses. For instance, the primary activities of a water fund are collecting, treating, and distributing water to its customers; the operating revenues, then, are those revenues which derive from the sale of treated water. Making investments and managing rental properties are peripheral to the water fund's primary activities; therefore, revenues from those activities are nonoperating.

In contrast, an airport operation is established primarily to operate terminals, airfields and hangars; therefore, rents and concessions in the terminal, landing fees and hangar rentals are all operating revenues. Selling utilities to businesses that rent airport facilities is directly related to operating these facilities, so utility sales are also operating revenues. But again, making investments is a peripheral activity, and interest income is nonoperating. On the other hand, a pension fund's primary purpose is to accumulate resources for employees' retirement or disability, so investment management becomes a central function of a pension fund; therefore, investment earnings are operating revenue for a pension fund.

For electric, water and sewer utilities, airports, railroads, and transit systems, conversion charts are available from the State Auditor's Office that identify the BARS equivalent for each account number established in the regulatory system of accounts. These conversion charts also identify which revenues are operating and which are nonoperating.

Notice that the same BARS code is used regardless of whether a particular revenue source is classified as operating or nonoperating. (You may even want to use the same BARS coding for direct increases to equity, such as capital grants and special assessments.) This uniform coding is designed to allow entity-wide summaries of particular kinds of revenue. There are some (rare) instances where one BARS code may include a mixture of operating and nonoperating revenues. In such cases, the transactions which produce operating revenues must be identified by your accounting system, either by subdividing the BARS revenue account number or by coding the transactions to separate control accounts for operating and nonoperating revenues. An example for a utility fund could be rentals, where a water utility leases a system to a neighboring city and also leases land to a Little League. The water system lease revenues are operating revenues, while the Little League lease revenues are nonoperating, yet both are credited to BARS account 362.50. To distinguish the 2 leases you may subdivide account 362.50 into 362.51 and 362.52, or you may provide that the operating lease revenues are recorded using control account 292.11 and the nonoperating lease revenues use control account 292.14. Note that both of these choices are optional; the use of either one, or both, or some other method, will depend on your system capabilities and other local circumstances.

On the following pages is a list of typical operating revenues and their financial statement categories for a variety of proprietary and trust functions.

Financial Statement Classification of Operating Revenues

	ELECTRIC & GAS	WATER	SEWER	GARBAGE	SOLID WASTE
Sales Of Merchandise	Nonoperating	Nonoperating	Nonoperating	Nonoperating	See below for sales of junk and resource recovery.
Utility Sale & Service Fees	Use 343.30 for sales of electricity and natural gas (include forfeited discounts, NSF and late charges). Use 349 for interdepartmental sales but use 343.30 for sales to other funds.	Use 343.40 for water sales (include forfeited discounts, NSF and late charges). Use 349 for interdepartmental sales but use 343.40 for sales to other funds.	Use 343.50 for sewer service charges including interfund charges (also include forfeited discounts, NSF and late charges).	Use 343.70 for garbage collection service fees, including interfund charges.	Use 343.70 for dumping and sanitary fill charges, sales of junk, etc.
Transportation Fares/Charges	Nonoperating	Nonoperating	Nonoperating	Nonoperating	Nonoperating
Other Charges For Services	Use 343.40 for sales of water and water power and include with utility sales. Use 343.80 for turn on/off fees.	Use 343.80 for turn on/off fees and temporary services. Use 343.80 also for sales of steam.	Use 343.80 for turn on/off fees and temporary services. Use 342.40 for inspection fees.	Use 341.70 for resource recovery.	Use 341.70 for resource recovery; use 343.80 for energy sales.
Rents, Parking & Concessions	Use 362 for utility plant leased to others and use 366.20 for interdepart-mental and interfund rents of utility plant. Other rents are nonoperating.	Use 362 for utility plant leased to others and use 366.20 for interdepart-mental and interfund rents of utility plant. Other rents are nonoperating.	Use 362 for utility plant leased to others and use 366.20 for interdepart-mental and interfund rents of utility plant. Other rents are nonoperating.	Use 362 for utility plant leased to others and use 366.20 for interdepart-mental and interfund rents of utility plant. Other rents are nonoperating.	Use 362 for utility plant leased to others and use 366.20 for interdepart-mental and interfund rents of utility plant. Other rents are nonoperating.
Interest & Dividend Income	Nonoperating (Note that late charges are included with utility sales.)	Nonoperating	Nonoperating	Nonoperating	Nonoperating
Insurance Premiums/Recoveries	Nonoperating	Nonoperating	Nonoperating	Nonoperating	Nonoperating
Other Operating Revenue		Use 363.90 for commissions on water sales. Use 369.40 for cost recoveries on unauthorized uses.	Use 369.40 for cost recoveries on unauthorized uses.		

Financial Statement Classification of Operating Revenues

	AMBULANCE	AIRPORT	TRANSIT	RAILROAD	PARKING
Sales Of Merchandise	Use 341.70 for sales of medical supplies.	344.50 fuel sales	Nonoperating	Nonoperating	344.50 fuel sales (348.50 if interfund)
Utility Sales & Service Fees	Nonoperating	Use 343 for utility charges to renters and concessionaires.	Nonoperating	Nonoperating	Nonoperating
Transportation Fares/Charges	342.60 Ambulance and Emergency Fees	344.60 Tariffs and Fares	344.70 Transit Fares	344.70 Tariffs and Fares	Nonoperating
Other Charges For Services	See 911 Dispatch for those types of charges.	Use 344.90 for other transportation services.			
Rents, Parking & Concessions	Nonoperating	362 Hangar Rentals 362 Parking 362.80 Concessions	Use 362 for parking and equipment rentals 362.80 Concessions	362 Equipment and facility rentals 362.80 Concessions	362.30 Short-term parking 362.50 Long-term parking 362.80 Concession proceeds
Interest & Dividend Income	Nonoperating	Nonoperating	Nonoperating	Nonoperating	Nonoperating
Insurance Premiums/Recoveries	Nonoperating	Nonoperating	Nonoperating	Nonoperating	Nonoperating
Other Operating Revenue			Use 362.90 for rentals of advertising space.		Use 362.90 for impound fees.

Financial Statement Classification of Operating Revenues

	911 DISPATCH	PROPERTY MANAGEMENT	RISK MANAGEMENT (SELF-INSURANCE)	PENSIONS	EMPLOYEE-RELATED INSURANCE AND BENEFIT PROGRAMS
Sales Of Merchandise	Nonoperating	Use 395 for sales of property.	Nonoperating	Nonoperating	Nonoperating
Utility Sales & Service Fees	See below for communication charges.	Use 343 series for utility sales and services. (348.90 if interfund)	Nonoperating	Nonoperating	Nonoperating
Transportation Fares/Charges	See AMBULANCE example for these types of charges.	See TRANSIT example for these types of charges.	Nonoperating	Nonoperating	Nonoperating
Other Charges For Services	Use 342.80 for communication charges (including false alarms) to other governments or private parties. Use 348.10 for interfund.	Use 341.92 for property management fees, including relocation service fees. Use 348.92 for interfund. See BUILDING MAINTENANCE example for those types of charges. Use 362.90 for sales commissions and auctioneering fees (365.90 if interfund).	Use 348.91 for interfund risk management service fees (341.47 if external). See next two columns for employee-insured risks.	Use 348.97 for interfund pension management fees (341.97 for external).	Use 348.97 for interfund management fees (341.97 for external). Use 346.90 for employee's share of medical claims.
Rents, Parking & Concessions	Use 362.20 (365.20 if interfund) for leases of communication system. Other rents are nonoperating.	Use 362 for property rentals & concessions (365 if interfund).	Nonoperating	Use 362 for rents of investment property.	Nonoperating
Interest & Dividend Income	Nonoperating	Interest on sales contracts may be treated as operating revenue (361 or 366).	Use 361 for interest on invested premiums.	Use 361 for interest dividends and gains on investments.	Use 361 for interest on invested premiums.
Insurance Premiums/Recoveries	Nonoperating	See next column for these types of charges.	Use 365.80 for interfund insurance premiums; 368 for external premiums; 368 and 395 for recoveries.	Use 366.50 and 369.50-.70 for pension trust contributions.	Use 365.80 for interfund insurance premiums; 366.50 for employer contributions; 368 for external premiums and 369.50-.70 for external trust contributions; 368 for recoveries.
Other Operating Revenue					

Financial Statement Classification of Operating Revenues

	PRINTING & DUPLICATION	PURCHASING & CENTRAL STORES	WORD PROCESSING	DATA PROCESSING	CENTRAL COMMUNICATIONS
Sales Of Merchandise	Use 341.50 for sales of publications (348.70 if interfund).	348.70 other sales of merchandise (use 341.70 for external sales to another government or private party).	Nonoperating	Nonoperating	Nonoperating
Utility Sales & Service Fees	Nonoperating	Nonoperating	Nonoperating	Nonoperating	Nonoperating
Transportation Fares/Charges	Nonoperating	Nonoperating	Nonoperating	Nonoperating	Nonoperating
Other Charges For Services	348.60 interfund printing & duplicating (use 341.60 if provided to another government or private party).	348.94 interfund purchasing services (use 341.94 if provided to another government or private party).	348.60 interfund word processing (use 341.60 if provided to another government or private party).	348.80 interfund data processing charges (use 341.80 if provided to another government or private party).	348.10 interfund communication service charges (use 342.80 if provided to another government or private party).
Rents, Parking & Concessions	Nonoperating	Nonoperating	Nonoperating	Nonoperating	Nonoperating
Interest & Dividend Income	Nonoperating	Nonoperating	Nonoperating	Nonoperating	Nonoperating
Insurance Premiums/Recoveries	Nonoperating	Nonoperating	Nonoperating	Nonoperating	Nonoperating
Other Operating Revenue					

Financial Statement Classification of Operating Revenues

	EQUIPMENT RENTAL & MOTOR POOL	EQUIPMENT PARTS & REPAIRS	PITS/QUARRIES/ ASPHALT PLANTS	BUILDING MAINTENANCE & SECURITY	FABRICATION SHOP
Sales Of Merchandise	Fuel sales 348.50 (use 344.50 if sold to other governments or private parties).	Parts sales 348.40 (use 344.40 if sold to other governments or private parties).	348.20 sale of road materials (use 344.20 if sold to other government or private parties).	Nonoperating	348.70 other sales of manufactures (use 341.70 if sold to other government or private party).
Utility Sales & Service Fees	Nonoperating	Nonoperating	Nonoperating	Nonoperating	Nonoperating
Transportation Fares/Charges	348.30 equipment repair charges (use 343.30 if provided to other governments or private parties).	348.30 equipment repair charges (use 343.30 if provided to other governments or private parties).	Nonoperating	Nonoperating	Nonoperating
Other Charges For Services	See next column for sales of parts.	See previous column for fuel and equipment rental.		348.90 other internal service fund charges (use 341.93 if provided to another government or private party).	
Rents, Parking & Concessions	Use 365 for interfund rentals and parking; use 362 for rents and parking furnished to other governments or private parties, including employees.	Nonoperating	If facility is rented for production of rock or asphalt, use 362 or 365. Other rents are nonoperating.	Nonoperating	Nonoperating
Interest & Dividend Income	Nonoperating	Nonoperating	Nonoperating	Nonoperating	Nonoperating
Insurance Premiums/Recoveries	Nonoperating	Nonoperating	Nonoperating	Nonoperating	Nonoperating
Other Operating Revenue					

Financial Statement Classification of Operating Revenues

	CAFETERIA	STADIUM	GOLF COURSE	CONVENTION CENTER	CAMPGROUND
Sales of Merchandise	Use 341.70 for sales of food.	Use 341.70 for sales of merchandise.	Use 341.70 for sales of merchandise.	Nonoperating	Use 341.70 for sales of merchandise.
Utility Sales & Service Fees	Nonoperating	Use 343 for utility charges to renters and concessionaires.	Nonoperating	Use 343 for utility charges to renters and concessionaires.	Use 343 for water, electric, sewer hookup fees if separated from camping fees.
Transportation Fares/Charges	Nonoperating	Use 344.70 for shuttle service.	Nonoperating	Use 341.70 for shuttle service and other transportation fares.	Nonoperating
Other Charges For Services		347.40 Event Admission Fees, 347.90 Other Fees and Charges	347.30 Green Fees 347.60 Golf Lessons	347.40 Event Admission 347.80 Conference Fees 347.90 Vendor Display Charges	362.40 Camping Fees
Rents, Parking & Concessions	362.80 Concessions	362.30 Parking 362.50 Facility Leases 362.80 Concessions	362.80 Concessions	362.30 Parking 362.50 Facility Leases 362.80 Concessions	362.80 Concessions
Interest & Dividend Income	Nonoperating	Nonoperating	Nonoperating	Nonoperating	Nonoperating
Insurance Premiums/Recoveries	Nonoperating	Nonoperating	Nonoperating	Nonoperating	Nonoperating
Other Operating Revenue					

Section C. Operating Revenue Detail Accounts

What detail do you need?

The BAR System provides accounts to summarize operating revenues. In order to maintain accountability, it is necessary to have a listing of how much each customer of the proprietary fund owes. For this purpose, proprietary funds normally maintain a subsidiary ledger of customer accounts receivable. This subsidiary ledger is summarized in the general ledger as one or more types of accounts receivable. The entry which records the general ledger receivable is typically used also to record all (or nearly all) operating revenues so that increases to the various accounts receivable provide the supporting detail for revenues (or at least for credit sales). Frequently, cash sales and unusual transactions are not processed through the routine billing system, but they are posted to the revenue accounts separately, making them easy to identify.

Accordingly, the "audit trail" to support or document the BARS "Operating Revenue" accounts consists of the following:

1. A summary posting of the increases to customer accounts receivable;

2. A similar summary posting for frequent cash sales; and

3. Posting or individual transactions which are unusual or infrequent.

In small utilities and other proprietary funds, there is little need for any additional accounting. However, larger or complex operations will require operating revenue detail that analyzes or "breads down" the BARS account into a number of subaccounts.

In some instances, regulatory agencies require detailed revenue schedules that are easier to prepare if subaccounts are used; for example, the Federal Energy Regulatory Commission (FERC) imposes this kind of requirement on electric utilities that purchase power from the Bonneville Power Administration (BPA), and the Urban Mass Transportation Administration (UMTA) has established revenue detail requirements for recipients of its grants.

More generally, it is common to establish different rates for certain types of customers, based on the quantity of service provided or on some special characteristic or requirement. When different rates are applied, a summary of the total revenues for each rate category is often wanted for several purposes:

1. Analyzing and evaluating revenue patterns and fluctuations in demand;

2. Projecting future needs;

3. Monitoring collections for each type of customer;

4. Estimating unbilled receivables and uncollectibles; and

5. Making rate studies, including the determination of whether particular rates are justified by or inadequate to cover related costs.

Finally, a BARS revenue code may include charges for several types of merchandise or services, and local management may need to distinguish between these types. For merchandise, inventory accounts are used and subsidiary customer ledgers often do not contain this information, although the individual invoices list what the charges were for.

Fields for detail revenue coding

The prescribed coding for revenues in the BAR System uses the BASUB and element digits, except in the 330 series where grant source coding uses all 7 account numbers. For operating revenues, which are usually in the 340 and 360 series, there are 3 additional digits available in the ABR System for detail coding: the subelement, unit, and subunit digits. The diagram of the BAR System shown below illustrates the available digits.

P L L	L L L	L L L	P P P	P A	A A
Fund/Acct Group field	Program field	Department field	Prime and BASUB field	Element and subelement field	Unit and subunit field

Organizational Numbers — Account Numbers

A = Available for operating revue detail coding
P = Specific coding is prescribed in BAR System
L = The fields are established in the BAR System, but specific numbers are assigned by each local government.

An all-purpose revenue detail code for utilities

On the next page is a table of suggested revenue detail codes that includes the detail required by all of the major regulatory charts of accounts for utilities (electric, natural gas, water, sewer). It also includes detail accounts for solid waste and garbage utilities. For municipalities with small utilities or with combined water/sewer or water/sewer/garbage, this detail is likely to be sufficient for management and reporting needs. Of course, the coding is merely suggested and may be adapted to local requirements. The next paragraph presents methods for more elaborate coding structures for individual proprietary funds.

REVENUE CODING FOR UTILITIES

10 Flat Rate Utility Services

11 Residential
12 Commercial
13 Industrial
14 Irrigation
18 Forfeited Discounts & Late Charges
19 Other Flat Rate

20 Metered Utility Services

21 Residential
22 Commercial
23 Industrial
24 Irrigation
28 Forfeited Discounts & Late Charges
29 Other Metered

30 Disposal Site Charges

31 Individuals
32 Franchise Collectors
39 Other Disposal Site Charges

40 Public Authorities

41 Street Lights, Signal & Alarm Systems
42 Fire Protection Service
43 Railroads & Railways
44 Municipal Disposal Collectors
48 Forfeited Discounts & Late Charges
49 Other Charges to Public Authorities

50 Sales for Resale

60 Processing for Other Utilities

70 Resource Recovery

71 Sales of Sludge
72 Recycled Materials, Salvage & Reuse
73 Energy Conversion
74 Sales of Water from Electric Generation Sites
70 Other Resource Recovery

90 Other Fees and Charges

92 Special Container Services
99 Other Fees and Charges

How to construct your own revenue detail code

By and large, detail revenue coding is used to answer the following questions:

	Categories	Rate Basis
-	Who bought the item or service? (private residential customer, federal grantor)	Types of customers
-	How did they purchase it? (wholesale, metered, monthly rent)	Types of billing arrangements
-	What did they buy? (treated water, vehicle rent, garbage collection)	Types of goods and services, including identification of particular item or facility rented

1. Begin your detail coding by listing your categories within each "type": What kinds of customers do you need to distinguish? What kinds of goods and services do you sell? What are the items in your rate structure or fee schedule?

2. Frequently the rate structure is nearly the same as a list of the goods and services you sell; i.e., you have one price for each kind of item, as in central stores. Sometimes prices are set mostly by types of customers, as in utilities (residential, commercial, industrial; all electric, lights and water heater, lights only.) Where there is only one major basis for ratemaking, building a revenue detail code is simply a mater of outlining the major categories (of goods, services, customers, etc.) and using a second digit for the subcategories. The all-purpose detail coding discussed on the previous page illustrates this kind of structure.

3. When you have several types of customers and several types of billings or rates, look at the overlap. For example, a water utility has, at most, 2 primary kinds of goods for sale - treated water and untreated water; but there are several types of customers - residential, commercial, industrial, agricultural (irrigation), fire districts, other utilities, etc. Most of the rates are based on the customer types. However, rates are also distinguished by whether the water service is metered or unmetered and whether the service can be interrupted. In addition, there are sometimes separate charges for turn-on/turn-off and for late payments of water bills.

4. When you have more than one rate basis, it is helpful to build a matrix or spread sheet for sorting and matching these types. It is easiest to start with the 2 longest lists of types. Continuing with the water example, we've listed the types of customers vertically and the remaining billing rates horizontally on the following page. (Always leave a row and a column for "Other" even if you cannot think of any, so there is room in the coding structure to accommodate a "new" type.)

INITIAL ATTEMPT AT CODING WATER OPERATING REVENUE DETAIL

	Rate Structure						
Customer Type	Un-metered	Metered	Con-tracted	Whole-sale	Late Charges & Forfeited Discounts	Turn-on/ Turn-off Fees	Other
Residential	x	x			x	x	
Commercial	x	x			x	x	
Industrial		x	x	x	x	x	
Agricultural (Irrigation)			x	x	x	x	
Other Utilities (Sales for Resale)				x			
Fire Districts			x				
Other Public Authorities	x	x					
Other							

The x's indicate where a separate rate exists. Note that there is only one rate for some customer types; this first cut at a coding structure is wasting rows in those areas, while we still need to distinguish sales of untreated water from treated water and show the rate break for those customers willing to accept interrupted service.

5. To decide now to make these additional distinctions, we need to determine how many kinds of customers are sold untreated water or interrupted service and how many different rates apply. In this example, 4 kinds of customers buy untreated water - industrial, agricultural and other utilities (always at wholesale) and fire districts (at a contract rate). It's obvious we need to add one column. In the example, we simply created one for "Untreated." You could also subdivide "Wholesale" into "Treated" and "Untreated" and put sales of untreated water to fire districts into the "Other" column. In our example, interruptible service is sold primarily to industrial customers, using several different rate structures. There are also some commercial metered customers with interruptible service - we used "Other" for these. The spread sheet on the next page shows our final coding structure.

6. If there is a third digit available for detail revenue coding, don't use it until major categories are defined - otherwise you will lose the ability to summarize easily by a single digit.

7. If you run out of room, remember the "Other" series - you can assign each of those a distinct meaning and leave the "Other/Other" (9/9 in this illustration) to catch any minor leftovers. At this point, remember that you always have the individual accounts themselves available for analysis. You probably don't need a separate summary account for everything.

8. To finish the coding process, we need to assign digits to these rates. We numbered the columns and rows 1 through 9, and then chose to make our primary summary by customer type, as shown in the table on the last page of this chapter.

FINAL MATRIX FOR CODING WATER OPERATING REVENUE

	Rate Structure								
Customer Type	Unmetered	Metered	Contracted	Wholesale	Untreated Water	Late Charges & Forfeited Discounts	Turn-On/ Turn-Off Fees	Other	
Residential	x	x				x	x		1
Commercial	x	x				x	x	x (Interruptible)	2
Industrial		x	x	x	x	x	x		3
Industrial/Interruptible		x	x	x	x	x			4
Agrecultural/Irrigation			x		x	x	x		5
Other Utilities (Sales for Resale)				x	x				6
Other Public Authorities	x	x	x (Fire Districts)		x (Fire Districts)				7
Other									9
	1	2	3	4	5	7	8	9	

WATER SALES REVENUE DETAIL CODES

10	Residential Customers	
11		Unmetered
12		Metered
17		Late Charges & Forfeited Discounts
18		Turn-On/Turn-Off Fees
19		Other
20	Commercial Customers	
21		Unmetered
22		Metered
27		Late Charges & Forfeited Discounts
28		Turn-On/Turn-Off Fees
29		Other (Interruptible Service)
30	Industrial Customers - Regular	
32		Metered
33		Contracts
34		Wholesale - Treated
35		Wholesale - Untreated
37		Late Charges & Forfeited Discounts
39		Other
40	Industrial Customers - Interruptible Service	
42		Metered
43		Contracts
44		Wholesale - Treated
45		Wholesale - Untreated
47		Late Charges & Forfeited Discounts
49		Other
50	Agricultural (Irrigation) Customers	
53		Contracts
55		Wholesale - Untreated
57		Late Charges & Forfeited Discounts
58		Turn-On/Turn-Off Fees
59		Other
60	Sales For Resale	
64		Treated
65		Untreated
70	Other Public Authorities	
71		Unmetered
72		Metered
73		Fire District Contracts - Treated
75		Fire District Contracts - Untreated
79		Other
90	Other	

OPERATING EXPENSES - DETAIL ACCOUNTS

Introduction

This chapter must be read in conjunction with the preceding one on operating revenues. Like that chapter, it has 2 purposes: first, to explain how to sort and summarize expenses of proprietary and similar trust funds for financial reporting purposes; and, second, to provide additional detailed subaccounts for the operating expenses of proprietary funds.

Section A in Chapter 6 contains a list of the regulatory charts of accounts which may optionally be used instead of BARS for certain enterprise funds (electric, natural gas, water and sewer utilities, airports, transit systems and railroads, and hospitals). This chapter does not apply to enterprises using one of those regulatory charts of accounts. Nor does this chapter apply to small utilities and other proprietary and trust operations where they are not accounted for on the full-accrual basis. Those funds should follow the accounting procedures prescribed for governmental funds without exception. The Glossary contains an explanation of full-accrual accounting under the entries "Flow of Economic Resources Measurement Focus" and "Expenses." Also see the contrasting definitions at "Flow of Current Financial Resources Measurement Focus" and "Expenditures."

The classification of expenses and other uses of resources in proprietary and trust funds is discussed in detail in Section A. Unlike revenues, the operating expenses of any one proprietary or similar trust fund are limited to a few BASUBs, and the accounts within those BASUBs are specifically designed to accommodate full-accrual accounting. Both governmental and proprietary funds summarize expenditures/expenses primarily by function and activity, so that the sorting problems that exists for operating revenues are not paralleled on the expense side.

Many proprietary funds use complex classifications of expenses to measure the costs of various activities, modes of operation, and tasks. While the BARS 500 series of accounts can provide for some of this detail, account users with many requirements for expense subclasses will want to use the 600 series of accounts for operating expenses instead of the 500 series in order to make room for additional expense coding. Section B of this chapter illustrates the use of the 600 series of accounts to accommodate the detail contained in the NARUC Uniform System of Accounts for Water Utilities.

Please note that the detail illustrated by the 600 series of accounts is optional in nearly all cases. The only instances in which that kind of detailed accounting is required for local governments are for hospitals and for those electric utilities which are funded by the Rural Electrification Administration (REA) or licensed by the Federal Energy Regulatory Commission (FERC). Crosswalks of the BARS accounts to REA/FERC accounts are available, and the use of the 600 BARS accounts for electric utilities will provide the detail required by these regulatory agencies.

STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND EQUITY
(Proprietary and Similar Trust Funds)

OPERATING REVENUES:
- Sales of Merchandise
  - Less: Cost of Goods Sold
- Utility Sales & Service Fees
- Transportation Fares & Charges
- Admissions & Program Fees
- Other Charges for Services
- Rents, Parking & Concessions
- Interest & Dividend Income
- Insurance Premiums & Recoveries
- Trust Contributions
- Other Operating Revenue

  TOTAL OPERATING REVENUE

OPERATING EXPENSES:

- Operations:
  - General Operations
  - Power/Water/Gas Purchased for Resale
  - Contracted Processing & Operations
  - Cost of Energy
- Maintenance
- Customer Services & Marketing
- Administration:
  - General Administration
  - Planning, Conservation, Research & Development
- Depreciation/Amortization/Depletion
- Property, Excise & B&O Taxes
- Risk Transfer Payments
- Payments to Claimants & Beneficiaries
- Other Operating Expenses

  TOTAL OPERATING EXPENSES

    OPERATING INCOME (LOSS)

NONOPERATING REVENUES (EXPENSES):

- Operating Assessments & Tax Levies
- External Operating Subsidies
- Revenue from Merchandising, Jobbing and Contract Work
- (Costs & Expenses of Merchandising, Jobbing and Contract Work)
- Interest Revenue
- (Interest Expense & Related Charges)
- Equity in Income (Loss) of Joint Ventures/Subsidiaries
- Gains (Losses) on Fixed Asset Disposition
- Other Nonoperating Revenue
- (Other Nonoperating Expenses)

  NONOPERATING REVENUE NET OF EXPENSE

    INCOME BEFORE TRANSFERS & OTHER ITEMS

OPERATING TRANSFERS IN (OUT)

OTHER INCOME (LOSSES)
- Gains (Losses) on Discontinued Segments
- Extraordinary Gains (Losses)
- Cumulative Effect of Accounting Changes

  NET INCOME (LOSS)

FUND EQUITY, January 1
- Contributed Capital Increase (Decrease)
- Residual Equity Transfers In (Out)
- Other Changes in Fund Equity

FUND EQUITY, December 31

Section A. Proprietary Fund Expense Classification

The income statement format discussed in Chapter 6 is repeated on the preceding page. As with resources, 5 of the 6 categories involve expenses or other uses of fund resources:

Operating Expenses	• The regular costs necessary to perform the major or central functions of the fund
Nonoperating Expenses	• Other recurring expenses, those which are peripheral or incidental to the fund's primary functions, including most losses.
Operating Transfers	• Subsidies to other funds of the same government (such transactions are rare in proprietary and trust funds).
Other Expenses	• Unusual and infrequent items.
Other Decreases in Equity	• These are also rare, involving either the return of contributed capital or material adjustments to the financial statements of prior periods.

The following table shows which accounts in the BAR System are used for the last 3 categories of expense/use transactions:

Financial Statement Category	BARS Coding
OPERATING TRANSFERS (OUT)	597
OTHER LOSSES	376
Losses on Discontinued Segments	
Extraordinary Losses	377 and 593
Cumulative Effect of Accounting Changes	378
NET INCOME (LOSS)	(Control accounts 292.l0-40)
FUND EQUITY, January l	Total of 270s and 280s
Contributed Capital (Decrease)	Net change in accounts 27l-274 (may use 588.l0 and 588 and/or 294.49)
Residual Equity Transfers (Out)	Net change in account 273.40 (may use 587 and/or 294.46)
Other Changes in Fund Equity	Net change in accounts 283, 285, and 288 (may use 588.l8 and 589 and/or 294.48-49)
FUND EQUITY, December 3l	Total of 270s and 280s

Most of these accounts directly parallel similar accounts on the resource side, and some (the 370 series) are the same, use for both debit and credit entries. Refer to Section B in Chapter 6 for references to further discussion of these categories of expenses and uses.

Nonoperating Expenses

This category includes the normal expenses of a proprietary or trust fund that do not relate directly to the accomplishment of its major objectives. The following table shows which BARS accounts are used for each category of nonoperating expense

Financial Statement Category	BARS Coding
NONOPERATING EXPENSES:	
Costs & Expenses of Merchandising, Jobbing and Contract Work	See the series of accounts at 519, and 548, and also 532, 542, 558, etc. Be careful not to include in this category those expenses which are incurred in performing the primary functions of the fund. Some of these same BASUBs will account for operating expenses in appropriate funds
Interest Expense & related Charges	592
Equity in Loss of Joint Ventures/Subsidiaries	371
Losses on Fixed Asset Disposition	395
Other Nonoperating Expenses	Use 372-373 for material losses and other unusual items In addition, the entire 511-579 series may be used; 519.90 is available for immaterial amounts that are difficult to classify.

Operating Expenses: Functions

FUNCTIONS are the major purposes of a fund or department. They represent what is being accomplished by an expense. In the BAR System, functions are classified at the BASUB or element level; they identify the responsibilities of the government and the types of services it provides. Most proprietary and trust funds perform one or a very few functions, such as providing water service, data processing, or risk management.

On the following page is an alphabetical list of approximately 50 functions that local governments in Washington State account for in a proprietary or similar trust fund. Some functions are listed under several captions to make them easier to find. For each function, the list indicates the BASUB and element assigned to that function in the BAR System. A proprietary or trust fund (especially an internal service fund) may perform more than one of these functions; in such cases, use all of the BASUBs and elements necessary to classify the expenses of the fund properly.

BARS Account Proprietary/Trust Function

546.00	Airport
526.00	Ambulance
576.90	Aquarium
532.00	Architectural Services
548.20	Asphalt Plant
575.20	Auditorium
576.40	Ball Courts
518.70	Bindery
547.00	Buses
519.10	Cafeteria
576.30	Campground
519.30	Carpentry Shop
536.00	Cemetery
528.00	Central Communications
519.50	Central Stores
561.00	Clinic
538.10	Combined Water/Sewer
538.10	Combined Water/Sewer/Garbage
528.00	Communications System
518.80	Computer Center
575.40	Conference Center
561.00	Convalescent Center
575.40	Convention Center
518.70	Copy Center
518.80	Data Processing
517.60	Disability Insurance
528.00	Dispatch Services
537.00	Disposal Site
542.40	Drainage Utility
537.00	Dump Site
533.00	Electric Utility
526.00	Emergency Medical Services
517.30	Employee Health Insurance
532.00	Engineering Services
548.60	Equipment Rental
519.30	Fabrication Shop
575.40	Fair
542.80	Ferries
517.20	Firemen's Pension Fund
519.10	Food Services
548.50	Fuel Depot
538.10	Garbage & Water Utility
537.00	Garbage Utility
533.00	Gas Utility
548.50	Gasoline Pumps
576.60	Golf Course
548.20	Gravel Pits
517.30	Health Insurance
561.00	Hospital
559.00	Housing Rental
517.60	Insurance, Disability
517.30	Insurance, Health
514.70	Insurance, Property/Liability

BARS Account Proprietary/Trust Function

517.70	Insurance, Unemployment
517.60	L&I Disability Insurance
572.00	Library
548.30	Maintenance Shop
575.70	Marina
548.30	Mechanical Shop
526.00	Medic I
548.70	Motor Pool
533.00	Natural Gas Utility
528.00	911/Dispatch
561.00	Nursing Home
542.65	Parking, Non-Transit
547.00	Parking, Transit
548.40	Parts Stores
517.20	Pension Systems
548.20	Pits & Quarries
517.20	Police Pension Fund
546.00	Ports
518.70	Print Shop
518.10	Property Management
559.00	Public Housing
547.00	Public Transport. System
519.50	Purchasing/Central Stores
518.40	Purchasing Services
548.20	Quarries
576.40	Racquetball Courts
547.00	Railroad
518.10	Real Estate Management
537.00	Refuse Collection
548.30	Repair Shop
514.70	Risk Management
548.20	Rock Quarries
514.70	Self-Insurance
538.20	Sewer & Water Utility
535.00	Sewer Utility
519.30	Sign Shop
537.00	Solid Waste Utility
575.20	Stadium
519.50	Stores, Central
548.40	Stores, Equipment Parts
542.40	Storm Drainage Utility
576.20	Swimming Pool
528.00	Telephone System
576.40	Tennis Courts
547.00	Transit System
517.70	Unemployment Insurance
548.70	Vehicle Rental
534.00	Water Utility
538.10	Water/Sewer Combined
538.10	Water/Sewer/Garbage Combined
518.60	Word Processing
517.60	Workers' Compensation
576.90	Zoo

Operating Expenses: Activities

ACTIVITIES identify how an expense relates to a function or purpose. For example, did an expense contribute toward producing water, treating sewage, or running a bus line (Operations)? Did it keep pumps in repair or restore an engine to service (Maintenance)? Or was the expense incurred for policy setting and overseeing the accomplishment of the fund's objective (Administration)? Defined narrowly, activities are the lines of work required to accomplish a purpose or perform a function. However, there are several types of disbursements and cost allocations which are so material that they are reported separately from the lines of work, even at the summary level of financial statements. In the BAR System, these types of disbursements and cost allocations, such as cost of goods sold, depreciation expense, and claims payments, are also called activities.

Every proprietary and trust function uses one of the 2 sets of activity classifications shown below:

Activity Coding of Proprietary/Trust Expenses
(Element/Subelement Digit)

Digit	Most Proprietary Funds	Trust & Insurance Funds
1	General Administration	General Administration
2	Other Administration (Planning/ Research/Conservation)	(Used for segregating types of claims payments in some trust funds)
3	Depreciation/Amortization/Depletion	Depreciation/Amortization
4	Staff Training	Staff Training
5	Maintenance of Equipment & Facilities	Maintenance
6	Contracted Processing & Operations	Risk Transfer Payments
7	Customer Services & Marketing	Claims Processing & Trust Services
8	General Operations, including Cost of Goods Manufactured	Claims Payments
9	Other Operating Expenses, including Cost of Goods Sold	Other Operating Expenses

These activity categories correspond directly to items listed on the income statement format within "Operating Expenses." The reason they are out of sequence for income statement presentation is that the meanings assigned to the digits 1, 4 and 5 have been kept consistent with the element coding throughout the remainder of the 500 accounts in the BAR System.

Because of the variety of functions that can be accounted for in proprietary and trust funds, there is necessarily some variation in the specific meanings attached to these activity codes. Some of these differences are indicated in the chart of accounts by the use of variant titles for the activities; in other cases, several of these activity codes are omitted to indicate that the amounts are probably insignificant and therefore do not require separation. (You may use all of these activity codes with any proprietary or trust function and you may omit some of those listed in the chart of accounts where the costs that would be segregated are immaterial.)

In general, the following descriptions apply to these categories:

GENERAL ADMINISTRATION - Activities of a general nature, not associated directly with a specific service function. In most instances, this category will include the salary of the department head and his/her immediate staff. Also include the costs of advisory boards and commissions.

OTHER ADMINISTRATION - This segregation of administrative costs is provided for situations where management needs to identify separately certain administrative activities, such as planning, research and development, and conservation. These costs may fluctuate more than general administrative costs or they may be separately budgeted. For example, costs of developing a comprehensive plan for a utility or parks department could be segregated by using this element.

DEPRECIATION/AMORTIZATION/DEPLETION - The allocation of capital outlays to the accounting periods which benefit from their use. These concepts are defined in the Glossary. Accounting for depreciation is explained in Chapter 7, Part 3, Accounting

STAFF TRAINING - In many proprietary funds, this category is not material and need not be segregated from other administrative costs. In some activities, however, such as emergency medical services and data processing, training costs can be a significant cost of operations. In such cases, this category can be reported separately or included in general operations.

MAINTENANCE - Ordinary repair and upkeep of land, buildings, and equipment. The use of element 50 is somewhat different from its use in governmental funds in that rent expenses are <u>not</u> included in this category in proprietary funds; instead, rent expenses are charged to administration or operations as appropriate.

CONTRACTED PROCESSING & OPERATIONS - This category is used for situations in which a proprietary fund 'farms out' a major portion of its activities. Examples include payments to another city which operates a treatment plant your city uses instead of constructing its own, payments to a private company for setting up and crushing rock in your quarry, costs to a print shop for specialized printing or binding, or costs to a data processing center which uses outside professionals to maintain and modify its computer programs. This category is not intended for consultant contracts or minor amounts of professional services.

CUSTOMER SERVICES & MARKETING - This category is used for the meter reading, billing and collection tasks, including bad debt expense. It is also used for advertising costs and customer information activities.

GENERAL OPERATIONS - This category is used to account for the major service or production activity in most proprietary funds In cost accounting terms, include direct materials, direct labor, and "overhead" in this category. For merchandising functions such as central stores and fuel depots, it will be easier to prepare operating statements if you use this category for costs of warehousing and delivery, and use the category "Other Operating Expenses" for the cost of goods sold.

OTHER OPERATING EXPENSES - This category is provided to permit segregation of any other type of costs that is material to proprietary fund but not provided for in the other 8 categories. It should not be used for miscellaneous expenses; if such expenses are truly miscellaneous, they should be classified as nonoperating; if they are operating expenses, they should be classified as administration, maintenance, or operations.

RISK TRANSFER PAYMENTS - This category is used for insurance premiums paid by a self-insurance fund to cover some portion of the risks that the fund is established to account for.

CLAIMS PROCESSING AND TRUST SERVICES - This category is parallel to the customer services category. Many trust and insurance funds will elect to include all of these expenses in administration. However, where these expenses are material, this segregation is recommended. Note that contractual arrangements for claims adjustment or trust management are also included in this category.

CLAIMS PAYMENTS - This category includes pension and disability payments, payments to other funds for losses that are self-insured, and payments for court judgments and out-of-court settlements.

Note that some items listed on the income statement format within "Operating Expenses" do not have separate activity digit. That is because each of those items has a unique object code within one or more activities. Those items are defined below:

POWER/WATER/GAS PURCHASED FOR RESALE - Object 33 has been established exclusively for these purchases; account for them within activity digit 8, General Operations. These purchases are the utility equivalent to "cost of goods sold," but power/gas/water bought and then sold is usually not separated from power/gas/water produced and then sold. For this reason, the computation of gross profit on these transactions is not displayed on the income statement. (There is nothing objectionable to displaying it, however, if you can separate the sales of purchased services from sales of services produced by your own utility.)

COST OF ENERGY - What is being segregated here is the large dollar cost of power and fuel required to perform a proprietary function; for example, the cost of coal or nuclear fuel for generating electricity, the cost of electricity for pumping and treating water or sewage, the cost of diesel fuel to run a transit system. The <u>only</u> energy costs to include here are those charged to operations (normally activity 8); do <u>not</u> include energy costs associated with maintenance, administration or customer services. This caption on the income statement should include the total expenses charged to operations for either of 2 objects (object 32, fuel consumed, and object 47, utility services), depending on the kind of function and its energy source(s).

PROPERTY, EXCISE AND B&O TAXES - Two objects have been established to segregate these expenses; object 53 for external taxes and object 54 for interfund taxes. As the title indicates, these are taxes on the utility's assets, sales, or income <u>not</u> on its payroll or expenses. Do not include sales or use taxes paid on utility purchases or the employer's share of FICA, unemployment, workers' compensation, L&I, etc. Those taxes should be accounted for as part of the cost of the good or service that was purchased.

The use of these activity classifications completes the coding required by the BAR System. Additional expense detail may be needed for regulatory reporting or for internal management purposes. The next section discusses how to adapt the BAR System to meet these additional needs.

Section B. Operating Expense Detail Accounts

What Detail Do You Need?

The BAR System provides an account at the BASUB or element level to summarize the operating expenses of each proprietary or trust function. As explained in the previous chapter, these functional accounts are divided into a set of activities for financial reporting purposes. Accounting by function, activity, and object satisfies the requirements of the BAR System, and it will frequently serve the needs of local managers as well.
In small utilities and other proprietary funds, there is little need for any additional accounting. However, large or complex operations will require additional operating expense detail that analyzes and/or restructures the BARS accounting for managerial or regulatory reporting.

In some instances, regulatory agencies require detailed operating expense schedules; for example, the Federal Energy Regulatory Commission (FERC) and the Rural Electrification Administration (REA) impose these kinds of requirements on most electric utilities, and the Urban Mass Transportation Administration (UMTA) has established detail requirements for recipients of its grants.

More generally, it is common to account by "mode" and "task" as well as by "function," "activity" and "object" in order to measure the costs of operating and maintaining specific facilities, programs, or production phases, particularly for rate studies. Expense detail is also used to analyze and evaluate changes in cost patterns and to estimate future expenses.

In the following paragraphs of this section, these 2 additional classifications of expenses (modes and tasks) are presented along with methods of expanding the BAR System to accommodate them. It is important to evaluate your need for this additional detail before you adopt this additional coding. All account classifications involve compromises between the need for more information and the burden and increased coding error associated with more elaborate coding structures; this is particularly true of expense classification.

Suggested Modal Classifications

MODES identify the phase of production or the type of facility where the expense is incurred. Utilities have traditionally used extensive modal detail to classify expenses into categories of "plant," including source of supply, treatment, transmission and distribution. Modes in transportation enterprises distinguish such categories as types of transit lines (motor bus, trolley bus, etc.) or service areas (airfields, hangars, terminals, warehouses, railway yards, etc.).

Because modes classify types of facilities, they are closely related to fixed asset categories; in many cases, modal categories are the same as the categories of "plant in service" illustrated in Chapter 5, Asset Detail Accounts. For the same reason, modal classification is used most extensively for 3 activities: Operations, Maintenance, and Cost Allocations. In utility funds, administration and customer services are frequently treated as nonmodal and are included in a "general" category. However, because of the greater diversification of facilities in transportation enterprises, each mode in those proprietary funds is likely to have its own separate administrative and customer service activities, although there will still be a "general" administrative category.

Most proprietary funds responsible for operating a variety of facilities will establish an organization structure that assigns each facility to a specific manager. For that reason, modal classifications usually follow the separation of a fund into divisions or departments; accordingly, they are most properly treated as organization codes rather than account codes. Throughout this chapter, it is generally assumed that modal classification is accomplished through use of the department field, except where it is already included in the prescribed BARS account. (See Central Services, account 518, Municipal Vehicles and Public Works Equipment, account 548, and Parks and Recreation, accounts 573-576, for examples of element coding that is organized by modes.) The use of the department field has 2 important additional benefits: First, modes may include several activities and/or nonoperating expenses; the department field will allow reporting of the entire "responsibility center" as a unit. Second, the remaining digits in the department field are ideally suited to distinguish individual facilities within a type, such as particular pumping stations or individual hangars. Costs that can be identified with a particular location can be charged to that subdepartment; remaining costs that belong to a type of facility but that cannot be readily associated with a particular site are charged to the general department.

The following table illustrates recommended modal classifications for utility and transportation enterprises. There has been no attempt to provide modes for other proprietary and trust functions because this kind of detail is not needed for most of them. As indicated above, these modal classifications generally follow the categories of "plant in service" used to classify fixed assets in Chapter 5 of this part. (The exception is airports, where the fixed asset BASU/Element accounts already identify types of facilities.)

SUGGESTED MODES (DEPARTMENTS) FOR UTILITY
AND TRANSPORTATION FUNDS

		Electric (E)	Gas (G)	Sewer (S)	Garbage & Solid Waste	Water (W)	
0	PLANT						
1		Steam Production		Collection	Collection	Source of Supply	0
2		Hydraulic Production	Storage		Transfer Stations	Storage	1
3		Nuclear/Other Production	Processing	Pumping	Incineration	Pumping	2
4	IN	Transmission	Transmission	Treatment/Disposal	Resource Recovery	Treatment	3
5		Distribution	Distribution		Disposal	Transmission/Dist.	4
6		Services	Services	Outfall		Services	5
7		General Plant	General Plant	General Plant	General Plant	General Plant	6
8	SERVICE	Other Utilities	Other Utilities	Other Utilities	Other Utilities	Other Utilities	7
9		Nonutility Property	Nonutility Property	Nonutility Property	Nonutility Property	Nonutility Property	8

	Water/Sewer/Garbage Combined	Airport (A)	Transit (T)	Railroad (R)	Equipment Rental & Public Works (P)	
0			Joint Model			0
1	Water Source of Supply & Storage	Airfields	Rail Rapid Transit	Freight/Mainline	Revenue Equipment	1
2	Sewer Collection	Hangers & Tiedowns	Streetcar	Freight/Switching Yard	Repair/Maintenance	2
3	Water Pumping	Terminal	Trolley Bus	Freight/Other	Fuel & Parts	3
4	Water Treatment	Parking Lots	Motor Bus	Passenger/Cm. Mainline	Materials Manufacturing	4
5	Water Transmission & Distribution	Industrial Areas	Ferries	Passenger Cmn Switch & Other	Fabrication	5
6	Sewer Transmission & Distribution		Dial-A-Ride	Maintenance		6
7	General Plant	General Plant	School Bus	General Administration	General Administration	7
8	Sewer Pumping	Utilities	Utilities	Utilities	Utilities	8
9	Garbage Collection & Disposal	Nonairport Property	Other			9

Suggested Task Classifications

TASKS are very detailed expense categories; they may be subdivisions of both activities and modes and they are used for a wide variety of distinctions. Only the largest proprietary funds should require the use of this level of detail.

Because tasks are so varied in purpose, it is difficult to give precise recommendations for classifying them. A task may be limited to a specific project, in which case the use of a work order system or other program field is called for. Or a task may consist of a subdivision of a mode, such as maintaining a particular pumping substation or the communications system for a bus line; in those cases, tasks are appropriately classified as subdepartments. Or a task may be a subdivision of an activity, such as maintenance supervision.

The tables below illustrate task codes for utility and transportation funds, following the distinctions established by the regulatory charts of accounts. These regulatory charts generally treat tasks as subactivities, even where a department or project classification might be more appropriate. Tables are available on request from the State Auditor's Office which cross-reference each regulatory account to the equivalent task account in the illustrations below.

In these examples, there is little duplication of tasks between activities, except that maintenance tasks are generally the same as cost allocation tasks. For that reason, separate task classifications have been developed for operations, for maintenance and cost allocation, for customer service and marketing, and for administration.

These suggested task classifications require 1 digit to classify operations tasks, 2 digits to classify customer service and administrative tasks, and 3 digits to classify maintenance and cost allocation tasks. Of course, you may use fewer digits if your accounting system requires less detail.

OPERATIONS TASKS

Code	Utility Funds	Transportation Funds	Code
1	Supervision & Engineering	Supervision & Engineering	1
2	Power Generation Expenses	Operation of Power Facilities	2
3	General Labor & Expenses	Revenue Equipment Operations	3
4	Systems Control & Load Dispatching	Movement Control & Switching	4
5	Substations	Communication Systems	5
6	Overhead Lines	Scheduling	6
7	Underground Mains & Lines	Garage & Yard Operations (e.g., fueling, exclude maintenance)	7
8	Street Light, Signal & Alarm Systems	(Unassigned)	8
9	Miscellaneous	Miscellaneous	9

MAINTENANCE AND COST ALLOCATION TASKS

The important distinction in this group of tasks is the particular type of asset that is being inspected, repaired, depreciated or depleted. The last 2 digits of the task code are generally taken from the fixed asset detail accounts, the subdigit and the element digit.

Code	Task Description	Additional Task Detail
100	Maintenance Supervision and Engineering	Assign locally, if needed
200	Depletion of Land	Assign locally to identify individual parcels, if needed
300	Maintenance/Depreciation of Buildings and Structures	Use digits 21 through 38 (See asset accounts 172-173)
400	Maintenance/Depreciation of Leased Facilities	Assign locally to identify individual facilities
500	Maintenance/Amortization of Leasehold Improvements	Assign locally to identify individual improvements
600	Maintenance/Depreciation of Other Improvements	Use digits 61 through 98 (See fixed asset accounts 176-179)
700	Maintenance/Depreciation of Machinery and Equipment	Use digits 11 through 88 (See fixed asset accounts 181-188)
800	Vandalism Repairs	Use digits 11 through 88 for equipment (See fixed asset accounts 181-188); assign locally to identify buildings and improvements
900	Other Amortization and Miscellaneous Maintenance	Assign locally, if needed

CUSTOMER SERVICE AND MARKETING TASKS

Code	Task Description
l0	Customer Accounts
l1	Supervision
l2	Meter Reading
l4	Customer Records and Billings
l5	Collections
l8	Uncollectible Accounts
l9	Miscellaneous
20	Customer Services
2l	Supervision
22	Customer Assistance
26	Public Service Advertising
30	(Unassigned)
40	Ticketing and Fare Collection
50	(Unassigned)
60	Marketing
6l	Supervision
62	Demonstrations and Tours
64	Sales Representatives
66	Advertising
70	(Unassigned)
80	Auxiliary Operations
	Examples include cafeterias, bookstores, fuel pumps, etc., if operating expenses; If nonoperating, use 500 series of BARS)
90	Miscellaneous

ADMINISTRATIVE TASKS

Code	Task Description
l0	General Administration
l1	Boards and Commissions
l3	Executive Department
l5	Legal Services
20	Management Services
2l	Accounting, Auditing, Finance
22	Real Estate Management
23	General Engineering
24	Purchasing and Stores
26	Word Processing
27	Printing and Duplication
28	Data Processing
29	Miscellaneous
30	Security and Safety
3l	Police
32	Fire Control
36	Ambulance/Emergency Aid
40	Communications
50	Insurance, Injuries and Damages
60	Personnel
6l	Personnel Services
63	Labor Relations
64	Employee Training
67	Equal Opportunity/Affirmative Action
68	Benefits Administration
70	(Unassigned)
80	Franchises and Regulatory Commission Expenses
90	Miscellaneous

Strategies for constructing a detail expense code

Because expenses are classified in a variety of ways, it is more difficult to develop an effective expense coding structure than a similar revenue coding structure. Most expense classifications are either very detailed - and therefore burdensome to use and prone to coding errors - or they are inadequate to give management the information they need - resulting in less informed management decisions and/or staff time spent reanalyzing and resummarizing individual transactions.

The steps that follow will not produce a coding structure that satisfies everyone, but they should help maximize the information available in your accounting system while minimizing the burden of coding individual transactions.

1. Obtain an organization chart for the proprietary fund.

2. List the major facilities operated by the proprietary fund; and, if they are numerous, group them into their main types.

3. Compare the organization structure with the types of facilities operated by the fund. If they match, you have your modal classification, and you should use the department field to classify these categories. If they do not match, the fund is administered on some other basis than by putting each manager in charge of one or more facilities. In such cases, prepare a matrix or spread sheet and look at the overlap, following the procedures discussed in Section C of Chapter 6. Once you have decided on the best matrix of managers and facilities, code the managers at the program level and the facilities at the department level. That will allow you to produce high level reports for each facility (cost center) and for each manager (responsibility center).

4. Make an extensive study of what other reports are asked for about the proprietary fund's operations. Who prepares them? What data do they use? Is each report related to a particular type of facility or to a particular manager's responsibilities? For any report that crosses lines of responsibilities and/or categories of facilities, is there a possible classification that would highlight or summarize the required data?

   If you haven't already used the program field, this is the kind of information to classify in that field. If that field is not available, develop a uniform task code that can be tracked throughout the fund.

5. Once you've established an account structure that reflects the facilities the fund operates and the managerial organization of the fund, and that produces the reports you need, resist all attempts to add further classifications.

Fields For Detail Expense Coding

A diagram of the BAR System, with its 16 digits in 6 fields, is shown below. For all proprietary functions, the BAR System will accommodate coding of operating expenses by function and activity within the 7 digit account number. In utility and transportation enterprises, use of the subelement digit has not been prescribed and is available for modal or task classes. The department field is recommended for modal classification instead of using this digit.

KEY

A = Activity (Administration, Depreciation, Maintenance, etc.)
F = Function (Water Service, Transit, Central Services, etc.)
M = Mode (Source of Supply, Airport Hangers, Data Processing, etc.)
O = Objects (Salaries, Supplies, Utilities, etc.)
P = Proprietary Fund Identifier
T = Tasks (Maintaining pumps, scheduling bus service, billing customers)
U = Unassigned field, available to entity for additional detail

UTILITY AND TRANSPORTATION ENTERPRISES

P P P	U U U	U U U	5 F F	A(M/T)	O O
Fund/Acct group field	Program field	Department field	Prime and BASUB field	Element & subelement field	Unit & sub-unit field

Organizational Numbers — Account Numbers

Example 1: Salary expenses for maintenance of reservoirs in water fund 402.

4 0 2	- - -	- - -	5 3 4	5 (1/6)	1 0

Example 2: DP services for billing customers for hangar rentals in airport fund 406.

4 0 6	- - -	- - -	5 4 6	7 (2/1)	4 1

In other proprietary and trust funds, where the subelement digit has been used to classify activities, the element digit has already distinguished the mode:

KEY

A = Activity (Administration, Depreciation, Maintenance, etc.)
F = Function (Water Service, Transit, Central Services, etc.)
M = Mode (Source of Supply, Airport Hangers, Data Processing, etc.)
O = Objects (Salaries, Supplies, Utilities, etc.)
P = Proprietary Fund Identifier
T = Tasks (Maintaining pumps, scheduling bus service, billing customers)
U = Unassigned field, available to entity for additional detail

OTHER PROPRIETARY AND TRUST FUNDS

P P P	U U U	U U U	5 F F	M A	O O
Fund/Acct group field	Program field	Department field	Prime and BASUB field	Element & subelement field	Unit & sub-unit field
_____/ Organizational Numbers			_____/ Account Numbers		

Example 3: Water bill for golf course greens (fund 410)

4 1 0	- - -	- - -	5 7 6	6 5	4 7

Example 4: Purchase of batteries for inventory in ER&R fund (501)

5 0 1	- - -	- - -	5 4 8	4 9	3 4

Notice that the BARS account number generally cannot accommodate task detail coding. But there is some duplication of coding in the preceding examples. Since proprietary funds have only one or a very few functions, the prime/ BASUB field of 3 digits provides the same information already contained in the Fund field. For example, a water fund will be assigned a fund number such as 402 and the prime/BASUB field will be coded 534. Both fund number 402 and prime/BASUB 534 mean the same thing, "water expenses." You can conserve coding space by using the prime digit "6" to mean "operating expenses" in fund 402. If the department field is used for modes, the BASUB and element/subelement digits then are available for activity and task coding

P P P	U U U	U U U	5 F F	A(M/T)	O O
Fund/Acct group field	Program field	Department field	Prime and BASUB field	Element & subelement field	Unit & sub-unit field
Organizational Numbers			Account Numbers		

Example 1: Salary expenses for maintenance of reservoirs in water fund 402.

4 0 2	- - -	1 0 0	6 5 6	6 1	1 0

Department 100 is source of supply and the task code 6.61 is the fixed asset account code for reservoirs.

Example 2: DP services for billing customers for hangar rentals in airport fund 406.

4 0 6	- - -	2 0 0	6 7 1	4 0	3 4

Department 200 is hangars and tiedowns; task 1.40 is customer billings.

Example 3: Water bill for golf course greens (fund 410)

4 1 0	- - -	1 6 0	6 5 6	9 2	4 7

Department 160 is golf courses; task 6.92 is greens maintenance. Note that if there were more than one course, the department field could identify which one.

Example 4: Purchase of batteries for inventory in ER&R fund (501)

5 0 1	- - -	3 0 0	6 9 2	4 0	3 4

Department 300 is the stores department in ER&R. Task 2.40 is purchasing.

If you use the 600 accounts, it is important to establish a consistent entity- wide classification with that series because you will need to prepare combining and combined income statements for your annual report. For the same reason, the 600 series should be compatible with the classification of expenses used in the 500 series. Accordingly, we recommend the following account structure, based on the activity coding in Section A of this chapter.

610	General Administration Expenses
620	Planning, Conservation, Research and Development
630	Depreciation, Amortization and Depletion
640	Staff Training
650	Maintenance
660	Contracted Operations & Processing
670	Customer Service and Marketing
680	General Operations
690	Other Operating Expenses

It is also recommended that the 600 series be limited to operating expenses and that the 500 series continue to be used for nonoperating and other losses and expenses.

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Objective

Budgeting is an essential element of the financial planning, control, and evaluation processes of governments. The planning process involves determining the types and levels of services to be provided and allocating available resources among various departments, programs, or functions. Financial control and evaluation processes typically focus upon assuring that fixed expenditure limitations (appropriations) are not exceeded and on comparing estimated and actual revenues.

The budget authorizes and provides control of financial operations during the fiscal year. Upon adoption, the expenditure estimates in the fixed portion of the annual comprehensive budget, as modified by the legislative body, are enacted into law through the passage of an appropriations ordinance (city) or resolution (county). The appropriations constitute maximum expenditure authorizations during the fiscal year, and cannot legally be exceeded unless subsequently amended by the legislative body. Expenditures should be monitored through the accounting system to assure budgetary compliance. Unexpended and/or unencumbered appropriations may lapse at year end or may continue as authority for subsequent period expenditures, depending upon the applicable legal provisions (e.g., RCW 35.33.151).

Encumbrances - commitments related to unperformed (executory) contracts for goods or services - should be utilized to the extent necessary to assure effective budgetary control and to facilitate cash planning. Encumbrances outstanding at year end represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed; they do not constitute expenditures or liabilities. See Part 3, Chapter 3, Section A for encumbrance accounting procedures.

Essential Elements of a Budget System

In order to work effectively, any budget system must provide for:

1. A structure which presents data in categories reflecting the organization's objectives.
2. Continual analysis by each organization of how its plan meets these objectives.
3. Alternative objectives and alternative plans for meeting these objectives.
4. An integrated planning/budgeting process incorporating data that is meaningful for decision making.
5. Broad planning decisions in a budget context.
6. Timely presentation of plans and financial data for action by the legislative body.

In short, the system must allow decision makers to see how resources can be used to meet objectives.

Long-Range Plans

The purpose of long range planning is to provide a better understanding (for departments, administrators, legislators, and citizens) of the activities and functions the government performs and the resources needed to continue or extend these services. If properly managed, long range planning will reduce the extent to which immediate crises dominate a government's budgeting and resource allocation decisions.

Each fund or department should develop long-range plans of its activities. These plans should contain descriptions of departmental goals, its service recipients or customers and other performance criteria. Where specific problems or projects are foreseen, the plan should describe the problem and discuss the costs and benefits of alternative solutions, indicating which solution is preferred and why. These departmental or functional long-range plans should be coordinated into a comprehensive plan for the entire local government.

At the same time, the government should be estimating its probable resources. For many smaller jurisdictions, this function is performed in part by relying on external associations, such as Association of Washington Cities, Municipal Research and Services Center, and the Washington State Association of Counties. Administrative and legislative officials should review and adjust these long-range plans to meet resource projections.

In order to be effective, this long-range planning needs to be a continuous process; updating these long-range plans should be performed at the beginning of the annual budget process.

Budget Definitions

A *budget* is a forecast of expected resources and the purposeful distribution of those scarce resources. When a budget is appropriated by ordinance or resolution, it provides both the right to spend and limits the amount to be spent. Both appropriated and less formal management estimates are used by managers to control spending.

A *comprehensive budget* is an entity-wide budget that includes all resources the government expects and everything it intends to spend or encumber during a fiscal period. The comprehensive budget contains annual/biennial appropriated budgets, the annual/biennial portion of continuing appropriations such as the capital improvement projects, debt amortization schedules, and grant projects, flexible budgets and all nonbudgeted funds.

The term *fixed budget* is used to describe those budgets which set an absolute maximum or ceiling on the expenditures of a particular fund, department, or other specific category. A fixed budget can be either an annual/biennial appropriated budget or a continuing appropriation. Fixed budgets must be adopted by ordinance or resolution, either for the government's fiscal period or at the outset of a service project, debt issue, grant award, or capital project.

An *annual/biennial appropriated budget* is a fixed budget adopted for the government's fiscal period. The appropriated budget was traditionally used to determine a government's property tax levy, and a ceiling on expenditures was made absolute so that the expenditures of a government unit would not exceed its revenues. This budget was also historically a "balanced" budget, estimated revenues equaling appropriations. The appropriated budget is still used to set tax levies and some budget statutes still require "balanced" budgets, but it is more generally used to authorize a specific amount of expenditures regardless of whether estimated resources meet or exceed that amount. Appropriated budgets are required by statute in cities (Chapter 35.32A, 35.33, and 35A.33 RCW), counties (Chapter 36.40 RCW), and most other local governments in Washington State. These budgets are also called legal budgets, adopted budgets, or formal budgets. The appropriated budgets should be adopted by ordinance or resolution.

A *continuing appropriation* is a fixed budget which authorizes expenditures for a fiscal period that differs from the government's fiscal year, such as capital projects, debt issues, grant awards, and other service projects. These expenditures require an ordinance or resolution to authorize the project, establish the assessment roll, adopt the debt amortization schedule, or accept the grant award. Such ordinances or resolutions set an absolute maximum or ceiling on the expenditures, but the time period for incurring expenditures does not coincide with the government's fiscal year; it may even cover several years. The major difference between annual/biennial appropriated budgets and continuing appropriations is that the latter do not lapse at fiscal period end; this implies that no legislative action is required to amend the annual/biennial portion of a continuing appropriation, unless the total authorized expenditures would exceed the entire appropriation.

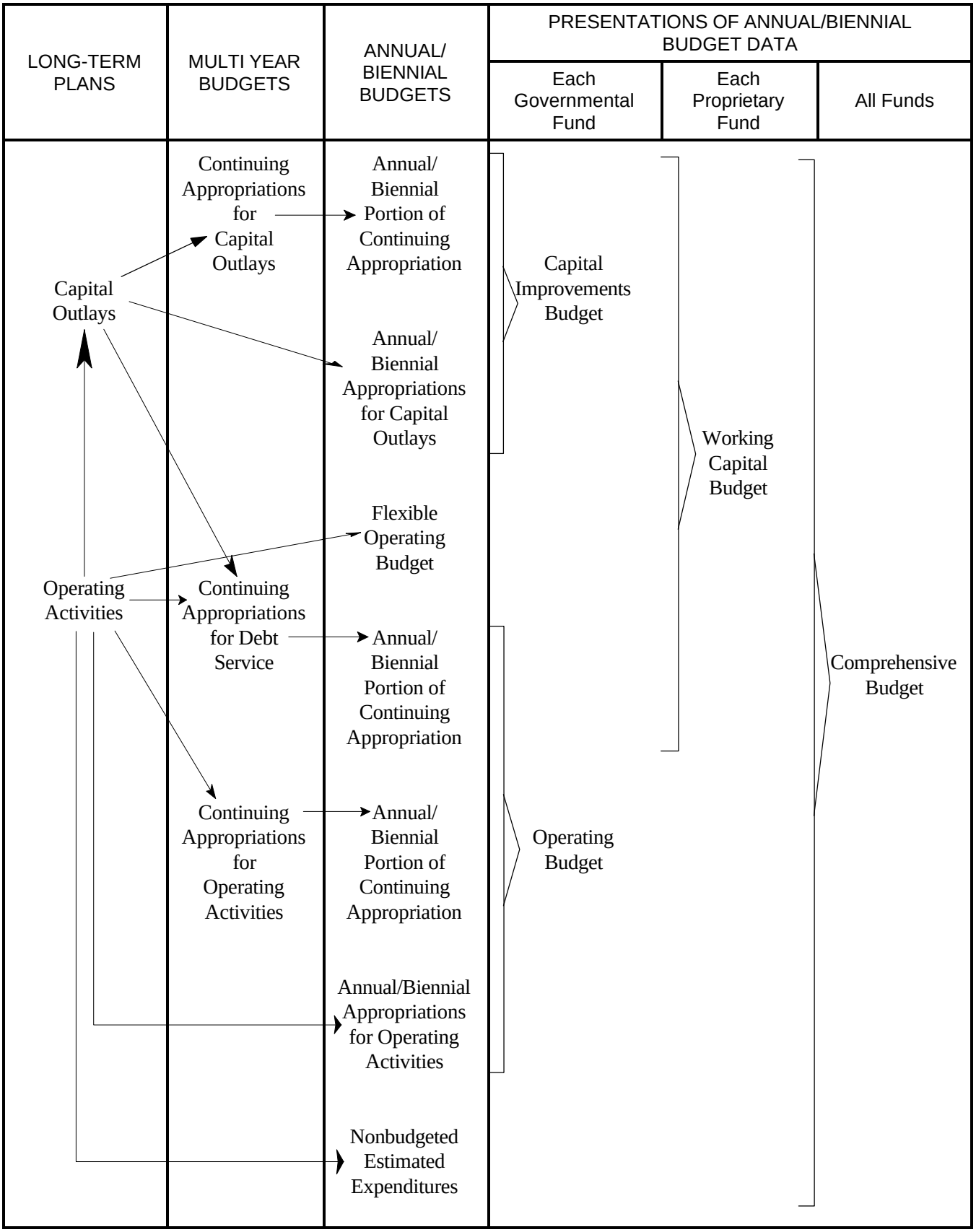
Flexible budgets are usually regarded as managerial tools, which do not set a ceiling on expenses or expenditures but establish a plan for them at various levels of service. They are especially appropriate for the day-to-day operations of a public utility where it is essential to plan fluctuations in the demand for services and where revenues will automatically increase with demand, so that a balanced budget does not depend on establishing a ceiling for expenses.

A *working capital budget* combines flexible and fixed budget elements in one document for enterprise and internal service funds. Current operations are flexibly budgeted based on the estimated level of services to be provided and long-range sources and uses of assets are controlled by annual/biennial appropriations and continuing appropriations.

A *capital improvement budget* contains two elements: the annual/biennial portion of capital projects and annual/biennial appropriations for the purchase, construction or replacement of major fixed assets in the current fiscal period.

An *operating budget* presents the estimated expenditures and available resources necessary to provide the services for which the government was created. An operating budget will contain flexible budgets and fixed budgets; the fixed budgets will include annual/biennial appropriations for services and the annual/biennial portion of continuing appropriations for debt service and for service projects.

The graph on the next page shows how these various types of budgets are related and how the annual/biennial portions of these budgets are incorporated into the elements needed to complete the comprehensive budget.


LONG-TERM PLANS
MULTI YEAR BUDGETS
ANNUAL/ BIENNIAL BUDGETS
PRESENTATIONS OF ANNUAL/BIENNIAL BUDGET DATA
Each Governmental Fund
Each Proprietary Fund
All Funds
Continuing Appropriations for Capital Outlays
Annual/ Biennial Portion of Continuing Appropriation
Capital Outlays
Capital Improvements Budget
Annual/ Biennial Appropriations for Capital Outlays
Working Capital Budget
Flexible Operating Budget
Operating Activities
Continuing Appropriations for Debt Service
Annual/ Biennial Portion of Continuing Appropriation
Comprehensive Budget
Continuing Appropriations for Operating Activities
Annual/ Biennial Portion of Continuing Appropriation
Operating Budget
Annual/Biennial Appropriations for Operating Activities
Nonbudgeted Estimated Expenditures

SYSTEM DESIGN

The BARS is designed to allow formal integration of budgeting and accounting for all fund types in a governmental accounting system. The budget formats allow for different levels of detail for different levels of management.

For governmental fund types, the BARS is premised on the use of appropriated budgeting, which can be supplemented or (where statutes permit) replaced by capital improvement, project or program budgets that cover multiple/partial fiscal periods or cross organizational boundaries. For proprietary fund types, the BARS provides two budgeting options. A municipality may elect to budget proprietary funds by establishing fixed dollar budgets as for governmental funds; or a municipality may elect to use *working capital* budgeting, which combines flexible budgeting for current operations with fixed limits on long-range sources and uses of assets.

RULES

WHAT FUNDS MUST HAVE BUDGETS?

1. Normally all general (current expense), special revenue, and proprietary funds of local governments must have annual/biennial appropriated budgets.

2. Normally debt service and capital project fund budget requirements are met by the continuing appropriation contained in the enabling ordinance or resolution. These funds do not need annual/biennial appropriated budgets.

WHAT KINDS OF BUDGETS ARE REQUIRED OR ALLOWED?

3. Each local government must prepare a comprehensive, entity-wide budget of all anticipated resources and outlays for the fiscal period, <u>including</u> those funds for which appropriated budgets are not required and including estimates of the annual/biennial portion of continuing appropriations.

4. Annual/biennial appropriated budgets are required by statute for nearly all expenditures made from the general (current expense), special revenue and proprietary funds of local governments. Annual/biennial appropriated budgets are also required for other funds that set tax levies.

5. Proprietary funds may use working capital budgets to satisfy statutory budget requirements.

6. An entity-wide capital improvements budget may be used instead of fund-by-fund budgets to appropriate expenditures for plant, property and equipment.

WHAT DETAIL IS REQUIRED?

7. Where annual/biennial appropriated budgets must be legally adopted by ordinance or resolution, they should be adopted at the department or fund level. A single ordinance or resolution should contain all annual/biennial appropriated operating budgets for the entire government. A separate ordinance or resolution may be used for annual/biennial appropriated capital improvements budgets. Normally, budgets are initially prepared at the level of expenditure objects, but they should be summarized into broad categories of services for appropriation. This does not preclude detailed budgets from being used by departmental managers, but it does allow them the discretion they need to manage their departments.

8. The prescribed chart of accounts is to be used for budget preparation, except that budget detail need not specify subobjects of expenditure. Budgets shall include not only revenue and expenditure/expense accounts, but also other financing sources and uses, residual equity transfers, contributed capital, and beginning and ending fund balances or working capital (RCW 35.33.011 and 36.40.090).

SPECIAL RULES BY FUND TYPE

9. Some special revenue funds are authorized to budget on a project basis (such as cumulative reserve funds), and some special revenue funds are exempt from appropriated budget requirements (such as the county treasurers' Operations and Maintenance funds). Nonetheless, estimated annual/biennial resources and outlays for such funds must be included in the comprehensive budget (Item 3 above).

10. Appropriated budgets for debt service funds are not normally required. While Washington State budget statutes do not exclude debt service funds from annual/biennial appropriated budget requirements, RCW 39.48.020 requires that all resolutions or ordinances authorizing the sale of G.O. debt must include an amortization schedule to list interest payments and fix the annual maturities of the debt throughout the life of the issue; accordingly, the bond resolution or ordinance serves as a perfectly adequate budget for the entire life of the issue. The same principle applies to installment purchases and lease purchase agreements. Other debt payments accounted for in debt service funds are normally financed by contributions from other funds of the same government, and the amounts have already been budgeted as operating transfers to the debt service funds; rebudgeting the expenditures in the debt service fund serves no useful purpose. All debt service fund revenues and the current portion of the amortization schedule must be included in the comprehensive budget (Item 3 above).

11. Capital project funds may be budgeted either on an annual/biennial basis or on a project basis. The budget statutes for cities and counties provide that most appropriations lapse at the end of the fiscal period, but that the lapses do not prevent payments on "uncompleted improvements in progress" (RCW 36.40.200). In addition, most capital projects are funded by debt issues; the authorization for the debt issue is normally accompanied by official legislative action on the projects to be funded by the debt. City statutes are explicit about the unlapsed status of appropriations in such funds (RCW 35.32A.080, 35.33.151, and 35A.33.150). These statutes are interpreted to permit project budgeting of capital project funds. If project budgeting is employed, annual/biennial estimates of project resources and outlays must be incorporated in the comprehensive budget (Item 3 above). (Also see Capital Improvement Budget Section.)

12. Capital projects that involve special assessment districts should be budgeted on a project basis. Although improvement district statutes vary, they normally require formal adoption of an assessment roll. The LID formation ordinance is a perfectly adequate budget for the life of the LID. The amount of the assessment roll is determined by the estimated costs of construction and of debt service, which are accordingly approved by the same action. If construction costs exceed estimates, legislative approval is normally required; that approval should be recorded as a budget modification. Annual/biennial estimates of resources and outlays must be incorporated in the comprehensive budget (Item 3 above).

13. Trust and agency funds are not generally subject to budget requirements, but there are some exceptions: The revenue from non-expendable trusts should be budgeted, and agency funds used to account for pass-through resources may require formal budgetary integration to establish adequate fiscal control over subgrants. Nonbudgeted trust and agency funds normally should not be included in the comprehensive budget, because they do not represent resources or outlays that benefit the local government itself. Budgeted trust funds must be included in the comprehensive budget (Item 3 above).

14. All proprietary funds must be budgeted on an annual/biennial basis, according to either of the two methods described below. These budgets must be included in the comprehensive budget (Item 3 above).

Option 1 - Budgeting by Object

This option requires separating "expenditures" from "expenses"; that is, the budget appropriates most cash disbursements, whether or not the transactions are accounted for as "expenses." The budget procedures chapter discusses two different ways of using the accounting system to do this kind of budgeting.

When using this option, budget monitor reports for proprietary funds reflect budgetary compliance data only and are not intended to present results of operations in conformance with generally accepted accounting principles (GAAP).

Option 2 - Working Capital Budgeting

This method of budgeting involves two separate budget aims within one budget document. First, current operations are flexibly budgeted to result in a specific level of new cash flow from operations (the excess of revenues over expenses). Second, all long-range sources and uses of assets are controlled by fixed budgeting. (You may also control the liquidity of selected current assets by fixed budgeting.) In other words, the flexible portion of the budget permits revenues and expenses for current operations to increase or decrease as the demand for service fluctuates. The control over current operations is set by the ordinance or resolution that establishes specific rates/charges for goods and services that are routinely furnished as the fund's primary objective. The fixed portion of the budget controls the dollars that will be accumulated for or spent on expansion and replacement of the facilities that the proprietary fund uses to provide its goods and services.

BUDGET PROCESS

The steps listed below are used to develop all types of budgets. See procedures for more detail on each step.

1. The Budget Calendar

The budget director should review the applicable RCWs for statutory dates and develop a budget calendar after appropriate consultation with legislative and executive officers. The calendar should identify preparation periods and deadlines for each of the following steps.

2. Policy Guidelines

Executive and legislative officials should meet to discuss revenue trends, economic prospects, major cost items and service objectives to be reflected in the budget. These discussions should result in overall guidelines for departments to use in making budget requests. These guidelines become part of the *Goals and Priorities Statement* .

3. Budget Instructions

The budget director should prepare a budget manual. Part 2, Chapter 2 contains forms and instructions suitable for most local governments. The budget manual should contain a budget calendar, a description of the budget process, management and legislative policy guidelines, lists of goals and priorities, instructions on how to complete required forms, data on overhead expenditures (such as salary increases, fringe benefit factors, insurance and utilities) and rates for interfund services such as accounting, data processing, photocopying, printing and equipment rental.

4. The *Call* and *Goals and Priorities Statement*

The *Call* and a *Goals And Priorities Statement* (see samples) are issued simultaneously to communicate policy guidelines and budget instructions to the operating departments.

5. Detailed Expenditure Requests

These are prepared by individual departments and submitted to the budget director for review. The requests should contain narrative justifications. All outlays, including ending fund balance, continuing appropriations, encumbrances and non-budgeted funds, must be included in the budget estimates. Some examples of methods used to develop budget estimates are: 1) listing of requirements (objects), 2) extrapolating from the old budget, or 3) developing measurements of service efforts and accomplishments. This last method quantifies the demands placed on your government for goods and services. Some examples of measurable services are the number of inspections, repairs, permits, arrests, cases filed, properties reassessed, documents processed, etc. Illustrative forms and completed sample budgets are presented in later sections of this manual. Subsequent sections of this chapter provide additional instructions for enterprise and capital improvement budgets.

6. Revenue Estimates

These estimates are normally prepared by the budget director, with appropriate input from department heads and direction from the executive and legislative policymakers. The estimates should include all resources, not merely those categorized as revenues. The estimates should be reviewed throughout the budget process and especially carefully one last time just before final budget action is taken by the legislative body.

7. Budget Review

This process is intended to establish priorities for governmental services and capital improvements and to bring the budget requests into balance with available resources. It is normally a function of the budget officer and the chief executive.

8. The Budget Document and Message

The budget document is prepared by the budget director and the chief executive when the budget review process is complete. It contains estimated resources and proposed expenditures with detailed justification of the recommended budget. This document should contain a summary at the Basub level by department in order to focus attention on the broad categories of service and the objectives of the unit of government. For similar reasons, the document should be comprehensive, including nonbudgeted funds and the annual/biennial portion of continuing appropriations. Either in an

accompanying narrative or by using a BARS code subdivision, the comprehensive budget must indicate which portions are annual/biennial appropriations, which are portions of continuing appropriations, and which are estimates where no appropriation is required. This is necessary in order for citizens, council members, managers, and auditors to understand what limits are set in the budget document and what action would be required to change the estimates and appropriations.

The chief executive should include in this document his/her budget message, to describe the major assumptions underlying the budget, significant changes in the proposed budget from the current year budget, and major issues the legislative body must address, such as the tax levies, bond issues, and project amendments. (RCW 35.33.057 and 35A.33.055 require budget messages for cities.)

9. Budget Hearings and Adoption

One or more formal public hearings are required by statute before the budget is adopted. Special meetings may be scheduled prior to the public hearings, in order to brief and address the concerns of the council or commission on the budget. After the public hearings, the legislative body should complete its deliberations and make its final adjustments to the proposed budget. Revenue estimates should be reviewed one last time, and then the legislative body should adopt (by ordinance in cities, by resolution in counties) those portions of the comprehensive budget which require annual/biennial appropriations, along with related revenue ordinances or resolutions. (See sample ordinances in procedures section.)

10. Recording the Budget

The annual/biennial appropriations contained in the comprehensive budget must be recorded in the subsidiary ledgers to permit comparisons between estimated and actual resources and to compare and control expenditures with appropriations. These subsidiary ledgers are summarized in control accounts in the general ledger. The nonbudgeted portions and continuing appropriations contained in the comprehensive budget may also be recorded to provide management control. Note that for continuing appropriations, what should be monitored is not the annual/biennial portion but the overall project or debt schedule. When posting these amounts to the subsidiary ledger, the annual/biennial appropriations may be separated from the nonbudgeted or continuing appropriations by using a BARS code subdivision.

11. Mid-Biennium Review and Modification

Procedures for mid-biennial budget review and modification for cities and towns are prescribed in RCW 35.34.130 and 35A.34.130.

Counties are also required to provide by ordinance/resolution for a mid-biennial budget review and modification for the second year of biennium (RCW 36.40.250).

The ordinance/resolution should contain procedures for distribution of proposed modifications to the county's legislative body and public. It should provide for hearing(s). The ordinance/resolution should require that such review and modification will occur no later than the conclusion of the first quarter of the second year of the fiscal biennium. The appropriate officer should prepare proposed budget modifications and publish a notice of hearing(s) in the same way other hearings notices are published. The budget modification ordinance/resolution should be approved in the same manner as others.

The completed copy of adopted budget modifications should be sent to the State Auditor's Office.

This is the traditional budget universally adopted by local governments for the general (or current expense) and special revenue funds. See Part 2, Chapter 1 for more specific rules about which funds must adopt an appropriated operating budget. This type of budget is developed "from the ground up"; that is, it begins with budget estimates and requests from individual department and fund managers. From this level, the estimates and requests are summarized by the budget office into a total budget for the entire governmental unit. The individual government should decide how many levels of budgetary detail and summary are needed; however, the ordinance or resolution that formally adopts the budget should be at a fund or department level. (See the sample ordinance in this chapter.)

These illustrative forms and instructions provide for narrative explanations to accompany all budget requests. These narratives should be prepared by the operating department, not by the budget office. Narratives should accompany all budget forms where it is necessary to explain exceptions and/ or analyze estimated revenues and expenditures. Detailed explanations are not required for routine continuing support costs such as electricity, water, heat, etc. The narrative requirements should be outlined by the budget officer.

The types of budgets are illustrated as SAO forms. Local governments are not required to use those forms. Your government may use its own forms and format as long as the required BARS coding is used.

Estimated Expenditures/Expenses/Uses/Reserves

The operating budget is prepared at the department or comparable level by fund, program, department, Basub, element, and object. Subobjects are not required for budgeting.

Estimated Beginning Fund Balance/Revenues/Other Sources

Initial estimates of revenues and other sources are prepared by the revenue collecting unit. These data are listed by fund, department, Basub and element. In addition, each intergovernmental revenue should be separately identified by a grant source code.

The collecting unit projects revenue on a departmental level with a narrative to explain increases or decreases. These estimates are submitted to the budget officer.

The budget officer summarizes all the departmental estimates by fund, element, and subelement and adds estimated beginning fund balance and tax levies. At this time, reference to departments is usually omitted since amounts are combined under applicable funds. Department narratives are combined into a single statement for the legislative body.

Fund Name and Number	Estimated Beginning Net Cash and Investments/ Revenue/Other Sources ___ excluding taxes ___ including taxes	City/County/District	
Program		Budget For Year 19____	Page
Department			

Account Number			Account Title	A Last Year Actual	Current Year				F Next Year Estimate	G 2/ (F÷E)-1 (%)
Basub	Ele.	Object			B Actual To Date	C 1/ B÷E (%)	D Original Budget	E Amended Budget		
			Enter account title from Chart of Accounts in Part 1, Chapter 3.							

Columns:
A Enter prior year actual revenues/other sources, including beginning net cash and investments.
B Enter current year revenues/other sources to budget preparation date, including beginning net cash and investments.
C See Note 1 below.
D Original budget adopted for current year.
E Current year budget, including all amendments to date.
F Proposed budget for next year, including estimated beginning net cash and investments.
G See Note 2 below.

1/ Column C gives the percent of estimated resources that have actually been earned or received.

2/ Column G is the estimated increase or (decrease) in the next year resources over the current year latest estimate.

Fund Name and Number	Estimated Expenditures/Uses/Reserves	City/County/District	
Program		Budget For Year 19____	Page
Department			

Account Number			Account Title	A Last Year Actual	Current Year				F Next Year Estimate	G 4/ (F÷E)-1 (%)
Basub	Ele.	Object			B Actual To Date	C 3/ B÷E (%)	D Original Budget	E Amended Budget		
			Enter account title from Chart of Accounts in Part 1, Chapter 4.							

Columns:
A Enter prior year actual expenditures and ending net cash and investments.
B Enter current year expenditures to budget preparation date.
C See Note 3 below.
D Original budget adopted for current year.
E Current year budget, including all amendments to date.
F Proposed budget for next year, including estimated ending net cash and investments.
G See Note 4 below.

3/ Column C gives the percent of estimated expenditures/uses that have actually been incurred.

4/ Column G is the estimated increase or (decrease) in the next year expenditures/uses over the current year latest estimate.

Fund Name and Number	Estimated Beginning Net Cash and Investments/ Revenue/Other Sources ___ excluding taxes ___ including taxes	City/County/District	
Program		Budget For Year 19____	Page
Department			

Account Number			Account Title	A Last Year Actual	Current Year				F Next Year Estimate	G 2/ (F÷E)-1 (%)
Basub	Ele.	Object			B Actual To Date	C 1/ B÷E (%)	D Original Budget	E Amended Budget		

1/ Column C gives the percent of estimated resources that have actually been earned or received.

2/ Column G is the estimated increase or (decrease) in the next year resources over the current year latest estimate.

Fund Name and Number	Estimated Expenditures/Uses/Reserves	City/County/District	
Program		Budget For Year 19____	Page
Department			

Account Number			Account Title	A Last Year Actual	Current Year				F Next Year Estimate	G 2/ (F÷E)-1 (%)
Basub	Ele.	Object			B Actual To Date	C 1/ B÷E (%)	D Original Budget	E Amended Budget		

1/ Column C gives the percent of estimated expenditures/uses that have actually been incurred.

2/ Column G is the estimated increase or (decrease) in the next year expenditures/uses over the current year latest estimate.

Continuing appropriations are fixed budgets for a fiscal period that differs from the government's budgeted period. Examples include construction projects, special assessments, grant projects, lease-purchases, installment purchases, and debt service. (See Part 2, Chapter 1 for the definition.)

The continuing appropriation budget is prepared by each department or fund by project or debt service schedule. (The latter includes lease-purchases and installment purchases.) Anticipated resources and outlays for each project or debt are coded by fund, program, department, Basub, element and object. Subobjects are not required for budgeting. In addition, each intergovernmental revenue should be separately identified by a grant source code.

Fund Name and Number	Estimated Revenues, Expenditures, Other Sources and Uses for Continuing Appropriations of Debt Service and Projects	City/County/District	
Program/Department		Budget For Year 19____	Page
Project			

Account Number			Account Title	Debt Svc. Schedule/Project Life				Next Year			
Basub	Ele.	Object		A Original Budget	B Amended Budget	C Prior Year Actual	D Current Year Estimate	E Jan. 1 Remaining Budget B-C-D	F Est. Resources or Outlays	G Dec. 31 Remaining Budget E-F	H 1/ C+D+F / B (%)
			Enter account titles from Chart of Accounts in Part 1, Chapters 3 and 4.								

Columns:
A Original budget adopted for current year.
B The budget for the entire debt service or project, including all amendments to date.
C Total expenditures/uses incurred or revenues/other sources earned since inception to beginning of the current year.
D Total expenditures/uses incurred or revenues/other sources earned in the current year to date.
E Subtract columns C and D from column B.
F Total estimated revenues/other sources to be earned or expenditures/uses to be incurred in the next year.
G Subtract column F from column E to determine the estimated budget amount to be carried forward to a future budget period.
H See Note 1 below.

NOTE that all columns are used for both expenditures and revenues. The BARS account codes and titles are used to distinguish the entries.

1/ Column H gives the percent of the total project budget estimated to be earned or spent by the end of the budget year.

Fund Name and Number	Estimated Revenues, Expenditures, Other Sources and Uses for Continuing Appropriations of Debt Service and Projects	City/County/District	
Program/Department		Budget For Year 19____	Page
Project			

Account Number			Account Title	Debt Svc. Schedule/Project Life			D Current Year Estimate	Next Year			H 1/ C+D+F / B (%)
Basub	Ele.	Object		A Original Budget	B Amended Budget	C Prior Year Actual		E Jan. 1 Remaining Budget B-C-D	F Est. Resources or Outlays	G Dec. 31 Re-maining Budget E-F	

1/ Column H gives the percent of the total project budget estimated to be earned or spent by the end of the budget year.

Traditional appropriated budgets contain both operating and capital expenditures. To improve management control and planning, capital expenditures for major acquisitions or construction of facilities and equipment may be separated from current operating expenditures and placed in a capital improvement budget. This budget will contain all major capital expenditures from all funds, including internal service. It will also distinguish debt incurred to acquire long-lived assets from debt incurred to finance current operations.

A capital improvement budget starts with a capital improvement program. A capital improvement program is a plan for capital expenditures to be incurred over a fixed period of time and the projected resources required to finance the expenditures. It is a long range plan that looks beyond the traditional annual/biennial budget.

To develop a capital improvement program, it is necessary, first, to compile an inventory of existing facilities and major equipment to evaluate their adequacy for present and future service needs and, second, to establish objectives and priorities for replacing whatever is inadequate and acquiring additional needed facilities and equipment.

The critical step in the development of a capital improvement program is the evaluation and prioritization of the relative need for and cost/benefit of each proposed improvement. Extensive public hearings and legislative deliberations are essential to establish an adequate program.

In developing the capital improvement program, it is important to keep the following things in mind:

1. Include projects currently in progress.

2. Include internal service fund capital outlays and purchases made by other funds and contributed to internal service funds.

3. Establish a minimum cost for items to include in the capital improvements program; capital expenditures less than the established minimum should be included in the operating budget of the fund/department that will incur the expenditure.

4. Coordinate capital improvement plans with other governments with overlapping or neighboring jurisdiction; it is appropriate for the capital improvement program to reference capital improvements planned by these governments. This can be especially important when establishing the timing of construction to minimize detours and delays.

5. Because the capital improvement program is entity-wide, it can be organized by project, by funding source, by type of construction, or in other suitable categories, instead of the more traditional funds and departments used for operating budgets. The annual/biennial capital improvement budget should follow the same format as the capital improvement program.

After evaluating and picking the capital improvements to be completed, it is necessary to choose the best method of financing. Some examples of financing are past savings (reserves), current revenues (also called “pay as you go”), debt financing, (whether from bonds, registered warrants, installment purchases, or leases), and contributions (such as special assessments and grants).

Once a capital improvement program is established it will be necessary to repeat the same steps annually/biennially to update and extend the program. A capital improvement program should not be “cast in concrete.” Economic and environmental conditions will change, and those changes should result in modifications to the capital improvements program, accelerating, delaying, reprioritizing, even canceling scheduled improvements.

The capital improvements budget is next period's portion of the capital improvements program. It is presented with the annual/biennial operating budget, and those portions which require annual/biennial appropriations are adopted by the same ordinance or resolution that adopts the annual/biennial appropriated operating budget. The remaining portion of the capital improvements budget consists of the annual/biennial portion of continuing appropriations, included in the comprehensive budget but appropriated on a project rather than an annual/biennial basis.

The capital improvement budget is prepared by Basub, element, and object. In addition, each intergovernmental revenue should be separately identified by a grant source code.

In the past, the statutory requirements for proprietary fund budgeting were met by establishing fixed dollar budgets for each object of expenditure, sometimes for each functional area of a proprietary operation. This method is still permitted; it is discussed in the following material as "Option 1."

An alternative method of budgeting proprietary funds is now available, discussed in the following material as "Option 2." This method, called "working capital budgeting," is designed to satisfy statutory requirements and full-accrual financial accounting needs without dual accounting. Furthermore, because this method integrates the "working capital" concept into the budget process, it allows budget reports to be used as an important tool in managing daily operations.

Budgets are typically categorized as either "fixed" or "flexible," although each type may contain elements of the other. Fixed budgets embody estimates of specific dollar amounts or set maximums authorized to be levied or spent. Flexible budgets embody dollar estimates that vary according to the demand for the goods or services provided. Flexible budgets are based on standard rates for fees and costs for each unit of service; the budget is set essentially by multiplying the standard rate by the total number of units of service to be provided. Proprietary funds have a clear need for flexible budgeting in their day-to-day operations; but fiscal responsibility requires the control of fixed budgeting when commitments are made for plant expansion, debt service and other long-range objectives.

The budgets for Options 1 and 2 illustrated in Chapter 3 used the same data base, so the resulting budgets can be compared. However, the Option 2 budget follows an entirely different format and is directly related to the financial statements: It begins with the "bottom line" of the income statement (net income) and it incorporates the significant long term changes from the balance sheet (fixed assets, long-term debt, and contributed capital). The statement of changes in financial position, on which the working capital budget is based, is a "linking statement" between the balance sheet and the income statement, and it shows all the changes in the fund's financial position.

More detail can, of course, be added to the working capital budget to meet local needs. The following items are <u>not</u> required, but the method is flexible enough to allow for them.

(1) A fixed budget can be added for net increase or decrease in inventory, prepayments, and other changes in the liquidity of working capital.
(2) Revenue restricted to debt service can be deducted from net income as an item not providing working capital, instead of showing only the net change in restricted assets as a single budgeted item.

NOTE: These options apply only to those proprietary funds accounted for on the full-accrual basis, the so-called "classified" proprietary funds. For unclassified proprietary funds, you should use BARS governmental fund revenue and expenditure accounts and the modified accrual basis for both budgetary and accounting purposes.

OPTION 1: Budgeting by Object

This method of budgeting has been used by Washington State municipalities for many years. The 1981 revision of the BARS manual formally recognized this method of budgeting and provided high-level summary accounts to facilitate its use. It is a "fixed budget" meaning that the budget ordinance or resolution establishes a ceiling on expenditures, normally for each "legal fund" within the proprietary operation.

This option requires separating "expenditures" from "expenses"; that is the budget appropriates most cash disbursements, whether or not the transactions are accounted for as "expenses."

One way to accomplish "budgeting by object" is to use dual accounting systems: one accounting system on the budgetary (modified accrual) basis using the BARS 3XX accounts for revenues and using BARS account 501.XX with appropriate object codes for expenditures; another accounting system on the full accrual basis using the applicable Uniform System of Accounts prescribed by the State Auditor for each kind of proprietary fund (e.g., NARUC for water utilities).

The other way to "budget by object" is to use the BARS accounts provided for "water expenses," both operating (534) and nonoperating, <u>and also to appropriate</u> "water expenditures" in the 580 and 590 series (debt principal and capital outlays). Certain expense elements and objects are not appropriated, even within expense account 534, such as depreciation expense and bad debt writeoffs. Also, inventory and prepayments are appropriated as soon as item or service is purchased, although they are not expensed until consumed.

Either way, the accounting gets somewhat complicated. This method of budgeting has a second shortcoming: while it establishes the statutorily mandated control over expenditures, it is not useful for day-to-day management of a proprietary operation because it does not measure the full cost of operations and because it does not address fluctuations in the demand for the services of the proprietary entity.

Traditionally, each "legal fund" has been budgeted separately, both for revenues and for expenditures. This separation results in some deficit fund balances, in "bond" or debt service funds. (Often these are concealed by using an offsetting "other debit" account called "Resources to be Provided for Debt Service.") This separation of funds also results in a lot of interfund transfer activity. Some examples shown in the illustration: bond proceeds are transferred to construction funds; operating fund resources are transferred to bond funds to pay debt service; and interest on customer deposits is transferred to the operating fund.

For local governments that use double-entry accounting (i.e., a general ledger), it is <u>not</u> necessary to establish separate legal funds for debt service, customer deposits, or construction projects of a utility or other proprietary-type function. This is true even though bond covenants may stipulate a "bond reserve fund," "bond construction fund," etc. The bond covenant use of term "fund" is <u>not</u> the same as the use in governmental accounting. For bond covenants, "fund" means only a segregation or separate account, not a self-balancing set of accounts. (See the 150 series of accounts in the BARS general ledger.)

The illustrations in Chapter 3 show the Option 1 water budget of the City of Example both ways: distributed among several "legal funds" and consolidated into one "water fund."

Under Option 1, annual budgets are not required for proprietary debt service (fund numbers 401.1, 401.2, and 401.3 in the "legal funds" example) and capital projects and special assessments (such as 402 and 404) may be budgeted on a project basis rather than annually. However, the annual anticipated revenues and outlays for all such funds should still be calculated and included in the comprehensive budget document.

Revenue

Note the level of detail provided for revenue items:

- Other than for intergovernmental revenues, the element level provides sufficient detail for budget purposes , although additional detail may be furnished if desired.

- When grants are a material anticipated resource, each grant should be separately identified by grant source code.

All budget reports in these examples include estimated and actual revenues as earned, NOT as received. So should yours: it is impossible to budget for timing differences a year in advance, and actual revenues should be on the same basis as the budgeted revenues.

Expenditures

The term "appropriation" is suitable for this expenditu re budget because the amounts are "fixed" maximums authorized by the legislative body that adopted the budget.

Note the expenditure coding:

- The first 5 digits, 50l.34, indicate that the expenditures being budgeted are those of a water utility.

- The sixth digit is called the "object": each of the 9 objects is budgeted separately for each legal fund of the water utility.

The budget document should be prepared at the object level, but the budget should be legally adopted (appropriated) at the fund level.

The formats to use for Option 1 budgeting of proprieta ry funds are the same as those used for other annual appropriated operating budgets.

OPTION 2: Working Capital Budgeting

This method of budgeting was developed to provide flexible budgeting of day- to-day operations and to eliminate the need for dual accounting systems: one for budget and another for financial accounting.

First, current operations are flexibly budgeted to result in a specified level of new cash inflow from operations (th e excess of revenues over expenses, excluding depreciation and other items that do not provide/ require cash currently). This portion of the budget normally reflects the anticipated results of setting specific rates/charges for goods an d services that the fund routinely furnishes.

Second, all long-range sources and uses of assets are controlled by fixed budgeting. This portion of the budget controls the dollars that will be accumulated or spent on expansion or replacement of facilities--what the proprietary entity uses to provide its goods and services.

Finally, this method may be used to monitor or control the liquidity of current resources by budgeting the amount of current resources that can be expended for less liquid current assets (such as inventory and prepayments) before it is necessary to consume those resources in providing services.

The amount of detail shown goes beyond what is required for legal adoption of a working capital budget. The firs t amount actually budgeted is the "Total Working Capital Provided by Operations." Similarly, the "Other Sources" and "Other Uses" should be adopted as total amounts although the detail should be included in the budget document . Estimated beginning working capital <u>is</u> also a budgeted resource.

The "Resources" and "Uses" columns are not a required part of the budget presentation; however, they are useful to nonaccountants because they parallel the budget presentation format for governmental type funds.

Budgetary integration is required for proprietary funds, just as for governmental type funds with annual appropriated budgets. However, the budget monitoring needs to be maintained <u>only</u> at the control account level (element digit). Budgetary control at the level of individual, detailed operating revenues and expense accounts is not required.

Neither this budget option nor Option l displays the reservations of fund equity that frequently play an important part in planning future capital outlays for a proprietary entity. It is possible to display such reservations in the budge t document, but it is not necessary because those reservations are the result of separate, explicit action by th e municipality's legislative body, recorded in the accounts when such action is taken.

The examples do illustrate another possibility-- establishing "fixed" budgetary control over some working capital items, such as inventory or prepayments.

Fund Name			Working Capital Budget			City/County/District		
Program						Budget For Year 19____	Page	
Department								
Account Number			Description	Resources	Uses	Next Year's Estimate	Current Year's Estimate	Changes Increase (Decrease)
Basub	Ele.	Object		(1)	(2)	(3)	(4)	(5)
			Enter account code titles from Chart of Accounts in Part 1, Chapters 3 and 4.	Columns: (1) Estimated revenues and other sources to be earned next year. (2) Estimated expenses and other uses to be incurred (3) Net budget for next year's operations. See the completed example for these calculations. (4) Net budget for current year's operations. (5) Changes from current year's operations subtract column 3 from column 4.				

Fund Name			Working Capital Budget			City/County/District		
Program						Budget For Year 19____	Page	
Department								
Account Number			Description	Resources	Uses	Next Year's Estimate	Current Year's Estimate	Changes Increase (Decrease)
Basub	Ele.	Object		(1)	(2)	(3)	(4)	(5)

The individual budgets of funds, projects, and capital improvements are combined into a comprehensive budge t document which summarizes, at the fund level, the entire planned resources and outlays for the budget period. This comprehensive budget contains subtotals which remove unbudgeted and continuing appropriations items to reconcile the comprehensive budget with the ordinance or resolution adopting the annual/biennial budget.

City/County/District			(Annual/Biennial) Comprehensive Budget		
Budget for Year 19___	Page				
Fund Name	Resources	Uses	Increase (Decrease) in Fund Balance or Working Capital	Beginning Fund Balance or Working Capital	Ending Fund Balance or Working Capital

In consideration of the "lengthy and intense process" (RCW 35.34.010) associated with the adoption of a budget, the Legislature provided, in 1985, for biennial budgets for cities and towns. In 1995, the Legislature allowed counties to adopt ordinance/resolution providing for biennial budgets (RCW 36.40.250).

The process for adopting a biennial appropriated operating budget is the same as that for an annual budget. (Refer to Part 2, Chapter 2.) The schedule for submitting budget estimates, the proposed preliminary budget, budget hearings and budget adoption is also the same. However, presentation of the biennial budget in the annual financial statements issued during the biennium requires additional considerations.

In the first year of presentation, the two-year budget will be presented and compared to the actual expenditures of the first year.

In the second year, the two-year budget will be presented and compared to the actual expenditures of both years.

The second-year presentation requires a reconciliation of the second-year operating statement to the second-year budget versus actual statement. This reconciliation may be included in the notes. An example is provided in the following pages.

The column headings in the budgetary statement should indicate clearly the period(s) covered. The budget column heading should indicate the inclusive dates of the two-year period. The actual column heading should indicate whether the amounts represent one year or two years of expenditures.

The procedures for mid-biennium budget review and modification are described in Part 2, Chapter 1.

insert: BARS F/S
pg 4

insert: BARS F/S
pg 5

insert: BARS F/S
pg 6

insert: BARS F/S pg 1

insert: BARS F/S pg 2

insert: BARS F/S pg 3

Reconciliations Of Biennial Budgetary Statements To Annual Operating Statements

The "Governmental Budgetary Statement" and the "Proprietary Budgetary Statement" are presented for the biennium ended June 30, 1989. However, the Combined Statement Of Revenues, Expenditures, And Changes In Fund Balance - All Governmental Fund Types ("Governmental Operating Statement") and the Combined Statement Of Revenues, Expenses, And Changes In Fund Equity - All Proprietary Fund Types ("Pro prietary Operating Statement") are presented only for the second fiscal year of the biennium ended June 30, 1989. As a result, a reconciliation is needed to reflect the difference.

Governmental Fund Types

The following is a reconciliation for Excess Of Revenues And Other Sources Over (Under) Expenditures And Other Uses for all governmental fund types between the "Governmental Budgetary Statement" and the "Governmenta l Operating Statement" (expressed in thousands):

	General	Special Revenue	Debt Service	Capital Project	Total (MemoOnly)
Budgetary Statement Excess Of Revenues And Other Sources Over (Under) Expenditures And Other Uses (1987-89 Biennium)	(E) $436,440	(F) $272,420	(G) $19,758	(H) $ (33,184)	(I) $695,434
Less Restated[1/] FY 1988 Excess Of Revenues And Other Sources Over (Under) Expenditures And Other Uses	(J) 214,4019	(K) 433,879	(L) 17,209	(M) 67,800	(N) 433,879
FY 1989 Excess Of Revenues And Other Sources Over (Under) Expenditures And Other Uses	(A) 222,039	(B) 137,951	(C) 2,549	(D) $(1000,984)	$261,555

1/ The "Governmental Budgetary Statement" reflects fund reclassifications that occurred during Fiscal Year 1989 that effectively restated the reported Excess Of Revenues And Other Sources Over (Under) Expenditures An d Other Uses for Fiscal Year 1988. The following schedule details these restatements (expressed in thousands):

	General	Special Revenue	Debt Service	Capital Project	Total (MemoOnly)
FY 1988 Excess Of Revenues And Other Sources Over (Under) Expenditures And Other Uses As Previously Reported	(O) $214,839	(P) $125,668	(Q) $17,209	(R) $67,800	$425,516
Reclassified An Account From The General Fund To The Natural Resources Fund - Excess Of Revenues And Other Sources Over (Under) Expenditures And Other Uses	(438)	438	-	-	-

Reclassified An Account From The Central Administrative And Regulatory Fund To The State Employees' Insurance Fund - Excess Of Revenues And Other Sources Over (Under) Expenditures And Other Uses	-	8,363	-	-	8,363
FY 1988 Excess Of Revenues And Other Sources Over (Under) Expenditures And Other Uses As Restated	(J) $214,401	(K) $134,469	(L) $17,209	(M) $67,800	(N) $433,879

CHAPTER 3. BUDGET EXAMPLES

The following pages are intended to show the various communications and documents prescribed by this budgetin g system. These examples are not intended to represent a complete city or county budget. Some of these document s contain statements and amounts that are inconsistent with other examples in this chapter. This was allowed in order to show a wider range of budget techniques and issues.

THE ANNUAL OR BIENNIAL BUDGET CALENDAR

	Steps in Budget Preparation	Time Limitation: Cities (Chapter 35.33, 35A.33, 35.34, 35A.34 RCW)	Time Limitation: Counties (Chapter 36.40 RCW)
1.	Department heads are requested to prepare estimates of revenue and expenditures for the next fiscal year.	On or before the second Monday in September (see Note A).	On or before the second Monday in July.
2.	Estimates are to be filed with the city clerk/county auditor.	On or before the fourth Monday in September.	On or before the second Monday in August.
3.	Estimates are presented to the chief administrative officer for modification, revision, or additions.	On or before the first business day in October.	
4.	The chief administrative officer provides the legislative body with current information on estimates of revenues from all sources as adopted in the budget for the current year, together with the clerk's proposed preliminary budget. (RCW 35.33.135 and 35A.33.135)	No later than the first Monday in October.	
5.	The legislative body must hold a public hearing on revenue sources for coming year's current expense budget, including consideration of possible increases in property tax revenues.	Before legislative body votes on the property tax levy. Deadlines for levy setting are in step 6.	
6.	Setting tax levies (RCW 84.52.020 and .070)	On or before November 15 for cities--except Seattle and code cities. On or before November 30 for Seattle and code cities.	
7.	Upon receipt of the estimates, the auditor prepares the county budget and submits it to the board of county commissioners.		On or before the first Tuesday in September.
8.	Chief administrative officer prepares preliminary budget and budget message and files it with the city clerk.	At least 60 days before the ensuing fiscal year.	
9.	Clerk publishes notice of filing of preliminary budget with city clerk and publishes notice of public hearing on it once a week for two consecutive weeks.	Published during the first two weeks in November.	
10.	The legislative body, or a committee thereof, must schedule hearings on the budget or parts of the budget, and may require the presence of department heads.	Prior to the final hearing.[1]	

1 Since the statute does not specify form of notification, cities should follow their normal procedure.

	Steps in Budget Preparation	Time Limitation: Cities (Chapter 35.33, 35A.33, 35.34, 35A.34 RCW)	Time Limitation: Counties (Chapter 36.40 RCW)
11.	Copies of the preliminary budget are made available to citizens upon request (see Note B).	Not later than six weeks before January 1.	Two weeks prior to hearing.
12.	Budget hearing notice	Publish notice once for two consecutive weeks. State availability of budget at clerk's office and schedule for final public hearing.	Publish notice once for two consecutive weeks. State availability and location of budget. Advise of schedule for final public hearing.
13.	Final hearing on proposed budget	On or before first Monday of December, and may be continued to not later than the 25th day prior to next fiscal year.	On the first Monday in October (see Note C).
14.	Adoption of budget for next fiscal year. Send copies of final budget to the State Auditor's Office.	Adopt by ordinance. Following the public hearing and prior to the beginning of the ensuing fiscal year. Also, send a copy of the budget to the Municipal Research and Services Center.	Adopt by resolution. Following the public hearing and prior to the beginning of the ensuing fiscal year.
15.	Mid-biennial review and modification. Send copies of modified budget to the State Auditor's Office.	Provide by ordinance for this step. If provided for, shall occur no sooner than 8 months after start nor later than conclusion of first year of the fiscal biennium.	Adopt by ordinance/resolution. Should occur no later than the conclusion of first quarter of the second year of the fiscal biennium.[1]

1 As prescribed by the State Auditor's Office (RCW 36.40.250).

NOTES:

A. Or at such other time as the city may provide by ordinance or charter (RCW 35.33.031 through 35.33.051).

RCW 35.33.031 actually provides "On or before the second Monday of the fourth month", etc. Therefore, pursuant to the state budget law, that step (and certain others) could be taken before the dates listed herein.

Budget requirements for first (under 300,000), second and third class municipalities are listed in Chapter 35.33 RCW, as amended, and for Cities under the Optional Municipal Code in Chapter 35A.33 RCW, as amended. Chapter 35.32A contains the budget law for cities over 300,000 population (Seattle).

B. The public records section of the Public Disclosure Law guarantees full access to information concerning the conduct of government, with exceptions made for privacy of individuals and efficient administration of government. Citizens participating in the budget process should be aware of their right to inspect and copy any document or public record needed in the evaluation of a county or city budget.

C. The law has established dates for the budget process allowing counties a great deal of flexibility through RCW 36.40.071, to set up alternate dates for budget hearings and other elements of the budget process. Several counties have chosen to set the budget hearings at a later date. Citizens are urged to contact their county commissioner regarding the exact dates for the budget hearing.

Sample

CALL LETTER

TO: All agencies and individuals responsible for submission of budgets

FROM: Designated budget officer

SUBJECT: Notice to file 19___ Budget Estimates

You are hereby notified to file, on or before __(date)__, itemized estimates of resources other than taxes, and of all expenditures/uses required by your office or department for the year ____. Please refer to the enclosed budget calendar for related deadlines.

The enclosed forms and instructions are provided for the preparation and submission of budget estimates. Please submit all estimates to the budget and finance department. Any questions regarding the procedures, instructions or forms should be directed to this office.

Your cooperation in meeting scheduled deadlines and responding to requests for additional information will be appreciated by all concerned.

NOTE: This letter may be combined with the *Goals and Priorities Statement* .

Sample

GOALS AND PRIORITIES STATEMENT

TO: (Statement should be addressed to all agencies and individuals responsible for submission of budgets.)

FROM: The Legislative Body

SUBJECT: Goals and Priorities 19___

The purpose of this statement is to advise everyone connected with the budget process of the overall plan for this community and of the priorities we have set to achieve our common goals.

We have made significant progress in overcoming the financial difficulties caused by the large General Fund deficit. It is our hope that, by the end of fiscal 1990, we will no longer be in a deficit fund balance position. However, this does not mean that we have no severe fiscal problems. We will still have cash flow deficits in 1991. It is our intention to build up a modest fund balance in order to provide working capital to meet our expenditures during the entire year, without resorting to borrowing. There are also unavoidable operating expense increases anticipated in 1990 (e.g., staffing the new jail), which will place severe demands on available revenues.

There will be some resources available in 1990 for major capital expenditures. We have established a Capital Improvement Reserve Fund financed from one-half of the additional half cent sales tax. Therefore, at least $500,000 in 1990 will be allocated to capital items in excess of $50,000, following the guidelines we adopted in early 1989.

Although the rate of inflationary increases has abated somewhat in the last year, we still anticipate that cost increases will be a major problem in 1990 (particularly for utilities). We do intend to provide for moderate salary increases next year, and will attempt to budget accordingly. Based on limited revenues, we should not expect to expand operating programs or hire additional personnel unless expenses can be cut elsewhere or compensating revenue generated.

In light of these objectives and constraints, we are requesting departments to again submit their 1990 budgets based upon current staffing levels and current levels of other budget items. These budget requests should only be increased over the 1989 budgets to take into account anticipated inflationary increases. If you feel strongly that adjustments to your current budget allocations should be made for 1990, a supplemental budget request may be submitted. We would caution you to submit as supplemental budget requests only those items which you feel are absolutely necessary for the effectiveness of your operation, and which can be cost-benefit justified where feasible. We are also requesting each department to scrutinize its operation for ways to reduce costs without significantly affecting operational performance.

Note: It is the intention of this letter to provide managers responsible for budget submissions with guidance concerning the policies and priorities of the legislative body.

Sample
"Budget Message"

TO: The Legislative Body

FROM: Budget Officer

SUBJECT: Budget Request - 19___

I am pleased to submit for your consideration the 1990 proposed Annual Budget for the City of Example.

Proposed expenditures for 1990, stated on a comparative basis with 1989 and with actual expenditures for 1988 are as follows:

	Expenditures 1988	Budget 1989	Proposed 1990
Classified Proprietary Services	$1,563,043	$1,850,299	$2,059,135
General Governmental Services	370,285	418,911	443,142
Security of Persons and Property	1,044,325	1,161,045	1,231,111
Physical Environment	285,636	296,211	288,968
Transportation	394,360	400,265	577,570
Economic Environment	11,000	11,000	12,500
Mental and Physical Health	12,588	17,600	13,700
Culture and Recreation	287,675	303,865	332,987
Total Appropriations	$3,968,912	$4,459,126	$4,959,113
Estimated Other Financing Uses:			
Operating Transfers Out	793,968	754,358	765,310
Total Estimated/Uses	$4,762,880	$5,223,484	$5,724,423

The budget as proposed is approximately 9.6% higher than 1989 primarily due to increases in proposed expenditures for streets and proposed water, sewer and equipment rental capital expenditures.

The budget is balanced by a proposed levy of $1,231,934 for General Fund purposes, $92,316 for Ambulance and Emergency Aid and $48,160 for General Obligation Debt Service.

The estimated yield from retail sales and use taxes is $271,000, only slightly higher than anticipated for 1989. It is difficult to predict sales tax revenue due to economic fluctuations and construction projects in process in the city.

Budgeted funds do not include any estimated balance to be carried over from the general fund from 1988.

Since Example, unlike other cities, does not utilize utility taxes other than natural gas and cable television, it is no t anticipated there will be any significant increases in revenue from any source other than property tax in 1989.

Estimated revenues for 1990 compared to amounts received in 1988 and the latest estimates for 1989 are as follows:

	Actual 1988	Estimated 1989	Estimated 1990
Estimated Beginning Fund Balance	$1,017,155	$ 427,129	$ 420,018
Taxes	1,174,141	1,333,150	1,666,816
Licenses and Permits	26,305	23,850	23,250
Intergovernmental Revenue	356,806	428,469	570,964
Charges for Services	1,718,593	1,863,953	1,782,546
Fines and Forfeits	77,342	83,500	80,500
Miscellaneous Revenue	607,138	185,975	411,919
Total Estimated Revenues	3,960,325	3,918,897	4,535,995
Total Other Estimated Financing Sources	809,845	877,458	786,410
Total All Estimated/Resources	$5,787,325	$5,223,484	$5,724,423

PERSONNEL

Personnel changes in the budget include an additional engineering technic ian for one-half year in the engineering budget, bringing this staff back to seven people. The ambulance and emergency aid budget includes five paramedics for the complete year as compared to five for one-half year in 1988. The budget includes the position of public work s maintenance superintendent, who is the field supervisor for all public works maintenance activities.

Union contracts are being negotiated with three union groups at the present time. The budget does not provide for any salary increase other than normal progressive step increases for those not presently at the top of their position clas s range.

LAW ENFORCEMENT, FIRE CONTROL AND COMMUNICATIONS

Total costs for law enforcement, fire control and communications are up 6.7% from $925,596 to $987,157. The primary increases are in the area of communications which include funds for radio equipment and replacing volunteer and regular firefighters monitor receiving equipment.

GENERAL

$1,200 is appropriated for the city's contribution to the air pollution control authority, the same as 1989. $4,000 is budgeted for general services of the regional planning commission. $16,825 is appropriated for animal control compared to $15,000 for 1989. $13,700 is budgeted for public health and alcoholism programs.

EQUIPMENT RENTAL

Appropriations for the equipment rental operation are $445,506. $206,318 was appropriated for 1989. Several pieces of equipment are in need of being replaced including a 20-yard refuse compactor truck, 1/2-ton pickup, 1-ton dump truck, tractor mower, two police vehicles and a utility trailer. A vacuum sewer cleaner vehicle may be purchased if funds are available.

Many desirable capital improvements such as storm sewer, street resurfacing and rebuilding, and park improvements are not included in the 1990 budget. Hopefully, an increase in the city's tax base for 1991 and beyond will permit the inclusion of some of these essential projects.

Very truly yours,

_____

Mayor

SAMPLE BUDGET ORDINANCE

Ordinance No. _____

An ordinance adopting the budget for the City of Example, Washington, for the fiscal year ending December 31, 1990.

WHEREAS, the mayor of the City of Example, Washington completed and placed on file with the city clerk a proposed budget and estimate of the amount of the moneys required to meet the public expenses, bond retirement and interest, reserve funds and expenses of government of said city for the fiscal year ending December 31, 1990, and a notice was published that the council of said city would meet on the 3rd day of December, 1989 at the hour of 7:00 p.m., at the council chambers in the city hall of said city for the purpose of making and adopting a budget for said fiscal year and giving taxpayers within the limits of said city an opportunity to be heard upon said budget; and

WHEREAS, the said city council did meet at said time and place and did then consider the matter of said proposed budget; and

WHEREAS, the said proposed budget does not exceed the lawful limit of taxation allowed by law to be levied on the property within the City of Example for the purposes set forth in said budget, and the estimated expenditures set forth in said budget being all necessary to carry on the government of said city for said year and being sufficient to meet the various needs of said city during said period.

NOW, THEREFORE, the City Council of the City of Example do ordain as follows:

Section 1. The budget for the City of Example, Washington, for the year 1990 is hereby adopted at the fund level in its final form and content as set forth in the document entitled (give exact title of your budget book), 3 copies of which are on file in the Office of the Clerk.

Section 2. Estimated resources, including fund balances or working capital for each separate fund of the City of Example, and aggregate totals (net of transactions between funds) for all such funds combined, for the year 1990 are set forth in summary form below, and are hereby appropriated for expenditure at the fund level during the year 1990 as set forth below:

Fund	Department	Amount
General	Legislative	$ 15,060
	Judicial	26,970
	Executive	6,840
	Financial and Administrative	179,913
	Legal	26,099
	Personnel	7,900
	Other Governmental Services	87,000
	Law Enforcement	608,886
	Fire Control	301,646

Fund	Department	Amount
General	Detention and/or Correction	1,300
	Emergency Services	2,450
	Communications	42,195
	Engineering	261,095
	Pollution Control	1,200
	Planning	6,350
	Other Physical Environment	19,325
	Health	13,700
	Parks and Recreational Facilities	99,050
	Other Financing Uses-Interfund	516,935
	Total General Fund	$2,223,914
City Street		360,100
Arterial Street		323,000
Library		220,537
Emergency Rescue		$229,834
Fire Equipment Cumulative Reserve		1,370
Other Financing Uses-Interfund Transfers		61,820
1981 General Obligation Street Bond Redemption		31,310
1975 Library General Obligation Bond Redemption		16,850
City Sanitary		378,874
Water		1,032,702
Other Financing Uses-Interfund Transfers		186,553
1975 Water-Sewer Bond Redemption		168,803
Farmers Home Administration Bond Redemption		17,750
Equipment Rental		445,506
Unemployment Compensation		15,500
Firemen's Pension		10,000
Total All Funds		$5,724,423

Section 3. The City Clerk is directed to transmit a certified copy of the budget hereby adopted to the State Auditor's Office and to the Association of Washington Cities.

Section 4. This ordinance shall be in force and take effect five (5) days after its publication according to law.

Passed by the council and approved by the mayor this 3rd day of December, 1989.

Signed _____ Attest _____
Mayor Clerk

Approved as to Form:

_____
City Attorney

The following principles of accounting and financial reporting are based on those set forth in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. The BARS manual permits accounting and financial reporting that conforms to these principles in all respects and requires Category 1 municipalities to account and report in conformity with these principles, except that the annual report required is not as extensive as the Comprehensive Annual Financial Report (CAFR).

ACCOUNTING AND REPORTING CAPABILITIES

1. A governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the financial position and results of financial operations of the funds and account groups of the governmental unit in conformity with generally accepted accounting principles; and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

FUND ACCOUNTING SYSTEMS

2. A governmental accounting system should be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

TYPES OF FUNDS

3. Presented below is a system to classify all funds used by local government and the assignment of code numbers to identify each type of fund. A three digit code is used: the first digit identifies the fund type and the next two digits will be assigned by the governmental unit to identify each specific fund.

Governmental Funds

Code	
000	General (Current Expense) Fund - to account for all financial resources except those required to be accounted for in another fund.

100 Special Revenue Funds - to account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purposes (see note after 300 series).

Arterial Highways (RCW 46.68.115)*
Auditor's Operation and Maintenance Fund (RCW 36.22.170)
Cemetery
City or Town Property Redemption (RCW 35.44.130)
City Street*
Contingency
County Land Assessment (RCW 36.33.120)
County Road
Cumulative Reserve (RCW 35.21.070 and 36.33.020)
Emergency
Health
Hotel/Motel Tax
Jail Industries (RCW 36.110.090)
Library
Park
Rural Arterial Projects
Street Utilities (RCW 82.80.050)**
Transportation Improvement Board
Treasurer's Operation and Maintenance Fund (RCW 84.56.020)

200 Debt Service Funds - to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. *NOTE: Includes special assessment guaranty funds per GASB Statement 6.*

300 Capital Projects Funds - to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Arterial Highways (RCW 46.68.115)
Building
Construction
County Road Projects
Library Improvement
Reserve
Rural Arterial Projects
Street Improvement
Transportation Improvement Board

NOTE: Activities in all of the following funds may be properly classified as activities of a "special revenue" or a "capital projects" fund type: Road Fund, Street Fund, Arterial Street, Rural Arterial Projects, Transportation Improvement Board (TIB). Any county or city may classify all of these funds as "special revenue" funds; or may separately classify the construction activities in "capital projects" funds. Special revenue classification is appropriate because most municipalities do not capitalize infrastructure, because the "project accounting" within a fund will satisfy resource segregation requirements, and because capital project fund classification is required only when a "major capital facility" is being constructed.

* Cities or towns with populations under 15,000 may combine the street and arterial highways funds.

** Street Utilities Fund can be classified as a proprietary fund type at the discretion of a reporting entity.

Proprietary Funds

400 Enterprise Funds - to account for operations (a) that are normally financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Airport	Multipurpose Centers
Ambulance	Museum
Cemetery	Parking
Convention Centers	Railroad
Electric	Sewer
Ferry	Solid Waste Disposal
Garbage Collection	Stadium
Gas	Storm Drainage
Golf Courses	Swimming Pools
Hospitals & Convalescent Centers	Transit
Libraries	Water
Marinas	

NOTE: Separate funds are not required for bond redemption, construction, reserves, or deposits, for any utility that is accounted for on the full accrual basis, using either the BARS accounts or a nationally recognized utility chart of accounts such as FERC or NARUC. Separate funds are not required even though bond covenants may stipulate a "bond reserve fund," bond construction fund," etc. The bond covenant use of the term "fund" is not the same as the use in governmental accounting. For bond covenants, "fund" means only a segregation or separate account, not a self-balancing set of accounts. (See account 150 in the general ledger chart of accounts.)

500 Internal Service Funds - to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

Asphalt Manufacturing	Printing and Duplication
Communications/Alarm/Dispatch	Property Management
Data Processing	Purchasing and Central Stores
Equipment Rental	Risk Management
Mechanical Shops	Unemployment Compensation
Pits and Quarries	Worker's Compensation

Fiduciary Funds

600 Trust and Agency Funds - to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) nonexpendable trust funds, (b) pension trust funds, (c) expendable trust funds, and (d) agency funds. Nonexpendable and pension trust funds often involve more complex administrative and financial functions than do expendable trust and agency funds.

601-610 Nonexpendable Trust Funds. Assets accounted for in this fund type are considered nonexpendable as to their principal (corpus).

Endowment (nonexpendable principal)
Memorial (nonexpendable principal)

611-620 Pension Trust Funds.

Firemen's Pension
Policemen's Pension

621-630 Expendable Trust Funds. Assets accounted for in this fund type are considered expendable as to their principal (corpus).

Deposit (Utility Deposit Funds are classified in the 400 fund type)
Endowment (expendable principal)
Memorial (expendable principal)

631-699 Agency Funds.

Claims Clearing
Criminal Justice Training
Deferred Compensation
District Court Suspense
Districts (Television, School, Conservation, PUD, Water, Sewer, Health, Hospital, Port, Cemetery, etc.)
DUI Penalties
Fiscal Agency Clearing
Forest Board
Forest Patrol
Judge's Salary
Payroll Clearing Salary
Public Safety Education Assessment
Real Estate Excise Tax
State General
Treasurer's Suspense
Winter Recreational Parking

NUMBER OF FUNDS

4. Governmental units should establish and maintain the minimum number of funds consistent with legal and operating requirements. Unnecessary funds result in inflexibility, undue complexity, and inefficient financial administration.

Note that judicious use of department, program, and other subsidiary coding can often satisfy legislative intent.

ACCOUNTING FOR FIXED ASSETS AND LONG-TERM LIABILITIES

5. A clear distinction should be made between (a) fund fixed assets and general fixed assets and (b) fund long-term liabilities and general long-term debt.

800 a. Fixed assets related to specific proprietary funds or trust funds should be accounted for in those funds. All other fixed assets of a governmental unit, no matter which fund or department acquires or manages them, should be accounted for in the General Fixed Assets Account Group.

900 b. Long-term liabilities of proprietary funds and trust funds should be accounted for in those funds. All other unmatured general long-term liabilities of the governmental unit, no matter which fund or department incurred them, should be accounted for in the General Long-Term Debt Account Group. This includes special assessment debt for which the government is obligated in some manner, as defined in GASB Statement 6.

VALUATION OF FIXED ASSETS

6. Fixed assets should be accounted for at cost or, if the cost is not practicably determinable, at estimated cost. Donated fixed assets should be recorded at their estimated fair value at the time received.

DEPRECIATION OF FIXED ASSETS

7. a. Depreciation of general fixed assets should not be recorded in the accounts of governmental funds. Depreciation of general fixed assets may be recorded in cost accounting systems or calculated for cost finding analyses; and accumulated depreciation may be recorded in the General Fixed Assets Account Group.

b. Depreciation of fixed assets accounted for in a proprietary fund must be recorded in the accounts of that fund. Depreciation is also recognized in those trust funds where expenses, net income, and/or capital maintenance are measured.

ACCRUAL BASIS IN GOVERNMENTAL ACCOUNTING

8. The modified accrual or accrual basis of accounting, as appropriate, should be used in measuring financial position and operating results.

a. Governmental fund revenues and expenditures should be recognized on the modified accrual basis. Revenues should be recognized in the accounting period in which they become available and measurable. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest which should be recognized when due. This includes interest on general long-term debt and on special assessment indebtedness secured by interest-bearing special assessment levies. See Part 3, Chapter 2, Section B for detailed discussion of revenue accruals.

b. Proprietary fund revenues and expenses should be recognized on the accrual basis. Revenues should be recognized in the accounting period in which they are earned and become measurable; expenses should be recognized in the period incurred, if measurable.

c. Fiduciary fund revenues and expenses or expenditures (as appropriate) should be recognized on the basis consistent with the fund's accounting measurement focus. Nonexpendable trust and pension trust funds should be accounted for on the accrual basis; expendable trust funds should be accounted for on the modified accrual basis. Agency fund assets and liabilities should be accounted for on the modified accrual basis. Agency funds are purely custodial (assets equal liabilities; there are no fund balances) and thus do not involve measurement of results of operations (i.e., revenues and expenditures/expenses).

d. Transfers should be recognized in the accounting period in which the interfund receivable and payable arise.

NOTE: The various fund types may be grouped in the following manner to more clearly portray their relationship to an accounting basis:

Flow of Current Financial Resources Measurement Focus Funds - use the modified accrual basis:

000	General (Current Expense) Fund
100	Special Revenue Funds
200	Debt Service Funds
300	Capital Projects Funds
621-630	Expendable Trust Funds
631-699	Agency Funds

Flow of Economic Resources Measurement Focus Funds - use full accrual basis:

400	Enterprise Funds
500	Internal Service Funds
601-610	Nonexpendable Trust Funds
611-620	Pension Trust Funds

BUDGETING, BUDGETARY CONTROL, AND BUDGETARY REPORTING

9. a. An annual/biennial budget must be adopted by every governmental unit.

b. The accounting system should provide the basis for appropriate budgetary control.

c. Budgetary comparisons must be included in the appropriate financial statements and schedules for governmental funds for which an annual/biennial budget has been adopted.

d. Budgetary comparisons must be prepared for proprietary funds but they need not be included in the government's financial statements or schedules. See Part 2, Chapter 1 for more detailed requirements and procedures.

TRANSFER, REVENUE, EXPENDITURE, AND EXPENSE ACCOUNT CLASSIFICATIONS

10. a. Interfund transfers, proceeds of general long-term debt issues (and material proceeds of fixed asset disposition) should be classified separately from fund revenues and expenditures/ expenses.

b. Governmental fund revenues should be classified by fund and by the sources indicated in this manual. Expenditures should be classified by fund and by the categories indicated in this manual.

c. Proprietary fund revenues and expenses should be classified in essentially the same manner as those of similar business organizations, functions, or activities. Part 1, Chapter 4 establishes the requisite classifications.

COMMON TERMINOLOGY AND CLASSIFICATION

11. A common terminology and classification should be used consistently throughout the budgeting, the accounting, and the financial reporting of each fund.

INTERIM AND ANNUAL FINANCIAL REPORTS

12. a. Appropriate interim financial statements and reports of financial position, operating results, and other pertinent information should be prepared to facilitate management control of financial operations, legislative oversight, and, where necessary or desired, for external reporting purposes.

b. A comprehensive annual financial report (CAFR) covering all funds, account groups and component units of the governmental unit - including appropriate combined, combining, and individual fund statements; notes to the financial statements; schedules; narrative explanations; and statistical tables - may be prepared and published.

c. General purpose financial statements (GPFS) should be issued separately from the comprehensive annual financial report. Such statements should include the basic financial statements and notes to the financial statements that are essential to fair presentation of financial position and operating results (and cash flows of proprietary funds and similar trust funds).

d. The three categories of statements and reports listed above (interim, CAFR, and GPFS) establish national standards of financial reporting. They should not be confused with legal reporting requirements, which are prescribed by the State Auditor's Office for local governments in Washington State. The legal requirements are consistent with these national standards, but they are not identical. Specific legal reporting requirements are contained in Part 4.

There are three primary authoritative sources of generally accepted accounting principles (GAAP) for local governments:

1. GASB - Governmental Accounting Standards Board

2. FASB - Financial Accounting Standards Board

3. AICPA - American Institute of Certified Public Accountants

AICPA's Statement on Auditing Standards (SAS) No. 69 promulgates the new GAAP hierarchy for state and local governments. The new hierarchy replaces the one which has been in effect since the establishment of GASB in 1984.

The GAAP hierarchy, as prescribed by SAS No. 69, has four categories of sources of accounting principles:

a. GASB Statements and Interpretations, AICPA and FASB pronouncements specifically made applicable to state and local governmental entities by GASB Statements and Interpretations.

b. GASB Technical Bulletins and, if specifically made applicable to state and local governmental entities by the AICPA and cleared by the GASB, AICPA Industry Audit and Accounting Guides and AICPA Statements of Position.

c. AICPA Accounting Standards Executive Committee Practice Bulletins if specifically made applicable to state and local governmental entities and cleared by the GASB, and consensus positions of the GASB Emerging Issues Task Force.

d. Implementation guides ("Qs and As") published by the GASB and practices that are widely recognized and prevalent in state and local government.

In the absence of established pronouncements, the state and local governmental entities may consider other accounting literature. Other accounting literature includes, for example, GASB Concept Statements; pronouncements establishing accounting principles for nongovernmental entities when not specifically made applicable to state and local governments; Accounting Principal Board (APB) Statements; FASB Concepts Statements; AICPA Issues Papers ; International Accounting Standards Committee (IASC) Statements; pronouncements of other professional associations or regulatory agencies; AICPA *Technical Practice Aids* ; and accounting textbooks, handbooks, and articles.

GAAP for Proprietary Activities

GASB Statement 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, provides additional guidance for establishing a GAAP hierarchy for proprietary activities.

Proprietary funds or entities using proprietary accounting should apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements:

FASB Statements and Interpretations;
APB Opinions; and
Accounting Research Bulletins (ARBs).

In addition, a proprietary activity may also apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

A proprietary activity should apply all or none of the FASB pronouncements issued after November 30, 1989. The same application of FASB pronouncements is encouraged to be used for all proprietary activities, including component units, in the general purpose financial statements of the financial reporting entity. The provisions of the Statement are effective for annual financial statements for fiscal years beginning after December 15, 1993. (Refer to GASB Statement 20 for additional details.)

Ordering Information

The GASB publications are available from:

GASB Order Department
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

The two major FASB publications are:

Two-volume Current Text and five-volume Original Pronouncements

The FASB Current Text is an integration of current accounting and reporting standards. Material in the Current Text is drawn from AICPA Accounting Research Bulletins, Accounting Principles Board (APB) Opinion, FASB Statements of Financial Accounting Standards and FASB Interpretations. It also incorporates the supplemental guidance provided by FASB Technical Bulletins and AICPA Accounting Interpretations. The FASB Original Pronouncements contain original texts of: Accounting Research Bulletins, APB Opinions and Statements, AICPA Interpretations, Accounting Terminology Bulletins, FASB Statements, Interpretations, Concepts and Technical Bulletins.

Both publications are updated annually and are available from:

FASB Order Department
PO Box 888-B
Stanford, CT 06904

(Some of the FASB publications are available through the AICPA with membership discounts.)

The AICPA publications are available from:

AICPA Order Department
PO Box 2209
Jersey City, NJ 07303-2209

INTRODUCTION

This section contains the internal control standards to be followed by local governments in establishing and maintaining systems of internal control. Internal control systems are to reasonably ensure that the following objectives are achieved:

Expenditures and commitments comply with applicable law.

Assets are safeguarded against waste, loss, unauthorized use, and misappropriation.

Transactions are recorded properly so that reliable financial and statistical reports can be prepared and accountability for assets is maintained.

The following concept of internal control is useful in understanding and applying the internal control standards set forth and discussed on succeeding pages:

> An internal control system consists of the plan of organization and methods and procedures adopted by management to ensure that resource use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss, and misuse; and that reliable data are obtained, maintained, and fairly disclosed in reports.

The ultimate responsibility for good internal controls rests with management. Internal controls should not be looked upon as separate, specialized systems. Rather, they should be recognized as an integral part of each system that management uses to regulate and guide its operations. In order to ensure the proper conduct of government business, management must periodically review its internal control systems. This review should be sufficient in scope to provide the answers to several basic questions:

- Are the systems we have in place adequate to manage and account for our resources, meet our goals and objectives, and insure compliance with state and federal regulations?
- Is there an audit trail from our reports to our source documents or will we have to rely on someone to "remember" the facts?
- Are all our departments properly using the systems we have in place and are they complying with our internal policies and procedures?
- Have we strengthened our system of internal control by segregating duties among our employees to provide crosschecks and by providing for the physical security of our assets (e.g., official prenumbered receipts, locking cash drawers, regular inventories, etc.) to the maximum extent practicable?

These are the broad questions your auditor will also seek to answer through the course of his or her audit. If you are satisfied with the results of your review, then there is a much greater likelihood that your auditor will also be satisfied. If you identify problem areas, then you have an opportunity to discuss them with your auditor and to correct them before the auditor is obliged to comment on the problems in his or her report.

The following internal control standards, based on those established by the U.S. General Accounting Office, define the minimum level of quality acceptable for internal control systems in operation and constitute the criteria against which systems will be evaluated. These internal control standards apply to all operations and administrative functions but are not intended to limit or interfere with duly granted authority related to development of legislation, rulemaking, or other discretionary policymaking in an agency.

INTERNAL CONTROL STANDARDS

General Standards

1. Reasonable Assurance. Internal control systems are to provide reasonable assurance that the objectives of th e systems will be accomplished.

2. Appropriate Organization Structure. The organization of an agency is to provide its management with the overall framework for planning, directing, and controlling its operations. Good internal control requires clear lines o f authority and responsibility; appropriate reporting relationships; and appropriate separation of authority.

3. Competent Personnel. Managers and employees are to have personal and professional integrity and are to maintain a level of competence that allows them to accomplish their assigned duties, as well as understand the importance of developing and implementing good internal controls.

4. Control Objectives. Internal control objectives are to be identified or developed for each agency activity and are to be logical, applicable, and reasonably complete.

5. Control Techniques. Internal control techniques are to be effective and efficient in accomplishing their internal control objectives.

Specific Standards

1. Documentation. Internal control systems and all transactions and other significant events are to be clearl y documented, and the documentation is to be readily available for examination.

2. Recording of Transactions and Events. Transactions and other significant events are to be promptly recorded and properly classified.

3. Execution of Transactions and Events. Transactions and other significant events are to be authorized and executed only by persons acting within the scope of their authority.

4. Separation of Duties. Key duties and responsibilities in authorizing, processing, recording, and reviewin g transactions should be separated among individuals.

5. Supervision. Qualified and continuous supervision is to be provided to ensure that internal control objectives are achieved.

6. Access to and Accountability for Resources. Access to resources and records is to be limited to authorize d individuals, and accountability for the custody and use of resources is to be assigned and maintained.

   Periodic comparison shall be made of the resources with the recorded accountability to determine whether the two agree. The frequency of the comparison shall be a function of the vulnerability of the asset.

Audit Resolution Standard

Prompt Resolution of Audit Findings. Managers are to (1) promptly evaluate findings and recommendations reported by auditors, (2) determine proper actions in response to audit findings and recommendations, and (3) complete, within established time frames, all actions that correct or otherwise resolve the matters brought to management's attention.

EXPLANATION OF GENERAL STANDARDS

General internal control standards apply to all aspects of internal controls.

REASONABLE ASSURANCE

Internal control systems are to provide reasonable assurance that the objectives of the systems will be accomplished.

The standard of reasonable assurance recognizes that the cost of internal control should not exceed the benefit derived. Reasonable assurance equates to a satisfactory level of confidence under given considerations of costs, benefits, and risks. The required determinations call for judgment to be exercised.

In exercising that judgment, agencies should:

- Identify (1) risks inherent in agency operations, (2) criteria for determining low, medium, and high risks, and (3) acceptable levels of risk under varying circumstances.

- Assess risks both quantitatively and qualitatively.

Cost refers to the financial measure of resources consumed in accomplishing a specified purpose. Cost can also represent a lost opportunity, such as a delay in operations, a decline in service levels or productivity, or low employee morale. A benefit is measured by the degree to which the risk of failing to achieve a stated objective is reduced. Examples include increasing the probability of detecting fraud, waste, abuse, or error; preventing an improper activity; or enhancing regulatory compliance.

APPROPRIATE ORGANIZATION STRUCTURE AND COMPETENT PERSONNEL

The organization of an agency is to provide its management with the overall framework for planning, directing, and controlling its operations. Good internal control requires clear lines of authority and responsibility; appropriate reporting relationships; and appropriate separation of authority.

Managers and employees are to have personal and professional integrity and are to maintain a level of competence that allows them to accomplish their assigned duties, as well as understand the importance of developing and implementing good internal controls.

The standards require managers and their staff to maintain and demonstrate (1) personal and professional integrity, (2) a level of skill necessary to help ensure effective performance, (3) an understanding of internal controls sufficient to effectively discharge their responsibilities, and (4) adequate supervision, training, and motivation of employees.

Many elements influence the integrity of managers and their staff. For example, personnel should periodically be reminded of their obligations under an operative code of conduct.

In addition, hiring and staffing decisions should include pertinent verification of education and experience and, once on the job, the individual should be given the necessary formal and on-the-job training. Managers who possess a good understanding of internal controls are vital to effective control systems.

Counseling and performance appraisals are also important. Overall performance appraisals should be based on an assessment of many critical factors, one of which should be the implementation and maintenance of effective internal controls.

CONTROL OBJECTIVES

Internal control objectives are to be identified or developed for each agency activity and are to be logical, applicable, and reasonably complete.

This standard requires that objectives be tailored to an agency's operations. All operations of an agency can generally be grouped into one or more categories called cycles. A cycle comprises all the specific activities (such as identifying, classifying, recording, and reporting information) required to process a particular transaction or event. Cycles should be compatible with an agency's organization and division of responsibilities. [1]

Cycles can be categorized in various ways. For example:

- Agency management
- Financial
- Program (operational)
- Administrative

Agency management cycles cover the overall policy and planning, organization, data processing, and audit functions. Financial cycles cover the traditional control areas concerned with the flow of funds (revenues and expenditures), related assets and financial information. Program (operational) cycles are those agency activities that relate to the mission(s) of the agency and which are peculiar to a specific agency. Administrative cycles are those agency activities providing support to the agency's primary mission, such as library services, mail processing and delivery, and printing. The four types of cycles obviously interact, and controls over this interaction must be established. For example, a typical grant cycle would be concerned with eligibility and, if awarded, administration of the grant. At the time of award, the grant (program) and disbursement (financial) cycles would interface to control and record the payment authorization.

Complying with this standard calls for identifying the cycles of agency operations and analyzing each in detail to develop the cycle control objectives. These are the internal control goals or targets to be achieved in each cycle. The objectives should be tailored to fit the specific operations in each agency and be consistent with the overall objectives of internal controls.

CONTROL TECHNIQUES

Internal control techniques are to be effective and efficient in accomplishing their internal control objectives.

Internal control techniques are the mechanisms by which control objectives are achieved. Techniques include, but are not limited to, such things as specific policies, procedures, plans of organization (including separation of duties), and physical arrangements (such as locks and fire alarms). This standard requires that internal control techniques continually provide a high degree of assurance that the internal control objectives are being achieved. To do so they must be effective and efficient.

To be effective, techniques should fulfill their intended purpose in actual application. They should provide the coverage they are supposed to and operate when intended. As for efficiency, techniques should be designed to derive maximum benefit with minimal effort. Techniques tested for effectiveness and efficiency should be those in actual operation and should be evaluated over a period of time.

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[1] The U.S. Office of Management and Budget has issued a suggested list of cycles and related control objectives that local governments may find useful in identifying their cycles and cycle control objectives. This list is provided in Attachment 1 to this section.

EXPLANATION OF SPECIFIC STANDARDS

A number of techniques are essential to providing the greatest assurance that the internal control objectives will be achieved. These critical techniques are the specific standards discussed below.

DOCUMENTATION

Internal control systems and all transactions and other significant events are to be clearly documented, and the documentation is to be readily available for examination.

This standard requires written evidence of (1) an agency's internal control objectives and techniques and accountability systems and (2) all pertinent aspects of transactions and other significant events of an agency. Also, the documentation must be available as well as easily accessible for examination.

Internal control documentation includes written policies, organization charts, procedural write-ups, manuals, memoranda, flowcharts, decision tables, completed questionnaires, software, and related written materials used to describe the internal control methods and measures, to communicate responsibilities and authority for operating such methods and measures, and to serve as a reference for persons reviewing the internal controls and their functioning.

Documentation of internal control systems should include identification of the cycles and related objectives and techniques, and should appear in management directives, administrative policy, and accounting manuals. Documentation of transactions or other significant events should be complete and accurate and should facilitate tracing the transaction or event and related information from its origin through the period it is in process to its final disposition.

Complying with this standard requires that the documentation of internal control systems and transactions and other significant events be purposeful and useful to managers in controlling their operations and to auditors or others involved in analyzing operations.

RECORDING OF TRANSACTIONS AND EVENTS

Transactions and other significant events are to be promptly recorded and properly classified.

Transactions must be promptly recorded if pertinent information is to maintain its relevance and value to management in controlling operations and making decisions. This standard applies to (1) the entire process or life cycle of a transaction or event and includes the initiation and authorization, (2) all aspects of the transaction while in process, and (3) its final classification in summary records. Proper classification of transactions and events refers to the organization and format of information on summary records from which reports and statements are prepared.

EXECUTION OF TRANSACTIONS AND EVENTS

Transactions and other significant events are to be authorized and executed only by persons acting within the scope of their authority.

This standard deals with management's decision to exchange, transfer, use, or commit resources for specified purposes under specific conditions. It is the principal means of assuring that only valid transactions and other events are entered into. Authorization should be clearly communicated to managers and employees and should include the specific conditions and terms under which authorizations are to be made. Conforming to the terms of an authorization means that employees are carrying out their assigned duties in accordance with directives and within the limitations established by management.

SEPARATION OF DUTIES

Key duties and respon sibilities in authorizing, processing, recording, and reviewing transactions should be separated among individuals.

To reduce the risk of error, waste, or wrongful acts or to reduce the risk of them going undetected, no one individual should control all key aspects of a transaction or event. Rather, duties and responsibilities should be assigne d systematically to a number of individuals to ensure that effective checks and balances exist. Key duties includ e authorizing, approving, and recording transactions; issuing and receiving assets; making payments; and reviewing or auditing transactions. Collusion, however, can reduce or destroy the effectiveness of this internal control.

SUPERVISION

Qualified and continuous supervision is to be provided to ensure that internal control objectives are achieved.

This standard requires supervisors to continuously review and approve the assigned work of their staffs. It also requires that they provide their staffs with the necessary guidance and training to help ensure that errors, waste, and wrongful acts are minimized and that specific management directives are achieved.

Assignment, review, and approval of staff work requires

- clearly communicating the duties, responsibilities, and accountabilities assigned each staff member;
- systematically reviewing each member's work to the extent necessary; and
- approving work at critical points to ensure that work flows as intended.

Assignment, review, and approval of staff work should result in the proper processing of transactions and event s including (1) following approved procedures and requirements, (2) detecting and eliminating errors, misunderstandings, and improper practices, and (3) discouraging wrongful acts from occurring or from recurring.

ACCESS TO AND ACCOUNTABILITY FOR RESOURCES

Access to resourc es and records is to be limited to authorized individuals, and accountability for the custody and use of resour ces is to be assigned and maintained. Periodic comparison shall be made of the resources with the recorded accountability to determine whether the two agree. The frequency of the comparison shall be a function of the vulnerability of the asset.

The basic concept behind restricting access to resources is to help reduce the risk of unauthorized use, loss to th e government, and to help achieve the directives of management. However, restricting access to resources depends upon the vulnerability of the resource and the perceived risk of loss, both of which should be periodically assessed. Fo r example, access to and accountability for highly vulnerable documents, such as check stocks, can be achieved by

- keeping them locked in a safe,
- assigning or having each document assigned a sequential number, and
- assigning custodial accountability to responsible individuals.

Other factors affecting access include the cost, portability, exchangeability, and the perceived risk of loss or improper use of the resource. In addition, assigning and maintaining accountability for resources involves directing and communicating responsibility to specific individuals within an agency for the custody and use of resources in achieving the specifically identified management directives.

EXPLANATION OF THE AUDIT RESOLUTION STANDARD

> *Managers are to (1) promptly evaluate findings and recommendations reported by auditors, (2) determine proper actions in response to audit findings and recommendations, and (3) complete, within established time frames, all actions that correct or otherwise resolve the matters brought to management's attention.*

The audit resolution standard requires managers to take prompt, responsive action on all findings and recommendations made by auditors. Responsive action is that which corrects identified deficiencies. Where audit findings identify opportunities for improvement rather than cite deficiencies, responsive action is that which produces improvements.

The audit resolution process begins when the results of an audit are reported to management, and is completed only after action has been taken that (1) corrects identified deficiencies, (2) produces improvements, or (3) demonstrates that audit findings and recommendations are either invalid or do not warrant management action.

Auditors are responsible for following up on audit findings and recommendations to ascertain that resolution has been achieved. Auditors' findings and recommendations should be monitored through the resolution and followup processes. Top management should be kept informed through periodic reports so it can assure the quality and timeliness of individual resolution decisions.

COMMON EVENT CYCLES AND SUGGESTED CONTROL OBJECTIVES IN FEDERAL AGENCIES

This attachment presents a list of event cycles commonly found in Federal agencies and agency components. Also included are certain types of assets that are highly susceptible to loss and for which controls are vital, e.g., cash, materials and supplies. Finally, the list provides suggested control objectives for each event cycle/type of asset.

Event cycles are the processes used to initiate and perform related activities, create the necessary documentation, and gather and report related data. In other words, an event cycle is a series of steps taken to get something done. Each program and administrative function performed within an agency or agency component contains one or more event cycles. For example, an entitlement program could contain the following event cycles: information gathering and verification, eligibility determination, information processing and record keeping, payment, and monitoring. The event cycles for an administrative function could include payroll, procurement of supplies and materials, correspondence handling, etc.

The purpose of the list is to help agencies and agency components identify the event cycles and types of assets and control objectives that need to be considered when performing internal control reviews. The list is neither all inclusive nor mandatory. Agencies will probably operate event cycles not included on the list and certainly will not operate all cycles included in the list. Also, internal control objectives listed may not be appropriate for a particular situation. Accordingly, each agency should use this list as a guide to identify event cycles and develop internal control objectives for its programs and administrative functions that are covered by these guidelines. (Similar lists are available from the General Accounting Office, professional associations, and private organizations.)

Finally, in establishing control objectives and control techniques, as well as in performing internal control reviews, agencies should be mindful of the inherent limitations (budget constraints, statutory and regulatory restrictions, staffing limitations, etc.) which constrain agency action. Such limiting factors need to be considered in determining whether there is reasonable assurance that the control objectives are being achieved.

I. OPERATIONS CYCLES

The operations cycles are intended to encompass the agency's program activities that are subject to these guidelines. The differences in agency missions make it impossible to develop a representative list of operations cycles and corresponding control objectives. Hence, each agency/agency component should examine its own programs and define the appropriate event cycles and control objectives.

The following are the operations cycles for some typical government programs and the internal control objectives for these cycles.

A. Production Activities

The primary internal control objectives normally associated with production activities include the following:

1. A production plan is authorized defining the products to be manufactured, the timing and quantities of production, and the needed inventory levels.

2. Lead time schedules are timely and accurate and permit realistic due dates.

3. Product quality and engineering standards exist and are monitored to ensure that quality products are produced as efficiently as possible.

4. Production controls exist to ensure that the plant is operating with the optimum mix of resources including labor, equipment, and materials.

5. Production controls exist to prevent the manufacture of unauthorized products or quantities of products.

6. Resources used and products completed are timely and accurately reported.

7. Production costs are computed accurately and recorded timely.

8. Recorded balances of inventory, property, and related activity are periodically substantiated and evaluated.

B. Loans and Loan Guarantees

The primary internal control objectives normally associated with loans and loan guarantees include the following:

1. Applications for loans and loan guarantees are evaluated for appropriateness of eligibility, collateral, if required, and other qualifying criteria prior to approval.

2. Security interest in property used as collateral is properly recorded, filed, and documents secured by a responsible custodian.

3. Accurate receivables agings are prepared systematically and timely.

4. Loan and loan guarantee repayments are collected, controlled and reported in a manner that is consistent with applicable appropriations, other law, and policy.

5. Periodic estimates are made of uncollectible loan balances with such estimates timely reported to management.

6. Proper write-off, conversion, and settlement or forgiveness of delinquent loans is assured.

C. Grants

The primary internal control objectives normally associated with grants include the following:

1. Accurate maintenance of the factors used in distribution formulae for entitlement grants.

2. Grantees' program eligibility requirements are sufficiently detailed to ensure that the program beneficiaries and other interested parties understand the qualifications to receive prescribed benefits.

3. Grantees maintain sound organizational, budgetary and accounting systems that are periodically reviewed and evaluated.

4. Grantees' procurement procedures comply with regulations.

5. Grantees properly maintain, safeguard, and account for government financed property and equipment.

6. Grantees maintain current cost allocation plans and overhead rates.

7. Grantees are paid only for allowable costs and amounts.

8. Financial and compliance audits of grantee activity are performed at least once every two years.

9. Prompt and appropriate grant close-out actions are taken.

II. INTERNAL MANAGEMENT AND ADMINISTRATION CYCLES

A. Organization

The primary internal control objective normally associated with organization includes the following:

1. Responsibility for the performance of all duties is specifically assigned and appropriately separated along with necessary delegations of authority to sufficient numbers of qualified employees.

B. Personnel Policies And Practices

The primary internal control objectives normally associated with personnel policies and practices include the following:

1. Personnel ceilings are strictly enforced.

2. Recruitment, training, evaluation, and termination practices are operating in accordance with applicable laws and regulations and in a manner that promotes economy and efficiency of operations.

3. Appropriate standards of conduct are communicated and enforced.

4. Employment records are promptly, completely and accurately established with proper safeguards against unauthorized access or the preparation of fictitious records.

C. Administrative Support Services

The primary internal control objectives normally associated with administrative services include the following:

1. Services provided meet the organization's legitimate needs.

2. Services are conducted in a manner that promotes economy and efficiency in operations.

3. Safeguards exist to prevent unauthorized or wasteful use of such services.

   a. Periodicals, Pamphlets, and Audiovisual Products

      - Periodicals, pamphlets, and audiovisual products are related to agency mission, contribute to solution of an identifiable need, and are appropriate in format and scope for the intended audience.

      - Periodicals, pamphlets, and audiovisual products are not duplicative of other materials that convey the same message.

      - Periodicals, pamphlets, and audiovisual products are produced or acquired in a cost-effective manner.

      - Completed periodicals, pamphlets and audiovisual products are consistent with the planned product and distributed in conformance with an approved distribution plan.

b. Consulting and Related Services

- Services are secured for an appropriate purpose, i.e., to obtain specialized opinions or professional or technical advice which does not exist or is not available within the agency or another agency, outside points of view to avoid excessively limited judgments on critical issues, advice regarding developments in industry, university, or foundation research, opinion of noted experts whose national or international prestige can contribute to the success of important projects, or assistance to complete a necessary project within a specified period of time.

- Services are not used to perform work of a policy/decision-making or managerial nature that is the direct responsibility of agency officials, or to bypass or undermine personnel ceilings, pay limitations, or competitive employment procedures; or to aid in influencing or enacting legislation.

- Services are secured through maximum competition, without preference to former government employees.

- Payments for services bear a relation to work completed.

- Services provided meet the organization's specific needs and advice and recommendations are implemented, unless there are valid reasons to the contrary.

c. Long-Term Training

- Long-term training is provided only when the necessary knowledge or set of skills requires a comprehensive study program which cannot be accomplished by a series of unconnected short-term courses; the time span for the acquisition of the knowledge or skill is such that a concentrated or long-term program is most feasible; and the set of knowledges or skills is so complex, new or unique that it cannot be readily obtained on a short-term basis or through other means.

- Nominees continue in agency service for an appropriate period following completion of long-term training.

- Long-term training is relevant to selected employees' current and/or projected assignments, required skills and knowledge, individual development plan, and career potential; and is appropriate for his or her commitment to the organization and Federal service.

d. Space Acquisition and Utilization

- Need for and intended use of space is adequately justified.

- Requesting unit conforms with space allowance standards.

- Request cannot be met by realignment of existing space assignments or use of vacant or under-utilized space.

- Space is leased on the most favorable basis to the Government, with due consideration to maintenance and operational efficiency.

- Lease charges are consistent with prevailing scales in the community for comparable facilities.

- Legal requirements, such as facilities for the handicapped and fire safety features, are satisfied.

- Lease contains provisions necessary to administer the agreement, such as duration of lease, including clearly stated renewal rights; base for future escalations; liquidated damages provision; stated costs for overtime usage; and termination rights.

- Lease conforms with agency and Administration goals and priorities and legal requirements.

D. Advisory and Technical Services

The primary internal control objectives normally associated with advisory and technical services include the following:

1. Services provided meet the organization's legitimate needs.

2. Services are conducted in a manner that promotes economy and efficiency in operations.

3. Safeguards exist to prevent unauthorized or wasteful use of such services.

E. Security and Safeguarding of Classified Material

The primary internal control objectives normally associated with security and safeguarding classified material are the following:

1. Documents are appropriately classified.

2. Appropriate safeguards exist to prevent unauthorized access to classified materials.

F. Audit Followup

The primary internal control objectives normally associated with audit followup include the following:

1. Audit resolution and corrective actions pertaining to audit recommendations are made on a timely basis.

2. Audits resolved and corrective action on audit recommendations are scheduled in accordance with specific criteria.

3. Accurate records of the status of audit reports and recommendations are maintained through the entire process of resolution and corrective action.

4. Major disagreements between the audit organization and agency management or contracting officials are resolved on a timely basis.

5. Resolution actions are consistent with law, regulation, and Administration policy.

6. Resolution and correction action on recommendations involving more than one program, agency, or level of government are coordinated.

7. Required reports are reliable, accurate, and submitted on a timely basis.

8. Claims arising from audit disallowances are promptly recorded as receivables and collected in accordance with the Federal Claims Collection Act.

9. Interest on audit-related debt is charged promptly, without regard to whether the disallowance is or will be appealed.

III. INFORMATION PROCESSING AND REPORTING CYCLES

A. Information Collection

The primary internal control objectives normally associated with information collection are the following:

1. Information collected is meaningful and useful.

2. Information collected is reliable.

3. Information is arranged in an orderly fashion.

4. Information is maintained on a current basis.

B. Correspondence Handling

The primary internal control objectives normally associated with correspondence handling are the following:

1. Correspondence is channeled to the appropriate parties.

2. Replies are made promptly, accurately and responsively.

C. Records Maintenance

The primary internal control objectives normally associated with records maintenance are the following:

1. Records are readily available.

2. Records are adequately protected.

3. Only necessary records are retained.

D. Automatic Data Processing

The primary internal control objectives normally associated with automatic data processing are as follows:

1. Proper authorization of transaction inputs, adequate edit checks, and necessary safeguards of sensitive input forms to insure accurate, proper, complete and timely entry of information.

2. Data is safeguarded to prevent unauthorized access, improper changes, or loss.

3. Appropriate controls exist to detect unauthorized use of the system.

4. Outputs are produced accurately, completely and timely.

IV. ASSET AND LIABILITY CYCLES

A. Cash

1. Physical security safeguards are maintained where cash is stored and processed.

2. Cash, check signing machines, signature dies, and blank, partially prepared, mutilated, and voided checks are protected from unauthorized use.

3. Receipts are recorded properly and timely and deposited promptly.

4. Disbursements are recorded properly and timely.

5. An effective cash management system is maintained.

B. Negotiable Instruments and Other Investments

The primary internal control objectives normally associated with negotiable instruments and other investments include the following:

1. Physical security safeguards are maintained where negotiable instruments and other investments are stored and processed.

2. Bonds, drafts, and other securities are protected from unauthorized use.

3. Timely and accurate accounting is maintained.

4. Investments comply with legal requirements.

5. Interest and other investment income is collected promptly when due.

C. Letters of Credit

The primary internal control objectives normally associated with letters of credit include the following:

1. Letters of credit are issued only to large dollar recipients who have a continuing relationship with the Federal Government and an adequate cash management system.

2. Amounts available under letters of credit do not exceed available award authority or immediate cash needs.

3. Assurance exists that funds are used only for intended purpose.

4. Cash balances in recipients' hands do not exceed recipients' needs.

D. Receivables

The primary internal control objectives normally associated with receivables include the following:

1. Prompt and accurate recording of all receivables.

2. Ability to determine and report sources and age of receivables.

3. Continuous and timely attempts are made to collect receivables due.

4. Identification of the portion of the receivables that may not be collectible.

5. Validity of write-offs, conversions, and settlement or forgiveness of receivables.

6. Repayments collected, controlled and reported in a manner consistent with applicable law and regulations.

7. Title to property used as collateral is properly recorded, filed, and secured.

E. Capital Assets And Materials Inventories

The primary internal control objectives normally associated with capital assets and materials inventories include the following:

1. Only authorized and needed property is procured.

2. Receipts of property are recorded timely and accurately in source documents and accounting records.

3. Detailed subsidiary records are maintained for individual capital assets and significant categories of materials inventories and are periodically reconciled to control accounts.

4. Periodic physical verification is made of the existence and condition of property and inventories.

5. Physical security measures are commensurate with the size, type and value of property.

6. Issues, transfers, retirements, and losses are reported and accounted for timely.

7. Assets are properly requisitioned and used exclusively for government activities.

8. Records of asset use are accurately maintained.

F. Payables, Debt, and Other Liabilities

The primary internal control objectives normally associated with payables, debt, and other liabilities include the following:

1. All payables and other claims against the Government are recorded promptly and accurately.

2. Prepayment examinations and certifications of performance are made to ensure validity and clerical accuracy of claims prior to payment.

3. Debt and other long-term liabilities are properly authorized, recorded and serviced in accordance with applicable laws and regulations.

G. Fiduciary and Trust Funds

The primary internal control objectives normally associated with fiduciary and trust funds include the following:

1. Liabilities to others are recorded properly.

2. Detailed subsidiary records are maintained and are periodically reconciled to control accounts.

3. Funds are handled in accordance with applicable law and regulations.

4. Effective control is maintained by responsible officials.

5. Benefits and other disbursements are subject to comparable controls to other payments.

V. RECEIPTS CYCLES

A. Taxes and Duties

The primary internal control objectives normally associated with taxes and duties include the following:

1. Taxing programs are applied to all individuals and organizations subject to taxes.

2. Tax returns and assessments are reasonably correct.

3. All receipts are recorded accurately and timely.

4. Receipts are safeguarded while in the custody of the agency and promptly transferred to the Treasury.

5. Settlements, allowances, and refunds are properly authorized.

6. Taxing programs are administered in accordance with applicable laws and regulations.

B. Services Rendered

The primary internal control objectives normally associated with services rendered include the following:

1. Revenues are recorded immediately as services are rendered with accounts receivable promptly set up and billed on a timely basis if not paid in full.

2. Receipts are recorded accurately and timely.

3. Receipts are safeguarded while in the custody of the agency and promptly transferred to the Treasury.

4. Services rendered and related charges are conducted in accordance with applicable laws and regulations.

C. Other Sales

The primary internal control objectives normally associated with other sales include the following:

1. Sales are recorded immediately as items are sold with accounts receivable promptly set up and billed on a timely basis for non-cash sales.

2. Receipts are recorded accurately and timely.

3. Receipts are safeguarded while in the custody of the agency and promptly transferred to the Treasury.

4. Sales of goods, property, equipment, bonds, notes, and other items are conducted in accordance with applicable laws and regulations.

D. Fines, Penalties, and Judgments

The primary internal control objectives normally associated with fines, penalties, and judgments include the following:

1. Fines, penalties, and judgments are levied on or sought from individuals and organizations as required by laws or regulations.

2. Fines and penalties are charged at the proper statutory rate.

3. All receipts are recorded accurately and timely.

4. Receipts are safeguarded while in the custody of the agency and are promptly transferred to the Treasury.

5. Rescissions and forgivenesses are properly authorized.

E. Other Receivable Collections

The primary internal control objectives normally associated with other receivable collections include the following:

1. All receipts are recorded accurately and timely.

2. Receipts are safeguarded while in the custody of the agency and are promptly transferred to the Treasury.

3. Procedures for effecting collection, including offset and installment payments, are utilized on a timely basis.

F. Other Receipts

The primary internal control objectives normally associated with other receipts include the following:

1. All receipts are recorded accurately and timely.

2. Receipts are safeguarded while in the custody of the agency and are promptly transferred to the Treasury.

3. Moneys are requested and received in situations where warranted in accordance with applicable laws and regulations.

VI. DISBURSEMENT CYCLES

A. Payroll, Pensions and Other Fringe Benefits

The primary internal control objectives normally associated with payroll, pensions and other fringe benefits include the following:

1. Appropriate authority exists for the appointment, change, and termination of all personnel.

2. Compensation and benefit payments are in accordance with current statutory or regulatory limitations.

3. Payments are made only in return for services rendered.

4. Gross and net payroll amounts and payroll deductions are correct.

5. Payroll charges, including fringe benefits, are recorded and distributed promptly.

6. Timely, accurate and complete subsidiary records are maintained of vacation, sick leave and other balances.

B. Federal Assistance Payments To Other Governmental Units and Individuals

The primary internal control objectives normally associated with Federal Assistance payments to other governmental units and individuals include the following:

1. Disbursements are valid and properly approved.

2. Disbursements are recorded promptly and accurately to the appropriate accounts.

3. Payments are within budget limits and in accordance with applicable laws, regulations and agreements.

4. Payments are made only to eligible recipients for eligible costs.

5. Payments are made promptly and in full.

C. Procurement and Acquisition

The primary internal control objectives normally associated with procurement and acquisition include the following:

1. All purchases are authorized within budget limits and made in accordance with applicable laws, regulations and agreements.

2. Government has paid lowest prices commensurate with quality, service, delivery and reliability.

3. Purchases and acquisitions are received and examined for acceptability.

4. Disbursements are valid and properly approved.

5. Disbursements are made on a timely basis.

6. Disbursements are recorded promptly and accurately to the appropriate account.

D. Travel Advances and Reimbursements

The primary internal control objectives normally associated with travel advances and reimbursements include the following:

1. Travel reimbursements and advances are provided only for properly authorized travel.

2. Amounts paid are in accordance with applicable government travel regulations.

3. Reimbursements are timely, properly approved, and properly recorded to the appropriate accounts.

4. Advances are liquidated within reasonable time periods.

E. Other Expenditures

The primary internal control objectives normally associated with other expenditures include the following:

1. Expenditures are valid and properly approved.

2. Expenditures are recorded promptly and accurately in the appropriate accounts.

3. Debt service requirements, refunds, valid claims and other appropriate payments are made timely in full accordance with applicable laws, regulations, and agreements.

Electronic Funds Transfer (EFT) is the deposit to or disbursement from a bank account by means of wire or other electronic communication. RCW 39.58.150 governs the circumstances under which electronic fund transfers may be used. We prescribe the following accounting procedures:

1. Receiving monies by EFT:

   a. Prepare a treasurer's receipt upon receiving notice from the payor that the funds have been transferred to your bank account. Don't wait for the bank to notify you of receipt of the funds. However, you may want to contact your bank to confirm the expected funds have arrived.

      Enter the following information on the receipt:

      Date of receipt.

      Name of person, company or agency transferring money into your account.

      Name and number of fund(s).

      BARS or other accounting system revenue account number as applicable.

      Notation that funds were received by EFT.

   b. A file must be maintained of those payors who have agreed in writing to add monies to your account electronically.

2. Disbursing monies by EFT:

   a. Prepare a record which shows:

      Chronological number of EFT payment.

      Time and date of disbursement.

      Payee - name, address and account number.

      Amount of disbursement.

      Purpose of disbursement.

      BARS or other accounting system disbursement account number.

      Name and number of fund(s).

      Disbursing bank's unique transaction identification number, if available.

      Receiving bank or financial institution's identification number.

b. A file must be maintained of authorizations signed by payees who have thereby agreed to have monies added to their accounts electronically.

c. The treasurer shall notify the disbursing bank that access to files, records and documentation of all EFT transactions involving the treasurer shall be provided to the State Auditor when required for the conduct of the statutory post audit.

In governmental-type funds, revenues and other resources (e.g., bond issue proceeds) are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both *measurable* and *available* to finance expenditures of the fiscal period. *Measurable* refers to the ability to quantify in monetary terms the amount of revenues. *Available* means collectible within the curent period or soon enough thereafter to be used to pay liabilities of the current period. Application of the susceptible to accrual criteria requires judgment, consideration of the materiality of the item in question, and due regard for the practicality of accrual, as well as consistency in application.

Account Numbers

311.00 Real and Personal Property Taxes. In accordance with the National Council on Governmental Accounting's *Interpretation 3*, property taxes should be accrued only when due and expected to be collected within 60 days of the end of the fiscal period. Since January and February tax receipts do not vary materially from year to year, the uncollected taxes for those months need not be accrued. However, if collections for December of the fiscal year are not received until January and if they vary materially from the December collections for the previous fiscal year, the difference should be accrued at year end.

313.00 Other Locally Levied, State Collected Taxes. Effective for fiscal year 1995, GASB Statement 22, *Accounting for Taxpayer- Assessed Tax Revenues in Governmental Funds*, requires that revenues from taxpayer-assessed taxes, such as sales taxes, net of estimated refunds, should be recognized in the accounting period in which they become susceptible to accrual—that is, when they become both *measurable* and *available* to finance expenditures of the fiscal period. Sales taxes collected by merchants but not yet required to be remitted to the taxing authority at the end of the fiscal year and taxes collected and held by one government agency for another should be accrued if they are to be remitted in time to be used as a resource for payment of obligations incurred during the preceding fiscal year.

314.00 Interfund Taxes. (Quasi-External Revenues) These should normally be accrued.

316.00 Locally Levied Business Taxes. If there is a material difference from recognition on a cash basis, these should be accrued.

320.00 Licenses and Permits. These are not normally accrued because they do not meet the three criteria - measurable, available and material.

329.00 Interfund Licenses and Permits. (Quasi-External Revenues) These should normally be accrued.

331.00
333.00 Federal Grants - Direct and Indirect. Only those grants for which expenditures determine eligibility should be accrued. Revenue should be recognized for the amount of the expenditure when the expenditure is made or accrued.

332.00 Other Federal Shared Revenues. Flood control, Taylor Grazing and Federal Forest Yield are distributed annually in December. They should not be accrued unless receipt is delayed until January.

334.00
337.00 State Grants and Grants From Local Units. Only those grants for which expenditures determine eligibility should be accrued. Revenue should be recognized for the amount of the expenditure when the expenditure is made or accrued.

ACCRUAL OF REVENUES

Account Numbers

335.00 State Shared Revenue. This category includes state shared revenues distributed by the State Treasurer to counties and cities. The amount to be distributed is not known by the state agency until a week before the distribution date; therefore, these should not be accrued.

338.00 Intergovernmental Services. These should normally be accrued.

340.00
350.00 Charges for Services and Fines and Forfeits. These are not normally accrued because they do not meet all three tests of measurable, available and material. However, if material amounts of these revenues have been collected in December but not remitted or deposited until January, such collections should be accrued.

348.00
349.00 Interfund Charges For Services. (Quasi-External Revenues) These should normally be accrued.

361.00
362.00 Interest, Rent and Royalties. Month-to-month accruals may be impractical and are not necessary; however, amounts measurable and available but not received at the end of the fiscal year should be accrued.

365.00
366.00 Interfund Miscellaneous Revenue (Quasi-External Revenues) These should normally be accrued.

368.00 Special Assessment Principal. Accrue the "current" portion, using the same rules as for property taxes.

367.00
369.00 Private Contributions, and Other Miscellaneous Revenues. In general, these are not accruable.

390.00 Other Financing Sources. Operating Transfers-In are accruable. In general, the other sources are not accruable because they do not meet the test of availability.

In double-entry accounting, the system provides for recording encumbrances to prevent expenditures from exceeding appropriations. In nonbudgetary funds, the encumbrance process provides control over commitments outstanding, such as purchase orders issued and contracts let. The use of encumbrance accounting is recommended but not mandatory.

When goods and services are requested (usually by the issuance of a purchase order or the letting of a contract) a n encumbrance is recorded in the following manner:

	Dr.	Cr.
Encumbrances	$500	
Reserved Fund Balance - Encumbrances		$500

The amount of the encumbrance is recorded in the encumbrance column of the subsidiary expenditure ledger. Thi s recording temporarily reduces the balance of t hat appropriation. During the fiscal period, the Reserved Fund Balance - Encumbrances account is simply an offset to the Encumbrance account.

When the actual goods are received, two entries are made:

		Dr.	Cr.
(1)	Reserved Fund Balance - Encumbrances	$500.	
	Encumbrances		$500.

The purpose of entry (1) is to liquidate the encumbrance.

		Dr.	Cr.
(2)	Expenditures	$450.	
	Vouchers, Warrants or Accounts Payable		$450.

The purpose of entry (2) is to charge the appropriation with the exact amount of the expenditure.

In general, salaries and wages and debt service are not encumbered sin ce they are usually set for the entire budget period at the time of adoption.

The preceding example assumed that the goods were received in the same year in which they were ordered. If the goods have not arrived by the end of the year, there are two methods of accounting for the outstanding encumbrance.

(1) Where appropriations lapse at year-end, even if encumbered, the governmental unit may intend to honor the unperformed contracts or to cancel them. If the intent is to honor the contracts, encumbrances outstanding at year-end should be disclosed in the notes to financial statements or by reservations of fund balance, and the subsequent year's appropriation should provide authority to complete these transactions (RCW 35.33.151, 35A.33.150, 35.32A.080, and RCW 36.40.200).

(2) When the fund does have continuing appropriation authority (such as a capital projects fund), the original reserve for encumbrances should be carried forward. (Same statutory references as above.)

The following is an example of the journal entries required whenever the government elects to show a reserve for encumbrances at year-end:

			Dr.	Cr.
YEAR 1:	295.10	Encumbrances	100	
	281.10	Reserved Fund Balance - Encumbrances		100

To encumber appropriations for order placed in year 1.

	288.00	Unreserved Fund Balance	100	
	295.10	Encumbrances		100

To close Encumbrances to Unreserved Fund Balance for order placed in year 1 but not received at year end.

Thus, account 281.10 Reserved Fund Balance - Encumbrances will appear on the balance sheet prepared at the end of year 1. For appropriations that lapse, the entry at the beginning of year 2 reestablishes the encumbrances under the appropriation authority for year 2:

			Dr.	Cr.
	295.10	Encumbrances	100	
	288.00	Unreserved Fund Balance		
	100			

For continuing appropriations, the following entry should be made at the beginning of year 2.

YEAR 2:	281.10	Reserved Fund Balance - Encumbrances	100	
	291.2Y	Appropriations - Prior Year		100

To establish prior year's appropriation authority in the Appropriations account.

When appropriation authority is continued from one year to the next, it is mandatory that this prior year's authority be isolated from the current year's appropriations. In order to accomplish this, it is necessary to subdivide the appropriations account to identify the year to which it applies:

291.2X* Appropriations - Current Year
291.2Y* Appropriations - Prior Year

The objective of this subdivision is to ensure compliance with local legislative intent and with statutory provisions, e.g., RCW 35.33.151. The prior year's appropriation authority must never be construed to be an addition to the current year's appropriations.

Following are examples assuming three different possibilities:

(1) Goods arrive in year 2 at a cost equal to original estimate;
(2) Goods arrive in year 2 at a cost less than original estimate; and
(3) Goods arrive in year 2 at a cost more than original estimate.

Example (1): Goods arrive, cost equal to original estimate.

		Dr.	Cr.
292.20*	Expenditures	100	
211.00	Warrants Payable		100

To record expenditures.

291.2Y*	Appropriations - Prior Year	100	
288.00	Unreserved Fund Balance		100

To close prior year's appropriation authority. This entry may be made immediately upon recognizing the expenditure or at year end in the normal closing process.

Example (2): Goods arrive, cost less than original estimate.

		Dr.	Cr.
292.20*	Expenditures	80	
211.00	Warrants Payable		80

To record expenditures.

291.2Y*	Appropriations - Prior Year	100	
288.00	Unreserved Fund Balance		100

To close prior year's appropriation authority. This entry may be made immediately upon recognizing the expenditure or at year end in the normal closing process. The unused prior year's appropriations must not be closed to account 291.2X, Appropriations - Current Year, as this procedure would illegally increase current year appropriations.

Example (3): Goods arrive, cost more than original estimate.

		Dr.	Cr.
292.20*	Expenditures	110	
211.00	Warrants Payable		110

To record expenditures. The amount incurred in excess of the prior year's appropriation authority must be charged against current year's appropriations and must not be charged directly to Unreserved Fund Balance account 288.00.

291.2Y*	Appropriations - Prior Year	100	
288.00	Unreserved Fund Balance		100

To close prior year's appropriation authority. This entry may be made immediately upon recognizing the expenditure or at year end in the normal closing process.

*Post detail to subsidiary ledgers which indicate the year of appropriation and of expenditure.

NOTE: Pages 3-3-5 through 3-3-12 are omitted intentionally to leave room for future sections.

1. Accounting For State Unemployment Tax Or Claims (RCW 50.44.030)

All local governments have a choice between either the tax basis or reimbursement basis for making payments to the State Department of Employment Security. The accounting procedures for the two options, by type of local government, are detailed below:

OPTION 1 - TAX BASIS

Contact the State Employment Security Department to determine the appropriate tax rate(s) and maximum taxable wages for your particular unit of government. Apply the rate to all functional expenditure/expense accounts that have direct salary or wage charges, using the employer fringe or personnel benefits subobject applicable to your local government, each time a payroll is prepared. Do not apply the rate to salaries and wages of the following: (1) elected officials; (2) JTPA employees to the extent their earnings are within the maximum gross pay allowable under the JTPA programs; or, (3) policy-making employees that do not work more than eight hours per week.

Remit unemployment taxes quarterly to the Employment Security Department (ESD).

OPTION 2 - REIMBURSEMENT BASIS

All local governments may use Option 2. Under this option, the ESD will pay unemployment claims and then bill the local governments for reimbursement.

Method A When ESD bills your local government for a claim, charge the functional expenditure/expense accounts for the claim as in Option 1. Note: This method does not meet GAAP requirements.

Method B Create an internal service fund for unemployment. The purpose of this fund is to receive periodic cash contributions from operating funds. The amount of these cash contributions will depend on the estimate of future unemployment claims. The estimates should be adjusted periodically, based on an experience factor. There may be different rates for departments and funds within the same government. The periodic cash contributions from operating funds will be charged to the functional expenditure/expense accounts in the operating funds in the same manner as benefits paid directly. Payments to the ESD must be made from the internal service fund. Interest earnings on investment of the contributions may be used for the benefit of the Internal Service Fund (thereby reducing charges to the operating funds) or the General Fund, per RCW 35.39.034. An ordinance or resolution must govern this choice.

Method C — Your local government may participate with other local governments in an unemployment pool or cooperative as provided for in RCW 39.34.030. If you participate in such a cooperative, the contributions from your funds should be charged as expenditures/expenses functionally according to the applicable chart of accounts. In this case, the pool or cooperative will pay the billed amounts to the ESD.

Rates charged to the participants should be adjusted periodically based on the experience factor of each participant.

Since claims made by the ESD must be paid by statute, it is not necessary to appropriate funds for the payment of claims. However, we recommend that appropriations be made by local governments. For those local governments using BARS, please review the applicable budgetary sections of the BARS manual.

2. Tax Sheltered Annuities -- Section 403(b) -- Internal Revenue Code

In order to qualify for participation in a tax sheltered annuity (TSA) program, an employer must be a qualified tax exempt employer/organization. Basically, a qualified tax exempt organization is one that is organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes or for the prevention of cruelty to children or animals. The Internal Revenue Service (IRS) has indicated that generally, organizations that are wholly owned state or municipal instrumentalities are not qualified employers.

However, if an organization is a separate entity that has been specifically exempted from Federal taxation as being organized and operated exclusively for the purposes stated above, it is a qualified employer. In other rulings, it has been determined that a state or municipality itself does not qualify as an organization of the type described in Section 501(c) (3) of the Internal Revenue Code since its purposes are clearly not exclusively those described in Section 501(c) (3) of the Code. Ordinarily the only municipalities which will meet the criteria for a qualified employee are school districts and educational service districts. It is strongly recommended that no deductions be allowed for TSA plans until such Federal tax exemption certification has been received from the Internal Revenue Service. The municipality should request this by filing Form 1023, Exemption Application, with the District Director of the IRS.

Tax sheltered annuity qualified plans are considered to be a contract between the employee and the TSA company; therefore, the school district or educational service district does not have the ultimate responsibility and liability for payment to the employee. Accordingly, accounting for these annuities is a simple matter of handling a separate kind of authorized employee deductions, except that the employee's W-2 must show taxable wages net of these deferred annuities.

3. Deferred Compensation Plans -- Section 457 -- Internal Revenue Code

RCW 41.50.770 authorizes all political subdivisions to defer income for all officials and employees. This statute also allows political subdivisions to enter into agreements with certain institutions, such as banks, savings and loan associations and insurance companies, to establish deferred compensation plans for the benefit of their employees. These plans must be in conformity with the requirements of Section 457 of the Internal Revenue Code.

Deferred compensation plans permit employees to accept less than the full amount of salary earned thus reducing their current federal income tax liability. The amount by which the salary is reduced is invested by the employer and upon retirement, disability, termination, unforeseen emergency, or death may be withdrawn by the employees or their beneficiaries.

The establishment of a deferred compensation plan requires a long-term commitment of resources to administer the plan. In addition, the plan must be established correctly and administered properly so that the Internal Revenue Service (IRS) does not rule that the plan is not in conformity with the requirements of Section 457 of the Internal Revenue Code.

Because of the many plans available, it is strongly recommended that any local government which intends to establish a deferred compensation plan seek legal counsel to determine conformance with the Internal Revenue Code, Section 457, effective January 1, 1979, and obtain approval of the chosen plan by the district.

Caution should be exercised in implementing a plan, not only to protect the employer's legal liability, but also to prevent undue administrative complexities. No one can identify all problem areas of deferred compensation plans and their administration, as many problems may surface as a result of choosing a particular carrier, product or administrative system. Some major administrative requirements are as follows:

a. Make Written Agreements With Plan Administrator

All local government deferred compensation plans shall provide for written agreements which clearly define the duties and responsibilities of the employer and the administering department or company.

b. Keep An Employee File For Each Employee

A file to keep a deferred compensation record for each participating employee is necessary. Most carriers will provide the forms and basic accounting information for the employer, but the employer is responsible for maintenance of the files.

The participating employees must complete and sign joinder agreements stipulating the amount of their gross salaries or wages to be deferred. The local government should also maintain a written agreement which details any liability of the employer to the employee as a general creditor for contributions, fees, charges, earnings, losses and withdrawals.

c. Withdrawals

The procedures for withdrawals should be clearly defined and the employer should be very careful in accpeting any employee requests for amounts to be withdrawn from accumulated deferre d compensation assets for unforeseeable emergencies, as any employee withdrawal granted which does not qualify under Internal Revenue Code Section 457 could cause the entire deferred compensation plan for all employees to be considered in violation and invalid by the IRS.

Normally, all withdrawals as a result of retirement, disability, termination, unforeseen emergency or death, will be paid to the employer by the bank, credit union, or other institution (the agent) wit h which the employer (the principal) has the agreement.

In such cases, the employer will receipt for the payment referred to above, deduct the appropriate amount for federal income tax withholding and disburse the remaining amount to the employee , former employee or beneficiary as applicable. The employer will then remit the federal income tax withheld to the IRS or to the official depository as it presently is required to do. The employer will issue W-2 forms to the participants in the plan who have received payments of deferred income.

The W-2 will show the gross payment made to the participant or beneficiary and any deduction s made.

However, the IRS has approved some plans whereby the administering company acts as agent for payments to the employees, issuance of W-2 forms and remittances to the IRS. Such IRS approved plans, which are still in conformance with the requirements of Section 457 Internal Revenue Code, will be permitted.

d. Maximum Contribution

Unless the employee is within three years of retirement, the maximum amount that can be deferred is the lesser of 33-1/3% of compensation or $7,500.00. This is the “normal limitation”.

During the last three years prior to retirement, the employee may use the “Catch-up Limitation ” which is the lesser of:

(1) The normal limitation, plus that portion of the Normal Limitation not used in prior years,

or

(2) $15,000.

Examples of how these limitations are applied are contained in Section 457 of the Internal Revenue Code.

e. Plan Assets Belong To The Local Governmental Unit

All deferred compensation assets must be considered to be the assets of the political subdivisio n subject only to the claims of its general creditors. At the same time, the political subdivision has a liability to its participating employees in an equal amount.

f. Budget Salaries And Wages In Year Earned

All local governments required to budget revenues and expenditures by fund shall be required to budget the gross salaries and wages including the deferred compensation amounts as expenditures of the year in which the salaries or wages are earned. No budget is required for earnings on these assets, for administrative fees or when the employee withdraws his or her accumulated deferred compensation assets.

g. Establish Plan As An Agency Fund

The Governmental Accounting Standards Board (GASB) has issued Statement 2 on financial reporting of deferred compensation plans adopted under the Provisions of Internal Revenue Code Section 457. GASB Statement 2 requires that, for employers using governmental fund accounting, the deferred compensation plan balances be displayed in an agency fund of the governmental employer that has legal access to the resources, whether the assets are held by the employer, a public employee retirement system (PERS), a nongovernmental third party, or another governmental entity under a multiple-jurisdiction plan. Governmental public utilities and public authorities should report the liability in the balance sheet with a corresponding designated asset.

Regardless of the basis of accounting, a detailed accounting record should set out financial balances and transactions by employee and by plan. However, if the administering company provides such a record to the local government, a copy of that detailed accounting record may be maintained in lieu of the local government creating such a record.

h. County Treasurer's Fee

County treasurers will not charge an investment service fee pursuant to RCW 36.29.020 unless the county treasurer manages the investments.

For the purpose of the BARS, travel expense includes amounts paid for use of personal automobiles, other transportation, and actual expenses or reimbursement in lieu of actual expenses for meals, lodging, and related items.

The legislative body of each municipality must pass an ordinance or resolution to establish rules and regulations for the reimbursement of travel expense. There should be rules to cover all municipal officials and employees. The ordinance or resolution should discuss the municipal policy on tipping, charging expenses to the municipality, and it should prohibit reimbursement for personal expenses and entertainment.

If any municipal corporation wishes to issue credit cards for travel related expenditures, the legislative body must pass an ordinance or resolution to establish rules and regulations that satisfy provisions of Chapter 42.24 RCW, including:

1. Submission of a fully itemized travel expense voucher by the employee or officer;

2. Settlement by the officer or employee within 30 days of the billing date; and,

3. The establishment of a lien against salary for any disallowed charges.

Claims for reimbursement of travel expenses must contain a signed certification that includes the following language, "I hereby certify under penalty of perjury that this is a true and correct claim for necessary expenses incurred by me and that no payment has been received by me on account thereof."

In addition, if an officer or employee is filing a claim on behalf of others, he or she must prepare a detailed account that includes:

1. Names of the others who traveled, partook of meals, or otherwise incurred expenses.

2. Whether they were municipal employees and, if not, who they were and what connection they had with municipal business. This should not be construed to permit promotional hosting.

3. Who provided the lodging, meals or other services in question, dates and times.

4. A detailed breakdown of amounts.

5. Some statement sufficiently explicit to show what municipal business was being carried out when the expenses were incurred.

If a municipality chooses the option of using monthly reimbursements for use of personal automobiles for official business, the following procedures apply.

1. The monthly rate schedule established should be limited to officers and/or employees who actually use their personal automobiles for travel on a regular basis. It is the responsibility of the municipality to assure that each traveler is on official business.

2. The rate must be based on actual costs.

3. A periodic review must be performed to determine whether or not the rate continues to reflect actual costs.

4. A record is needed of the governing body's determination.

If the above procedures are not followed, the "monthly reimbursement for use of personal automobiles" may be treated as additional compensation. According to the Internal Revenue Service, municipalities could be assessed the withholding tax of the employees if the amounts advanced/reimbursed for travel were not for expenses incurred or reasonably expected to be incurred, unless these amounts are reported as taxable wages on the W-2.

If a municipality chooses to establish an Advance Travel Expense Account (Imprest Account), pursuant to RCW 42.24.120, the following procedures apply:

1. The imprest amount must be established and maintained in accordance with the procedures prescribed for petty cash (e.g., amount must be established by ordinance or resolution).

2. Upon receipt of the moneys, the custodian will open a checking account in a local bank in the name of the governmental unit entitled "Advance Travel Expense Account -- John Doe, Custodian." Moneys received from the following sources will be deposited to the account:

   From the treasurer or other disbursing officer, the total amount originally establishing the account or subsequently added; from officers and employees, refunds of any unexpended advances; and from the warrant-issuing officer, amounts that reimburse the custodian for travel expenses allowed in the settlement of employee advances.

3. The Advance Travel Expense Account must be used solely for travel advances, not direct payments to vendors. In other words, moneys may be advanced to an individual who is going on travel status for travel-related expenses that he/she will pay out of his/her own pocket. It must not be used for personal loans, payment of airline tickets, pre-registration fees, reimbursements to employees or officers for travel already incurred, etc.

4. A check register will be maintained in which will be recorded all transactions of the account, including deposits, disbursements and bank service charges. A reconciliation shall be made with the bank statement at the end of each month. When possible, the reconciliation should be made by someone other than the custodian. The balance remaining in the checking account as of a given date, together with any outstanding advances and travel expense claims on hand but not yet reimbursed, should always equal the amount established by the governing body for the account.

5. Employee advances for travel expenses will be made by the issuance of checks drawn on the special bank account, payable to the applicant. Approved requests will be retained in the files of the custodian to support such advances until final settlement is made and claim for reimbursement has been submitted. Requests for such advances shall be reasonable estimates of the applicants' travel expense requirements and shall contain as a minimum the following information:

   Date of request
   Name of applicant
   Destination
   Purpose of travel
   Anticipated departure and return dates
   Amount requested
   Signature of applicant
   Official approval of trip
   Check number, amount and date (to be provided by the custodian when the advance is made)

6. Settlement of advances will be made on or before the 15th day following the close of the travel period by filing with the custodian an expense voucher as required by RCW 42.24.090. The custodian will verify the amount shown on such form as having been advanced to the employee. In the event the traveler's actual expense is less than the amount of the advance received, his/her expense voucher will be accompanied by the unexpended portion of the advance. The expense voucher and original request for the advance will then be used to support the custodian's claim for a warrant replenishing the account for travel expenses reported. Expense vouchers containing expenses in excess of the amount advanced will be submitted in duplicate to the custodian at the time of final settlement. The original copy of the expense claim and the traveler's request for an advance will then be used to support the custodian's claim for a warrant replenishing the account. The other copy of the expense claim will be submitted to the warrant issuing officer for reimbursement of the excess to the traveler. Claims for reimbursement to the account should be submitted by the custodian periodically as needed and at the end of the fiscal year in order that all expenses incurred will be charged against the appropriations for the period then ending.

7. Any default in accounting for or repaying an advance shall render the full amount which is unpaid immediately due and payable with interest at the rate of 10% per annum from the date of default until repaid. To protect against any losses on advances, the governing body shall have a prior lien against and a right to withhold any and all funds payable or to become payable to such officer or employee to whom such advance has been given, up to the amount of the advance and an annual interest rate of 10% until repayment or justification is made (RCW 42.24.140). No advance of any kind may be made to any officer or employee at any time when he is delinquent in accounting for or repaying a prior advance.

For the purpose of BARS, petty cash includes change funds, working funds, revolving, advance travel, stamp funds, check cashing funds, etc.; in other words, any sum of money or other resources set aside for such specific purposes as minor disbursements, making change, and similar uses (i.e., imprest fund). If the petty cash is disbursed, it is periodically restored to its original amount by a warrant drawn and charged to the applicable operating fund. The amount of the warrant should equal the aggregate of the disbursements.

The following are minimum requirements for the establishment and operation of petty cash accounts.

1. The governing body must authorize each petty cash account in the manner that local legislation is officially enacted, i.e., resolution or ordinance. This applies also to all subsequent increases or decreases in the imprest amount.

2. The governing body or its delegate must appoint one custodian of each petty cash account who should be independent of invoice processing, check signing, general accounting and cash receipts functions. As part of the appointment, the custodian shall render a receipt for the imprest amount to the treasurer, clerk-treasurer or auditor from whom he/she receives it.

   When it is not practical to hire additional personnel or to reallocate these duties among existing personnel, the governing body must establish some mechanism of review that accomplishes the objectives of the segregation of duties. For example, periodic monitoring of cash receipts and/or independent performance of the bank reconciliation add controls when complete segregation of duties is not possible.

3. The governing body or its delegate shall assure that the amount in petty cash is periodically counted and reconciled by someone other than the custodian.

4. The custodian shall assure the petty cash is kept in a safe place.

5. The imprest amount may be established by treasurer's check or in double-entry systems by warrant. If established by warrant the transaction is a nonbudgetary item.

6. The governing body must include the authorized amount of all such petty cash in the local government's balance sheet.

7. If petty cash is disbursed, it must be replenished at least monthly by warrant or check payable to the custodian. The replenishment should be subject to the same review and approval as processed invoices. The replenishment must be by voucher with the appropriate receipts attached. The receipts should show the date, recipient, purpose, and amount of each cash disbursement. These receipts must be signed by the person receiving the money, stamps, etc. The receipts should be perforated or canceled by some other appropriate means to prevent reuse. At the time of replenishment, the custodian should ensure that the balance remaining in petty cash, together with the amount of the replenishment voucher, equals the authorized imprest amount.

8. The imprest amount of petty cash should not exceed one month's salary or the surety bond covering the custodian.

9. The fund may not be used for personal cash advances even if secured by check or other I.O.U.'s. However, cities and towns are authorized to cash employees' checks, warrants, and drafts. If a city or town chooses to do so, it should create a separate imprest fund used solely for the purpose outlined in RCW 35.21.087 or RCW 35A.40.110. To avoid appearance of personal loan, deposits of cashed checks, warrants, and drafts should be made daily. Entities should avoid cashing checks out of (from) cash receipts because this destroys th e intactness of deposits. See the separate procedures applicable to advances for travel expenses.

10. Petty cash should always be replenished at the end of the fiscal year so that expenses will be reflected in the proper accounting period.

11. Whenever an individual's appointment as custodian is terminated, the fund must be replenished and th e imprest amount turned over to the treasurer or other disbursing officer.

All claims against a municipality must be preaudited by the auditing officer of the municipality or his/her delegate. In addition, all claims must be certified by the auditing officer. This certification may be made on each individual claim voucher or, subject to the acceptance and approval of the municipal legislative body, a blanket voucher certification may be used so long as it indicates the particular vouchers so certified. The use of a blanket certification in no way relieves the auditing officer of his/her responsibility and liability for each individual voucher so certified. The certification must be signed and dated by the auditing officer or his/her delegate. For all claims, except expense reimbursement claims certified by officers or employees (see Part 3, Chapter 3, Section D, *Employee Travel Procedures*), the certification must include the following language:

> *I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein and that the claim is a just, due and unpaid obligation against the city/county/district, and that I am authorized to authenticate and certify to said claim.*

The auditing officer's certification for employee/officer expense reimbursement claims must include the following language:

> *I, the undersigned, do hereby certify under penalty of perjury that the claim is a just, due and unpaid obligation against the city/county/district, and that I am authorized to certify to said claim.*

The certification by the auditing officer in no manner relieves members of the governing body from the responsibility and liability for each voucher approved. It is the governing body's responsibility to ensure that the system of auditing and certifying vouchers is operating in a manner to provide the greatest possible protection for the governing body members and the municipality.

To indicate governing body approval for payment of claim vouchers and payroll, the following should be entered in the minutes:

> The following voucher/warrants are approved for payment:
>
> (Funds) Total
> Voucher (warrant) numbers: _____ through _____ $_____
> Payroll warrant numbers: _____ through _____ $_____

If the legislative body authorizes the procedure, cities, counties and districts may issue warrants before the legislative body approves claims. To do this the municipality must enact the following policies and procedures (required in Chapter 42.24 RCW):

> (1) The auditing officer and the officer designated to sign the checks or warrants must have an official bond. The amount should be determined by the legislative body but cannot be less than fifty thousand dollars (RCW 42.24.180);
>
> (2) The legislative body should adopt contracting, hiring, purchasing, and disbursing policies that implement effective internal control;
>
> (3) The legislative body must review and approve the claims paid at its next regularly scheduled public meeting; and

(4) If the legislative body disapproves some claims, the auditing officer and the officer designated to sign the checks or warrants must recognize these claims as receivables of the taxing district and pursue collection diligently until the amounts are either collected or the legislative body is satisfied and approves the claims.

The legislative body may stipulate that certain kinds or amounts of claims should not be paid before the board has reviewed the supporting documentation and approved the issue of checks or warrants in payment of those claims.

The original copy of all vouchers should be filed in the office of the auditing officer of the municipality. The detailed accounts to which the expenditures are to be posted must be clearly designated. Supporting documentation must be retained and either attached to the vouchers or canceled by the auditing officer to prevent reuse.

Districts that do not issue their own warrants should send original vouchers and supporting documentation to the county auditor.

Vouchers and supporting documentation must be filed in a manner that allows rapid identification and retrieval of all the vouchers of a particular fund, program, department, or account code.

For the purposes of the BARS, the term "Payroll Fund" includes both payroll and salary funds.

Payroll and claims clearing funds are not budgeted because they are simply clearing funds from which all claims and salaries are paid.

These clearing funds cannot be provided with any working capital. Therefore, the money for redemption of warrants must be transferred to the clearing fund from the appropriate operating fund on the same day that the clearing fund warrants are issued. The accounting for this transaction in the operating fund is a debit to expenditures and a credit to cash. If the operating fund is insolvent, it must issue a registered interest-bearing warrant to the clearing fund instead of a transfer. In this case, the credit entry is to warrants payable. This registered warrant should be deposited along with other cash receipts. The cash balance in a clearing fund must equal at all times the total warrants outstanding against the fund plus any amounts withheld from payrolls and temporarily unremitted (such as quarterly L & I payments). When a clearing fund warrant is canceled, the amount of the canceled warrant must be transferred back to the appropriate operating fund.

The warrants issued against a clearing fund must be recorded in the appropriate warrant register in strict numerical and chronological order and the expenditures applicable to the claim vouchers supporting the warrant issue must be recorded in the distribution of expenditure ledgers for the various operating funds in the same order and bear the same dates.

The approved warrants should be recorded in the minutes of the governing body (see Section F of this chapter).

The distribution of expenditures from the vouchers to the budgetary control records must agree with the totals accumulated in the warrant registers and should be reconciled monthly to ensure accuracy in posting.

This section does not attempt to determine which moneys of a municipality may or may not be available for interfund lending, since the special character of some moneys will doubtless involve commitments and restrictions which would require individual consideration. As a rule of thumb, however, it may be considered permissible to make interfund loans of those municipal moneys which are otherwise legally available for investment.

The minimum acceptable procedures for making and accounting for interfund loans are as follows:

1. The legislative body of a municipality must, by ordinance or resolution, approve all interfund loans, and provide in the authorization a planned schedule of repayment of the loan principal as well as setting a reasonable rate of interest (based on the external rate available to the municipality) to be paid to the lending fund.

2. Interest should be charged in all cases, unless:

   a. The borrowing fund has no independent source of revenue other than the lending fund;

   b. The borrowing fund is normally funded by the lending fund; or

   c. The lending fund is the General (Current Expense) Fund, which, being unrestricted, can loan interest-free, except to a proprietary fund.

3. The borrowing fund must anticipate sufficient revenues to be in a position over the period of the loan to make the specified principal and interest payments as required in the authorizing resolution.

4. The term of the loan may continue over a period of more than one year, but must be "temporary" in the sense that no permanent diversion of the lending fund results from the failure to repay by the borrowing fund. A loan that continues longer than 3 years will be questioned as a "permanent diversion" of moneys. (Note : these restrictions and limitations do not apply to those funds which are legally permitted to support one another through appropriations, transfers, advances, etc.)

5. Only that portion of a given fund which, in the prudent management of municipal finances, is clearly inactive or in excess of current needs may be loaned to other municipal funds or invested.

6. Appropriate accounting records shall be maintained to reflect the balances of loans payable and receivable in every fund affected by such transactions.

RCW 43.09.210 requires that, when property is transferred between funds of the same municipality, it should be paid for at its full value by the fund which receives it. The following rules are intended to clarify the application of this statute:

1. When a municipality wishes to acquire fixed assets for an internal service fund, such as the Equipment Rental and Revolving Fund, the budgets of the contributing funds should specifically identify the item(s) of equipment to be purchased. The item(s) can be purchased from the contributing fund or the internal service fund. In either case, documentation of the equipment purchase must be adequate to show that the funds originally budgeted for a specific piece of equipment were actually used for the purchase of that item.

2. The transfer of general fixed assets between two governmental funds of the same entity should be accounted for merely as a change in location and/or custodian because the assets are not owned by the particular funds. Such transfers are not subject to budgetary control, but the assets should be declared surplus to the needs of the relinquishing fund and the transfer approved by the entity's legislative body.

3. The transfer of assets between the general fixed asset account group and an enterprise fund should be budgeted and accounted for as a sale and purchase of property. Proceeds of such sale should be deposited to the fund which originally paid for the item or to the general or current expense fund at the discretion of the legislative body unless a particular statute requires another treatment.

4. The transfer of assets between the general fixed asset account group and an internal service fund must be approved by the entity's legislative body.

The procedures described below are mandatory for all Category 1 municipalities. These procedures are essential for the implementation of the *single audit* concept. The procedures in this section apply to all forms of externally funded assistance programs and to cost-basis (as opposed to unit rate) contracts for intergovernmental purchase, lease, or exchange of property or services. They apply whether such arrangements are called *awards*, *grants*, *block grants*, *programs*, *cost reimbursements*, *loans*, *contracts*, or *agreements*. They apply to programs funded with state and interlocal moneys as well as federally funded programs. This section does not apply to entitlements or shared revenues, which are treated essentially as local revenues.

The Single Audit Act of 1984 (the Act) requires state or local governments that receive federal financial assistance:

1. $100,000 or more in a year shall have an audit made in accordance with OMB Circular A-128.

2. Between $25,000 and $100,000 a year shall have an audit made in accordance with OMB Circular A-128 or in accordance with federal laws and regulations governing the programs they participate in.

3. Less than $25,000 a year shall be exempt from compliance with the Act. These governments shall be governed by audit requirements prescribed by state or local law or regulation.

4. Are all required to maintain records of that assistance and to provide access to such records to federal agencies (and to independent auditors).

The U.S. Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*, established many specific audit requirements. Those requirements, in turn, include or necessitate the following accounting procedures.

1. Grant accounting must be integrated with the recipient's general accounting records. Claims for reimbursements or advances are supportable by the books and records.

2. Grant accounting must provide for a segregation, by program/activity/function within each grant of the following:

    a. Amounts advanced or drawn down

    b. Amounts receivable

    c. Unexpended grant awards available

    d. Expenditures already disbursed

    e. Expenditures and/or commitments not yet disbursed

    f. Non-federal share of costs

    g. Program income

    The 1988 revised OMB Circular A-102, *Grants and Cooperative Agreements with State and Local Governments* requires specific forms that itemize the above listing.

3. Amounts claimed or used for matching were determined in accordance with OMB Circular A-87, *Cost Principles for State and Local Governments* .

4. Subrecipients that receive $25,000 or more of federal funds are to be monitored for compliance to the requirements of this Circular or Circular A-133, *Audits of Institutions of Higher Education and Other Non-Profit Organizations* .

The Single Audit Act also provides the thresholds for determining major federal programs. "Major federal assistance program," for state and local governments, having federal assistance expenditures between $100,000 and $100,000,000, means any program for which federal expenditures during the applicable year exceed the larger of $300,000, or 3% of such total expenditures.

Where total expenditures of federal assistance exceed $100,000,000, the following criteria apply:

Total Expenditures of Federal Financial Assistance for All Programs		Major Federal Assistance Program Means any Program That Exceeds
more than	but less than or equal to	
$100 million	1 billion	$ 3 million
1 billion	2 billion	4 million
2 billion	3 billion	7 million
3 billion	4 billion	10 million
4 billion	5 billion	13 million
5 billion	6 billion	16 million
6 billion	7 billion	19 million
over 7 billion		20 million

ADDITIONAL AUDITS BEYOND SINGLE AUDITS

The Single Audit Act provides that an audit made in accordance with Circular A-128, shall be in lieu of any financial or financial compliance audit required under individual federal assistance programs. To the extent that a single audit provides federal agencies with information and assurances they need to carry out their overall responsibilities, they shall rely upon and use such information. However, a federal agency shall make additional audits which are necessary to carry out its responsibilities under federal law and regulation. Any additional federal audit effort shall be planned and carried out in such a way as to avoid duplication.

To satisfy these requirements and the requirements of generally accepted accounting principles contained in NCGA's Statement 2, the following accounting for grants is prescribed.

1. Use of Separate Grant Funds

Grants may be accounted for in the same funds as other operations of a municipality or in one or more separate "grant funds", depending upon grant terms. The Governmental Accounting Standards Board (GASB) recommends that governments establish and maintain the minimum number of funds consistent with legal specifications and operational requirements. Grant transactions coded within the same fund as other operations may be distinguished by using the BARS program or department codes. (See Part 1, Chapter 3 for coding instructions.)

2. Fund Types

Grants must be accounted for in the type of fund appropriate for the activities being financed. If a grant is to be used for general governmental purposes, it should be accounted for in the General (Current Expense) or a special revenue fund. If a grant is received for the payment of principal and/or interest on general long-term debt, it should be accounted for in a debt service fund. If a grant is received to support operations of, or acquire capital assets for, a proprietary fund, the grant should be accounted for in a proprietary fund. Other capital grants should be accounted for in capital projects funds. See separate discussion of pass-through grants in Part 3, Chapter 5, Section B.

3. Project Coding

At the inception of a grant (award notification), one or more project codes shall be assigned locally to identify the particular grant. This coding must be incorporated into the basic coding structure the municipality uses to identify all its transactions. Any available field or fields may be used, so long as the results do not interfere with the prescribed seven-digit BARS code.

The use of multiple codes may be necessary when there is more than one source of funds for a particular grant. For example, when some expenditures must be charged to particular revenue sources or are not allowed under some grantors' terms, separate budgets for such sources must be established. In addition, it may be desirable or necessary to account for the local share of costs ("match") or program income in separate projects. The value of separate projects is that they immediately segregate budgets, revenues, expenditures, cash accounts, receivables, and payables for each grant and for the related non-grant resources used to accomplish the project or operate the program.

4. Local Funding of Grant Projects

Within this project or set of projects, the municipality should account not only for grant resources and expenditures but also for the municipality's own contributions to the project or program and for related program income. This is necessary to ensure uniform accounting for the entire project or program, not merely that portion supported by grant moneys.

5. Grant (Project) Budgets

As soon as the terms of the grant award are known, the grant budget entries are to be made. If the exact terms of a grant agreement are not known when expenditures begin to be incurred, approximate budgets must be entered. These entries are not the municipality's own appropriation entries, which are still required.

To distinguish the grant budget from the municipality's own appropriated budget, use the separate budgetary control accounts, called "GRANTS AUTHORIZED" 296.10, and "CONTINUING GRANT APPROPRIATION" 296.20 and the separate nominal control accounts, "LIFE-TO-DATE RESOURCES" 297.10, and "LIFE-TO-DATE EXPENDITURES/USES," 297.20. This procedure constitutes entering two budgets for the same plan of expenditures because the grant fiscal period often will not coincide with the municipality's fiscal period. In these cases, continuing appropriations will be necessary (see Part 2, Chapter 2, Section B).

The "LIFE-TO-DATE RESOURCES" and "LIFE-TO-DATE EXPENDITURES/USES" accounts are used to keep track of the resources/uses for the grant projects from inception of the grant through the current date. Comparison of these accounts to the 296 accounts (see above) will yield budget analysis on a project basis as opposed to current-year transactions.

If a separate "grant fund" is used, the municipality's own legislated appropriation should be limited to the fund total, and the detail budget should be the terms contained in the grant award and related agreements. If the grant is accounted for within a fund that accounts for other operations of the municipality, either the grant terms or the municipal appropriation may be used for the detail budget. Using the municipal appropriation for the detail budget has the disadvantage that, although grant revenues and expenditures will be identified as they are incurred, they will not be compared to the detailed grant budget and therefore the municipality may have to absorb some grant-related costs that turn out not to dovetail with the grant budget restrictions.

6. Grant Schedules

A set of grant schedules is prepared as shown in the reporting section of this manual (Part 4, Chapter 6). These schedules meet federal requirements for the Single Audit. After these schedules are complete, the life-to-date control accounts are closed to allow the preparation of a balance sheet. The life-to-date control accounts are reopened as the first journal entry of the succeeding fiscal year.

7. Noncash Awards

The value of noncash awards (e.g., food stamps, food commodities, etc.) should be accounted for and reported on the Schedule of Federal Financial Assistance and the Schedule of State and Local Financial Assistance. Current year expenditures should be the value of goods distributed during the year. The notes to the schedule should disclose the nature of the amounts reported.

The Governmental Accounting Standards Board (GASB) Statement 24 defines pass-through grants as those grants and other financial assistance received by a governmental entity (recipient government) to transfer to or spend on behalf of a secondary recipient. All pass-through grants received by a governmental entity should be reported in its financial statements. To determine the proper accounting for pass-through grants, the recipient government has to evaluate its administrative and direct financial involvement.

Administrative involvement may include:

(a) monitoring secondary recipients for compliance with program-specific requirements,
(b) determining eligible secondary recipients or projects, even if using grantor-established criteria, or
(c) having the ability to exercise discretion in how the funds are allocated.

Direct financial involvement may include:

(a) recipient government financing some direct program costs because of a grantor-imposed matching requirement, or
(b) recipient government liability for disallowed costs.

If a recipient government has administrative involvement or direct financial involvement in a pass-through grant, its responsibility in relation to the resources is more than custodial.
The recipient government essentially exercises operational responsibility or discretion over whether the grant will be awarded.

National Council on Governmental Accounting (NCGA) Statement 1 states that agency funds are purely custodial. In those cases in which a recipient government serves only as a cash conduit, the grant should be reported in an agency fund. Pass-through grants with administrative or direct financial involvement should be recognized as revenue and expenditures or expenses in a governmental, proprietary, or trust fund of the recipient government.

GASB Statement 24 does not require that a recipient government's payment of administrative costs (indirect financial involvement) be separately evaluated in determining the reporting of pass-through grants. If a recipient government serves only as a cash conduit, it may incur some incidental administrative costs. If a recipient government's administrative costs are more than incidental, that would be the result of administrative involvement.

The provisions of GASB Statement 24 are effective for fiscal periods beginning after June 15, 1995.

Local governments may cooperate under certain conditions with other local governments. The basis is for mutual advantage to provide services and facilities. This is accomplished in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population, and other factors influencing the needs and development of local communities.

All cooperative efforts created by State law can be joint ventures (see Joint Venture Section). All joint ventures are either joint operating agencies or contracted interlocal agreements. Specific laws dictate other limitations or requirements, depending on the purpose and entity. Descriptions of some cooperative efforts are as follows.

Joint Operating Agencies (RCW 43.52 and RCW 54.44)

A Joint Operating Agency (JOA) is a legal entity created between any two or more cities or public utility districts. This agency is a municipal corporation of the state of Washington. A JOA has authority to enter into contracts involving electric energy, fisheries, flood control, and natural resources.

Management and control of a JOA vests with the board of directors. The directors are appointed by the legislative body of each member of the JOA.

For guidelines and requirements, see Chapter 43.52 RCW for Operating Agencies and Chapter 54.44 RCW for nuclear power plants.

For accounting treatment, joint operating agencies should be treated as a public utility district (RCW 43.52.391).

Interlocal Agreements (RCW 39.34)

An interlocal agreement is a contract entered into between two or more public agencies for joint or cooperative action. This action must be a power, privilege, or authority already capable of being exercised by the public agencies involved, and the manner of financing shall be as provided by law. The agreement could establish a separate entity as described below.

If the interlocal agreement does establish a separate legal or administrative entity, this entity must be legally created (Insurance Boards RCW 48.62.041-.101, Irrigation Districts RCW 87.03.018, Hydroelectric Resources RCW 87.03.828). The agreement must specify duration, organization, purpose, manner of financing and methods of termination. Funds of this separate entity would be subject to audit in the manner provided by law for the auditing of public funds.

If the interlocal agreement does not establish a separate legal entity by law, the agreement must specify the criteria listed above and must also provide for an administrator or a joint board responsible for administering the cooperative undertaking. Provisions are also required to detail the manner of the joint board in acquiring, holding, and disposing of real and personal property used in the joint undertaking. The joint board is also authorized to establish an operating fund with a county, city, or district treasurer of one of the involved public agencies.

The interlocal agreement is filed with the county auditor, and if applicable, a state officer or agency with statutory powers of control.

Chapter 39.34 RCW issues various guidelines and requirements applicable to interlocal agreements.

For accounting treatment, an interlocal agreement must be evaluated for each member agency to determine whether joint venture treatment is applicable. If joint venture treatment is applicable, see the accounting treatment as recommended in the joint venture section. If joint venture treatment is not applicable, interlocal agreement should be footnoted and accounted for in an appropriate fund (Special Revenue, Internal Service, etc). Contractual requirements take precedence over accounting requirements (i.e., a contract may require one member to be reporting entity when it does not exercise "oversight responsibility").

Accounting Procedures for the Joint Ventures

GASB Statement 14 *The Financial Reporting Entity* defines the joint venture as a legal entity or other organization that results from a contractual agreement and is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility.

> Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.
>
> Ongoing financial interest means an equity interest or any other arrangement that allows a participating government to have access (directly or indirectly) to joint venture's resources.
>
> Ongoing financial responsibility means that the participating government is obligated in some manner for the debts or the funding of the joint venture.

Lack of the ongoing financial interest or the ongoing financial responsibility designates the entity as a jointly governed organization, subject to different disclosure requirements.

When the number of participants in a joint venture increases their financial responsibility may decrease. Statement 14 does not establish any break point for the determination if the participant is financially responsible or not. A decision, in the marginal cases, is left to the professional judgment of the government.

For financial reporting purposes there are two types of joint ventures:

1. joint ventures whose participants have equity interest,
2. joint ventures whose participants do not have equity interest.

The indication of an equity interest is an ownership of shares of the joint venture's stock or other explicit and measurable rights to net resources (usually based on investment of financial or capital resources in the joint venture). To be considered explicit and measurable the rights to the present or future claims to the joint venture's resources and the methods to determine the amounts have to be clearly defined in the joint venture agreement. If equity interest in the joint venture is implied rather than explicitly stated the joint venture participants should consider modifying the agreement to clarify its intent.

Reporting Equity Interest in Joint Venture:

1. Proprietary Funds (or Similar Trust Funds)

The equity interest should be reported in the "Investment in Joint Venture" account. The initial amount recorded is the cost of the equity interest determined according to the joint venture agreement. During the duration of the joint venture the "Investment in Joint Venture" account should be adjusted for the participant's share of the joint venture's net income or loss (in the manner described in the agreement) regardless of whether the amount was actually remitted or not. The calculation of net income or loss should exclude any profit from operating transactions between the proprietary fund and the joint venture. Any nonoperating transactions should increase or decrease the equity interest. The equity interest should be reported on the fund's balance sheet as a single amount, also the fund's share of the joint venture's income or loss should be reported in its operating statement as a single amount.

2. Governmental Funds (or Similar Trust Funds)

Because the equity interest primarily represents equity in capital assets it should be reported in the GFAAG. The amount reported there is the total equity adjusted for any portion of the equity interest that is included in the balance sheet of the governmental fund ("Net Investment in Joint Venture" account). The operating statement should include the changes in the joint venture's equity only if the amounts received or receivable from the joint venture or the amounts paid or payable to the joint venture meet the revenue and expenditures recognition criteria.

The following examples illustrate how the provisions of the GASB Statement 14 would be applied to a particular set of hypothetical circumstances.

Example 1. Twin City Airport Authority

Facts: The Twin City Airport Authority was created jointly as a separate legal entity by two cities. At inception, City A contributed 60 percent and City B contributed 40 percent of the initial capital (to purchase land). The cities jointly issued construction revenue bonds and facility revenue bonds to finance construction of the airport. The construction bonds are payable solely from and secured by airport revenues, and the facility bonds are payable solely from and secured by net rent revenues payable from various leases. The cities are not obligated in any manner for the authority debt. The initial capital investment of the two cities are to be returned to the cities by the authority over a period of time not to exceed fifteen years.

The authority is governed by a ten-member board composed of the mayor of each city and three members of City B's city council and five members of City A's city council. Despite the numerical imbalance of the board, the joint venture agreement provides for joint control; that is, both cities must approve the budget, the issuance of debt, and other significant activities.

The cities individually have executed covenants, by ordinance, to levy a maintenance tax (subject to rate limitations) if necessary to insure that the airport will be operated and maintained efficiently. The authority board has entered into agreements with each airline that uses the airport, providing for adjustments to rentals, fees, and other charges that management believes would preclude losses from being incurred. To date, no maintenance tax has been levied by either city, and the airport has generated sufficient revenues to make annual payments to the cities in accordance with the repayment agreement for their initial capital contributions.

Conclusions: The airport authority is a joint venture because it was created as a separate legal entity and both cities have on ongoing financial responsibility for the entity. The fact that City A appoints a numerical majority of the authority's board is negated by the two cities' agreement for joint control of the authority. The initial capital contributed by the cities has the characteristics of an equity interest, but the agreement with the airport authority, in effects, converts the equity interest to a long-term receivable. Therefore, rather than reporting an equity interest in the joint venture in the GFAAG, the cities would report a receivable in the fund that receives the annual payments from the authority. The cities do, however, have ongoing financial responsibilities for the

authority because they have obligated themselves to fund the deficits of the airport by agreeing to levy maintenance tax if needed. The cities would make the required joint venture disclosure.

Example 2: Bi-State Port Authority

Facts: Two state governments create a port authority as a separate legal entity. Each state appoints six governing board members for the authority; the chairperson is elected by the twelve members from within the board. the authority is autonomous from a day-to-day operations perspective. Neither state provides start-up funds; the authority's facilities were financed with its own revenue bonds.

Neither state is obligated for the authority's debt and neither state is obligated for its deficits or entitled to its operating surpluses, either directly or indirectly. The authority is financially self-sufficient. It is perpetual and no provisions are made in its charter or by-laws for the distribution of assets at termination.

Conclusions: The authority is a jointly governed organization. It is not a component unit because neither state appoints a voting majority of the authority's governing board. It is not a joint venture because the states do not have an ongoing financial interest or responsibility for the authority. If, however, the states could influence the management of the authority (through veto power over the authority's decisions regarding major projects, for example) to undertake projects that would benefit the states, an ongoing financial interest would exist and them authority would be considered a joint venture. In either case, the states should make the appropriate disclosures about their relationship to the authority.

Example 3: Municipal Electric Authority

Facts: Forty-eight cities have formed a municipal electric authority as a public corporation according to state law. The purpose of the authority is to enable small municipal electric systems to efficiently finance, construct, and operate electric power generation and transmission facilities. Each participating city appoints one member to the authority's governing board. Construction of the authority's facilities was financed by revenue debt of the authority. None of the participants is in any way liable for the authority's debt. The authority bills each participant for usage at rates that are calculated to cover the authority's "cost" as defined in the bond indenture. The rates are structured to systematically provide cash for debt requirements, operating expenses (excluding depreciation and amortization), and reserves as specified by the bond indentures. Each city is bound by contract with the authority to annually purchase a minimum number of kilowatt-hours. The contracts are renewable at the cities' option every three years. Except for the minimum purchase contracts, no participant has any other obligation, entitlement, or residual interest. The authority is financially self-sufficient.

Conclusion: The authority should be reported by participants as a jointly governed organization. None of the participating municipalities has an ongoing financial interest, and because of the large number of participants the cities' purchase contracts with the authority do not represent ongoing financial responsibilities.

INVESTING REQUIREMENTS

Each municipal corporation should, by action of its governing body, authorize investment of any moneys which are not required for immediate expense and which are in the custody of the county treasurer or other municipal corporation treasurer.

If the governing body has not taken any action pertaining to the investment of any such moneys, the county finance committee should direct the county treasurer to invest, to the maximum prudent extent, such moneys or any portion thereof in any of the securities mentioned below (RCW 36.29.020).

INVESTMENT VEHICLES

All local governments (counties, cities, towns, special purpose districts, political subdivisions, municipal corporations, or quasi-municipal corporations, including any public corporation, authority, or other instrumentality created by such an entity) in Washington State are empowered by statute to invest moneys, which are eligible for investment[1], in the following types of securities. (The enabling legislation is contained in Chapter 39.59 RCW. [2])

- Certificates, notes, bonds or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States:
  - Treasury bills
  - Treasury bonds
  - Government National Mortgage Association bonds.
  - Small Business Administration bonds (see caution 3). (RCW 36.29.020, 43.84.080)

- State, county, municipal, or school district bonds, or warrants of taxing districts of the state. Such bonds and warrants should be only those found to be within the limit of indebtedness prescribed by law for the taxing district issuing them and to be general obligations. (RCW 36.29.020, 43.84.080)

- Motor vehicle fund warrants when authorized by agreement between the state treasurer and the Department of Transportation requiring repayment of invested funds from any moneys in the motor vehicle fund available for state highway construction. (RCW 36.29.020, 43.84.080)

- Federal Home Loan Bank notes and bonds. (RCW 36.29.020, 43.84.080)

- Federal Land Bank bonds. (RCW 36.29.020, 43.84.080)

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[1] Not all available money is eligible for investment as allowed by Chapter 39.59 RCW. The Attorney General (AG) Opinion No. 132 (1961-62) states that the county general (current expense) fund's money must be in the form of cash or "that which is redeemable in cash upon demand, as a matter of fixed right." The AG Memorandum to the State Auditor dated March 20, 1989, reaffirms this opinion. Warrants are not demand instruments. They are not considered to be the equivalent of cash, redeemable upon demand, as matter of right, therefore county general (current expense) fund's money cannot be invested in them.

[2] Chapter 39.59 RCW expands the investment authority of local governments by allowing them to invest in "any investments authorized by law for the treasurer of the state of Washington or any local government of the state of Washington other than a metropolitan municipal corporation . . ." (RCW 39.59.020(4)). The AG memorandum to the State Auditor dated November 30, 1989, clarifies the scope of this increased authority. It states that if a certain type of investment authority did not exist for local governments prior to the enactment of RCW 39.59.020, but was authorized by section (4) of that statute, the restrictions contained in sections (1), (2), and (3) of the statute do not apply to those newly granted powers of investment. Therefore, local governments may choose the least restrictive investments from the above list of authorized investments. (See caution 4.)

- Federal National Mortgage Association notes, debentures and guaranteed certificates of participation. (RCW 36.29.020, 43.84.080)

- Obligations of any other government sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the federal reserv e system.
  - Federal Farm Credit Banks consolidated system-wide bonds and discount notes.
  - Federal Home Loan Mortgage Corporation bonds and discount notes.
  - Student Loan Marketing Association bonds and discount notes.
  - Export-Import Bank bonds.
  - Maritime Administration bonds. (RCW 36.29.020, 43.84.080)

- Bankers' acceptances purchased on the secondary market. (RCW 36.29.020, 43.84.080)

- Negotiable certificates of deposit of any national or state commercial or mutual savings bank or savings and loan association doing business with the United States. The investment should meet the criteria set by th e State Investment Board. (RCW 36.29.020, 43.84.080)

- Commercial paper. The investment should meet the criteria set by the State Investment Board. (RC W 36.29.020, 43.84.080)

- Washington State Housing Finance Commission bonds. (RCW 43.180.190)

- Farm ownership and soil and water conservation loans fully guaranteed as to principal and interest under the Bankhead-Jones Farm Tenant Act and the Washington Land Bank. (RCW 43.33A.080)

- Bonds of the state of Washington and any local government in the state of Washington, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency. (RCW 39.59.020(1))

- General obligation bonds of a state other than the state of Washington and general obligation bonds of a local government of a state other than the state of Washington, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency. (RCW 39.59.020(2))

- Registered warrants of a local government in the same county as the government making the investment , subject to compliance with RCW 39.56.030. (RCW 39.59.020(3))

- Any investments (e.g., certificates of participation) authorized by law for the treasurer of the state o f Washington or any local government of the state of Washington other than a metropolitan municipa l corporation but, except as provided in Chapter 39.58 RCW, such investments should not include certificates of deposit (CD) of banks or bank branches not located in the state of Washington. (See caution 4.) (RCW 39.59.020(4))

- Revenue bonds and notes issued by port districts under the authority of Chapter 54.34 RCW. (RC W 53.34.150)

- Selected mutual funds and money market funds (all subject to the arbitrage provisions of Section 148 of the Internal Revenue Code or similar provision concerning the investment of state and local money and funds):

  - Mutual funds with portfolios consisting of only United States government bonds or United State s government guaranteed bonds issued by federal agencies with average maturities of less than four years, or bonds described in RCW 39.59.020 (1) or (2), except that those bonds should have one of the four highest credit ratings of a nationally recognized rating agency;

- Money market funds with portfolios consisting of only bonds of states and local governments or other issuers authorized by law for investment by local governments, which bonds have at the time of investment one of the two highest credit ratings of a nationally recognized rating agency;

- Money market funds with portfolios consisting of securities otherwise authorized by law for investment by local governments. (See caution 4.) (RCW 39.59.030)

- Notes or bonds secured by mortgage (insured or with a commitment to insure in obligations of national mortgage associations) by the Federal Housing Administrator. (RCW 39.60.010)

- Debentures issued by the Federal Housing Administrator. (RCW 39.60.010)

- Bonds of the Home Owner's Loan Corporation or any other corporation which is or may be created by the United States as a governmental agency or instrumentality. (RCW 39.60.010)

- Notes, bonds, or debentures of savings and loan associations, banks, mutual savings banks, savings and loan service corporations operating with approval of the Federal Home Loan Bank, and corporate mortgage companies that are rated not less than "A" by a nationally recognized rating agency, or are insured or guaranteed and backed as required by the statute. (RCW 39.60.050)

- Bonds or warrants of the state of Washington. (RCW 35.39.030)

- General obligation or utility revenue bonds or warrants of any city or town in the state of Washington. (RCW 35.39.030)

- Bonds or warrants (RCW 35.39.030) or installment notes (RCW 35.45.150) of a city's or town's own local improvement district which are within the protection of the local improvement guaranty fund law.

- Interim financing warrants of a local improvement district which is within the protection of the local improvement guaranty fund law for the benefit of the General (Current Expense) fund. (RCW 35.39.034)

- Bonds or other obligations issued by a metropolitan municipal corporation pursuant to Chapter 35.58 RCW. (RCW 35.58.510)

- Outstanding warrants of the county tax refund fund in the same county as the government making the investment subject to the provisions of RCW 36.33.070.

- Bonds or other obligations issued by a housing authority pursuant to the housing authorities law of this state or issued by any public housing authority or agency in the United States. (RCW 35.82.220)

NOTE: Per an Attorney General Memorandum dated February 8, 1991, cities and towns have the authority to invest in out-of-state CDs via RCW 35.39.030(6) and RCW 43.84.080(6). Restrictions on investments contained in RCW 39.59.020 do not apply to investment authority existing prior to the enactment of that statute (1988). Accordingly, local governments other than cities or towns would be restricted to investment in in-state CDs since they did not possess this authority prior to the enactment of RCW 39.59.020(4).

In addition to the securities listed above, municipalities may invest excess moneys in the Washington State Treasurer's Investment Pool (Chapter 43.250 RCW). The governing body of the municipality must authorize participation by passing an ordinance or resolution.

PUBLIC DEPOSITORIES

Except for funds deposited pursuant to a fiscal agency contract with the state fiscal agent or its correspondent bank, no public funds may be deposited in demand or investment deposits except in a qualified public depository or as otherwise permitted by statute. Total deposits of a treasurer in a depository may not exceed that depository's net worth (RCW 39.58.130).

A financial institution receives designation as a public depository from the Public Deposit Protection Commission (PDPC). This designation is readily verified, either from the institution (a letter of authority from the Commission) or from the PDPC. The PDPC publishes a quarterly list of each qualified depository and its net worth. This list will be furnished upon request by writing to:

Public Deposit Protection Commission
Office of State Treasurer
General Administration Building
PO Box 40206
Olympia, WA 98504-0206

CAUTIONS

1. Investments Allowed By Debt Covenants May Be More Restrictive Than Statutes

The debt covenants contained in bond indentures and the provisions of other agreements may be more restrictive than the statutes about the types of investments permitted for certain moneys.

2. Avoid Conflicts With The Laws Of Other States

Some corporations have sold instruments in Washington which require the issuer or holder to comply with laws of other states. It is questionable whether it is prudent or appropriate for a public treasurer in Washington to enter into such agreements.

3. SBA Loans Are Inherently Risky

In order for a business to qualify for a Small Business Administration (SBA) loan, it must usually have been unable to obtain credit at a financial institution. Hence, SBA obligations backed by SBA loans have weaker underlying credit than the standards in the money market. Although these loans are guaranteed by the federal government, default does not result in immediate liquidation. Some SBA investors are holding paper while the loan is "worked out." Also, federal guarantees do not extend to points paid.

4. State Constitution Prohibits Some Investments

Article VIII, Sections 5 and 7, and Article XII, Section 9 prohibit the state and local governments in the State from extending credit, giving money or property, or loaning money to individuals, associations, companies, or corporations. Therefore, except for the following exceptions, treasurers should not invest in stock of private companies or other investments which appear to be prohibited. Article XXIX, Section 1, provides that public pension, retirement, and industrial insurance trust funds be the ONLY exceptions, thus allowing any investment authorized by law. Any investment holdings in violation of the Constitution will be challenged.

5. PDPC Covers Losses As Provided By Statute

All public deposits in qualified public depositories are protected from loss as provided in Chapter 39.58 RCW, but there are some limitations. In the event of a loss due to default of a qualified public depository, the PDPC would:

a. Determine the net deposit liability of the defaulting institution after FDIC coverage.

b. Make assessments against all bank depositories or all thrift depositories, depending on whether the defaulting institution was a bank or a thrift institution:

- First, against the defaulting institution to the full extent of securities pledged as collateral.
- Second, against all other bank or thrift depositories, for their proportionate share of the loss, up to a maximum of 10 percent of each institution's public deposits. (RCW 39.58.060(3); 39.58.010(6).)

c. Represent all public treasurers for liquidation of the defaulting institution's assets to recover the remaining net deposit liability, if any exists after assessments against all bank or thrift depositories.

Treasurers should be aware that in the event of a default of a qualified depository, the funds in that institution could be tied up until deposit balances are certified and assessments are collected (RCW 29.58.060). Diversification of investments among various bank and thrift institutions could help alleviate potential cash flow problems.

6. Properly Name Accounts For Insurance Coverage

In order to maximize insurance coverage from FDIC care should be exercised to properly name deposit accounts so that ownership of such accounts is clear.

7. Consult Your Bond Counsel For Guidance On Arbitrage Restriction

The Tax Reform Act of 1986 placed tighter restrictions on tax-exempt bonds. Penalties for noncompliance include fines and, possibly, retroactive taxation on the bonds.

8. Repurchase Agreements Require Proper Procedures to Avoid Loss

Recent losses suffered by local governments indicate the need for treasurers to participate in repurchase agreements (repos) with adequate procedures and knowledge of the mechanics of repo transactions.

a. Treasurer Must Have Control Of Securities In Repos

Each repo must be structured so that one of the following events occurs for the period of time that the repo is effective:

(1) Either of the procedures called DVP (delivery versus payment) whereby:

a) The treasurer obtains physical delivery of the underlying securities; OR
b) The underlying securities are delivered to a third party, such as a safekeeping bank acting as an agent for the public treasurer; OR

(2) The underlying securities are delivered to a bank's trust division (not within its operating division) for the account of the public treasury, when the repo is being done with the same institution.

This delivery may be made either physically or by book entry. Book entry is a system of handling securities. The Federal Reserve Bank's system is a securities safekeeping arrangement between the Fed and its customers. All US government agencies' issues exist only in book entry form, in computerized files, rather than in definitive (engraved paper) form. Under the system, book entry securities are transferred electronically between accounts based on input from the depository institution transferring securities from its account.

b. Do Not Invest In "Pooled" Or "Master" Repos

Some dealers offer repos where a treasurer invests in a pool of securities held by a trustee. Statements from the trustee list the securities; however, no "owner" is listed on the statement. The statements only reference a pool number. Treasurers have no way to assure themselves that the dealer has not oversold the securities. In the event of a dealer's default, the treasurer may discover the pool does not cover all of the claims of its investors. Where securities involved in repos are being held by trustees or a bank's trust division, the treasurer must require that the securities be held in his or her name.

c. Market Value Of Securities Should Cover The Investment

Treasurers should assure themselves that they are adequately protected from a sudden decline in the market value of the securities they have purchased. Some authorities recommend that the market value of the underlying securities exceed the amount to be received at the end of the agreement, thus protecting principal and interest. It is common practice in the industry for an excess of market value over the cash paid, called a market or "haircut", to be built into the agreement to protect against declines in the market value of the underlying securities.

The local treasurer should review (reprice) the market value of the underlying securities periodically to make sure it has not fallen below an acceptable level, placing part of the entity's principal and earnings at risk. Should such a decline in value occur, additional securities should be obtained or part of the entity's principal should be recovered. The size of the margin built into the agreement should reflect the price volatility of the underlying securities, the frequency of repricing, and the length of the repo.

d. Evaluate Financial Position Of Security Dealers

Treasurers should screen and evaluate the integrity of dealers from whom they will purchase securities. Many dealers are unregulated. Many authorities recommend that treasurers deal only with the primary security dealers. Dealers of money market or mutual funds must have bonds posted with the risk management office of the department of general administration per RCW 39.59.010.

e. Obtain Written Contracts

Local governments should establish their rights in repos through written contracts. A written contract will specify, among other things, the right of the local government to liquidate the underlying securities in the event of default by the dealer and directions for the delivery of the underlying securities. This written contract may take the form of a master agreement covering all future transactions or a transaction agreement covering a single transaction.

Local governments should also have a written contract with a custodial agent, usually a bank, specifying the responsibilities of that third party. Such a written contract, called a custodial agreement ensures that the entity's custodian is an independent third party to the repo transaction. Among the custodial responsibilities that may be specified in a written contract are:

1) The custodian's responsibility to disburse cash for repos only on delivery of the underlying securities;

2) The custodian's responsibility to obtain additional securities if the required margin on the repo agreement is not maintained;

3) The custodian's responsibility for periodic reporting to the entity on the market value of the securities.

f. Beware Of Pitfalls

No treasurer should participate in repos without a thorough knowledge and understanding of what repos are and how they work. Every treasurer should be aware of the pitfalls and why other governments have suffered losses.

NOTE: The BARS material on investments is intended to inform local treasurers of the State Auditor's current audit standards and to provide information on current legal authority questions and on prudent investment standards. This material does not constitute a legal opinion on the validity of any particular investment. The State Auditor does not intend to imply that a treasurer who follows the standards set forth in these materials will thereby avoid any possibility of a loss of public funds. Each treasurer must exercise his or her best professional judgment in selecting particular investments, relying where appropriate on legal and other professional assistance.

Investment Of Superior Court Trust Funds

Pursuant to RCW 36.48.090, whenever the clerk of the superior court has moneys held in trust for any litigant or for any purpose, they shall be deposited in a separate bank account designated *Court Trust Fund* . These moneys shall not be commingled with any public funds. The clerk is subject to the same investment limitations as the county treasurer (RCW 36.29.020). See Part 3, Chapter 6, Section A on investments.

Interest Income

Unless provided otherwise, interest earned on trust investments shall be forwarded to the county treasurer as current expense fund revenue. If however, the trust principal amounts to $2,000 dollars or more and a litigant in the matter had filed a written request, the interest shall be held in trust and paid to the beneficiary upon termination of the trust. The clerk should assess a 5% investment service fee, subject to statute limitations, on interest earned on behalf o f beneficiaries.

All litigants not represented by an attorney and who have $2,000 dollars or more being held by a superior court clerk shall receive written notice of the provision for receiving interest income on the funds.

Accounting Requirements

a. All purchases of investments shall be by check or electronic fund transfer (EFT) drawn on the Court Trust Fund.

b. All investments sold shall be receipted with Court Trust Account receipts. We encourage clerks to instruct financial institutions to pay all interest earnings to the Court Trust Fund. However, if the county chooses to use direct interest credits to investment accounts, the clerk should reconcile the interest at least quarterly.

c. Clerks making Trust Fund investments must maintain an investment ledger:

   (1) Sufficient to indicate the total amount of trust funds invested at any given time (a control account).

   (2) Listing each investment purchased by purchase date, trust account check number or EFT number, description of investment and identification (passbook or C.D. number, financial institution holding investment, interest rate, maturity date, etc.) and purchase price.

   (3) Showing for each investment sold: total proceeds, interest due the current expense fund, interest due other recipients, sales date, clerk's receipt number, and investment fee.

   (4) There must be an individual ledger card for each case. The ledger cards shall be reconciled to the investment ledger periodically. Ledger cards shall contain the name, address, case number, th e investment balance and accrued interest. A form similar to the attached sample will be acceptable.

d. Investment interest earnings remitted to the current expense fund and investment service fees deducted from interest due to others should be coded to the resource account designated in Part 1, Chapter 3.

e. Moneys to be paid to the county treasurer should be remitted each month together with other remittances.

f. Interest paid to litigants in excess of $10 must be reported to the Internal Revenue Service.

INVESTMENT RECORD

Line No.	Date Purchased 19__ Mo. Day	Description	Purchase Price	Date Sold Mo. Day	Sales Price	Receipt Number	Investment Fee	Interest Earnings	To Be Re-mitted to Beneficial Owner	To Be Re-mitted to Treasurer	Investment Balance		Line No.
											Debit	Credit	

Many entities have agreed to maintain a predetermined average daily balance in noninterest bearing bank accounts to compensate banks for handling the entity's bank services.

In many cases, there is no rational relationship between the interest which the entity would have earned on the deposit and the amount that would have been paid for bank services.

In the event a decision is made to maintain a compensating balance, the entity should:

a. Obtain proposals on bank service charges from several banks.

b. Document with historical and statistical evidence that the interest foregone is substantially equivalent to or less than the proposed bank service charges.

The Attorney General memorandum dated December 20, 1985 to the State Auditor's Office states that a system whereby a municipality directly compensates a bank for the actual services rendered is more easily audited, more easily supported, and preferable to a system in which banking services are paid for by the maintenance of a compensating balance.

When a public utility levies taxes for operating purposes, general obligation bond redemption, or capital construction, a receivable should be recognized.

Utilities using the BARS are provided general ledger account 121.00, *Taxes Receivable* . Because utilities using another prescribed system, such as Federal Energy Regulatory Commission (FERC) or National Association of Regulator y Utility Commissioners (NARUC) do not have a taxes receivable account, they are advised use the general ledge r account *Other Accounts Receivable* .

In all systems of accounts, the taxes levied for operating purposes should be shown as a nonoperating income on the income statement. Taxes levied for general obligation bond redemption are for principal and interest. The interes t portion is shown as a nonoperating income and the principal portion is treated as a reduction in the payable. Taxe s levied for capital construction affect contributed capital but do not flow through the income statement.

DEFINITIONS

Generally, the term *fixed assets* means real and personal property the government intends to use or keep for more than one year. Fixed assets include land and land rights; improvements and infrastructure; buildings, their furnishings, fixtures, and furniture; equipment, machinery, vehicles, and tools. The term *infrastructure* means roads, bridges, sidewalks, water lines, sewers, drainage systems, and the like. Infrastructure should be capitalized in proprietary funds but does not have to be capitalized in governmental funds.

For purposes of this section, the term *accounting* is limited to the procedures of keeping books and preparing financial reports (reporting requirements are covered in Part 4); accounting is one way, but by no means the only way, of demonstrating accountability.

Accountability means the obligation to demonstrate good management of or control over those matters for which a person or agency is responsible. The local governments are accountable for a lot more fixed assets than they may ever account for. For example, most local governments do not account for the value of their roads and streets but they keep a complex set of nonfinancial records to describe the location, condition, planned maintenance and improvement of those roads and streets. That's accountability without accounting. Accounting enters in when the road engineer does some maintenance or construction and wants to know how much it cost.

A *fixed assets management system* is the set of policies and procedures used to control government's fixed assets. It should satisfy accounting/reporting requirements and it should demonstrate accountability for the government's fixed assets. The system should encompass both proprietary and general fixed assets. The policies and procedures must be documented.

GENERAL REQUIREMENTS

Specific requirements of the State Auditor's Office are contained in subsequent sections of this chapter. In addition, the federal government has issued property management requirements which apply to all governments that receive federal assistance. Each federal agency has published a *Federal Agency Implementation of the Common Rule*. Excerpts from the Common Rule have been included as an addendum to this section. Note that these requirements involve broad stewardship responsibilities and specific accounting records.

RATIONALE

The duty to make certain that public property is adequately protected and that its use is properly managed is one of the fundamental responsibilities of public officials. For some types of local governments, the statutes are quite specific about the things that public officials have to do to demonstrate their stewardship of public property. For example, county commissioners are required to inventory all county capitalized assets annually, and the statute is very specific about the content of the inventory report (RCW 36.32.210). But regardless of whether or not the statutes for the particular government identify any specific duties, public officials have several broad responsibilities with respect to fixed assets; these are custody, insurance, maintenance and planning.

Custody

The responsibility for custody means having the answers to such questions as:

- What property and equipment does this government own?
- Where is it?

- What condition is it in?

- Is it protected from loss and unauthorized use?

Insurance

The second major responsibility for fixed assets is providing adequate insurance. A fixed asset accounting system should provide adequate records to prove any losses. Location, inventory, and maintenance records will confirm that a lost or damaged asset has been in use recently, which will support the validity and timeliness of a theft or damage report. In addition, when a government has elected to self-insure to some degree, the officials should obtain an independent evaluation of the extent of the risk that has been assumed, which cannot be done without knowing what assets are at risk.

Maintenance and Repair

The third major responsibility is maintenance. As a steward of public property, an official has the obligation not only to safeguard assets from loss but also to ensure they are not neglected or wasted. The local government should not find itself surprised by building or equipment repair or maintenance requirements or by predictable problems with down time and availability of spare parts.

The basic requirements for demonstrating stewardship in maintaining public property are evidence that, first, the governmental unit knows what maintenance is required to preserve its assets and that it schedules that maintenance; and, second, that needed repairs are promptly identified and performed. In the area of maintenance, record keeping requirements vary according to the kind of asset and its durability. The local government should have adequate historical data to make informed decisions about the costs of certain levels of maintenance or intentional neglect.

Planning (Capital Budgeting and Utilization)

The fourth general category of responsibility is planning for future asset needs, both short and long range. Here you need answers to questions such as:

- How well is the government using the facilities and equipment it already has?

- What does the government already own that could be transferred to another facility instead of purchasing additional equipment?

- Which items must be replaced, when and at what cost?

- When will additional facilities or equipment be needed, where and at what cost?

- Which facilities or equipment will not be needed, and what cost reductions in maintenance, insurance, and security will result from liquidating them?

The extent and nature of capital planning will vary a great deal, depending on such factors as the size of the governmental unit, whether demand for its services is stable or changing, whether its functions are capital intensive (like public works and utilities) or labor intensive (like education and welfare services), and how capital outlays are funded (through rates, general taxes, special bond issues, or grants).

Federal **Common Rule** Excerpts for Property Management

1. All federal agencies administering programs that involve grants are to issue a common grants management rule (Common Rule). The excerpts listed below are the general rule, however some agencies may publish deviations from the Common Rule due to statutory requirements.

2. Real Property

   a. **Title**. Subject to the obligations and conditions set forth in this section, title to real property acquired under a grant or subgrant will vest upon acquisition in the grantee or subgrantee respectively.

   b. **Use**. Except as otherwise provided by federal statutes, real property will be used for the originally authorized purposes as long as needed for that purposes, and the grantee or subgrantee shall not dispose of or encumber its title or other interests.

   c. **Disposition**. When real property is no longer needed for the originally authorized purpose, the grantee or subgrantee will request disposition instructions from the awarding agency. The instructions will provide for one of the following alternatives:

      (1) **Retention of title**. Retain title after compensating the awarding agency. The amount paid to the awarding agency will be computed by applying the awarding agency's percentage of participation in the costs of the original purchase to the fair market value of the property. However, in those situations where a grantee or subgrantee is disposing of real property acquired with grant funds and acquiring replacement real property under the same program, the net proceeds from the disposition may be used as an offset to the cost of the replacement property.

      (2) **Sale of property**. Sell the property and compensate the awarding agency. The amount due to the awarding agency will be calculated by applying the awarding agency's percentage of participation in the cost of the original purchase to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the grant is still active, the net proceeds from sale may offset against the original cost of the property. When a grantee or subgrantee is directed to sell property, sales procedures shall be followed that provide for the competition to the extent practicable and result in the highest possible return.

      (3) **Transfer of title**. Transfer title to the awarding agency or to a third party designated/approved by the awarding agency. The grantee or subgrantee shall be paid an amount calculated by applying the grantee or subgrantee's percentage in participation in the purchase of the real property to the current fair market value of the property.

3. Equipment

   a. **Title**. Subject to the obligations and conditions set forth in this section, title to the equipment acquired under a grant or subgrant will vest upon acquisition in the grantee or subgrantee respectively.

   b. **Use**.

      (1) Equipment shall be used by the grantee or subgrantee in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a federal agency.

(2) The grantee or subgrantee shall also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, providing such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the awarding agency. User fees should be considered if appropriate.

(3) The grantee or subgrantee must not use equipment acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless specifically permitted or contemplated by federal statute.

(4) When acquiring replacement equipment, the grantee or subgrantee may use the equipment to be replaced as a trade-in or sell the property and sell the property and use the proceeds to offset the cost of the replacement property, subject to the approval of the awarding agency.

c. **Management requirements**.

Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

(1) Property records must be maintained that include:

(a) a description of the property
(b) a serial number or other identification number
(c) the source of property
(d) who holds title
(e) the acquisition date and cost of the property
(f) percentage of federal participation in the cost of the property
(g) the location, use and condition of the property
(h) any ultimate disposition data including the date of disposal and sales price of the property.

(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.

(4) Adequate maintenance procedures must be developed to keep the property in good condition.

(5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

e. **Disposition**. When original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a federal agency, disposition of the equipment will be made as follows:

(1) Items of equipment with a current per-unit fair market value of less than $5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.

(2) Items of equipment with a current per-unit fair market value in excess of $5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by

multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.

(3) In cases where a grantee or subgrantee fails to take appropriate disposition actions, the awarding agency may direct the grantee or subgrantee to take excess and disposition actions.

f. **Federal equipment**. In the event a grantee or subgrantee is provided federally-owned equipment:

(1) Title will remain vested in the Federal Government.

(2) Grantees or subgrantees will manage the equipment in accordance with federal agency rules and procedures, and submit an annual inventory listing.

(3) When the equipment is no longer needed, the grantee or subgrantee will request disposition instructions from the federal agency.

g. **Right to transfer title**. The federal awarding agency may reserve the right to transfer title to the Federal Government or a third party named by the awarding agency when such a third party is otherwise eligible under existing statutes. Such transfers shall be subject to the following standards:

(1) The property shall be identified in the grant or otherwise made known to the grantee in writing.

(2) The federal awarding agency shall issue disposition instructions within 120 calendar days after the end of the federal support of the project for which it was acquired. If the federal awarding agency fails to issue disposition instructions within the 120 calendar-day period the grantee shall follow the proceeding guidelines provided in Disposition, (section e).

(3) When title to equipment is transferred, the grantee shall be paid an amount calculated by applying the percentage of participation in the purchase to the current fair market value of the property.

5. Supplies

a. **Title**. Title to supplies acquired under a grant or subgrant will vest, upon acquisition, in the grantee or subgrantee respectively.

b. **Disposition**. If there is a residual inventory of unused supplies exceeding $5,000 in total aggregate fair market value upon termination or completion of the award, and if the supplies are not needed for any other federally sponsored programs or projects, the grantee or subgrantee shall compensate the awarding agency for its share.

6. Copyrights

The federal awarding agency reserves a royalty-free, non exclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for Federal Government purposes:

a. The copyright in any work developed under a grant or subgrant; and

b. Any rights of a copyright to which a grantee, subgrantee or a contractor purchases ownership with grant support.

Designing and establishing a fixed asset system requires systematic planning. These plans fall into three basic areas:

1. Establishing the objectives of the fixed asset system and making permanent policy decisions which will shape both the initial establishment of fixed asset inventory and maintenance of the system. (See Part 3, Chapter 7, Sections C and G for fixed asset record requirements and Sections D and E for the system maintenance.)

2. Designing the plan for taking the initial inventory, for verifying and testing the data, and for establishing a value for each recorded asset.

3. Determining when and how to implement controls over additions and deletions to the fixed asset inventory.

A detailed guide for establishing a fixed asset system is available on request from the State Auditor's Office.

An adequate fixed asset accounting system should enable the government to meet statutory requirements, to produce adequate records and reports, and to safeguard assets properly.

The basis of a fixed asset accounting system is the individual fixed asset record. It is necessary to apply careful thought to designing the fixed asset record so that the government can accumulate the information it will want later on. Generally it is too costly to reconstruct this data at a later date. The sample format illustrated in this chapter has been designed to collect most of the important data about fixed assets; however, not all of this information is mandatory. The following minimum information is required for all fixed assets. Chapter 7, Sections F and G identify additional requirements for proprietary fund fixed assets.

1.	Category of asset, custody and general ledger asset account.	(Boxes 1 - 5)
2.	Acquisition information, including reference to source documents and acquisition dates.	(Boxes 6a - 6c)
3.	Changes in custody or use.	(Boxes 2 and 6a - 6c)
4.	Source of payment (fund, grants, etc.), historical cost, and general ledger equity account numbers.	(Boxes 6d - 6f)
5.	Description of asset, including legal descriptions where applicable.	(Box 7)
6.	Disposition information.	(Box 14)

Other information that is desirable, but not mandatory, includes the following:

1. Brief directions on where/how to locate the asset.
2. Special insurance, maintenance, and repair instructions.
3. Class code or location code if used.
4. Physical inspection dates and condition of asset when it was inspected.

The areas left blank on the sample format (items 8, 12 and 13) are used in different ways depending on the type of asset recorded. Specific formats for various types of assets are available on request from the State Auditor's Office.

This format can be used for two different purposes:

1. In a small system the individual records can serve as the subsidiary ledger to support fixed asset and equity general ledger accounts as well as providing the other data needed for proper management of fixed assets. These records are designed for use as a subsidiary ledger. Account number and name, cost and depreciation information are all in the same place on each form for ease in sorting and totaling. If the records are used as a subsidiary ledger, they must be numerically controlled.

2. For automated systems, these records can be used as input documents or as a guide for the data fields to design into a computerized fixed asset subsidiary ledger.

1. ASSET TYPE:	2. Custody/Assignment:
ID No.:	3. Fund/GFAAG:
4. ASSET ACCOUNT NAME:	5. ASSET ACCOUNT NUMBER:

6. CUMULATIVE COST HISTORY

a. Acquisition/ Disposal Date	b. Doc. Date	c. Doc. No.	d. Source of Payment	e. Equity Acct. No.	f. Cost

7. GENERAL DESCRIPTION

8.

9. SPECIAL INSURANCE, MAINTENANCE, REPAIR, ETC., INSTRUCTIONS

10. CUMULATIVE DEPRECIATION/DEPLETION

(Estimate Asset Life = _____ years)

a. Date	b. Doc. No.	c. Current Year	d. Cumulative

11. PHYSICAL VERIFICATION					
a. Date	b. Comments	c. Conditions	a. Date	b. Comments	c. Conditions

12.

13.

14. ASSET DISPOSAL INFORMATION

a. Sold/Traded to:

b. Disposition Date:

c. Receipt No.:

d. Disposition Authorization:
(1) Date (2) Source

e. Proceeds of Sale/Insurance Claim

f. Less: Net Book Value (_____)

g. Gross Gain (Loss)

h. Add: Contributed Capital
Net of Amortization

I. Less: Amount Due to Grants (_____)

j. Net Gain (Loss)
==========

k. Grantor Notification Date:

l. Grantor Disposal Instructions:

Once the fixed asset system is in operation, the government needs to make sure that assets which should be capitalized are properly recorded and that records are brought up to date when assets are disposed. Use of a standard form assures that the information needed for recording fixed asset transactions is promptly collected and processed. A sample form for this purpose is contained in Chapter 7, Section C. In addition, periodic physical inventories must be taken to verify the existence and condition of the assets. These inventories must be reconciled to fixed asset records and reports. (Chapter 7, Section E discusses physical inventories.)

TRANSACTIONS TO RECORD

Each time the local government acquires or disposes of a fixed asset, transfers an asset between locations, charges depreciation expense or makes an adjustment, an entry must be made on the individual fixed asset record. Internal controls must be established to insure that these transactions are properly and promptly recorded. If fixed asset disposals or transfers are numerous, a fixed asset journal should be used to record and control these changes. It is a good idea to always write detailed explanations of these entries, especially for disposals of assets, because it is difficult to reconstruct the circumstances of a transaction at a later date. If a fixed asset journal is used, the general ledger and subsidiary fixed asset accounts should be posted from this journal.

1. Capitalization policy defines what assets should be added to the system by specifying dollar limits: that policy should also specify the treatment of capital leases, procedures for accumulating costs for self-constructed assets, requirements for controlling small attractive assets that are not capitalized and accounting for infrastructure, which may or may not be capitalized. Personnel should be thoroughly familiar with and trained to recognize and code capital outlays properly and to understand your government's capitalization policy.

2. For additions, procedures must be implemented to assure that the property systems accountant automatically receives a copy of the receiving report or the invoice. He/she should also receive a copy of all lease agreements, progress billings on construction contracts, and work sheets that itemize the costs of assets constructed in-house.

3. For deletions, procedures must be implemented to assure that the property systems accountant automatically receives all resolutions/ordinances that declare property surplus, all property insurance claims, and itemized invoices for acquisitions that involve trade-ins. Oversights are difficult to avoid entirely, but they will be detected and corrected when physical inventories are taken.

4. For small attractive assets that are not capitalized, a policies and procedures manual should contain instructions for adding and deleting these assets from the control lists used to monitor them.

5. Procedures must be established to account for transfers whenever an asset changes location, custody or fund/account group. These procedures should list the steps for preparing and approving of transfer documents and notifying the accountant responsible for maintaining the fixed asset records.

6. The property accountant must perform several different reconciliations and analyses:

   a. Reconcile physical inventory to individual fixed asset records (see Chapter 7, Section C);

   b. Reconcile individual fixed asset records to general ledger accounts, both asset and equity;

   c. Reconcile capital outlay expenditures (Basub 594 and/or object 60) to total additions of fixed assets;

   d. Analyze subobject detail for additions to lists of uncapitalized small attractive assets;

e. Reconcile increases in proprietary fund contributed capital to capital grants, special assessments, and private contributions;

f. Reconcile significant capital grants shown on the grant inventory for governmental funds, with increases to the investment in general fixed asset accounts.

g. Analyze proceeds from insurance claims and sales or auction lists, claims reports, etc., to total fixed asset disposals;

h. Reconcile fixed assets transferred to other locations, custody or funds/account group with fixed assets transferred from other locations, custody or funds/account group.

COST

Original cost (historical cost) is the amount spent to acquire an asset. This cost is based on the actual price paid, including related taxes, commissions, installation costs and any other costs related to acquiring the asset or preparing the asset for use. The actual price should approximate fair market value. If the information regarding original cost is not available, the government needs to estimate the original cost. This cost principle applies to both general and proprietary fixed asset acquisitions.

Several unique circumstances arise when determining cost, particularly in utility accounting. The following are the more frequent accounting problems related to *cost*, but the discussion is not meant to be all inclusive.

Excess Costs

A basic accounting concept is that fixed assets should be recorded at cost. However, GAAP does provide that expenditures/expenses which do not add to the utility of an asset should not be capitalized. For example, an expenditure to repair a piece of equipment that was damaged during shipment should be expensed. Each fixed asset purchase should be analyzed carefully to determine which portions of the cost should be capitalized.

Similar treatment is mandated by certain regulatory agencies. For example, FERC provides that any amounts incurred for plant additions that are in excess of just and reasonable charges should be included in the account *Other Deductions*. Likewise, if excess costs are incurred to replace individual units of property damaged in a storm so as to restore the utility system to operating condition without delay, then only the normal or fair cost is charged to plant, the balance to maintenance.

Acquisition Adjustments

Original cost in the FERC and NARUC accounting systems means the cost of such property to the person first devoting it to public service. When a system or plant already in operation is purchased by a utility, the NARUC and FERC accounting systems require charging the difference between the cost to the acquiring utility and the *original cost* (estimated if not known and net of accumulated depreciation) to an intangible asset account *Plant Acquisition Adjustments*. Such debits would then be amortized over a period not to exceed the remaining life of the property.

Capitalization of Interest

Interest costs incurred during the period an asset is under construction should be capitalized. If the asset is being constructed with proceeds of a debt issue, and these proceeds are invested, interest earned during the construction period should be offset against interest costs incurred and only the difference between the interest earned and interest incurred should be capitalized. Interest earned on related special assessments may also be used to offset interest incurred in making this calculation. If interest earned exceeds interest incurred, no interest would be capitalized and the remaining earnings should be reported as revenue. The interest should not be capitalized for outlays financed by capital grants (and related interest earnings) externally restricted for the acquisition of specified assets.

Donated Assets

Assets are sometimes donated to a government. If the donation is cash to be used in conjunction with the construction of a specific asset, the donation is reported as revenue (367, *Contribution and Donations from Private Sources*) in governmental funds; in proprietary funds, such donations are treated as contributed capital.

If the asset contributed is other than cash, its estimated fair value must be determined and recorded as contributed capital in a proprietary fund. In governmental funds, the proper treatment of the donation of fixed assets depends upon the government's plans for those assets. If the government intends to retain the fixed assets, they would be recorded directly in the General Fixed Assets Account Group (GFAAG), with no effect on the governmental funds.

If the government intends to sell the donated fixed assets, the following treatment is recommended:

- If the government has sold the fixed assets by the end of the fiscal year, the governmental fund would report revenue in the operating statement (369.90, *Other Miscellaneous Revenue*).

- If the government had not managed to sell the fixed assets by the end of the fiscal year, but it did succeed in selling them prior to the issuance of financial statements, the government's fund balance sheet should report the fixed assets as assets held for resale (G.L. account 193.70) and revenue would be reported in the governmental fund's operating statement (369.90, *Other Miscellaneous Revenue*).

- If the government had not managed to sell the fixed assets by the time the financial statements were issued the assets should be reported directly in the GFAAG, with no effect on the governmental funds. When the fixed assets were eventually sold, they would be treated just the like any other sale of fixed assets (395, *Disposition of Fixed Assets*).

If the asset is utility plant and the fair value exceeds *original cost*, see the Acquisition Adjustments paragraph above. Electric and gas utilities need to make a year-end adjustment for FERC reporting. (See Chapter 7, Section F, *Depreciation*.)

Improvement/Repair/Maintenance Expenditures/Expenses

Routine repair and maintenance costs should be expensed as they are incurred. Major repairs should be capitalized if they result in betterments/improvements. The difficulty arises in the case of capital outlays that are partly replacements and partly betterments/improvements. To the extent that the project replaces the "old" part of a fixed asset, outlays should not be capitalized (unless cost of the "old" part was removed from the GFAAG); and to the extent that the project is betterment/improvement, outlays should be capitalized. The distribution of the total cost in such a case is a matter of managerial determination. When the distinction between replacement and betterment/improvement is not easily determinable, the government should expense the entire cost of the project.

When the cost of improvement is substantial or where there is a change in the estimated useful life of an asset, depreciation charges for future periods should be revised based on the new book value and the new estimated remaining useful life. No adjustment should be made to prior periods.

JOURNAL ENTRIES

The journal entries illustrated on the following pages are examples of how various types of fixed asset transactions are recorded. In each case, the entries are shown for both governmental and proprietary funds.

Funds/Account Groups	Governmental Funds Fixed Asset Acquisition/Disposition			Proprietary Funds Fixed Asset Acquisition/Disposition		
		DR	CR		DR	CR
Example No. 1: Record the cash purchase of a copy machine for $15,000 The cost included taxes and set-up fees.						
Purchasing Fund General Ledger	*292.20 Expenditure Control 111.10 Cash	15,000	 15,000	186.XX Equipment 111.10 Cash	15,000	 15,000
Subsidiary Ledger(s) Expenditure/Use Ledger	594.XX.64 Capitalized Expenditures (Use appropriate department code illustrated in Part 1, Chapter 4.)	15,000				
General Fixed Asset Account Group	186.XX Equipment 278.40 Investment in General Fixed Assets - from General Fund	15,000	 15,000	N/A		
Example No. 2: Record the purchase of a computer on a 5-year installment purchase contract or lease-purchase agreement. The cost included taxes. Set-up fees of $200 were paid separately.						
Purchasing Fund General Ledger	*292.20 Expenditure Control 111.10 Cash *292.30 Other Financing Sources Control	25,000	 5,200 20,000	186.XX Equipment 111.10 Cash 235.50 Current Leases and Installment Purchases Payable 263.50 Other Long-Term Liabilities - Leases and Installment Purchases	25,200	 5,200 5,000 15,000
Subsidiary Ledger(s) Expenditure/Use Ledger Revenue/Source Ledger	594.XX.66 Capitalized Expenditures 594.XX.41 Capitalized Expenditures 391.50 Proceeds of Capital Leases and Installment Purchases	25,000 200	 20,000			
General Fixed Asset Account Group	186.XX Equipment 278.40 Investment in General Fixed Assets - from General Fund	25,200	 25,200	N/A		
General Long-Term Debt Account Group	197.40 Amount to be Provided 263.50 Leases and Installment Purchases	20,000	 20,000	N/A		
Example No. 3: Record the donation of a 10 acre tract of land with a fair market value of $100,000. (Land will be kept.) **						
Receiving Fund General Ledger	N/A			171.XX Land 273.90 Contributed Capital - Other Sources	100,000	 100,000
Subsidiary Ledger(s)	N/A					
General Fixed Asset Account Group	171.XX Land 278.80 Investment in General Fixed Assets - from Private Contributions	100,000	 100,000	N/A		

* If you do not use these control accounts then the entry would be posted to expenditure or revenue account.

** This entry for governmental funds may vary depending on the government's plan for those assets.

Funds/Account Groups	Governmental Funds Fixed Asset Acquisition/Disposition			Proprietary Funds Fixed Asset Acquisition/Disposition		
		DR	CR		DR	CR
Example No. 4: Record the purchase of a copy machine for $15,000 cash less a trade-in allowance of $1,500. The old machine cost $5,000 with accumulated depreciation of $4,000. Taxes and set-up costs are included.						
Purchasing Fund General Ledger	*292.20 Expenditure Control 111.10 Cash *292.30 Other Financing Sources Control **OR** *292.20 Expenditure Control 111.10 Cash	15,000 15,000 	 13,500 1,500 15,000	186.9X Accumulated Depreciation 186.XX Equipment (New) 186.XX Equipment (Old) 111.10 Cash (Note: This example follows APB Opinion 29, *Accounting for Nonmonetary Transaction* . See Examples 6, 8 and 9 for recording a gain or loss.)	4,000 14,500 	 5,000 13,500
Subsidiary Ledger(s) Expenditures/Use Ledger Revenue/Source Ledger	594.XX.64 Capitalized Expenditures 395.10 Proceeds from Sales of Fixed Assets	15,000 	 1,500			
General Fixed Asset Account Group	186.XX Equipment 278.40 Investment in General Fixed Assets - from General Fund 186.XX Equipment 278.40 Investment in General Fixed Assets - from General Fund (Note: The new fixed asset should be recorded at what would have been its price without a trade-in ($15,000).)	15,000 5,000 	 5,000 15,000	N/A		
Example No. 5: Record the purchase of a computer financed 90% with federal funding (HUD) and 10% local funding. The asset cost is $20,000, including tax and set up costs.						
Purchasing Fund General Ledger	134.XX Due from Other Governmental Units *292.20 Expenditure Control 111.10 Cash *292.10 Revenue Control	18,000 20,000 	 20,000 18,000	134.XX Due from Other Governmental Units 186.XX Equipment 271.14.20 Contributed Capital - Federal-HUD 111.10 Cash	18,000 20,000 	 18,000 20,000
Subsidiary Ledger(s) Expenditures/Use Ledger Revenue/Source Ledger	594.XX.64 Capitalized Expenditures 331.14.20 Direct Federal Grants-HUD	20,000 	 18,000			
General Fixed Asset Account Group	186.XX Equipment 276.14.20 Investment in General Fixed Assets - from Federal Grants 278.40 Investment in General Fixed Assets - from General Fund	20,000 	 18,000 2,000	N/A		

* If you do not use these control accounts then the entry would be posted to expenditure or revenue account.

Funds/Account Groups	Governmental Funds Fixed Asset Acquisition/Disposition			Proprietary Funds Fixed Asset Acquisition/Disposition		
		DR	CR		DR	CR
Example No. 6: Record the cost ($50,000) of re-roofing the fire department. The original cost of roof components was $15,000 (if proprietary fund, accumulated depreciation of $14,000). The project was financed from resources from the Special Revenue Fund.						
Purchasing Fund General Ledger	*292.20 Expenditure Control 111.10 Cash	50,000	 50,000	173.XX Buildings and Structures 173.9X Accumulated Depreciation *292.14 Nonoperating Revenue Control 173.XX Buildings and Structures 111.10 Cash	50,000 14,000 1,000	 15,000 50,000
Subsidiary Ledger(s) Expenditures/Use Ledger	594.22.48 Capitalized Expenditures	50,000		395.90 Net Book Value of Retired Assets	1,000	
General Fixed Asset Account Group	172.XX Buildings and Structures 278.50 Investment in Fixed Assets - from General Fund 172.XX Buildings and Structures 278.50 Investment in General Fixed Assets - from Special Revenue Fund	50,000 15,000	 15,000 50,000	N/A		
Example No. 7: Record the construction of a new jail costing $18,000,000. 80% of the project is funded by the Washington State Jail Commission and the remaining 20% was raised through the issuance of G.O. Bonds. The jail is 50% complete at year end.						
Purchasing Fund General Ledger	(Capital Projects Fund) 134.XX Due from Other Governmental Units *292.10 Revenue Control 111.10 Cash *292.30 Other Financing Sources Control *292.20 Expenditure Control 111.10 Cash	 7,200,000 3,600,000 9,000,000	 7,200,000 3,600,000 9,000,000	134.XX Due from Other Governmental Units 271.01.6X Contributed Capital - Jail Commission 111.10 Cash 251.12 G.O. Bonds Payable 189.XX Construction in Progress 111.10 Cash Note: When the project is complete, a final entry is required: 173.XX Buildings and Structures 189.XX Construction in Progress	7,200,000 3,600,000 9,000,000 18,000,000	 7,200,000 3,600,000 9,000,000 18,000,000
Subsidiary Ledger(s) Expenditures/Use Ledger Revenue/Source Ledger	594.23.65 Capitalized Expenditures 334.01.6X State Grant - Jail Commission 391.10 Other Financing Sources - G.O. Bond Proceeds	9,000,000	 7,200,000 3,600,000			
General Long-Term Debt Account Group	197.40 Amount to be Provided 251.12 G.O. Bonds Payable	3,600,000	 3,600,000	N/A		

* If you do not use these control accounts then the entry would be posted to expenditure or revenue account.

Funds/Account Groups	Governmental Funds Fixed Asset Acquisition/Disposition			Proprietary Funds Fixed Asset Acquisition/Disposition		
		DR	**CR**		**DR**	**CR**
General Fixed Asset Account Group	189.XX Construction in Progress 277.01.60 Investment in General Fixed Assets - from State 278.60 Investment in General Fixed Assets - from G.O. Bonds Note: When the project is complete, a final entry is required: 173.XX Buildings and Structures 189.XX Construction in Progress	9,000,000 18,000,000	 7,200,000 1,800,000 18,000,000	N/A		
Example No. 8: Record the sale of word processing equipment costing $8,500 (if proprietary fund, accumulated depreciation of $6,000). The asset was sold for $900.						
Selling Fund General Ledger	111.10 Cash *292.30 Other Financing Sources Control	900	 900	111.10 Cash *292.30 Other Financing Sources Control 186.9X Accumulated Depreciation 186.XX Equipment *292.30 Other Financing Sources Control	900 2,500 6,000	 8,500 900
Subsidiary Ledger(s) Revenue/Source Ledger	395.10 Proceeds from Sales of Fixed Assets		900	395.10 Proceeds from Sales of Fixed Assets 395.90 Net Book Value of Retired Assets	 2,500	900
General Fixed Asset Account Group	278.40 Investment in General Fixed Assets - from General Fund 186.XX Equipment	8,500	 8,500	N/A		
Example No. 9: Record the writeoff of a building which was destroyed by fire. The building cost $200,000 (if proprietary fund, accumulated depreciation was $183,000). Insurance proceeds of $180,000 were received.						
Disposing Fund General Ledger	111.10 Cash *292.30 Other Financing Sources Control	180,000	 180,000	111.10 Cash 173.9X Accumulated Depreciation *292.14 Nonoperating Revenue Control 173.XX Buildings and Structures *292.14 Nonoperating Revenue Control	180,000 183,000 17,000	 200,000 180,000
Subsidiary Ledger(s) Revenue/Source Ledger	395.20 Compensation for Loss of Fixed Assets - Insurance Recoveries		180,000	395.90 Net Book Value of Retired Assets 395.20 Compensation for Loss of Fixed Assets - Insurance Recoveries	17,000	 180,000
General Fixed Asset Account Group	278.60 Investment in General Fixed Assets - from G.O. Bonds 173.XX Buildings and Structures	200,000	 200,000	N/A		

* If you do not use these control accounts then the entry would be posted to expenditure or revenue account.

Funds/Account Groups	Governmental Funds Fixed Asset Acquisition/Disposition			Proprietary Funds Fixed Asset Acquisition/Disposition		
		DR	**CR**		**DR**	**CR**
Example No. 10: Record the transfer of a truck from the General Fixed Asset Account Group to an Equipment Rental Fund. The truck cost $10,000 and is two years old with an estimated life of five years. The truck was purchased on a three year lease-purchase with $4,800 in principal payments remaining.						
Receiving Fund General Ledger	N/A			186.XX Equipment 186.9X Accumulated Depreciation 235.50 Current Leases and Installment Purchases Payable 273.40 Contributed Capital - Other Funds	10,000	 4,000 4,800 1,200
Disposing Fund General Long-Term Debt Account Group	263.50 Leases and Installment Purchases 197.40 Amount to be Provided	4,800	 4,800	N/A		
General Fixed Asset Account Group	278.40 Investment in General Fixed Assets - from General Fund 186.XX Equipment	10,000	 10,000	N/A		

A physical inventory of the fixed assets is necessary to verify that the assets still exist; it also provides updates on the condition of the assets. This information demonstrates that the local government is exercising its custodial responsibility for the asset and is beneficial when establishing an insurance claim because it substantiates both the existence and the condition of the asset near the time of loss or damage.

The simplicity or complexity of inventory taking will depend on the government's size, the sophistication of the fixed asset accounting system and the level of automation. Whatever approach the government takes, the following procedures are required:

1. Policies and Procedures. Policies and procedures governing the taking of regular physical inventories must be documented. These inventories must be taken **not less often than once a year**. The policy should state who should conduct the physical inventories, at what time of year, and what training is required for the inventory takers.

2. Develop a Work Plan. The local government must centralize control over the inventory taking process and reconcile inventory records to book values. An inventory supervisor should be assigned the responsibility for developing the work plan and training and coordinating the inventory takers.

   a. The work plan should include instructions for using prelistings of existing assets. In an on-going system, this listing should be up-to-date and reasonably complete and should include both capitalized assets and small attractive assets that are not capitalized. (Variances between the prelisting and the actual inventory should be reconciled. See item 4 below.) Unless the government is very small, these prelistings should be sorted by location rather than asset type, because it is more efficient and accurate to count all assets in one location before proceeding to the next location. For larger governments, inventory takers should have building floor plans and maps to aid in identifying sites to inventory. By crossing off rooms or areas as they are completed, inventory takers can better assure that all assets were inventoried and that there have not been any duplications.

   b. The inventory takers should be trained in inventorying procedures, including what to do about items located but not on the prelisting and items on the prelisting that cannot be located. (Reconciling these add-ons/deletions must be done by the inventory supervisor or accounting department after the inventory is taken. See item 4 below.) The procedures should also explain how to evaluate and record observations about the physical conditions of assets.

   c. Governments that are using individual fixed asset records as their subsidiary ledger may sort these records by location and use them as the prelisting. Inventory takers also need the listing by location of small attractive assets that are not capitalized.

3. Choice of Inventory Takers

   Ideally, the person(s) assigned custody for assets should not be the inventory taker, although the custodian should review the completed inventory. If using the custodian is the only practical means of taking inventory, then either the inventory supervisor or someone from the accounting department should spot check the inventory to test its validity. It will help assure that the inventory is carefully taken if the employees are aware that their work will be checked.

4. Reconciliations

   Once the physical inventories are complete, they must be reconciled to the individual fixed asset records or the listings of small attractive assets. Since the prelistings are generated from these records, the reconciliation is limited to: (1) identifying those assets that were purchased or transferred-in but not added to or changed

on the individual fixed asset records or listings of small attractive assets, and (2) investigating the disposal or transfer-out of assets not located.

There are several other reconciliations that need to be made. See Chapter 7, Section D for a complete list.

Governmental Funds

While depreciation cannot be recorded in a governmental fund, it may be reported in the General Fixed Assets Account Group (GFAAG). Reporting depreciation in the GFAAG is not mandatory. If the government decides to report accumulated depreciation, the requirements for proprietary funds (listed below) should be followed.

The following entry is required to record depreciation in the governmental funds:

GFAAG

Investment in General Fixed Assets	xxx	
Accumulated Depreciation		xxx

No depreciation expense should be recorded in governmental funds.

Proprietary Funds

1. Except for land, all fixed assets must be depreciated. For quarries, timberlands, and mineral rights, depletion expenses must be recorded.

2. Scrap value can be ignored in establishing the amount to depreciate, unless it is expected to exceed 10 percent of cost.

3. Depreciation must be based on a reasonable estimate of expected useful life; that is, the number of years, miles, service hours, etc., that the government expects to use that asset in operations. An asset that is surplus or that is held for possible future use is an investment and should not be depreciated.

4. Whether group-life or individual asset depreciation is used, the amount of depreciation charged must be constant for each time period (called straight-line depreciation) or for each unit of service (such as quantity of output, hours or miles of operation, etc.)

   a. Depreciation must be based on the entire cost of the asset, including any amounts contributed or donated. Depreciation rates may be set for groups of related assets (see the paragraphs on group-life depreciation) or for individual assets.

   b. When depreciation charges are based on time periods, charges should be made for each month that an asset is in service. Exceptions such as the half-year convention or excluding depreciation in the first year of service are acceptable, unless fixed asset additions to a fund in one year exceed 50 percent of net fixed assets before the addition. When such large additions are made in one year, depreciation must be charged for no less than each whole month the additions are in service, because it is likely that material distortions in operating income would result from applying more approximate methods.

5. When assets are depreciated individually, each asset may contain components which will have an estimated useful life considerably shorter than the asset taken as a whole. (The most common example is a building, where the roof and flooring will need replacement long before the entire structure.) While not required, the use of component depreciation for such assets is much more accurate and simpler to maintain.

6. As a government uses its fixed assets, it needs to revise the expected useful lives of some of them. Any such changes should be applied prospectively; that is, the rate should be recalculated based on the remaining useful

life at the time of the revision, and the new rate should be applied in the present and future accounting periods. No changes should be made to financial records of previous years for revised estimates.

Group-Life Depreciation

There are two entirely different applications of group-life depreciation. The first type is applied to a set of very similar assets acquired at about the same time, such as a fleet of police cars or a suite of office furniture. For this type of group-life depreciation, the group of assets should be treated as a single asset; any gain or loss on disposal is deferred until the entire group has been retired. When some items within the group are retired ahead of schedule, the original cost of the items is removed from both the asset and the accumulated depreciation account. Depreciation continues to be charged only for the remaining assets at the original rate. This defers any gain or loss until the entire group has been retired. When some items in the group require major repair, the book value of the group should be adjusted and the periodic depreciation recalculated for the remaining life of the group.

The second type of group-life depreciation is used primarily in utilities, and it is applied to dissimilar assets which are related by the mode of operation in which they are used. The rate of depreciation is a weighted average of the rates applicable to the individual assets which comprise the group. The use of this method is intended to eliminate gains and losses on asset retirements, except when an entire operating system or facility is retired from service.

Depreciation on Donated Assets

Depreciation of assets acquired from contributions is calculated in the same manner as for other assets and is reported in the same way on the operating statement.

While depreciation on all assets must be shown in the operating statement, the amount applicable to assets acquired from contributions may be transferred to the related contributed capital account instead of to retained earnings.

In electric and gas utilities, the FERC system requires that donated assets be recorded at zero cost and no depreciation expense be taken. This requirement is a departure from the GAAP. Assuming that the utility accounts on the GAAP basis, financial statements prepared according to the FERC system must increase the GAAP basis operating statement by the current year's credit to the BARS account 274, *Amortization of Capital Grants* with an offsetting debit to equity and reduce their GAAP basis plant assets by the total of accounts 271 thru 274, *Contributed Capital* .

The use of internal service funds, unless legally required, is not required by the generally accepted accounting principles (GAAP). For counties and cities (with population over 8,000), equipment rental funds are legally mandated for operating county road and city street departments by Chapter 36.33A RCW and RCW 35.21.088, respectively.

The internal service fund is increasingly being used by governments as an effective way to identify the costs of providing specific services. The internal service funds are proprietary funds which are accounted for on a flow of economic resources measurement focus which requires full accrual accounting. The basic financial statements required are a balance sheet, operating statement and a statement of cash flows.

Prior to establishing a new fund, a review of existing state laws and regulations should be conducted to ensure the legality of using this fund classification. Careful consideration must also be given to defining the specific activity to include in the fund, the specific cost objectives associated with providing the service, development of pricing rates and budgetary concerns.

Establishment

Working capital will be required to begin operations. This is usually accomplished by a contribution or transfer of cash or fixed assets from the general fund or General Fixed Asset Account Group. Examples of these entries can be found in Part 3, Chapter 7.

When nonmonetary assets are contributed or transferred they should be recorded at fair market value. Fair market value should approximate net book value and therefore no gain or loss should be recognized. If fair market value does not agree with book value the transferring fund should adjust *Accumulated Depreciation* so that the asset can be transferred at book value.

If management's intentions are to repay the cash or nonmonetary assets transferred to the internal service fund, the transfer should be recorded as an *Advance To/From Other Funds* in the appropriate funds. If repayment is not required record as a *Residual Equity Transfer Out* in the contributing fund and *Contributed Capital* in the internal service fund. In this situation *Residual Equity Transfers-In* and *Out* will not equal and adequate footnote disclosure is required.

If one fund is legally permitted to support the other fund, then interest would not be required to be paid on an advance which is intended to be repaid. If the original advance is from a proprietary fund type, then interest should be charged regardless of how the loan will be repaid.

Depreciation and Amortization

Internal service funds are proprietary funds so depreciation of fixed assets must be recorded.

Contributed capital should normally not be amortized. However, the NCGA Statement 2 allows amortization for contributed capital from grants, entitlements or shared revenues.

Rates

Rates charged for use of internal service equipment facilities should normally include three components:

a. Current cost of maintenance and operation, without exception,

b. A reasonable charge for depreciation,

c. A surcharge for replacement that will implement the plan of equipment replacement.

Rates can be developed for individual assets or similar groups of assets. Composite rates - single rates developed to apply to dissimilar asset groups - should be avoided. Rates developed in this manner tend to overcharge or undercharge depending on the type of asset used. Rates may be billed as a single rate or each rate component can be billed separately. Rates should be reviewed at regular intervals to determine if they are set at levels which will allow the fund to meet its capital maintenance objectives.

It is not necessary to record the individual components of the rate on the asset(s) profit and loss record, however, it is necessary to be able to identify and extract that portion of the rate which applies to any replacement surcharge. This portion of the rate is an unallowable charge against most federal programs in accordance with the federal cost principles established in Circular A-87. It should also be noted that many state grants are actually federal indirect or pass through monies. In these cases Circular A-87 is also applicable.

When dedicated revenue assets are traded-in, the net operating gain or loss needs to be noted on the asset record of the new asset and included in the new operating rate structure. Net operating gain (or loss) is the excess of billings over costs (or the reverse). Pooled asset records do not need to show this separate source.

Management Information

In order for management to determine if its capital maintenance objectives are being met, records must be maintained which will identify all revenues and costs associated with an asset or asset group.

Revenue assets are those facilities or items of equipment which are directly rented to users or operated directly for a user. Examples include motor pool vehicles, computer mainframes and terminals, and telephone systems. *Dedicated revenue assets* are those which have a single fund or department as their primary user, such as police cars or election equipment.

A separate record of costs and revenues should be maintained for each internal service fund revenue asset, but group asset records can be acceptable. This requirement does not apply to service equipment, such as repair shops or fuel pumps. The record for each revenue asset should include the following items:

1. Type of asset and a cross-reference to the individual fixed asset record; identification of primary user if it is dedicated, or whether it is a pool asset.

2. A periodic summary (at least annually) of all operating expenses, including any special operator costs.

3. Periodic depreciation expense and indirect expenses.

4. Periodic rental income, service charges, or user fees.

5. Periodic calculation of net income or loss.

6. Annual summary of 2-5 above.

7. Cumulative net income or loss.

A suggested revenue asset income history record is shown on the next page. This record should supplement the individual fixed asset record described in Chapter 7, Section C.

Replacement And Disposal Of Revenue Assets

Accounting for a replacement or disposal depends on the transaction that takes place.

If a revenue asset is traded-in for a similar asset, the gain on the old asset should be deferred by reducing the cost of the new asset. However, if the trade-in results in a loss on the old asset, the loss should be recognized in the current period.

For disposal of revenue assets (other than a trade-in) outside of the government, gains and losses should be recognized in the current period.

If an asset is transferred to/from another fund, the transaction should be recorded at book value with no gain or loss recognized. In the General Fixed Asset Account Group, the transfer-in or out would be at historical cost.

The individual asset records should reflect the same information as the accounting records.

REVENUE ASSET INCOME HISTORY

Asset Name _____ Page No. _____

ID No. _____

Year/ Month	Fuel		Oil		Repairs							Special Operator	Total Cost	Rental Income	Income Loss
	Qty	$	Qty	$	Parts	Labor	Misc.	Tires	Ins.	Ovhd.	Depr.				

Year/ Month	Units of Operation	Cost Per Unit	Year-to-Date Income/Loss	PRIOR YEARS				
				Units of Operation	Cost Per Unit	Total Cost	Rental Income	Net Income (Loss)

In January 1987, the Governmental Accounting Standards Board issued Statement 6. This statement eliminated the Special Assessments Fund Type. The following discussion covers the accounting for special assessments transactions.

1. Capital Improvement Assessments

The project expenditures usually will be recorded in a capital projects fund and will be recognized the same as other capital projects. Revenues will be recognized according to the financing involved. (i.e., other financing sources - proceeds of general long-term debt, where bonds are used for financing.) The construction work in progress and, eventually, the asset constructed will be reported in the General Fixed Asset Account Group unless infrastructure is involved.

Capital improvement assessments projects that become an integral part of the government's enterprise activities will be recognized in the enterprise fund with an offset to a contribution account.

2. Service-Type Assessments

The project revenues and expenditures will be recorded in either the General Fund, an enterprise fund, or a special revenue fund, as appropriate. These types of projects are for operating activities and do not result in the purchase or construction of fixed assets. (i.e., street cleaning or snow plowing.) Both the revenues and the associated expenditures should be recognized on the same basis of accounting normally used for that fund.

3. Debt Service

The long-term debt service transactions associated with a special assessment project should be recorded in a debt service fund. Recognition of bond principal and interest expense will be similar to other long-term debt. However, any portion that is an obligation of an enterprise fund or expected to be repaid from an enterprise fund's revenues should be reported in the enterprise fund. Short-term debt service expenditures should be recognized in the fund recording the associated debt.

4. Assessments Receivable

A special assessment receivable should be established at the time of the levy, and an equal amount of deferred revenue should be reported in the General, Special Revenue, and Debt Service Funds.

5. General Long-Term Debt

Special assessment debt for which the government is obligated in some manner, as defined in GASB Statement 6, should be reported in the General Long-Term Debt Account Group, except for the portion, if any, that is a direct obligation of an enterprise fund or is expected to be repaid from the enterprise fund's revenues.

NOTE: The phrase "obligated in some manner" is interpreted very broadly by GASB Statement 6. It would be very rare, if ever, that special assessment debt will not meet this criteria.

6. General Fixed Assets

The fixed assets constructed by a capital improvement special assessment will normally be reported in the General Fixed Asset Account Group. The two exceptions to this are when the asset is related to an enterprise fund or when the asset is an infrastructure.

7. Budgeting

Capital improvements funded by special assessments should be budgeted on a project basis. Although improvement district statutes vary, they normally require formal adoption of an assessment roll. The LID formation ordinance is a perfectly adequate budget for the life of the LID. The amount of the assessment roll is determined by the estimated costs of construction and of debt service, which are accordingly approved by the same action. If construction costs exceed estimates, legislative approval is normally required. That approval should be recorded as a budget modification.

8. References

	Authority to Establish and Assess for	RCW Reference
Cities and Towns	LID & ULID	35.43 thru .56
Counties/County Roads	CRID	36.88
Fire Districts	LID & ULID	52.20, 35.43 thru .56
Port Districts	LID & ULID	53.08, 35.43 thru .56
Library Districts	LID	27.14, 35.43 thru .56
Irrigation Districts	LID & ULID	87.03.480 thru .527
Irrigation Districts	O&M	87.03.240 thru .420
Park and Recreation Districts	LID	36.69.200 thru .305
Sewer Districts	ULID	56.20, 35.43 thru .56
Water Districts	ULID	57.16, 35.43 thru .56
Counties/Sewerage, Water and Drainage System	LID & ULID	36.94.220 thru .400
Flood Control Zone Districts	LID & ULID	86.15.160, .165
Flood Control Districts	O&M	86.09.380 thru .517
Diking Districts	O&M	85.05.270, .355, 85.18.150
Drainage Districts	O&M	85.06.125, 85.38.140 thru .170
Diking, Drainage and Sewage Improve. Dist.	O&M	85.08.410, .420, .480, 85.16
Public Utility Districts	ULID	54.16.120 thru .170

CRID - County Road Improvement District
LID - Local Improvement District
ULID - Utility Local Improvement District
O&M - Operations & Maintenance, Debt Service, etc.

A number of Washington municipalities are entering into tax-exempt municipal leases as a method of financin g purchases of equipment. We want to emphasize some accounting procedures applicable to municipal leases:

1. The asset acquired with the lease should be capitalized at the outset of the lease agreement. The FAS B Technical Bulletin TB 79-10 regarding "fiscal funding clauses" in a lease agreement normally would not affect the classification of the lease.

2. Future lease principal payments should be recorded either as general long-term debt or as proprietary fund liabilities.

3. Expenditures to make principal payments on leases should be coded to a debt service object.

4. In the year of acquisition, the entire principal should be budgeted as a capital outlay with a credit to othe r financing sources. Interest and principal payments should be included in the comprehensive budget of th e municipality; however, like other debt service obligations, formal appropriation authority is not required.

Any contract, whether it is called a conditional sales contract, a lease with an option to purchase, or a simple lease , should be let only after competitive bidding if the contract exceeds minimum bidding dollar requirements and has some provision for the vesting of title in the municipality at the end of the term of the contract. Such contracts should be bid regardless of whether title vests automatically or upon the payment of additional consideration.

Unredeemed Coupons and Bonds (RCW 43.80.160)

One year after the last legal payment date on matured bonds, the treasurer may send a written request to the fiscal agent to return the moneys not used to redeem such matured bonds. A bond call accelerates the maturity and the treasurer has the right to request that moneys be returned after one year. This recovery provision does not apply to mature d coupons which remain unredeemed for over one year, unless the bonds to which they are related have also matured. The treasurer remains obligated for the final redemption of the unredeemed bonds or coupons until the statute o f limitations runs. The statute of limitations for unredeemed bonds and coupons does not run unless there is sufficient money to pay for the bonds in the Bond Redemption Fund and bonds have been called.

The following regulations and procedures are prescribed with respect to the return of the above-mentioned moneys.

1. Amounts returned from fiscal agencies at the request of local treasurers shall be accounted for in the deb t service fund. Concurrent entries shall be recorded in the fiscal agency account to reflect the return of th e moneys to the debt service fund. If the bonds or coupons are subsequently presented for payment, they shall be paid from the moneys so held.

2. The amounts returned from fiscal agencies shall not be used to meet current debt service requirements . However, interest earnings on any investments of amounts returned from fiscal agencies will be available to reduce currently required additions to the debt service funds according to the following procedures:

   a. In the case of general obligation bonds, such interest earnings shall be retained in the debt service funds, and currently required additions to such funds shall be reduced accordingly.

   b. In the case of revenue bonds, such interest earnings may be retained, thereby reducing currentl y required additions to such funds from operating revenues, or such interest earnings may be placed into the current or operating fund of the utility system.

After the applicable statute of limitations has run, the remain ing moneys must be remitted to the Department of Revenue - not repaid to the issuing fund.

Any government in the state of Washington may extinguish debt prior to the debt maturity date. The refunding is authorized by Chapter 39.53 RCW also known as the Refunding Bond Act.

An advance refunding occurs when previously issued debt is retired as it matures or at a call date at least in part by a new debt issue. Usually refunding is done to take advantage of lower interest rates or to modify debt service requirements. Often the proceeds from the sale of new debt with a lower interest rate are used to pay off old debt with a higher interest rate. Refunding is financially worthwhile when the present value of the savings from lower interest rates on the refunding debt plus any income from the investment of the refunding debt proceeds pending redemption of debt to be refunded are greater than the present value of the fees, sales discounts, redemption premiums and other costs of refunding.

There are two ways to structure the advance refunding of debt: the regular method and the crossover method.

The following definitions apply to the terms used in this section:

> Refunding debt (sometimes referred to as "new" debt) - debt issued to provide funds to replace the refunded debt at specified dates.
>
> Refunded debt (sometimes referred to as "old" debt) - debt for which payment at specified dates has been provided by the issuance of refunding debt.

Regular Method of Advance Refunding

Under the regular method of advance refunding there can be either a legal or an in-substance defeasance.

A **legal defeasance** occurs when debt is legally satisfied based on certain provisions in the debt instrument, even though the debt is not actually paid. A legal defeasance is rare in the government environment and generally occurs only when an amount sufficient to pay both principal and interest at the time of deposit is placed in an irrevocable trust with an independent escrow agent. A government is released from its legal status as the primary obligor on outstanding indebtedness after an escrow account is established (the government is only contingently liable).

In an **in-substance defeasance** debt is considered to be extinguished for financial reporting purposes even though a government has not met the legal requirements for a defeasance and so legally remains the primary obligor on the indebtedness. The proceeds from the sale of refunding (new) debt together with any other funds the entity may set aside for payment of refunded debt must be irrevocably placed with an escrow agent in a trust. The escrow agent invests the proceeds so that the cash realized from the maturing investments together with interest earned will meet the debt service requirements of the refunded (old) debt and redeem the balance of the old debt when it becomes callable or matures. Cash or other assets used for refunding must qualify as "essentially risk-free as to amount, timing and collection of principal and interest" and they must provide cash flows that are sufficient and timed to match the scheduled interest and principal payments on the debt that is being extinguished. Also, the chance of the government being required to make any additional future payments must be remote.

Generally, the requirement for "essentially risk-free" securities may be accomplished through the purchase of U.S. government securities, securities guaranteed by the U.S. government, or U.S. government backed securities.

The government does not budget or report any refunded (old) debt. However, the government is responsible for verifying the amounts reported by the trustee. The amount of the old debt should be disclosed in a note to financial statements.

Since governmental funds operating statements reflect only the financial resource flows related to the refunding transaction, they do not report a gain or loss on an advance refunding resulting in defeasance.

The provisions of the Refunding Bond Act (Chapter 39.53 RCW) satisfy the criteria for in-substance defeasance, except for the requirement to place cash and assets in an irrevocable escrow. If the irrevocable trust fund is not established, both the refunded (old) and the refunding (new) debt must be recorded and reported in the government's financial statements.

Journal Entries
Governmental Funds

The refunded (old) debt is removed from the government's General Long-Term Debt Account Group (GLTDAG).

The unmatured refunding (new) debt is recorded in the GLTDAG and the debt service on the new debt is recorded, budgeted and reported in the Debt Service Fund.

General/Subsidiary Ledger

110.00	Cash	
	393.00	Other Financing Sources - Proceeds of Refunding Long-Term Debt

To record proceeds from sale of refunding (new) debt.

599.00	Other Financing Uses - Payment to Refunded Debt Escrow Agent	
593.00	Advance Refunding Escrow *	
	110.00	Cash

To record transfer to the escrow agent.

* Payment made from a source other than refunding (new) debt.

592.89.84	Debt Service Expenditure	
	110.00	Cash (or 213.10 Accounts Payable)

To record payment of refunding (new) debt issuance cost from the Debt Service Fund current resources (not from proceeds generated from new debt).

GLTDAG

25X Bonds Payable (old)

197.40 Amount to be Provided for Debt Retirement
197.10 Amount Available in Debt Service Fund

To remove refunded (old) debt from the GLTDAG.

197.40 Amount to be Provided for Debt Retirement
197.10 Amount Available in Debt Service Fund *

25X Bonds Payable (new)

To record refunding (new) debt.

* Include amount already in Debt Service Fund before refunding and not remitted to the trustee, also an y proceeds of refunding not expended for bond issue cost.

Journal Entries
Proprietary Funds

25X.30 Unamortized Discount on Refunding (new) Debt *
25X Bonds Payable (old)
214.00 Accrued Interest Payable (old)
193.30 Deferred Charge - Issuance Cost (new)
25X.50 Deferred Amount on Refunding ***
25X.20 Unamortized Premium on Refunded (old) Debt

25X.20 Unamortized Premium on Refunding (new) Debt *
25X Bonds Payable (new)
151.00 Restricted Assets **
195.30 Deferred Charge - Issuance Cost (old)
25X.30 Unamortized Discount on Refunded (old) debt

To record issuance of refunding (new) bonds and extinguishment of refunded (old) debt.

592.89.83 Interest Expense

25X.50 Deferred Amount on Refunding

To record amortization of deferred amount on refunding.

* Use either account depending if the refunding (new) debt was issued at premium or discount.

** Use this entry if there are funds available in various restricted assets accounts for payment of refunded (old) debt.

*** "Deferred Amount on Refunding" is the difference between:

1. reacquisition price (amount placed in escrow account - excluding issuance cost and premium/discount on refunding (new) debt), and

2. net carrying value of refunded (old) debt (adjusted for issuance cost and unamortized premium/discount on refunded (old) debt).

The difference should be amortized over the **shorter** of 1) the life of the refunding (new) debt or 2) the remaining life of the refunded (old) debt.

Crossover Method of Advance Refunding

In this type of refunding the proceeds from issuance of refunding (new) debt are placed in the escrow account. The escrow account does not immediately make payments on the refunded (old) debt principal and interest. Instead, it pays all or a portion of the refunding (new) debt's principal and interest until a crossover date when the refunded (old) debt can be called or it matures and the amount accumulated in escrow is sufficient to repay it. Until the crossover date, both the refunded (old) and refunding (new) debt would be reported in the financial statements .

Until the crossover date, the debt service on the refunded (old) debt is recorded and budgeted in the Debt Service Fund. Assets held in the trust by the escrow agent to pay debt service on the refunding (new) debt are also recorded in the Debt Service Fund. Both the refunded (old) and refunding (new) debt are reported in the General Long-Term Debt Account Group, pending the crossover date.

The government does not budget or report any debt service in the escrow account. However, the government is responsible for verifying the amounts reported by the escrow agent.

The new debt is not to be included in the computation of indebtedness for the purpose of any constitutional or statutory debt limit.

Journal Entries
Governmental Funds

General/Subsidiary Ledger

115.00 Deposits with Fiscal Agents/Trustees

393.00 Other Financing Source - Proceeds of Refunding Long-Term Debt
110.00 Cash *

To record establishment of the escrow account.

* Transfer of resources other than proceeds of refunding debt (e.g., excess of cash available for the refunding transaction).

197.40 Amount to be Provided for Debt Retirement
197.10 Amount Available in Debt Service Fund

25X Bonds Payable (new)

To record the refunding (new) debt.

25X Bonds Payable (old)

197.40 Amount to be Provided for Debt Retirement
197.10 Amount Available in Debt Service Fund

To remove refunded (old) debt at the time of crossover.

Journal Entries
Proprietary Funds

115.00 Cash with Fiscal Agent
25X.30 Unamortized Discount on Refunding (new) Debt *
193.30 Deferred Charge - Issuance Cost (new)

25X.00 Bonds Payable (new)
25X.20 Unamortized Premium on Refunding (new) Debt *
110.00 Cash **

To record issuance of refunding (new) debt.

25X.00 Bond Payable (old)
214.00 Accrued Interest Payable (old)
25X.20 Unamortized Premium on Refunded (old) Debt
25X.50 Deferred Amount on Refunding ***

193.30 Deferred Charge - Issuance Cost (old)
25X.30 Unamortized Discount on Refunded (old) Debt
115.00 Cash with Fiscal Agent

To remove the refunded (old) debt at the crossover date.

* Use either account depending if the refunding (new) debt was issued at premium or discount.

** Transfer of resources other than proceeds of the refunding debt (e.g., excess of cash available for the refunding transaction).

*** See journal entry for the defeasance method for description of this account.

Before a duplicate instrument is issued, the issuing officer shall require the person making application for its issue to file in his/her office a written affidavit specifically alleging on oath that he/she is the proper owner, payee, or lega l representative of such owner or payee of the original instrument, giving the date of issue, the number, amount, and for what services or claim or purpose the original instrument or series of instruments of which it is a part was issued, and that the same has been lost or destroyed, and has not been paid or received by him/her.

The following is a sample for use by all political subdivisions.

AFFIDAVIT

STATE OF WASHINGTON,)
ss,
County of _____)

I, _____, being first duly sworn upon oath, depose and say that I am the proper owner, payee, or legal representative of such owner or payee o f _____, original _____ No. _____, dated
(City/County/District) (Describe Instrument)

_____, in the amount of _____ Dol lars ($_____) which said instrument was issued in payment for _____ and that the same has been lost or destroyed and has not been paid.

Signature _____

Witnessed by me this _____ day of _____ 19_____.

_____
Witness [1]

Residing at _____

[1] City/county/district may require the affidavit to be signed by a notary public.

Overview

Any local government may engage in the arbitrage by borrowing funds at one interest rate and investing those same funds at a higher rate. The primary reason for the arbitrage is that the rates of interest paid on tax exempt debt normally are lower than those paid on taxable securities and it is possible for local governments to profit from this disparity in interest by temporarily reinvesting the proceeds of lower interest tax exempt borrowings in higher yielding taxable securities. The proceeds from those transactions are called *arbitrage earnings* .

When governments reinvest tax-exempt proceeds at a higher, taxable yield, the *excess* earnings must be remitted to the federal government as arbitrage rebate. There are some important exceptions to this general rule. These special situations are known as *safe harbors* (e.g., small issuer safe harbor, six-month expenditure safe harbor, eighteen-month expenditure safe harbor, twenty-four month expenditure safe harbor).

If a government fails to qualify for one of the safe harbors, it must calculate and rebate arbitrage earnings to the federal government. The tax code requires that arbitrage be calculated every five years and upon maturity.

Financial accounting and reporting for arbitrage.

As noted earlier, the federal government only requires that arbitrage be calculated and reported every five years and at maturity. However, generally accepted accounting principles (GAAP) mandate that liabilities be recognized in the period in which the underlying event occurs, provided that the liability is both probable and measurable. Therefore, a government must calculate its potential liability for arbitrage rebate every year for financial reporting purposes if it believes the amount of the liability could be material to its financial statements, once it has been determined that such a liability is both probable and measurable [1].

In calculating the amount of the liability, it should be remembered that *excess* earnings of one year may be offset totally or in part by lesser earnings in a subsequent year. Therefore, the liability recognized for a year should be only that portion of the estimated future payment that is attributable to earnings of the current period.

In practice, two different acceptable approaches are taken to accounting and reporting rebatable arbitrage in the financial statements.

Revenue reduction approach

This approach treats the rebatable arbitrage as a reduction of revenue rather than as a separate expenditure or expense.

Assume, for example, that $5,000 in interest has been earned on reinvested proceeds reported in a capital projects fund, and that $1,000 of that amount needs to be remitted to the federal government.

[1] The rebatable arbitrage is subject to the accounting and reporting rules governing claims and judgments. See the FASB Statement 5, *Accounting for Contingencies* .

The journal entries would be as follow:

Year 1

Construction Fund

111.10	Cash	$5,000	
	361.12 Arbitrage Interest		$5,000

(To record the receipt of interest from arbitrage transaction)

361.12	Arbitrage Interest	$1,000	
	263.70 Long-Term Arbitrage Rebate Tax Liab.		$1,000

(To reduce investment income)

288.00	Unreserved Fund Balance	$1,000	
	282.80 Reserved Fund Balance		$1,000

(To reserve fund balance)
This entry would be reversed at the beginning of the subsequent year.

Year 5

Construction Fund

282.80	Reserved Fund Balance	$1,000	
	288.00 Unreserved Fund Balance		$1,000

(To reclassify fund balance)

263.70	Long-Term Arbitrage Rebate Liab.	$1,000	
	231.20 Short-Term Arbitrage Rebate		$1,000

(To reclassify long-term liabilities)

231.20	Short-Term Arbitrage Rebate	$1,000	
	111.10 Cash		$1,000

(To record the payment of the arbitrage rebate)

The liability and the related assets would be moved to the debt service fund upon completion of construction. Arbitrage transactions related to proprietary funds would be reported in those funds.

Tax approach

In the second approach the rebatable arbitrage is treated essentially as a tax. This approach argues that the earning of revenue and the incurrence of a tax liability are really two separate transactions. Accordingly, the rebatable arbitrage is treated separately from investment income.

The appropriate journal entries for the same transaction described earlier would be as follow:

Year 1

Construction Fund

111.10	Cash	$5,000	
	361.12 Arbitrage Interest		$5,000

(To record the receipt of interest from arbitrage transaction)

GLTDAG

197.40	Amount to be Provided	$1,000	
	263.70 Arbitrage Rebate Tax Payable		$1,000

(To report liability for arbitrage rebate)

This liability would be removed from the GLTDAG and an expenditure would be reported in the appropriat e governmental fund only at the time the liability became due and payable to the federal government.

Year 5

Construction Fund

592.__.53	Expenditures - Arbitrage Rebate Tax	$1,000	
	263.70 Arbitrage Rebate Tax Payable		$1,000

(To report liability for rebatable arbitrage arising from the investment of debt proceeds)

263.70	Arbitrage Rebate Tax Payable	$1,000	
	111.10 Cash		$1,000

(To record the payment of arbitrage rebate)

GLTDAG

263.70	Arbitrage Rebate Tax Payable	$1,000	
	197.40 Amount to be Provided		$1,000

(To liquidate arbitrage rebate liabilities)

Special arbitrage implications for proprietary fund.

Proprietary funds often are required to capitalize interest in conformity with the Financial Accounting Standards Board's (FASB) Statement 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants.* Under the FASB Statement 62, the amount of interest to be capitalized is determined by netting interest revenue against interest expense. If interest revenue temporarily exceeds interest expense (i.e., arbitrage), the result can be "negative" interest capitalization (i.e., a reduction in the cost of the capitalized asset).

The method of accounting and financial reporting selected for arbitrage (i.e., revenue reduction approach or tax approach) can have an effect on the amount of interest capitalized in proprietary funds that follow the provisions of the FASB Statement 62. Specifically,

- ☞ if interest revenue reduces the amount of interest to be capitalized under the FASB Statement 62,
- ☞ and the revenue reduction approach reduces the amount of interest revenue, then
- ☞ the revenue reduction method would increase the capitalized value of the asset (i.e., by reducing what otherwise would have been a reduction in cost).

Viewed another way, the practical effect of selecting the revenue reduction approach in a proprietary fund using the FASB Statement 62 is to *capitalize* arbitrage. In other words, under the tax approach, rebatable arbitrage is reported as an expense when it is incurred, whereas under the revenue reduction approach it is effectively included in the cost of the asset and only gradually reported in the operating statement as depreciation expense over the asset's useful life.

Chapter 12. Interpretations And Miscellaneous

This chapter of the manual contains detailed explanations of selected topics, pronouncements, or laws affecting local governments.

The most significant source of input to this chapter should be the manual users themselves. If you have any suggestions for new topics, please copy a request form from the back of this page and mail it to the address listed on the bottom of the form.

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REQUEST FOR INTERPRETATION

Request Made By

Name _____

Entity _____

Phone _____

Topic Or Issue

_____

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Recommendation _____

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When completed, send to:

State Auditor's Office
Technical Services
PO Box 40031
Olympia, WA 98504-0031

1. **COUNTY FAIR OPERATIONS**

a. Management Of Fair Operations

RCW 36.37.040 states in part:

> "The board of county commissioners may employ persons to assist in the management of fairs or by resolution designate a nonprofit corporation as the exclusive agency to operate and manage such fairs."

Referring to the above statute, the Attorney General has emphasized that the legislature has not authorized the county to operate a fair jointly with any private person or group, but only to employ persons to assist in the management of fairs or to designate a private corporation as the exclusive agency to operate and manage such fairs.

b. Deposit Of Funds Received By A County Fair Operation

The Attorney General has stated that all funds received by a county fair operation, such as allocated parimutuel funds, donations, and proceeds from the operation of the fair, must be properly deposited in the county treasury under the provisions of RCW 36.29.010 and .020.

c. Establishment Of Fund To Operate Fair

At the option of the board of county commissioners, the county fair may be operated as a department within the General (Current Expense) Fund or it may be operated as a separate County Fair Fund. If a fair fund is established and borrows from the General (Current Expense) Fund, interfund loan procedures must be followed, except that no interest on the interfund loan needs to be charged.

Within the fund chosen for the operation of the fair, the board of county commissioners may authorize the county auditor to provide a revolving fund to be used by the fair officials for the conduct of the fair. The purpose of the revolving fund is to allow for immediate payment of premiums, casual labor and the many other items needed during the period the fair is being conducted without going through the formality of a warrant issue.

Part 3, Chapter 3, Section E, Petty Cash, contains the minimum requirements for the establishment and operation of a revolving fund. All those requirements apply except that a paid receipt or properly executed invoice voucher will not be required for premiums or prizes disbursed. A list of premium or prize winners, supplemented by entry records and certified by the fair board, will suffice to evidence expenditures for this purpose.

2. COUNTY TREASURER'S OPERATION AND MAINTENANCE FUND

RCW 84.56.020(8) requires that fees and costs applicable to the foreclosure, distraint and sale of real and personal property for delinquent taxes must be deposited into the Treasurer's Operation and Maintenance Fund. These moneys should be used by the county treasurer to defray the cost of further foreclosure, distraint and sale for delinquent taxes without regard to budget limitations.

Allowable expenditures include postage, filing fees, employee time, legal notices, title searches, etc. The following standard procedure should be used for all expenditures made from the Operation and Maintenance Fund:

> When disbursements are made, the county treasurer should prepare a voucher in the regular manner, supported by detail documenting the expenditures. The treasurer should place his/her certification on the face of the voucher prior to presenting it to the county auditor, who should then draw a warrant against the Treasurer's Operation and Maintenance Fund, in the same manner as is done for any other county fund.

3. **DIVERSION OF COUNTY ROAD PROPERTY TAXES**

RCW 36.33.220 authorizes the legislative authority of a county to divert any portion of the county road property taxes to provide services in the unincorporated area of the county. RCW 36.82.040 requires that so diverted taxes be placed in a separate and identifiable account within the county's General (Current Expense) Fund.

To assist compliance with the provisions of these statutes, the following procedures are prescribed:

a. The county road property taxes diverted to the General (Current Expense) Fund should be presented in the budget of the General (Current Expense) Fund as an estimated revenue. They should be clearly separated from the estimated revenues budgeted from regular property taxes.

b. The moneys received for diverted county road taxes should be receipted directly into the General (Current Expense) Fund and credited to the revenue account 311.20, *Diverted County Road Property Taxes*. That portion of the county road property taxes designated for diversion should not be levied for the road fund and then transferred to the General (Current Expense) Fund.

c. Those counties which divert any portion of the county road taxes should develop accounting procedures that document that the diverted county road property taxes were used to provide services in the unincorporated area of the county.

4. **ACCOUNTING FOR TWO PERCENT OF LIQUOR TAXES AND PROFITS FOR SUBSTANCE ABUSE TREATMENT PROGRAMS**

RCW 70.96A.087 provides that to be eligible for receiving a share of liquor taxes and profits, each city, town, or county must devote no less than two percent of its share of liquor taxes and profits to support programs for treatment of substance abuse and other drug addictions. Programs must be approved by the board authorized by RCW 70.96A.300 and the Secretary of the Department of Social and Health Services.

A city, town, or county that does not have its own facilities or programs for the treatment and rehabilitation of substance abusers, may share the use of another city or county facility or program as long as it contributes no less than two percent of its share of liquor taxes and profits to support these facilities or programs (RCW 70.96A.085).

All liquor taxes and liquor board profits received from the state should be credited initially into the city's or county's General (Current Expense) or special revenue fund. This money should be coded 336.06.94 for liquor excise taxes and 336.06.95 for liquor control board profits.

Distribution of the money should be handled in a manner legally authorized by the statute. Expenditures related to substance abuse treatments should be coded to account 566 whether the expenditures are in support of the city's or county's own facilities/programs or contributions to others.

The two percent portion and any additional amounts expended for the substance abuse treatment should be budgeted in the General (Current Expense) or special revenue fund in accordance with the provisions of Chapters 35.32A, 35.33 and 36.40 RCW.

5. **ACCOUNTING FOR DEPARTMENT OF SOCIAL AND HEALTH SERVICES (DSHS) WORKING CAPITAL ADVANCES**

DSHS provides working capital advances to counties and cities in conjunction with the DSHS programs such as aging, mental health, developmental disabilities and alcohol and drug rehabilitation. These advances are intended for working capital or a "cash float."

Even though called working capital the advances are treated as fund debt and therefore, they are not a revenue or an increase to fund balance. As such, they cannot be budgeted. The expenditure portion of the budget must be balanced by any beginning unencumbered fund balance plus estimated revenues. The working capital advance is not part of fund balance and is not a revenue.

In double-entry systems, the receipt of a working capital advance should be recorded as follows:

		DR.	CR.
111.10	Cash	$XXX	
229.00	Due to Other Governmental Units		$XXX

To record the receipt of the DSHS working capital advance.

In single-entry systems or if a subsidiary account is used, the receipt should be recorded in account 382.80, *Fund Debt Proceeds - Due to Other Governments* .

When the working capital advance is paid back to the DSHS, the liability account 229.00, *Due to Other Governmental Units* and the asset account 111.10, *Cash* should be reduced. In single-entry systems or if a subsidiary account is used, the disbursement should be recorded in account 582.80, *Redemption of Fund Debt - Due to Other Governments* .

6. ACCOUNTING FOR PROSECUTING ATTORNEYS' SALARIES

RCW 36.17.020 provides that: "One-half of the salary of each prosecuting attorney shall be paid by the state." This money should be coded to account 334.00.11.

In order for the state treasurer to remit to each county one-half of the prosecuting attorney's salary, the following information must be supplied to the state treasurer:

> A resolution signed by the county commissioners or legislative authority establishing the prosecuting attorney's salary, or a copy of the resolution signed by the county commissioners or legislative authority adopting the county's budget and a copy of the particular page of the budget showing the prosecuting attorney's salary. This page must be certified by the county auditor as a true copy of that portion of the budget.

The above information must be supplied to the state treasurer every time the salary of the prosecuting attorney is changed.

7. **CONFIDENTIAL FUNDS (DRUG BUY MONEY, INVESTIGATIVE FUNDS)**

Confidential funds are those funds allocated to the following three types of law enforcement undercover operations:

a. Confidential investigative expenses are for the purchase of services and would include travel or transportation of an undercover officer or an informant. The lease of an apartment, business front, luxury-type automobiles, a boat, aircraft or similar effects to establish the appearance of affluence, credibility and a general atmosphere conducive to the undercover role would also be in this category. Meals, beverages, entertainment and similar expenses for undercover purposes, within reasonable limits, would also be included.

b. Confidential funds for the purchase of evidence would include the purchase of evidence and/or contraband such as drugs, firearms, stolen property, etc., required to determine the existence of a crime or to establish the identity of a participant in a crime.

c. Confidential funds for the purchase of specific information from informants.

Confidential expenditures are subject to appropriation by the municipality's governing body. The governing body must assure that the controls over disbursements are adequate to safeguard against misuse of such funds. When the funds are replenished, legislative approval should be based on a finding that the expenditures were necessary and reasonable for proper and efficient administration of the program under which they were used.

The funds authorized should be established in an imprest fund. Part 3, Chapter 3, Section E, prescribes the minimum requirements for the establishment and operation of an imprest fund. In addition to all those requirements the following apply:

a. The supervisor of the unit to which the imprest fund is assigned must authorize all advances of moneys to agents or officers for the purchase of information. Such authorization must specify the information to be received, the amount of expenditures, and assumed name of informer.

b. The investigation unit must maintain confidential files of the true names, assumed names, and signature of all informers to whom payments have been made. To the extent practicable pictures and/or fingerprints of the informer payee should also be maintained.

c. The custodian should receive from the agency or officer authorized to make a confidential payment, a receipt for cash advanced to him/her for such purposes.

d. The agent or officer should receive from the informer a receipt of the following nature:

RECEIPT FROM INFORMER PAYEE

Receipt

For and in consideration of the sale and delivery to the ____(state/county/city)____ of _____ of information or evidence identified as follows:

_____

_____

_____

I hereby acknowledge receipt of $ _____ paid to me by __(state/county/city)__ of _____.

Date: _____ Signature: _____

_____
*Witness (if any)

* The witness requirement is not mandatory in all instances, depending on the nature of the meeting and exchange of funds. A requirement should be in effect that on 25 percent of the contacts, when payments are made, a second agent appear as the witness to the transaction. In addition, on ten percent of the meetings the agent or officer in charge should be present to verify the payment to the informer.

e. The signed receipt from the informer payee with a memorandum detailing the information received must be forwarded to the agent or officer in charge. The agency or officer in charge must compare the signature on the receipt with the confidential file of assumed name signatures. He/she must also evaluate the information received in relation to the expense incurred, and add his/her evaluation remarks to the report of the agent or officer who made the expenditure. A certification of payment to the custodian should serve as support for the expenditure from the imprest fund. The certification should be witnessed by the agent or officer in charge on the basis of the report and informer payee's receipt.

f. Each agent or officer in charge must prepare a quarterly report showing status and reconciliation of the imprest fund and itemizing each payment, name used by informer payee, information received and use to which information was put. This report must be made part of the files and reviewed quarterly by the head of the municipality's law enforcement agency.

8. **ELECTION COST ALLOCATIONS TO STATE, CITIES, TOWNS, AND OTHER TAXING DISTRICTS**

This interpretation establishes uniform procedures for allocating election costs incurred by counties. These procedures are mandatory for elections held after January 1, 1986.

The following statutes require that counties be reimbursed for the cost of conducting elections covering ballot issues for the state of Washington, cities and towns, and other districts.

RCW 29.13.045 Every city, town and taxing district shall be liable for its proportionate share of election costs. Special election costs shall be borne by the city, town or district concerned.

RCW 29.13.047 The state shall assume a prorated share of election costs when state officers or measures are voted upon in an odd-numbered year.

a. Segregate Voter Registration Costs from Elections

BARS account 511.80 is prescribed for voter registration costs.

b. Charge Only Allowable Election Costs

BARS account 511.70 is prescribed for election costs. Costs charged to this account must be specifically for election purposes and will include proper object codes. Time records and other documentation must be maintained to support expenses allocated to election costs. Allowable costs include the following:

(1) Salaries and Wages (BARS Object 10)

Include salaries and wages, including overtime, for time specifically devoted to elections. Include the time of Election Department employees, precinct officers, voting machine custodians and extra election help. A portion of the salary of the county auditor may also be included.

Adequate records are to be maintained to support payroll charges. This includes approved time sheets with descriptions of work performed.

(2) Employee Benefits (BARS Object 20)

Include those benefits associated with the salaries and wages identified above.

(3) Supplies (BARS Object 30)

Include articles and commodities purchased for consumption exclusively for elections (e.g., stationery, forms, cards, pencils, small items of equipment, items for the repair and maintenance of equipment, etc.). The cost of large supply purchases shall be apportioned between the elections benefitted. Elections operated as an internal service fund would be expected to inventory such purchases and charge the costs as the inventory is used.

(4) Other Services and Charges (BARS Object 40)

Include:

(a) Communication - Charges for telephone and postage associated with elections.

(b) Transportation - Cartage for voting machines, devices and booths, messenger service, and travel expense including mileage allowance for delivery of returns.

(c) Advertising - Charges for legal notices and published instructions in connection with elections, closing of registration, etc.

(d) Printing and Binding - Charges for ballots, instructions, records, signs, etc.

(e) Repairs and Maintenance - Charges for repair and maintenance to election equipment.

(f) Rentals - Charges for polling spaces, storage spaces for voting equipment, etc.

(5) Machinery and Equipment (BARS Object 64)

Do not include charges for capital outlays. However, depreciation or use charges for such items as voting machines, devices, ballot tab equipment, booths, flag poles, flags, etc., are allowable. Charges must be based on rates that will result in a reasonable recovery of the original equipment over its useful life. Ledgers detailing historical cost, estimated salvage value, useful life, and accumulated charges shall be available.

No depreciation or use charge is allowable where the 15 percent overhead factor is used. See part f.

(6) Interfund Payment for Services (BARS Object 90)

Include expenditures made to other funds for services rendered. Allowable interfund charges include costs for computer time, software development, and equipment or facility rental. Charges must be consistent with those to other funds and departments.

No interfund charges are allowable where the 15 percent overhead factor is used. See part f.

In the absence of guidance on allowability of costs, the cost standards included in Cost Principles Applicable to Grants and Contracts with State and Local Governments published by the Office of Management and Budget as Circular A-87 will apply.

c. Use Subelement Digit to Account for Specific Activities

The BARS account structure allows for a further subdivision of election costs. Precinct, Election Department, and voting machine maintenance costs may be accounted for within BARS Account 511.70. For example, Account 511.70 may be subdivided using the "subelement" digit as follows:

Precinct Costs	511.71
Election Department	511.73
Voting Machine Maintenance	511.75
Direct Costs	511.77
Recount Costs	511.78

The needs for such information and the resulting account numbers will vary from county to county. This interpretation does not require a further subdivision of Account 511.70.

d. Special Ballot Issue Costs May Be Recovered Directly

The additional cost of printing ballots for special ballot issues and the cost of publishing legal notices for such issues may be charged directly to the appropriate district. This should be necessary only in general or primary elections. For example, costs of extra ballots and special legal notices for a school district bond levy in a November election may be charged directly to the district.

e. Election Operations May Be Recorded as an Internal Service Fund

Election operations may be set up as an internal service fund, as a special revenue fund or as a department of the General Fund. By its very nature, an internal service type operation would record all of the allowable election costs discussed in part b of this interpretation.

Record election costs billed to county funds in BARS Account 349.11. The General Fund will charge BARS Account 511.70, Object 90, in paying these costs. Record billings to outside districts and other constituencies in BARS Account 341.45.

f. Overhead is Allowable

Overhead or indirect costs are allowable using an approved federal indirect cost allocation plan. Most plans include costs from central service departments. Do not include in the plan costs already included as an internal service fund charge. Circular A-87, mentioned above, contains guidance on indirect costs.

In the absence of an approved plan, a flat 15 percent of adjusted general election costs is allowable for overhead. Adjusted general election costs are the total of salaries and wages, employee benefits, supplies, and other services and charges properly charged to BARS Account 511.70 (BARS Objects 10-40).

The 15 percent overhead factor is in lieu of interfund charges and depreciation. The factor may be used when elections are accounted for as an internal service fund, a special revenue fund or a department in the General Fund.

g. The Method of Allocating Costs Depends on the Method of Processing Votes

(1) Allocation of Costs Where Votes Are Tallied Using Punch Cards

The following allocation method must be used when elections are conducted using punch cards (Chapter 29.34 RCW). This method spreads election costs based upon the number of voters in a jurisdiction. Additional ballot measures and positions add costs at a rate of 20 percent. A different rate may be allowed. See part h.

(a) Determine total election costs to be allocated.* See part b of this interpretation and Attachment l.

(b) Determine a factor for the number of issues and offices for each jurisdiction. A factor of l.0 will be assigned for the first ballot issue or office for the jurisdiction. Each additional issue or office will add 0.2 to the factor. For example, a city with 3 offices to be decided would have a factor of l.4 (l.0 + 0.2 + 0.2).

* This amount will be the total in Account 511.70 adjusted for depreciation/ capital outlay, overhead or indirect costs, total minimum fees, and special costs to be billed directly to taxing districts. See Attachment l, Schedule 2.

(c) Multiply the issue and office factor determined in step (b) times the number of voters in that jurisdiction. This will give a weighted registration factor.

(d) Total the weighted registration factors (step (c)) for all jurisdictions.

(e) Divide the weighted registration factor (step (c)) for each jurisdiction by the total weighted registration factor (step (d)) to yield a percentage cost factor.

(f) Multiply the percentage cost factor (step (e)) times the election costs to be allocated to allocate general election costs.

(g) Add the fifty dollar fee and any direct costs. This will give the amount due from the jurisdiction.

Attachment 2 illustrates how the allocation shall be made.

(2) Allocation of Costs Where Voting Machines or Paper Ballots Are Used

The following allocation method must be used when elections are conducted using voting machines or paper ballots (Chapter 29.30 RCW). This method spreads election costs based upon the number of voters in a jurisdiction. Additional ballot measures and positions add costs at an effective rate of 100 percent. A different rate may be allowed. See part h.

(a) Determine total election costs to be allocated.* See part b of this interpretation and Attachment l.

(b) Determine the number of registered voters in each jurisdiction concerned.

(c) Determine the number of positions to be filled together with the number of measures (if any) each jurisdiction is submitting to the voters. Each such position and measure is to be counted as a single unit.

(d) Multiply each registration figure as described in step (b) by the applicable number of units as determined by step (c). This will give a weighted registration factor.

(e) Total the weighted registration factors (step (d)) for all jurisdictions.

(f) Divide the total weighted registration factor (step (e)) into each of the respective weighted registration factors (step (d)). This establishes the percentage cost factor each jurisdiction is to share of the election costs to be allocated.

(g) Multiply the percentage cost factor established in step (f) times the election costs to be allocated (step (a)). The product of this computation is the allocated general election costs.

* This amount will be the total in Account 511.70 adjusted for depreciation/ capital outlay, overhead or indirect costs, total minimum fees, and special costs to be billed directly to taxing districts. See Attachment l, Schedule 2.

(h) Add the fifty dollar minimum fee and any direct costs. This will give the amount due from the jurisdiction.

Attachment 3 illustrates how the allocation must be made.

h. A Different Factor for Additional Issues and Offices May Be Allowed

As outlined in section g, the weighted registration factor is adjusted for additional issues and offices each jurisdiction places on the ballot. Elections conducted using punch cards must increase each jurisdiction's cost by a 20 percent factor for each additional issue and office. Likewise, elections conducted using voting machines or paper ballots must use 100 percent.

If the County Auditor believes that use of the applicable percentage results in an unreasonable result, the State Auditor's Office may approve a different percentage. The County Auditor should contact our office for such approval. In no event may a different percentage by used without our prior approval.

i. Charge a Fifty Dollar Minimum Fee

The County Auditor shall collect a minimum fee of fifty dollars per jurisdiction. The fee will be charged to all jurisdictions holding an election and will be added after the allocation of general election costs. See Attachment 2, column 8 or Attachment 3, column 7.

These fees shall not exceed a rate of five dollars per registered voter. The total minimum fees charged will be subtracted from total adjusted election costs. See Attachment l, Schedule 2.

j. Account for Costs of Recounts Separately

Where ballots are recounted, the jurisdiction or the candidate is charged the cost (Chapter 29.64 RCW). These costs shall be accounted for separately. Recount billings to the jurisdiction shall be shown apart from charges for other election costs. The fee collected is a charge for a service. Use BARS Account 341.45.

k. Effective Date

This interpretation will be effective January 1, 1986. Costs incurred prior to this date are chargeable, provided they have not already been recovered under an earlier accounting method.

BUDGET REPORTS

BUDGET DETAIL REPORT
12/31/84

	Budget	Expenditures	Balance
001 010 ELECTIONS:			
001 010 100 General Election #1:			
511.70 Election Costs-General:			
10 Salaries & Wages			
11 Salary	$20,000.00	$18,000.00	$2,000.00
12 Extra Help	2,000.00	1,000.00	1,000.00
Total Salaries & Wages	22,000.00	19,000.00	3,000.00
20 Personnel Benefits			
20 Personnel Benefits	2,000.00	1,800.00	200.00
Total Pers. Benefits	2,000.00	1,800.00	200.00
30 Supplies			
30 Office & Oper. Supplies	500.00	500.00	0.00
Total Supplies	500.00	500.00	0.00
40 Other Services & Charges			
42 Communication	300.00	250.00	50.00
44 Advertising	400.00	400.00	0.00
49 Printing & Binding	700.00	600.00	100.00
Total Other Services and Charges	l,400.00	1,250.00	150.00
60 Capital Outlay			
64 Machinery & Equipment	3,000.00	2,500.00	500.00
Total Capital Outlay	3,000.00	2,500.00	500.00
90 Interfund Payment for Services			
95 Interfund Operating Rentals & Leases	1,200.00	1,200.00	0.00
Total Interfund Payment for Services	l,200.00	1,200.00	0.00
Total 511.70 Election Cost-General	30,100.00	26,250.00	3,850.00
001 010 200 Direct Election Costs:			
511.77 Election Costs-Direct:			
49.01 Printing & Binding, School District 101	100.00	85.00	15.00
49.02 Printing & Binding School District 201	100.00	85.00	15.00
Total Printing & Binding	200.00	170.00	30.00
Total 511.77 Election Costs-Direct	200.00	170.00	30.00
TOTAL ELECTIONS	$30,300.00	$26,420.00	$3,880.00

ELECTION COSTS TO BE ALLOCATED

This schedule illustrates a case where elections are handled as a department of the General Fund and the 15% overhead factor is used in place of an approved indirect cost allocation plan.

Object		
10	Salaries & Wages $19,000.00	
20	Personnel Benefits	l,800.00
30	Supplies	500.00
40	Other Services & Charges	l,250.00
	General Election Costs	$22,550.00
	Add: Overhead ($22,550.00 x 15%)	3,382.50
	Total General Election Costs	$25,932.50
	Less: Total Minimum Fees (5 Jurisdictions @ $50)	(250.00)
	General Election Costs to be Allocated	$25,682.50

PUNCH CARD BALLOTS

ALLOCATION OF ELECTION COSTS

1	2	3	4	5	6	7	8	9	10
Jurisdiction	Registered Voters	Issue and Office Factor Number Factor		Weighted Registration Factor[1]	Percentage Cost Factor[2]	Allocation of General Election Costs[3]	Minimum Fee	Direct Costs[5]	Total Costs
State	5,000	7	2.2	11,000	0.5263	$13,516.70	$ 50.00	$ -	$13,566.70
County	5,000	3	1.4	7,000	0.3349	8,601.07	50.00	-	8,651.07
School District 101	1,000	2	1.2	1,200	0.0574	1,474.18	50.00	85.00	1,609.18
School District 201	1,000	2	1.2	1,200	0.0574	1,474.18	50.00	85.00	1,609.18
City of Small	500	1	1.0	500	0.0240	616.37	50.00	-	666.37
	$12,500			20,900	1.000	$25,682.50[4]	$250.00	$170.00	$26,102.50

1. Column 2 times Column 4
2. Column 5 divided by 20,900
3. Column 6 times $25,682.50
4. Source: Attachment 1, Schedule 2
5. Printing costs source: Attachment 1, Schedule 1

Note that columns 7 and 8 total $25,932.50, which equals total general election costs on Schedule 2 (Attachment 1).

VOTING MACHINES OR PAPER BALLOTS

ALLOCATION OF ELECTION COSTS

1	2	3	4	5	6	7	8	9
Jurisdiction	Registered Voters	Number of Issues and Offices	Weighted Registration Factor[1]	Percentage Cost Factor[2]	Allocation of General Election Costs[3]	Minimum Fee	Direct Costs[5]	Total Costs
State	5,000	7	35,000	0.6422	$16,493.30	$ 50.00	$ -	$16,543.30
County	5,000	3	15,000	0.2752	7,067.82	50.00	-	7,117.82
School District 101	1,000	2	2,000	0.0366	939.98	50.00	85.00	1,074.98
School District 201	1,000	2	2,000	0.0366	939.98	50.00	85.00	1,074.98
City of Small	500	1	500	0.0094	241.42	50.00	-	291.42
	12,500		54,500	1.0000	$25,682.50[4]	$250.00	$170.00	$26,102.50

1. Column 2 times Column 3
2. Column 4 divided by 54,500
3. Column 5 times $25,682.50
4. Source: Attachment 1, Schedule 2
5. Printing costs source: Attachment 1, Schedule 1

9. **ACCOUNTING FOR PATHS AND TRAILS**

Under Chapter 47.30 RCW, certain cities, towns, and counties may use a portion of their motor vehicle fuel tax funds to establish and maintain paths and trails for pedestrians, equestrians or bicyclists as a part of streets, roads and highways.

The amount a city or county expends annually must be at least one-half percent of the total amount of fund s received from the motor vehicle fund according to the provisions of RCW 46.68.100. In lieu of expending th e funds each year, however, a city or county may set aside such funds into a financial reserve account or a special reserve fund to be held for this specific purpose provided it is expended within ten years.

Chapter 47.30 RCW is limited to those cities in which the one-half percent exceeds $500 per year and to those counties in which the one-half percent exceeds $3,000 per year. In effect, this means that the annual income from motor vehicle fuel tax must exceed $100,000 for a city or $600,000 for a county before it is mandatory to fun d paths and trails. Cities and counties with less an nual income from motor vehicle fuel tax may fund paths and trails, but are not required to do so.

Also, per the Attorney General Memorandum dated June 7 , 1982, until a city or county has set up a comprehensive plan for arterial streets and roads as required by RCW 47.26.170, they are not required to allocate any portion of the motor vehicle funds to a paths and trails fund. If the local government wishes to receive urban arterial trust moneys, they must have a comprehensive plan which includes provisions for paths and trails. Once a plan is set up, the requirements of RCW 47.30.050 apply.

Revenues from the motor vehicle fuel tax shall be dep osited in the respective City Street, Arterial Street, or County Road Fund and be credited to the appropriate 336 account. All expenditures for paths and trails should be made from the City Street, Arterial Street, or County Road Fund. Account 595.62 should be charged for construction and 542.62 for maintenance.

In the event the expenditures accumulated in these accounts at the end of each year do not equal the percentage of motor vehicle fuel tax revenue reserved for this exclusive use, the unexpended balance should be reserved <u>or</u> deposited in a special revenue fund.

Cities or counties exercising the financial reserve option should reserve a portion of fund balance within th e operating fund. Cities or counties exercising the special fund op tion should create a Paths and Trails Reserve Fund.

10. **COUNTY AUDITOR'S OPERATION AND MAINTENANCE FUND (SPECIAL REVENUE FUND)**

RCW 36.22.170 requires the county uditors to impose a surc harge of two dollars per instrument for each document recorded. This is in addition to any other charge authorized by law. Fifty percent of the surcharge should b e deposited to the Auditor's Operation and Maintenance Fund (acc ount 341.36) and fifty percent should be deposited in an agency fund (account 386.00) and remitted to the state treasu rer. The state treasurer will distribute such funds every July to the counties in accordance to the formula described in RCW 36.22.190. Funds distributed by the state should be deposited to the Auditor's O&M Fund (account 336.04.11). These funds should be used for ongoing preservation of historical documents of all county offices and departments.

RCW 36.22.160 authorizes each county auditor to install and mainta in an improved system for copying, preserving, and indexing documents recorded in the county. The initial installation of the improved system should include:

(1) The acquisition, installation, operation, and maintenance of the appropriate equipment; and

(2) The establishment of procedures for the continued preserv ation, indexing, and filing of all instruments and records that will, after the effective installation date, constitute a part of the improved system.

When disbursements are made, the county auditor should prepare a voucher in the regular manner, supported by details, documenting the expenditures. The auditor shoul d place his/her certification on the face of the voucher and then draw a warrant against the Auditor's Oper ation and Maintenance Fund, in the same manner as is done for any other county fund.

The transactions are summarized as follows:

Revenue	Account Number	Account Description
$___.__	341.21	Auditor's Filings and Recordings General (Current Expense) Fund
$1.00	341.36	Auditor's Centennial Document Preservation and Modernizatio n Surcharge (Auditor's O&M Fund)
$1.00	386.00	Centennial Document Preservation and Modernization Agenc y Deposit (Agency Fund). Monthly remittance to the state treasurer.
$___.__	336.04.11	Auditor's Centennial Document Preservation and Modernizatio n (Auditor's O&M Fund). The state treasurer's distribution of th e surcharge to the county.

11. SOLID WASTE UTILITIES: CLOSURE COST ACCOUNTING

Background

The Department of Ecology (DOE) mandates solid waste landfills closure standards in WAC 173-304-467 and WAC 173-351-600. The standards prescribe specific closure procedures and the funding of them. While these standards apply to a landfill's closure, they are associated with its operation and represent a material cost to be recognized during its operation.

In August 1993, the Governmental Accounting Standards Board (GASB) issued Statement 18, Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs. This Statement establishes standards of accounting and financial reporting for municipal solid waste landfill closure and postclosure care costs that are required to be incurred by federal, state, and local laws or regulations.

Guidelines

WAC 173-304-467 and WAC 173-351-600 require each owner or operator to prepare written closure and postclosure cost estimates as part of the facility closure plan. This plan is to be reviewed annually and adjusted for cost changes, including inflation.

Each owner or operator is also required to establish a financial assurance account in an amount that, over the life of the facility, will accumulate funds to be equal to the closure cost estimate. The DOE rules require these funds be set aside as restricted assets. This funding requirement is accounted for as a balance sheet transaction and applies to all landfills whether on a modified accrual or full accrual basis.

Landfills using proprietary fund accounting and reporting should recognize a portion of the closure and postclosure costs as an expense and liability in each period that they accept waste. The estimated cost assigned to each period should be based on the landfill use rather than the passage of time. GASB Statement 18 prescribes the following formula to determine the current period amount:

$$\frac{\text{Estimated total closure cost x Cumulative capacity used}}{\text{Total estimated capacity}} - \text{Amount previously recognized}$$

Landfills using governmental fund and account group accounting and reporting should use the same method as proprietary funds for the measurement and recognition of the accrued liability for closure and postclosure costs (described above). The landfill should recognize expenditures and fund liabilities using the modified accrual basis of accounting. The remainder of the liability should be reported in the general long-term debt account group with the total liability determined for the year reported through note disclosure or parenthetically on the operating statement.

GASB Statement 18 also provides guidance on equipment which is a part of the closure costs, versus equipment that is used during normal operations. The estimated cost of equipment expected to be part of the closure costs should be included in the closure cost estimate and the liability as calculated for each period. Such equipment cost should not be capitalized. When these assets are acquired, they should be reported as a reduction of the liability.

GASB Statement 18 requires state and local governments to disclose the nature and source of landfill closure and postclosure care requirements, the nature of estimates, the reported liability at the balance sheet date, the estimated cost remaining to be recognized, the percentage of landfill capacity used to date, and the estimated remaining landfill life in years. Governments also are required to disclose how closure and postclosure care financial assurance requirements are being met.

The provisions of GASB Statement 18 are effective for financial statements for periods beginning after June 15, 1993. Adjustments resulting from a change to comply with the Statement should be treated as an adjustment of prior periods, and financial statements presented for the periods affected should be restated. For further accounting and reporting guidance see GASB Statement 18.

12. CRIMINAL JUSTICE FUNDING

Criminal justice funding comes to the cities and counties in a number of formulas and requirements specified in statute. The following is a summary of the distributions including BARS coding:

A. Cities and counties will receive quarterly distributions based on formulas specified in the statut e (RCW 82.14.310 and .320). For counties, the formula is based on population, crime rate and felony criminal cases filed for trial. For cities, the formula is based primarily on a high crime rate. Both of these distributions are coded 336.06.10.

B. A second distribution to cities (RCW 82.14.330) is based on many different factors. A portion of this distribution is based on the violent crime rate and population and is allocated quarterly. Thi s distribution is coded 336.06.21.

C. The other distributions depend on programs and services provided by cities. Funding is available in one or more of the following areas:

1. Innovative law enforcement strategy;
2. Programs to help at-risk children, or child abuse victims response programs;
3. Programs to reduce the level of domestic violence or provide counseling for domesti c violence victims; and
4. Contracts with other entities for law enforcement.

To receive these funds, cities must apply to the Department of Community, Trade and Economi c Development and meet requirements published by the Community Protection and Developmen t Services. Compliance with those requirements is subject to an audit. These distributions are coded to BARS accounts 336.06.22, .23, .24 and .25.

The distributions described in paragraphs A and B are limited by the following wording in the statute : "Moneys distributed under this section shall be expended exclusively for criminal justice purpose and shall not be used to replace or supplant existing funding. Criminal justice purposes are defined as activities that substantially assist the criminal justice system, which may include circumstances where ancillary benefit to the civil justice system occurs, and includes domestic violence services such as those provided by domestic violence programs, community advocates, and legal advocates, as defined in RCW 70.123.020. Existin g funding for purposes of this subsection is defined as calendar year 1989 actual operating expenditures fo r criminal justice purposes. Calendar year 1989 actual operating expenditures for criminal justice purpose s exclude the following: Expenditures for extraordinary events not likely to reoccur, changes in contrac t provisions for criminal justice services, beyond the control of the local jurisdiction receiving the services, and major nonrecurring capital expenditures."

The following guidance is in response to the restrictions imposed by the above quotation from the law.

CRIMINAL JUSTICE PURPOSES

All of the moneys made available to local governments through this legislation are limited to funding o f criminal justice purposes. Criminal justice purposes can be defined as activities relating to the enforcement and administration of the criminal law. The term "Criminal justice purposes" indicates a broad definitio n which would encompass all costs incurred in connection with the administration and enforcement of criminal laws, including those systems for dealing with persons suspected of, accused of, charged with, or convicted of crimes and domestic violence services.

Cities and counties need to be aware that this funding is primarily for criminal justice. However, the statute does allow for benefit to the civil justice system. The benefit to the civil justice system should be a secondary benefit as a result of expenditures primarily for the criminal justice system.

SUPPLANTING OF EXISTING FUNDS

Existing funding is defined as calendar year 1989 actual operating expenditures for criminal justice purposes excluding expenditures for:

1. Extraordinary events not likely to reoccur;

2. Changes in contract provisions for criminal justice services, beyond the control of the local jurisdiction receiving the services; and

3. Major nonrecurring capital expenditures.

The new state funding may be used for capital and other nonrecurring expenditures so long as the expenditure is for criminal justice purposes and is reasonable (e.g., the purchase of police cars). However, if a new roof is put on the county courthouse, only that portion that applies to criminal justice purposes would qualify (i.e., allocating the cost of the roof by square footage).

An entity would be supplanting by paying back interfund loans where the borrowed funds were used for criminal justice purposes. The repayment of these loans would be the equivalent of replacing existing criminal justice funding. The intent of the act is to ensure that the new funding results in increased financial resources devoted to criminal justice purposes.

As these moneys are expended, an entity must ensure that the criminal justice expenditures are at least equal to the base of "existing funds" plus selected revenues generated by the latest legislation. Once the base is established, the accounting system may be expanded by the following methods to ensure compliance with the non-supplanting provisions of the law:

1. An accounting system may employ budgetary and accounting code controls for the use of these funds.

OR

2. A new fund may be established should the entity feel it is necessary.

It is the entity's responsibility to provide evidence for an audit that it did not supplant existing funding. Therefore, it is important to document the base year (1989 expenditures less major capital or nonrecurring items), and the actual criminal justice expenditures and reserved fund balance for the current year. An entity should prepare Schedule 18 (Part 4, Chapter 6) which shows 1989 expenditures and current years expenditures by BARS coding. Also an entity should include any rationale or explanations that might be helpful for the auditor's evaluation of your schedule. Having a schedule and all the explanations ready will save the entity additional audit time and costs.

13. RISK MANAGEMENT PRINCIPLES

This interpretation establishes the accounting and financial reporting requirements for risk management activities of local governments. It implements the Governmental Accounting Standards Board (GASB), Statement 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, GASB Interpretation 4, *Accounting and Financial Reporting for Capitalization Contributions to Public Entity Risk*, and Chapter 48.62 RCW.

Effective Date.

a. State of Washington. **These requirements are effective for financial statements prepared for accounting periods beginning January 1, 1991 or thereafter.**

b. GASB Statement 10. These requirements are effective for financial statements prepared for accounting periods beginning after June 15, 1994.

c. GASB Interpretation 4. The provisions of the Interpretation are effective for financial statements for periods beginning after June 15, 1996.

Restatement of Financial Statements. Adjustments resulting from a change in accounting principles to comply with GASB Statement 10 should be treated as an adjustment of prior periods, and financial statements presented for the periods affected should be restated. If restatement of financial statements for prior periods presented is not practicable, the cumulative effect of applying these requirements should be reported as a restatement of beginning fund balance or retained earnings, as appropriate, for the earliest period restated. In the period that these requirements are first applied, the financial statements should disclose the nature of any restatement and its effect.

Accounting Standards. GASB Statement 10 and Interpretation 4 require local governments to use the following standards:

A capitalization contribution to a public entity risk pool WITH transfer or pooling of risk should be reported as a deposit if it is **probable** that the contribution will be returned to the entity upon either the dissolution of or the approved withdrawal from the pool. An entity's determination that the return of the contribution is probable should be based on the provisions of the pooling agreement and an evaluation of the pool's financial capacity to return the contribution. In governmental funds, fund balance should be reserved to indicate that the deposit is not appropriable for expenditures.

If it is **not probable** that a capitalization contribution will be returned, the contribution should be reported:

(1) In governmental funds, the entire amount of the capitalization contribution may be recognized as an expenditure in the period of the contribution; reporting of prepaid insurance is not required. Otherwise the contribution should be reported initially as prepaid insurance (an asset), and expenditures should be allocated and recognized over the periods for which the pool is expected to provide coverage. If prepaid insurance is reported, fund balance may be required to be reserved to indicate that the amount is not appropriable for expenditures.

(2) In proprietary funds, the contribution should be reported initially as prepaid insurance (an asset), and expenses should be allocated and recognized over the periods for which the pool is expected to provide coverage.

In both cases, the periods expected to be covered should be consistent with the periods for which the contribution is factored into the pool's determination of premiums but should not exceed ten years if is not readily determinable.

A capitalization contribution to a public entity risk pool WITHOUT transfer or pooling of risk should be reported as a deposit or a reduction of claims liabilities.

Local governments are required to report an estimated loss from a claim as an expenditure/expense and as a liability if both of these conditions are met:

(a) Information available before the financial statements are issued indicates that it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements. It is implicit in this condition that it must be probable that one or more future events will also occur, confirming the fact of the loss.

(b) The amount of the loss can be reasonably estimated.

If a governmental entity uses a single fund to account for its risk financing activities, that fund should be either the General (Current Expense) fund or an internal service fund. Both funds must use the method described above for calculating claims liabilities. However, the following procedures also apply:

(a) If the general fund is used, accounting and reporting must be on the modified accrual basis of accounting.

The entity may use any method it chooses to allocate loss expenditures/expenses to the other funds of the entity. However, if the total amount charged to the other funds, (including the general fund itself) exceeds total expenditures and liabilities, the excess amounts should be reported as operating transfers. Transactions that constitute reimbursements of a fund for expenditures/expenses initially made from it that are properly applicable to another fund should be reported as expenditures or expenses in the reimbursing fund and as reductions of the expenditure/expense in the fund that is reimbursed.

Long-term claims liabilities should be recognized and reported in the General Long-Term Debt Account Group (GLTDAG). For those entities who initially report their long-term claims liabilities in the GLTDAG and subsequently elect to use an internal service fund for their risk financing activities, long-term claims liabilities currently reported in the GLTDAG should be reported as liabilities of the internal service fund. These liabilities should also be deducted from the internal service fund beginning retained earnings balance at the date this change is made.

(b) If an internal service fund is used, accounting and reporting must be on the full accrual basis of accounting.

The internal service fund should recognize both current and long-term claims expenses and liabilities for its risk financing activities within the fund.

The internal service fund may use any basis it considers appropriate to charge other funds of the entity, as long as the following conditions are met:

(1) The total charge by the internal service fund to the other funds for the period is calculated in accordance with GASB Statement 10, paragraphs 53 through 57; or,

(2) The total charge by the internal service fund to the other funds is based on an actuarial method or historical cost information and adjusted over a reasonable period of time so that internal service fund revenues and expenses are approximately equal.

(3) In addition to "(2)" above, the total charge by the internal service fund to the other funds may also include a reasonable provision for expected future catastrophe losses.

Charges made in accordance with the foregoing provisions should be recognized as revenue by the internal service fund and as expenditures/expenses by the other funds of the entity. Deficits, if any, in the internal service fund resulting from the application of "(2)" and "(3)" above do not need to be charged back to the other funds in any one year, as long as adjustments are made over a reasonable period of time; however, a deficit fund balance of the internal service fund should be disclosed in the Notes to Financial Statements. Retained earnings in the internal service fund resulting from application of "(3)" above should be reported as equity designated for future catastrophe losses in the Notes to Financial Statements.

If the charge by the internal service fund to the other funds is greater than the amount resulting from the application of "(1)" through "(3)" above, the excess should be reported in both the internal service fund and the other funds as an operating transfer.

If the charge by the internal service fund to the other funds fails to recover the full cost of claims over a reasonable period of time, any deficit fund balance in the internal service fund should be charged back to the other funds and reported as an expenditure/expense of those funds.

Loss Recognition Principles.

Current generally accepted accounting principles continue to apply to all state and local governmental entities. These principles require entities to recognize loss liabilities and related expenditures/expenses in conformity with FASB Statement 5, *Accounting for Contingencies*. These principles are as follows:

When a loss contingency exists, the likelihood that the future event or events will confirm the loss or impairment of an asset or the incurrence of a liability can range from probable to remote. These terms are defined as follows:

a. Probable. The future event or events are likely to occur.

b. Reasonably possible. The chance of the future event or events occurring is more than remote, but less than likely.

c. Remote. The chance of the future event or events occurring is slight.

If a claim is asserted and the probable loss is reasonably estimable, the expenditure/expense and liability should be recognized in the financial statements. Incidents often occur before the end of the accounting period where claims are not reported or asserted when the financial statements are prepared. If an incurred but not reported (IBNR) loss can be reasonably estimated, and it is probable that a claim will be asserted, the expenditure/expense and liability should be recognized.

Financial statement footnote disclosure should be made for any contingent liability for claims when there is at least a reasonable possibility that a loss may have been incurred. This disclosure would indicate the nature of the contingency and should give an estimate of the possible loss or range of loss, or state that such an estimate cannot be made.

Financial statement footnote disclosure is not required for a loss contingency involving an unreported claim or assessment if there has been no manifestation by a potential claimant of an awareness of a possible claim or assessment unless it is considered probable that a claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable.

Financial Statement Disclosures.

The financial statement disclosures may be made for the entity as a whole. However, there may be circumstances when aggregate disclosures are misleading. In those circumstances, additional or separate presentation should be made by fund or by fund type. In addition, there may be circumstances under which disclosures by fund or by fund type may provide more useful information than disclosures presented in the aggregate.

If a pool included in the oversight entity's combined financial report issues its own separate report, the combined report should emphasize oversight entity disclosures about its participation in a pool and provide reference to the separate report of the pool.

Component units that participate in their oversight entity's risk management internal service fund should make the disclosures required above in their separately issued component unit financial statements. The component unit should also disclose the fact that the unit participates in the fund, including a description of the nature of that participation, and state the rights and responsibilities of both the unit and the oversight entity.

Report To State Auditor's Office By Local Governments Which Provide Claims Servicing Or Insurance Coverage To Others.

GASB Statement 10 prescribes the following requirements for those entities which provide claims servicing or insurance coverage to others:

a. If an entity provides insurance or risk management coverage separate from its own risk management activities to individuals or organizations outside the governmental reporting entity and there is material transfer or pooling of risk among the participants, that activity should be accounted for as a public entity risk pool. The governmental reporting entity is the oversight unit, and all related component units, if any, must be combined in accordance with Codification Section 2100, *Defining the Reporting Entity* .

b. If an entity provides risk transfer or pooling coverage combined with its own risk management activities to individuals or organizations outside its reporting entity, those activities should continue to be reported in the general fund or an internal service fund only as long as the entity is the predominant participant in the fund. If the entity is not the predominant participant in the fund, then the combined activities should be reported as a public entity risk pool.

c. If an entity performs claims-servicing functions, not insurance functions, for individuals or organizations that are not a part of the governmental reporting entity, amounts collected or due from those individuals or organizations and paid or to be paid to settle claims should be reported as a net asset or liability on an accrual basis, as appropriate. The operating statement should report claims-servicing revenue and administrative costs from these activities.

This section establishes a new reporting requirement for all governmental entities which provide claims servicing or insurance coverage to others. This one-time report should be submitted to the state auditor for financial reports covering accounting periods which end on December 31, 1991 or after. A revised report should also be submitted to the State Auditor's Office whenever new relationships are established, and whenever existing relationships are revised or terminated. Negative reports are required. A copy of any such report should be maintained on file at the entity for subsequent review and inspection by the state auditor. Please refer to Example 1 in the following pages for report format.

Report To State Auditor's Office By Local Governments Which Individually Assume Or Self-Insure Property Or Liability Risks.

Chapter 48.62 RCW establishes a new reporting requirement for all local governmental entities which individually assume or individually self-insure property or liability risks. This one-time report should be

submitted to the state auditor for financial reports covering accounting periods which end on December 31, 1991 or after. A revised report should also be submitted to the State Auditor's Office whenever there is a change in the class of risk the entity assumes or self-insures. The information which must be included in this report is indicated on the attached report forms. A copy of any such report should be maintained on file at the entity for subsequent review and inspection by the state auditor.

This report does not include the self-insurance of unemployment compensation (Chapter 50.44 RCW) or industrial insurance (Chapter 51.14 RCW).

Use the following instructions when preparing this report for local governmental entities which individually assume or self-insure property or liability risks (Examples 2 and 3):

a. Report all known risks which have been either assumed or self-insured by the entity. If there is some doubt about whether or not to include a risk on this report, we recommend you disclose the information rather than omit it.

b. Indicate the date of the report being filed. For the initial report, include the appropriate fiscal period covered. For any subsequent report indicating a change to the risks being assumed, or claims servicing and insurance coverage provided to others, indicate the effective date of the change being reported.

c. Indicate the name, telephone number, and mailing address for the focal point of the entity's self-insurance program (e.g., manager of program).

d. Indicate the class of property or liability risks the governing body of the entity has decided to assume, as well as the appropriate dollar level involved. Also, indicate the effective date that the entity began assuming the responsibility for each "class of risk". Report this information by the following categories:

   (1) Deductible Provision for Purchased Commercial Insurance Policies.

   (2) Deductible Provision for Participation in Public Entity Risk Pools.

   (3) All Other.

   If there is some doubt about the appropriate category of risk to be used, we recommend you disclose the information rather than omit it.

Additionally, use the following instructions when preparing this report for local governmental entities which individually self-insure property or liability (Example 3):

e. Identify the amount and type of all program investments, the distribution of the assets, and the designation of the asset depository and investment agent.

f. Indicate if claims are administered by the entity's staff or whether the entity uses the services of a third party administrator. If so, include name, telephone number, and address of firm.

g. Indicate if the entity maintains historical claims costs or uses the services of an actuary. If so, include name, telephone number, and address of firm.

h. Indicate if the entity uses the services of a Certified Public Accountant, other than the State Auditor's Office (SAO). If so, include name, telephone number, address, and type of service provided by firm. Entity should also indicate whether the services were obtained by contract through the SAO.

PLEASE REFER TO THE FOLLOWING PAGES FOR SAMPLE REPORTS.

Example 1

LOCAL GOVERNMENT WHICH PROVIDES
CLAIMS SERVICING OR INSURANCE COVERAGE TO OTHERS

_____
(Entity Name)

Program
Manager: _____ Date: _____
Address: _____ Fiscal Period: _____
_____
Phone: _____

Organization:

Name: _____
Type: _____
Date Established:_____

Copies of the following documents are attached:

1. Document creating the organization
2. List of participating members, including identifying predominate member
3. Approval correspondence from state risk manager, if any

Does the entity provide claims services? If yes, describe the type of insurance claims managed.

_____

_____

_____

Does the entity provide insurance coverage to others? If yes, indicate the type of insurance and policy limits for each participating member. _____

_____

_____

Is the accounting and reporting for this organization accomplished separately or as a component unit of the predominate member?

_____

_____

_____

Send report to: State Auditor's Office
Technical Services
PO Box 40031
Olympia, WA 98504-0031

Example 2

LOCAL GOVERNMENT WHICH INDIVIDUALLY
ASSUMES PROPERTY OR LIABILITY RISKS

_____
(Entity Name)

Program
Manager: _____ Date: _____
Address: _____ Fiscal Period: _____
_____
Phone: _____

Class of Risk Assumed (see instruction d):

Effective Date	Type of Risk	Amount

Send report to:

State Auditor's Office
Technical Services
PO Box 40031
Olympia, WA 98504-0031

Example 3

LOCAL GOVERNMENT WHICH INDIVIDUALLY
SELF-INSURES PROPERTY OR LIABILITY

_____
(Entity Name)

Program
Manager: _____ Date: _____
Address: _____ Fiscal Period: _____
_____
Phone: _____

Class of Risk Assumed (see instruction d):

Effective Date	Type of Risk	Amount

Program Investments (see instruction e):

Type of Investment	Distribution of Assets	Depository/ Agent	Amount

Claims Information (see instruction f): _____
_____
_____

Actuarial Information (see instruction g): _____
_____
_____

Certified Public Accountant (see instruction h): _____
_____
_____

Send report to: State Auditor's Office
Technical Services
PO Box 40031
Olympia, WA 98504-0031

14. REPORTING ENTITY

In June 1991, GASB issued Statement 14, *The Reporting Entity* , which is effective for financial statements for periods beginning after December 15, 1992.

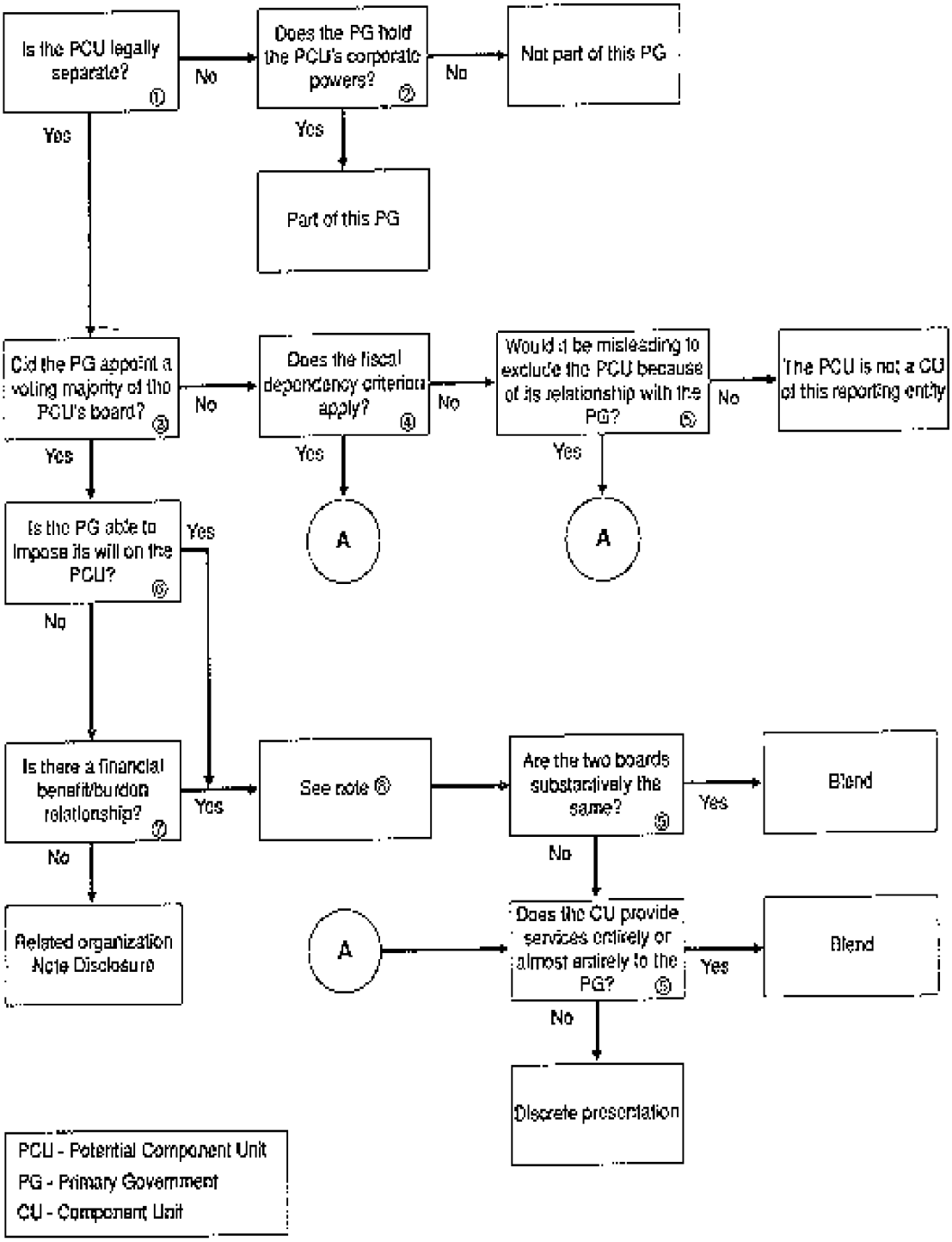
Statement 14 establishes standards for defining and reporting on the financial reporting entity and applies to financial reporting by primary governments, as well as to separately issued financial statements of governmental component units. Statement 14 defines the financial reporting entity as consisting of *(1)* the primary government, *(2)* organizations for which the primary government is financially accountable, and *(3)* other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A primary government is financially accountable for those organizations that make up its legal entity as well as legally separate organizations if the primary government appoints a voting majority of an organization's governing body, and either it can impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

Most organizations determined to be component units under Statement 14 should be included in the financial reporting entity by discrete presentation -- that is, by presentation in one or more columns separate from the financial data of the primary government. However, some component units may, in substance, be the same as the primary government and should be reported as part of the reporting entity -- that is, the component unit's balances and transactions are reported in a manner similar to those of the primary government, by "blending." It is likely that an organization considered to be a component unit under existing standards and "blended" will continue to be considered a component unit under Statement 14; however, according to Statement 14, that component unit will probably be reported by discrete presentation.

The following flowchart will help to determine the reporting status of an organization. Refer to the Glossary for definitions of the various terms.

Financial Reporting Entity Flowchart
(See notes on next page)



NOTES TO FINANCIAL REPORTING ENTITY FLOWCHART

1. An organization has separate legal standing if it is created as a body corporate or a body corporate and politic, or if it otherwise possesses corporate powers.

2. Corporate powers give an organization the capacity to have a name; the right to sue and be sued in its own name without recourse to the state or local government; and the right to buy, sell, lease, and mortgage property in its own name.

3. The primary government's appointment authority should be substantive. This excludes selections from lists of candidates or confirmations. The requirements apply also to the situation in which the voting majority consists of a primary government officials serving as required by law (and not technically appointed). The primary government is accountable also if it can unilaterally abolish an organization or it has continuing appointment authority.

4. Fiscal dependence does not necessarily mean financial benefit or burden for a primary government. An organization is fiscally dependent if it can not meet all three of the following requirements without substantive approval of a primary government:

   a. determine its budget,

   b. levy taxes or set rates or charges, and

   c. issue bonded debt.

   It is also important to make a distinction between substantive and ministerial (compliance) approval. Ministerial approval is often a result of the general oversight of the respective state or local governments. This may include evaluation of programs, review for compliance with the statutory requirements, etc. Being subject to ministerial approval does not qualify an organization as fiscally dependent. Also a primary government that is temporarily under the fiscal control of another government continues to be fiscally independent.

5. Some component units, despite being legally or fiscally independent from the primary government, are so intertwined with the primary government that they are, in substance, the same as primary government. For example, they have substantially identical governing body, or exclusively or almost exclusively provide services or benefit the primary government.

6. A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization. The existence of any one of the following conditions indicates that the primary government has the ability to impose its will on an organization:

   a. The ability to remove the appointed members of the organization's governing body at will.

   b. The ability to modify or approve the budget of the organization.

   c. The ability to modify or approve the rate or fee changes affecting revenues, such as water usage rate increases.

   d. The ability to veto, overrule, or modify the decisions (other than those in b and c) of the organization's governing body.

   e. The ability to appoint, hire, reassign, or dismiss those persons responsible for the day-to-day operations (management) of the organization.

There may be other conditions indicating the possibility of imposing will. When assessing them remember to make the distinction between substantive and ministerial approvals.

7. The benefit or burden may result from legal entitlements or obligations, or it may be less formalized and exist because of a decision made by the primary government or agreements between the primary government and component unit.

An organization has a financial benefit or burden relationship with the primary government if <u>any one</u> of these conditions exists:

a. The primary government is legally entitled to or can otherwise access the organization's resources.

b. The primary government is legally obligated or has otherwise assumed the obligation to finance deficits of, or provide financial support to, the organization.

c. The primary government is obligated in some manner for the debt of the organization.

Exchange transactions between organizations and the primary government are not considered a financial benefit or burden relationship.

The effect of the financial benefits or burdens on the primary government can be either <u>direct</u> or <u>indirect</u>. A direct effect occurs when the primary government itself is entitled to the resources or obligated for the deficits or debts of the organization. An indirect relationship occurs when one or more of the primary government's component units is entitled to the resources and obligated for the deficits or debts of the organization. In <u>both</u> cases the primary government has the benefit/burden relationship with the organization.

8. A potential component unit for which a primary government is financially accountable may be fiscally dependent on another government. An organization should be included as a component unit of <u>only</u> one reporting entity. Professional judgment should be used to determine the most appropriate reporting entity. A primary government that appoints a voting majority of the governing board of a component unit of another government should make the disclosures required for related organizations.

9. "Substantively the same" means sufficient representation of the primary government's entire governing body on the component unit's governing body to allow complete control of the component unit's activities.

10. The essence of this type of arrangement is much the same as an internal service fund - the goods or services are provided to the government itself rather than to the citizenry.

11. GASB Statement 14 allows flexibility in displaying the component units' financial data. Part 4 incorporates new requirements and provides examples of updated financial statements. Please refer to the matrix in Part 4, Chapter 1 for detailed listing of the possible displays for component units.

PHILOSOPHY OF REPORTING

The BAR System has been designed to provide the essential financial information for management of local governments and for legislative officials at the state level.

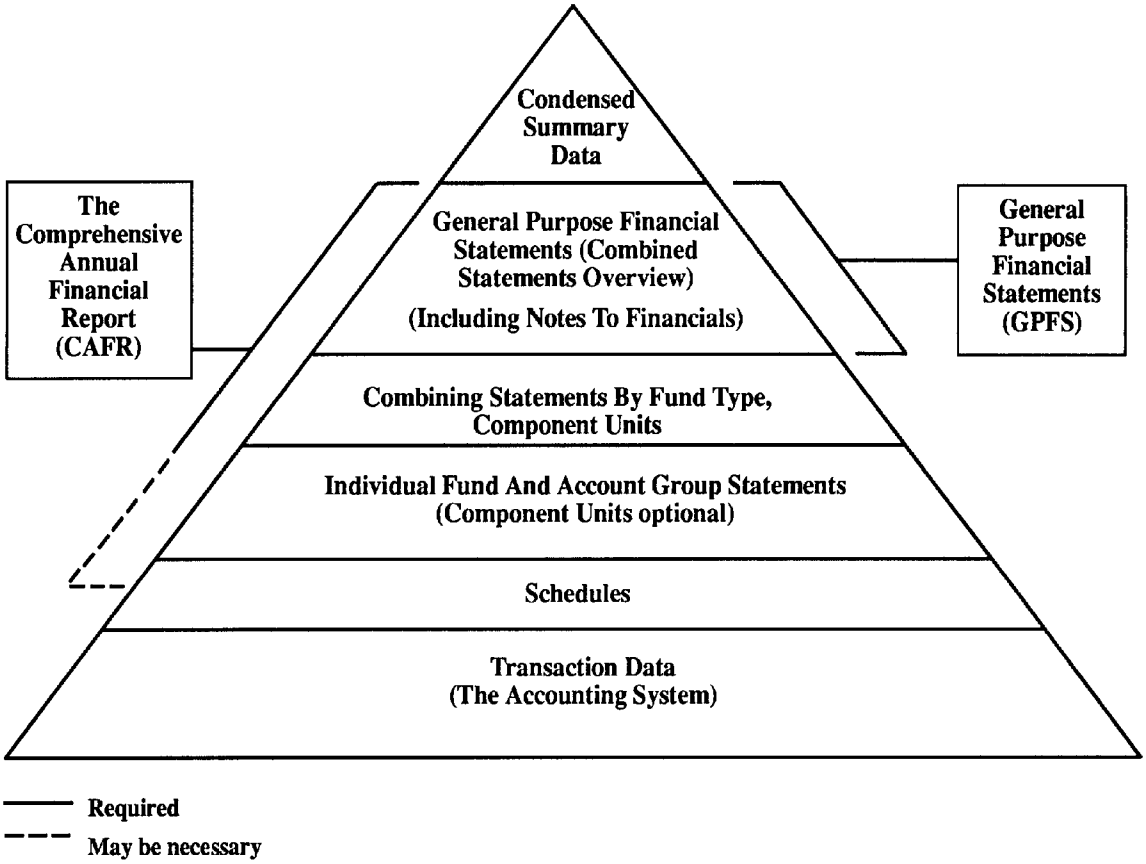
According to the NCGA Concepts Statement 1:

> The overall goal of accounting and financial reporting for governmental units is to provide:
>
> A) Financial information useful for making economic, political and social decisions, and demonstrating accountability and stewardship; and
>
> B) Information useful for evaluating managerial and organizational performance.
>
> . . . . . .
>
> The overall goal focuses on decision-making needs of users. Based on the research study of potential users and the information necessary to support their decisions, five basic categories of relevant information have been identified. These are as follows:
>
> 1. Information concerning short-term financial resources.
> 2. Information concerning financial condition of the governmental unit and its component units.
> 3. Information concerning compliance with legal, contractual and fiduciary requirements.
> 4. Information useful for planning and budgeting.
> 5. Information concerning managerial and organizational performance.

Financial statements and schedules are one primary means of meeting this goal. Although Concepts Statement 1 does not address the specific financial statements currently in use, it is apparent that the operating statements of governmental funds and the statement of cash flows of proprietary funds are intended to provide the first type of information listed above; balance sheets, the second type; and budget/actual comparisons, the third type. Analysis and comparison of all the basic financial statements for several years is a primary source of the fourth and fifth types of information.

GASB Concept Statement No. 1, Objective Of Financial Reporting, states that "accountability is the cornerstone of all financial reporting in government" and "financial reporting plays a major role in fulfilling government's duty to be publicly accountable in a democratic society." So an accountability perspective should provide a basis in defining the financial reporting entity. Financial reporting based on accountability should enable the user to focus on the body of organizations that are related by a common thread of the accountability to the constituents.

Illustration 1
The Financial Reporting "Pyramid"



All four pyramid levels of detail may be required in some circumstances. On the other hand, adequate disclosure may require only one or two levels. Determination of the appropriate level of detail--and the distinction as to what i s presented in a statement as opposed to a schedule--is a matter of professional judgment.

-- NCGA Statement 1, Principle 12

GASB/NCGA REPORTING REQUIREMENTS

The requirements for financial reporting in accordance with generally accepted accounting principles (GAAP) are established by the Governmental Accounting Standards Board (GASB). The GASB has adopted the standards prescribed by its predecessor, the National Council on Governmental Accounting (NCGA), including Statement 1, Principle 12, which is the NCGA reporting standard. This reporting standard is illustrated on the preceding page in the form of a financial reporting "pyramid." The levels of the pyramid are defined by the NCGA as follows (the portions shaded in grey are NOT required for BARS reporting):

1. Condensed Summary Data

   Some governmental units have for many years published highly condensed summary financial data, usually as "popular" reports directed primarily to citizens. Often the data in such reports are presented in charts or graphs rather than in financial statements . . . Such summaries should supplement, rather than supplant, the CAFR and the separately issued GPFS. Further,. . . the data in such highly condensed summary statements should be reconcilable with the combined, combining, and individual fund and account group statements, and . . . the reader of such statements should be referred to the CAFR and/or the separately issued GPFS of the governmental unit.

2. General Purpose Financial Statements (GPFS) (Combined Statements -Overview)

   The financial statements of the reporting entity provide an overview of the entity based on accountability. They also serve as an introduction to the more detailed statements and schedules that follow. Separate columns should be used for each fund type, account group, and one or more columns for component units.

   The NCGA regards these statements as a "liftable" portion of the CAFR and comments: Such statements may be issued for inclusion in official statements for securities offerings and for widespread distribution to users requiring less detailed information about the governmental unit's finances than is contained in the CAFR.

3. Notes to the Financial Statements and Narrative Explanations

   Two types of disclosure are necessary in the CAFR: (1) notes to the financial statements that are essential for fair presentation at the GPFS (Combined Statements-Overview) level, and (2) narrative explanations useful in providing an understanding of combining and individual fund and account group statements and schedules.

   Notes to the financial statements essential to fair presentation at the GPFS level include the Summary of Significant Accounting Policies and summary disclosure of such matters as significant contingent liabilities,encumbrances outstanding, significant effects of subsequent events, pension plan obligations, accumulated unpaid employee benefits (such as vacation and sick leave), material violations of finance-related legal and contractual provisions,debt service requirements to maturity, commitments under noncapitalized leases, construction and other significant commitments, changes in general fixed assets and general long term debt, any excess of expenditures over appropriations in individual funds, deficit balances of individual funds, and interfund receivables and payables. Any other disclosures necessary in the circumstances should also be included.

The NCGA has discussed the notes to financial statements in more detail in its Interpretation 6, which also provides guidance for presenting notes in a logical order.

Narrative explanations of combining and individual fund and account group statements and schedules should provide information not included in the financial statements, notes to the financial statements and schedules that are necessary: (1) to assure an understanding of the combining and individual fund and account group statements and schedules, and (2) to demonstrate compliance with finance-related legal and contractual provisions. (In extreme cases, it may be necessary to prepare a separate legal-basis special report.) The narrative explanations, including a description of the nature and purpose of the various funds, should be presented on divider pages, directly on the statements and schedules, or in a separate section.

4. Combining Statements - By Fund Type And Component Units

Where a governmental unit has more than one fund of a given type (e.g., Special Revenue funds), combining statements for all funds of that type should be presented in a columnar format. The total columns of these combining statements should agree with the amounts presented in the GPFS.

The governmental unit may choose to include the combining statements for discretely presented component units in this section. They should be presented in columnar format. Presentation of underlying fund types of the individual component unit is not required unless such information is not available in separately issued financial statements.

For BARS reporting, formal, typed combining statements are NOT required; however, the combining statements must be drafted on worksheets in order to prepare the combined statements. In addition, the worksheets for proprietary fund combining statements may be submitted instead of Schedule 04 to report the revenue detail required for statistical purposes.

5. Individual Fund and Account Group Statements

These statements present information on the individual funds and account groups where (a) a governmental unit has only one fund of a specific type, or (b) detail to assure disclosure sufficient to meet CAFR reporting objectives is not presented in the combining statements. These statements may also be used to present budgetary data and prior year comparative data.

6. Schedules

Data presented in schedules are not necessary for fair presentation in conformity with GAAP unless referenced in the notes to the financial statements. Schedules are used: (a) to demonstrate finance-related legal and contractual compliance (e.g., where bond indentures require specific data to be presented); (b) to present other information deemed useful (e.g., combined and combining schedules that encompass more than one fund or account group, such as a Combined Schedule of Cash Receipts, Disbursements, and Balances-All Funds);and (c) to provide details of data summarized in the financial statements (e.g., schedules of revenues, expenditures, transfers).

7. Transaction Data (The Accounting System)

This level of the pyramid is not a reporting level but the foundation for all reporting. The accounting system requirements for NCGA are stated in Principle 1, A governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the financial position and results of financial operations of the funds and account groups of the governmental unit in conformity with generally accepted accounting principles; and (b) to determine and demonstrate compliance with finance related legal and contractual provisions. For further discussion of accounting principles and the specific system requirements of BARS, refer to Chapter 1 of Part 3 in this manual and the chart of accounts that comprises Part 1 of this manual.

BARS REPORTING REQUIREMENTS

Pursuant to RCW 43.09.230, Annual Reports are to be certified and filed with the State Auditor's Office within 150 days after the close of each fiscal year.

Mail your completed annual report package to:

Annual Report
State Auditor's Office
PO Box 40031
Olympia, WA 98504-0031

The legal reporting requirements prescribed by the State Auditor's Office for local governments in Washington State are consistent with, BUT NOT IDENTICAL TO, the national standards of financial reporting prescribed by the GASB. These requirements for Category 1 local governments are of three kinds:

1. General Purpose Financial Statements (GPFS), including notes (Chapters 2, 3, 4, 5 and 7)

2. Supplemental Schedules (Chapters 3, 4 and 6)

3. Required Supplementary Information

For the GPFS, you will need to prepare combining worksheets that summarize the general ledger trial balances, the resources schedules and the expenditures/uses schedules at the Basub or Basic account level, with budgetary comparisons for certain governmental funds. Most of these combining worksheets do not need to be submitted as part of your annual report, but they must be available for audit. The total columns of the combining worksheets are transferred to the combined financial statements, which display balances for each fund type of your government in separate adjacent columns, with memorandum totals for each statement.

The matrix on the next two pages identifies the statutory reporting requirements for Category 1 local governments. For the combined statements, you will need to prepare informal combining worksheets, as explained in the previous paragraph.

MATRIX OF STATUTORY REPORTING REQUIREMENTS: (General Purpose Financial Statements)
(These statements should be prepared in accordance with GASB & NCGA pronouncements)

(A) Governmental Fund Types: 001, 100, 200, 300
(B) Proprietary Funds: Enterprise Funds - 400, Internal Service Funds - 500
(C) Fiduciary Funds - Trust and Agency Funds (600-699)
(D) Account Groups - General Fixed Assets - 800, General Long-Term Debt - 900
(E) Component Unit(s)

Statements	(A) Governmental Fund Types	(B) Proprietary Funds	(C) Fiduciary Funds		(D) Account Groups	(E) Component Unit(s)
			Non-Expendable Trusts and Pensions	Expendable Trusts and Agency Funds		
Certification/Cover Sheet Checklist						
General Purpose Financial Statements:						
Combined Balance Sheet - All Fund Types and Account Groups	A column for each Fund Type	A column for each Fund Type	One column for all funds combined		A column for each Account Group	A column for each component unit, or an aggregate column for all component units, or a separate column for each different measurement focus.
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types and Expendable Trust Funds	A column for each Fund Type	N/A	N/A	Expendable Trusts Only	N/A	A column for each component unit or an aggregate column for component units which use the governmental basis of accounting.
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General and Special Revenue Fund Types (and similar government fund types for which there is a legally adopted appropriated annual budget)	Two columns- Budget/Actual- for each fund. Variance column - optional.	N/A	N/A	N/A	N/A	Optional. If presented see governmental funds' format.
Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types and Similar Trust Funds	N/A	A column for each Fund Type	A column for each Fund Type	N/A	N/A	A column for each component unit or an aggregate column for component units which use the proprietary basis of accounting.
Combined Statement of Cash Flows - All Proprietary Fund Types and Similar Trust Funds	N/A	A column for each Fund Type	Non-Expendable Trusts Only	N/A	N/A	A column for each component unit or an aggregate column for component units which use the proprietary basis of accounting.
Notes to Financial Statements	Prepared for reporting entity as a whole.					
Required Supplementary Information						

After preparing your GPFS, you will need to keep your combining worksheets and any individual fund worksheets on file and available for your auditor.

If you are preparing a CAFR, there are additional statements, schedules, and statistical data that must be included in your report. This matrix does not detail these additional requirements.

If your government assumes risk or self-insures, OR provides claims servicing or insurance coverage to others, please see Part 3, Chapter 12 of this manual for additional reporting requirements.

MATRIX OF STATUTORY REPORTING REQUIREMENTS: Additional Schedules Required by SAO

(A) Governmental Fund Types: 001, 100, 200, 300
(B) Proprietary Funds: Enterprise Funds - 400, Internal Service Funds - 500
(C) Fiduciary Funds - Trust and Agency Funds (600-699)
(D) Account Groups - General Fixed Assets - 800, General Long-Term Debt - 900

Schedule No.	Schedule	(A) Governmental Fund Types	(B) Proprietary Funds	(C) Fiduciary Funds: Non-Expendable Trusts and Pensions	(C) Fiduciary Funds: Expendable Trusts And Agency Funds	(D) Account Groups
04	Detail Of Revenues And Other Resources	Prepare for each fund	Prepare for each fund	N/A	N/A	N/A
05	Detail Of Expenditures And Other Uses	Prepare for each fund	Prepare for each fund	N/A	N/A	N/A
07	Warrant Activity	Prepare one schedule for entity as a whole. List all funds (including claims and payroll funds). Where applicable, include special purpose districts.				N/A
08	Real and Personal Property Taxes	Prepare one schedule for entity as a whole. Include all funds. Where applicable, special purpose districts for which tax was levied.				N/A
09	Long-Term Debts (one schedule for entity as a whole)	Include all special assessment debt and any long-term debt accounted for within a fund	Include all revenue debt, capital leases, and debt of ULIDs and LUDs	N/A	Include all long-term debt of taxing districts for which the county accounts	Include all general governmental debt
10	Limitation of Indebtedness	Prepare one schedule for entity as a whole				
11	Cash Activity	Prepare one schedule for entity as a whole. List all funds (including claims and payroll funds). Where applicable, include special purpose districts.				N/A
12	Investment Activity	Prepare one schedule for entity as a whole. Include all funds. Where applicable, include special purpose districts.				N/A
13	Cash and Investment Assets	Prepare one schedule for entity as a whole. Include all funds.				N/A
14	Short-Term Interest-Bearing Debt	See Schedule 13				N/A
15	Employer Contribution for Fringe Benefits	See Schedule 13				N/A
16	Financial Assistance	Prepare separate schedules for federal and state/local grants. Include all grants.				N/A
17	Annual Report on Public Works Projects	Prepare one schedule for entity as a whole				N/A
18	Criminal Justice Expenditures	Prepare one schedule for entity as a whole				N/A
19	Labor Relations Consultant(s)	Prepare one schedule for each labor consultant				N/A

If you are preparing a CAFR, there are additional statements, schedules, and statistical data that must be included in your report. This matrix does not detail these additional requirements.

The remaining chapters of this part give instructions for preparing each required statement and schedule. These chapters are organized so that a preparer will progress from the detailed information in his/her accounting system to the summary level financial statements. There will normally be one or two intermediate summarizing steps, sometimes through informal worksheets and sometimes through formal schedules.

If a local government elects to prepare the CAFR recommended by the GASB and the NCGA, the preparer will have to produce additional schedules and statements that are NOT described in the following chapters. However, the statements and schedules required for BARS reporting can be placed directly in the CAFR, and nearly all of the additional financial requirements of the CAFR are readily met by formally preparing the data and worksheets used to satisfy BARS requirements. No duplication of effort is necessary to produce the CAFR from BARS reports.

In most cases, the State Auditor's Office has designed forms to use in preparing the required statements and schedules. A blank copy of each form is included at the appropriate place in each chapter and additional copies are available on request. The use of these particular forms is not required; however, the kinds and amounts of information requested by the forms is generally prescribed. Specific instructions accompanying each statement and schedule identify what detail, if any, is optional.

Magnetic Filing Instructions

Magnetic media reporting is encouraged when filing annual reports. Statements and schedules may be submitted on diskette (3 1/2 or 5 1/4) or magnetic tape.

When submitting by diskette, schedules 04 and 05 should be formatted to include MCAG number (4 digits), Fund number (3 digit), BARS account number (7 digits), and actual amounts (use a minus sign if negative). The remainder of the schedules should be formatted as described in the following chapters.

Magnetic tapes submitted should be 9 track with fixed block records of 80 bytes in blocks of 8000, preceded with a standard label.

MCAG Numbers

The next four pages contain all city and county MCAG identification numbers. Record your number in the upper left hand corner of the various report forms.

Checklist

When you have finished preparing the statements and schedules described in Chapters 2 through 7, use the checklist at the end of this chapter to insure that your report is complete. Please arrange the report contents in the order shown on the checklist. (You may use the checklist as your table of contents.)

Certification/Cover Sheet

Finally, prepare the cover sheet and sign and date the certification before submitting your report.

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Clark	.....	0103
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Covington	.....	1178
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CHECKLIST OF BARS REPORTING REQUIREMENTS

NOTE: This list is NOT the order in which to prepare these statements and schedules, but it is the order for presenting them in your annual report. Chapters 2-7 of this part give instructions for preparing the statements and schedules in an efficient sequence.

Page Number(s)	Statement Or Schedule	Yes	No	SEE Chapter
	Combined Balance Sheet - All Fund Types and Account Groups			2
	Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types and Expendable Trust Funds			3
	Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General and Special Revenue Fund Types			3
	Combined Statement of Revenues, Expenses and Changes In Equity - All Proprietary Fund Types - All Proprietary Fund Types and Similar Trust Fund			4
	Combined Statement of Cash Flows - All Proprietary Fund Types and Similar Trust Funds			5
	Notes To Financial Statements			7
	Required Supplementary Information			
	Schedule 04 Detail of Revenues and Other Resources:			
	for General (Current Expense) Fund			3
	for each Special Revenue Fund			3
	for each Debt Service Fund			3
	for each Capital Projects Fund			3
	for each Enterprise Fund			4
	for each Internal Service Fund			4
	for each Trust Fund			3,4
	for each Joint Operating Agency			3
	Schedule 05 Detail of Expenditures and Other Uses:			
	for General (Current Expense) Fund			3
	for each Special Revenue Fund			3
	for each Debt Service Fund			3
	for each Capital Projects Fund			3
	for each Enterprise Fund			4
	for each Internal Service Fund			4

CHECKLIST OF BARS REPORTING REQUIREMENTS (Continued)

Page Number(s)	Statement Or Schedule		Yes	No	SEE Chapter
	Schedule 07	Warrant Activity Did you include all funds of your government AND all other funds by fund/ district type?			6
	Schedule 08	Real And Personal Property Taxes Did you include all tax-levying funds of your government and all taxing districts?			6
	Schedule 09	Long-Term Debt			
		General Obligation Debt			6
		Revenue Debt			6
		Assessment Debt			6
		Refunded Debt			6
		Special Purpose District Debt			6
	Schedule 10	Limitation of Indebtedness			6
	Schedule 11	Cash Activity Did you include all funds of your government and all taxing districts?			6
	Schedule 12	Investment Activity Did you include all funds of your government that had investments and all taxing districts with investment activity?			6
	Schedule 13	Cash and Investment Assets			6
	Schedule 14	Short-Term Interest-Bearing Debt			6
	Schedule 15	Employer Contribution for Fringe Benefits			6
	Schedule 16	Financial Assistance			
		Federal Grants			6
		State Grants			6
		Interlocal Grants			6
		Federal Entitlements			6
	Schedule 17	Annual Report on Public Works Projects			6
	Schedule 18	Criminal Justice Expenditures			6
	Schedule 19	Labor Relations Consultant(s)			6

NOTE: If your government assumes risk or self-insures, OR provides claims servicing or insurance coverage to others, please see Part 3, Chapter 12 of this manual for additional reporting requirements.

ANNUAL REPORT

_____
(Name)

_____
MCAG No.

Submitted pursuant to RCW 43.09.230

to the

STATE AUDITOR'S OFFICE

FOR THE FISCAL YEAR ENDED _____ 19 _____

Certified correct this _____ day of _____, 19 _____

to the best of my knowledge and belief:

NAME_____

TITLE_____

PREPARED BY_____

TELEPHONE NUMBER_____

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1. Matrix of Reporting Requirements 2
2. Instructions for Individual and Combining General Ledger Trial Balances 3
3. Instructions for Combined Balance Sheet (Statement A-1) 7

MATRIX OF STATUTORY REPORTING REQUIREMENTS: (General Purpose Financial Statements)
(These statements should be prepared in accordance with GASB & NCGA pronouncements)

(A) Governmental Fund Types: 001, 100, 200, 300
(B) Proprietary Funds: Enterprise Funds - 400, Internal Service Funds - 500
(C) Fiduciary Funds - Trust and Agency Funds (600-699)
(D) Account Groups - General Fixed Assets - 800, General Long-Term Debt - 900
(E) Component Unit(s)

Statements	(A) Governmental Fund Types	(B) Proprietary Funds	(C) Fiduciary Funds		(D) Account Groups	(E) Component Unit(s)
			Non-Expendable Trusts and Pensions	Expendable Trusts and Agency Funds		
Certification/Cover Sheet Checklist						
General Purpose Financial Statements:						
Combined Balance Sheet - All Fund Types and Account Groups	A column for each Fund Type	A column for each Fund Type	One column for all funds combined		A column for each Account Group	A column for each component unit, or an aggregate column for all component units, or a separate column for each different measurement focus.
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types and Expendable Trust Funds	A column for each Fund Type	N/A	N/A	Expendable Trusts Only	N/A	A column for each component unit or an aggregate column for component units which use the governmental basis of accounting.
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General and Special Revenue Fund Types (and similar government fund types for which there is a legally adopted appropriated annual budget)	Two columns- Budget/Actual- for each fund. Variance column - optional.	N/A	N/A	N/A	N/A	Optional. If presented see governmental funds' format.
Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types and Similar Trust Funds	N/A	A column for each Fund Type	A column for each Fund Type	N/A	N/A	A column for each component unit or an aggregate column for component units which use the proprietary basis of accounting.
Combined Statement of Cash Flows - All Proprietary Fund Types and Similar Trust Funds	N/A	A column for each Fund Type	Non-Expendable Trusts Only	N/A	N/A	A column for each component unit or an aggregate column for component units which use the proprietary basis of accounting.
Notes to Financial Statements	Prepared for reporting entity as a whole.					
Required Supplementary Information						

After preparing your GPFS, you will need to keep your combining worksheets and any individual fund worksheets on file and available for your auditor.

If you are preparing a CAFR, there are additional statements, schedules, and statistical data that must be included in your report. This matrix does not detail these additional requirements.

If your government assumes risk or self-insures, OR provides claims servicing or insurance coverage to others, please see Part 3, Chapter 12 of this manual for additional reporting requirements.

Instructions for Preparing General Ledger Trial Balances and Combining Worksheets

A. Before taking a trial balance of each fund, you need to analyze the status of the fund and prepare any adjusting entries needed to bring the accounts up to date. While this chapter does not discuss all of the adjusting entries you may need to consider, the following list should be helpful:

1. Reconcile bank statements;
2. Count and replenish petty cash funds during the last week in December;
3. Reconcile taxes receivable to county reports;
4. Update assessments for current and delinquent portions;
5. Schedule and age other receivables and estimate uncollectibles. Be sure to estimate and include unbilled receivables for utilities;
6. Review revenue accruals. See Part 3, Chapter 2 of this manual for governmental fund revenue accruals;
7. Count and value inventories and, if material, record as inventories or prepayments;
8. Search for other prepayments in proprietary funds, such as insurance or subscriptions;
9. Agree due to and due from other funds, interfund loans receivable and payable, and operating and residual equity transfers in and out;
10. Review open work orders and close any that are substantially complete;
11. Set up construction in progress in the general fixed assets account group for the life-to-date expenditures of capital project funds;
12. Reconcile capital outlays to fixed asset schedules;
13. Update accumulated depreciation;
14. Analyze January disbursements and payables for expenditure/expense accruals;
15. Reconcile debt service expenditures to long-term debt schedules;
16. Update restricted asset accounts and related payables and compare with bond covenant requirements;
17. Update the current portion of proprietary fund debt;
18. Review ordinances and resolutions for status of restricted/designated fund balances and retained earnings.

B. Extract from your system a list of all the general ledger accounts that you use. Compare your list with the chart of general ledger accounts in Part One, Chapter 2, of this manual. The column headed "3 - Report Accounts" defines the level of detail prescribed for general purpose reporting of balance sheet accounts. In the BAR System, all assets and liabilities are reported at the BASUB account level. Fund equity should be reported in five totals, summarizing the following accounts:

Contributed capital, Net of Amortization	271-274
Investment in General Fixed Assets	276-278
Fund Balance/Retained Earnings:	
Reserved	281-285
Unreserved Designated	287
Unreserved Undesignated	288

You are likely to have a great deal of additional detail in your general ledger; to report all of those accounts would make the balance sheet confusing to a reader. If your account hierarchy does not correspond to BARS, You should prepare a schedule to show which subaccounts are included in each report account. If there are any instances in which your system does not distinguish amounts for which BARS requires more detail, you will need to analyze the account balance in your ledger and show the amount applicable to each report account in your balance sheet. (If the account balance is immaterial, you do not need to perform the analysis.)

In many cases, local governments may have different general ledger numbers for certain proprietary fund s which use regulatory charts of accounts, such as FERC, NARUC, UMTA and Cunningham's Airport Accounts. Conversion charts are available from the State Auditor's Office which identify which BAR S account is equivalent to each account in these systems. An order form is provided at Chapter 9 of this part for your use in obtaining these conversion charts.

C. Enter each report account number and account title in the appropriate columns of a combining general ledger worksheet. If the number of accounts you use is greater than will fit on one sheet, use one page for assets and a second one for liabilities and equities.

D. Make enough copies of the numbered and titled general ledger worksheet to have a combining worksheet for each fund type that your government uses, except for the general fund. (If you have any other fund types with only one fund, you will not need a combining worksheet for them, either.) Then make one more copy for the combined general ledger worksheet.

E. On each combining worksheet, use one column for each fund of that type. Label the column with the title and number of that fund. Use a facing page if you need additional columns. Then label one last column "Total (Current Year)."

F. After your adjusting and closing entries have been posted to the general ledger, prepare a trial balance for each fund and for each account group. Summarize the accounts at the report account level and record the dollar amounts on the combining worksheets. Trial balances for the general fund, for the two account groups, and for any other fund type with only one fund are transferred directly to the combined worksheet. AL L AMOUNTS SHOULD BE ROUNDED TO THE NEAREST WHOLE DOLLAR. If an account normally has a debit balance, indicate a credit balance by using parentheses. Similarly, use parentheses for debi t balances in accounts which normally have credit balances.

If the amount in any miscellaneous account (the BAR System cons istently labels such accounts "Other" -- such as "Other Receivables" or "Other Current Liabilities") is large in comparison to the amounts of mor e specifically labelled accounts in the totals column of the worksheet, you should analyze what kind of asset or liability makes up the significant dollars in the account and report the amount separately with a specific title.

G. Foot and crossfoot the combining worksheets.

Insert Combing or Combined General Ledger Worksheet

Instructions for Preparing the Combined Balance Sheet (Statement A-1)

A. Attach a facing page to the combined general ledger worksheet. Label the twelve columns with the following headings (in the order listed):

General Fund
Special Revenue Funds
Debt Service Funds
Capital Projects Funds
Enterprise Funds
Internal Service Funds
Trust and Agency Funds
General Fixed Assets Account Group
General Long-Term Debt Account Group
Interfund Eliminations
Component Units (if applicable)
Total (Current Year)

B. From the trial balances for the general fund, the two account groups, and any other fund type with only one fund, prepare summaries at the report account level and record the dollar amounts in the appropriate columns of the combined worksheet. Then, for all remaining fund types, transfer the amounts from the total columns of the combining worksheets into the appropriate columns of the combined worksheet. Enter data for component units from available sources (component units combining balance sheets, etc.). Take care not to copy the amounts into the wrong rows or columns.

C. Use of the "Interfund Eliminations" column is optional. If you use this column, record in it all interfund/interdepartmental receivables and payables (BARS accounts 131, 132, 165, 225, 227 and 255). When crossfooting to the total columns, omit these interfund amounts; also make the appropriate changes to your notes to financial statements that discuss the "Memorandum Totals."

D. Foot and crossfoot the combined general ledger worksheet, using the "Total (Current Year)" columns (optional).

E. After you have drafted your notes to financial statements (see Chapter 7), insert the reference letter or number on the worksheet where a particular account is discussed in the notes. Normally, there should be note references to the following accounts: cash and cash equivalents, temporary investments, taxes, interfund balances, inventories, restricted assets, fixed assets, capital leases, deferred charges, long-term debt, employee leave, deferred compensation, pension liabilities, and reserves. The notes for your government may contain additional references and would omit those that do not apply. At the same time, you should identify any parenthetical disclosures that you intend to include on the combined balance sheet. (See Item F. 9. below.)

F. When completed, the combined balance sheet should be typewritten or typeset. The example on the following pages illustrates the proper format and headings. Be sure to note the following items:

1. Account numbers do not need to be included.

2. The name of your government should be at the top of the form, followed by the title of the statement, which is "Combined Balance Sheet - All Fund Types, Account Groups, and Component Units." Omit Component Units, if not applicable.

3. The statement should have only the ending date, since a balance sheet is taken as of a specific date.

4. The categories of fund types are used above the names of the individual fund types: Governmental, Proprietary, Fiduciary, Account Groups, Component Units, Totals.

5. The "Total (Current Year)" is dated. Prior year information (optional) may be presented as "Total (Previous Year)."

6. The "Total" columns are optional. If they are provided, they should be labeled "MEMORANDUM ONLY." If an entity provides a "Total" column for the entity as a whole, the "Total" column for the primary government should be presented.

7. The main balance sheet classifications of "Assets," "Liabilities" and "Equities" should be highlighted.

8. The statement <u>must</u> contain a footnote directing the reader to the accompanying notes to financial statements.

9. Additionally, there are a number of disclosures that (can/should) be made on the face of the financial statements. The content of these disclosures will vary depending on local policy. The notes to financial statements (Chapter 7) discuss the alternatives in detail. The list of accounts and typical parenthetical disclosure which follows indicates which note in the sample text illustrates the disclosures. Be sure to read the related notes to preparer to decide which alternative you should use.

G. Discrete presentation of component units entails reporting component unit financial data in a column(s) separate from the financial data of the primary government. The reporting entity balance sheet includes one or more columns to display the combined balance sheet of component units. If the single column is used, equity may be presented in three different ways. The examples are shown on the page following the combined balance sheet (Exhibit 2).

If the reporting entity has chosen to present each component unit in separate columns, neither the combining statements nor the individual component units disclosures are required.

The discrete column should be located to the right of the financial data of the primary government (including blended units) and component units.

The columns should provide descriptive headings.

The reporting entity can present:

- one aggregate column for all component units,
- separate columns for each component unit,
- separate columns for each different measurement focus (governmental, proprietary).

CITY OF SAMPLE

ALL FUND TYPES, ACCOUNT GROUPS AND COMPONENT UNITS

COMBINED BALANCE SHEET

December 31, 1992

	Governmental Fund Types			
ASSETS	General	Special Revenue	Debt Service	Capital Projects
Cash and equity in pooled investments - Note __	$30,602,773	$ 40,592,136	$ 4,018,548	$ 371,806
Investments, at amortized cost - Note __	-	10,808,621	21,007,900	119,712,886
Receivables, net of allowances for uncollectibles - Note __				
Taxes	13,909,512	1,477,969	564,076	-
Accounts and contracts	916,675	21,979,233	-	217,534
Special assessments	-	-	5,154,742	-
Interest and dividends	8,026	230,135	194,119	3,259,784
Unbilled services	70	997,305	-	-
Due from other funds - Note __	7,629,934	23,943,613	28,123	122,671
Due from component units - Note __	60,000	-	-	-
Due from primary government - Note __	-	-	-	-
Due from other governments	213,481	11,951,010	61,586	2,825,870
Interfund contracts/loans rec.	-	-	-	-
Inventories	-	1,937,076	-	-
Other current assets	-	-	-	-
Restricted assets:				
Revenue bonds and deposits:				
Cash and equity in pooled investments - Note __	-	-	-	-
Investments, at amortized cost	-	-	-	-
Interest receivable	-	-	-	-
Construction accounts:				
Cash and equity in pooled investments - Note __	-	-	-	-
Investments, at amortized cost	-	-	-	-
Interest receivable	-	-	-	-
Property, plant, and equipment, net of accum. depreciation - Note __	-	-	-	-
Advances to other funds	-	-	-	-
Deferred charges	-	-	-	-
Amt. available for debt service - Note __	-	-	-	-
Amt. to be provided for retirement of general long-term debt - Note __	-	-	-	-
TOTAL ASSETS	$53,340,471	$113,917,098	$31,029,094	$126,510,551

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

CITY OF SAMPLE

ALL FUND TYPES, ACCOUNT GROUPS AND COMPONENT UNITS

COMBINED BALANCE SHEET

December 31, 1992

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals		Totals
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	Primary Government (Memorandum Only) 1992	Component Unit*	Reporting Entity (Memorandum Only) 1992
$ 24,847,862	$10,223,259	$ 19,435,523	$ -	$ -	$ 130,091,907	$ 455,275	$ 130,547,182
-	-	296,431,234	-	-	447,960,641	420,200	488,380,841
-	-	246,448	-	-	16,198,005	321,716	16,519,721
42,636,522	269,528	3,212,883	-	-	69,232,375	121,415	69,353,790
-	-	-	-	-	5,154,742	216,400	5,371,142
1,046,777	-	6,989,667	-	-	11,728,508	67,800	11,796,308
23,070,518	146,304	-	-	-	24,214,197	4,212	24,218,409
3,731,168	5,710,297	2,932,126	-	-	44,097,932	-	44,097,932
-	-	-	-	-	60,000	-	60,000
-	-	-	-		-	75,000	75,000
-	265,004	138,055			15,455,006		15,455,006
187,153	65,512	-	-	-	252,665	-	252,665
18,991,250	878,446	-	-	-	21,806,772	-	21,806,772
537,833	-	-	-	-	537,833	-	537,833
96,515	-	-	-	-	96,515	-	96,515
35,653,244	-	-	-	-	35,653,244	-	35,653,244
159,104	-	-	-	-	159,104	-	159,104
22,500	-	-	-	-	22,500	-	22,500
49,527,009	-	-	-	-	49,527,009	-	49,527,009
589,072	-	-	-	-	589,072	-	589,072
708,852,971	16,937,449	37,902	328,584,542	-	1,054,412,864	-	1,054,412,864
1,895,315	240,651	-	-	-	2,135,966	-	2,135,966
43,922,291	150,549	3,303,520	-	-	47,376,360	-	47,376,360
-	-	-	-	24,921,524	24,921,524	36,718	24,958,242
-	-	-	-	181,277,664	181,277,664	28,901	181,306,565
$955,767,104	$34,886,999	$332,727,358	$328,584,542	$206,199,188	$2,182,962,405	$1,747,637	$2,184,710,042

* See Part 3, Chapter 12, for details.

CITY OF SAMPLE

ALL FUND TYPES, ACCOUNT GROUPS AND COMPONENT UNITS

COMBINED BALANCE SHEET

December 31, 1992

	Governmental Fund Types			
LIABILITIES	General	Special Revenue	Debt Service	Capital Projects
Warrants and accounts payable	$ 4,286,910	$ 10,854,051	$ -	$ 960,223
Salaries, taxes and benefits payable	5,834,743	4,353,839	-	-
Pensions and claims payable	-	-	-	-
Due to other funds	14,440,683	9,002,882	8	3,234,430
Revenue and bond anticipation warrants payable	-	-	-	-
Other accrued liabilities	120,016	140,584	-	141,330
Payable from restricted assets:				
Revenue bonds, current - Note __	-	-	-	-
Interest payable	-	-	-	-
Revenue bond construction:				
Due to component units - Note __	75,000	-	-	-
Due to primary government - Note __	-	-	-	-
Due to other governments - Note __	-	-	-	-
Deposits payable	-	-	-	-
Bonds payable, net of bond discount and premium - Note __	-	-	-	-
Special Assessment Debt with Government Commitment	-	-	-	-
Notes and other long-term liabilities	-	-	-	-
Advances from other funds	-	-	-	-
Deferred revenues	204,710	26,716,502	5,154,742	352,590
Deferred credits	-	-	-	-
TOTAL LIABILITIES	24,962,062	51,067,858	5,154,750	4,688,573
FUND EQUITY				
Contributed capital	-	-	-	-
Investment in general fixed assets - Note __	-	-	-	-
Retained earnings:				
Reserved for revenue bond debt service	-	-	-	-
Designated for equipment replacement	-	-	-	-
Unreserved/undesignated	-	-	-	-
Fund balances - Note __ and __:				
Reserved:				
Capital improvements	-	97,794	-	-
Employees' benefit	-	-	-	-
Gifts and endowments	-	2,183,534	-	-
Loans to other funds	-	-	-	-
Inventories and petty cash	24,675	1,976,046	-	-
Employee retirement systems	-	-	-	-
Debt service	-	3,601,524	25,874,344	-
Continuing appropriations	946,774	14,373,082	-	96,864,415
Encumbrances	815,132	6,409,807	-	1,541,899
Unreserved (deficit)	26,591,828	34,207,453	-	23,415,664
TOTAL FUND EQUITY	28,378,409	62,849,240	25,874,344	121,821,978
TOTAL LIABILITIES AND FUND EQUITY	$53,340,471	$113,917,098	$31,029,094	$126,510,551

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

CITY OF SAMPLE

ALL FUND TYPES, ACCOUNT GROUPS AND COMPONENT UNITS

COMBINED BALANCE SHEET

December 31, 1992

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals		Totals
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	Primary Government (Memorandum Only) 1992	Component Unit*	Reporting Entity (Memorandum Only) 1992
$ 22,595,649	$ 2,268,442	$ 7,842,780	$ -	$ -	$ 48,808,055	$ 279,623	$ 49,087,678
8,237,314	1,831,932	2,090,481	-	11,554,339	33,902,648	213,185	34,115,833
-	3,915,654	2,879,179	-	-	6,794,833	32,815	6,827,648
10,804,059	548,717	3,195,099	-	-	41,225,878	-	41,225,878
40,000,000	-	-	-	-	40,000,000	-	40,000,000
518,668	749,175	2,065,657	-	-	3,735,430	7,820	3,743,250
14,200,000	-	-	-	-	14,200,000	-	14,200,000
5,554,222	-	-	-	-	5,554,222	-	5,554,222
-	-	-	-	-	75,000	-	75,000
-	-	-	-	-	-	60,000	60,000
2,207,863	-	-	-	-	2,207,863	-	2,207,863
96,515	959	-	-	-	97,474	-	97,474
381,072,683	-	-	-	174,155,000	555,227,683	-	555,227,683
-	-	-	-	10,000,000	10,000,000	-	10,0000,000
7,808,960	3,088,122	-	-	8,101,218	18,998,300	18,900	19,017,200
-	-	-	-	2,388,631	2,388,631	2,390	2,391,021
755,079	5,456	4,530	-	-	33,193,609	62,320	33,255,929
3,477,300	-	-	-	-	3,477,300	-	3,477,300
497,328,312	12,408,457	18,077,726	-	206,199,188	819,886,926	677,053	820,503,979
164,680,282	4,246,101	-	-	-	168,926,383	-	168,926,383
-	-	-	328,584,542	-	328,584,542	-	328,584,542
16,058,126	-	-	-	-	16,058,126	-	16,058,126
-	7,220,256	-	-	-	7,220,256	-	7,220,256
277,700,384	11,012,185	-	-	-	288,712,569	-	288,712,569
-	-	-	-	-	97,794	-	97,794
-	-	1,010,073	-	-	1,010,073	-	1,010,073
-	-	505,503	-	-	2,689,037	-	2,689,037
-	-	-	-	-	2,000,721	26,800	2,027,521
-	-	552,765,557	-	-	552,765,557	402,351	553,167,908
-	-	-	-	-	29,475,868	-	29,475,868
-	-	425,574	-	-	112,609,845	215,673	112,825,518
-	-	159,761	-	-	8,926,599	181,321	9,107,920
-	-	(240,216,836)	-	-	(156,001,891)	244,439	(155,757,452)
458,438,792	22,478,542	314,649,632	328,584,542	-	1,363,075,479	1,070,584	1,364,146,063
$955,767,104	$34,886,999	$ 332,727,358	$328,584,542	$206,199,188	$2,182,962,405	$1,747,637	$2,184,710,042

* See Part3, Chapter 12, Page 47-51 for details.

Exhibit 2

PRESENTATION OF EQUITY

IN THE BALANCE SHEET

(For details, see Part 4, Chapter 2, Page 8, Section G).

		Totals Primary Government (Memorandum Only)	Component Units	Totals Reporting Entity (Memorandum Only)
Presentation 1				
Equity and other credits:	Primary Government Fund-Type And Account Group Data Displayed As Appropriate			
Investment in general fixed assets		$ 58,912	$ 29,000	$ 87,912
Contributed capital		2,957	58,924	61,881
Retained earnings		445	34,263	34,708
Fund balance		34,618	2,789	37,407
Total equity and other credits		96,932	124,976	221,908
Presentation 2				
Equity and other credits:	Primary Government Fund-Type And Account Group Data Displayed As Appropriate			
Investment in general fixed assets		$ 58,912	-	$ 58,912
Contributed capital		2,957	-	2,957
Retained earnings		445	-	445
Fund balance		34,616	-	34,616
Investment in general fixed assets - governmental component units		-	29,000	29,000
Contributed capital - proprietary component units		-	58,924	58,924
Retained earnings - proprietary component units		-	34,263	34,263
Fund Balance - governmental component units		____	2,789	2,789
Total equity and other credits		96,932	124,976	221,908
Presentation 3				
Equity and other credits:	Primary Government Fund-Type And Account Group Data Displayed As Appropriate			
Investment in general fixed assets		58,912	-	58,912
Contributed capital		2,957	-	2,957
Retained earnings		445	-	445
Fund balance		34,618	-	34,618
Equity and other credits - component units		____	124,976	124,976
Total equity and other credits		96,932	124,976	221,908

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1. Matrix of Reporting Requirements 2

2. Instructions for Schedule 04 - Detail of Revenues and Other Resources 4

3. Instructions for Schedule 05 - Detail of Expenditures and Other Uses 10

4. Instructions for Combining Worksheet of Revenues, Expenditures and Changes in Fund Balances 19

5. Instructions for Combined Statement of Revenues, Expenditures and Changes in Fund Balances-All Governmental Fund Types and Expendable Trust Funds (Statement B-1) 24

MATRIX OF STATUTORY REPORTING REQUIREMENTS: (General Purpose Financial Statements)
(These statements should be prepared in accordance with GASB & NCGA pronouncements)

(A) Governmental Fund Types: 001, 100, 200, 300
(B) Proprietary Funds: Enterprise Funds - 400, Internal Service Funds - 500
(C) Fiduciary Funds - Trust and Agency Funds (600-699)
(D) Account Groups - General Fixed Assets - 800, General Long-Term Debt - 900
(E) Component Unit(s)

Statements	(A) Governmental Fund Types	(B) Proprietary Funds	(C) Fiduciary Funds		(D) Account Groups	(E) Component Unit(s)
			Non-Expendable Trusts and Pensions	Expendable Trusts and Agency Funds		
Certification/Cover Sheet Checklist						
General Purpose Financial Statements:						
Combined Balance Sheet - All Fund Types and Account Groups	A column for each Fund Type	A column for each Fund Type	One column for all funds combined		A column for each Account Group	A column for each component unit, or an aggregate column for all component units, or a separate column for each different measurement focus.
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types and Expendable Trust Funds	A column for each Fund Type	N/A	N/A	Expendable Trusts Only	N/A	A column for each component unit or an aggregate column for component units which use the governmental basis of accounting.
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General and Special Revenue Fund Types (and similar government fund types for which there is a legally adopted appropriated annual budget)	Two columns- Budget/Actual- for each fund. Variance column - optional.	N/A	N/A	N/A	N/A	Optional. If presented see governmental funds' format.
Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types and Similar Trust Funds	N/A	A column for each Fund Type	A column for each Fund Type	N/A	N/A	A column for each component unit or an aggregate column for component units which use the proprietary basis of accounting.
Combined Statement of Cash Flows - All Proprietary Fund Types and Similar Trust Funds	N/A	A column for each Fund Type	Non-Expendable Trusts Only	N/A	N/A	A column for each component unit or an aggregate column for component units which use the proprietary basis of accounting.
Notes to Financial Statements	Prepared for reporting entity as a whole.					
Required Supplementary Information						

After preparing your GPFS, you will need to keep your combining worksheets and any individual fund worksheets on file and available for your auditor.

If you are preparing a CAFR, there are additional statements, schedules, and statistical data that must be included in your report. This matrix does not detail these additional requirements.

If your government assumes risk or self-insures, OR provides claims servicing or insurance coverage to others, please see Part 3, Chapter 12 of this manual for additional reporting requirements.

MATRIX OF STATUTORY REPORTING REQUIREMENTS: Additional Schedules Required by SAO

(A) Governmental Fund Types: 001, 100, 200, 300
(B) Proprietary Funds: Enterprise Funds - 400, Internal Service Funds - 500
(C) Fiduciary Funds - Trust and Agency Funds (600-699)
(D) Account Groups - General Fixed Assets - 800, General Long-Term Debt - 900

Schedule No.	Schedule	(A) Governmental Fund Types	(B) Proprietary Funds	(C) Fiduciary Funds: Non-Expendable Trusts and Pensions	(C) Fiduciary Funds: Expendable Trusts And Agency Funds	(D) Account Groups
04	Detail Of Revenues And Other Resources	Prepare for each fund	Prepare for each fund	N/A	N/A	N/A
05	Detail Of Expenditures And Other Uses	Prepare for each fund	Prepare for each fund	N/A	N/A	N/A
07	Warrant Activity	Prepare one schedule for entity as a whole. List all funds (including claims and payroll funds). Where applicable, include special purpose districts.				N/A
08	Real and Personal Property Taxes	Prepare one schedule for entity as a whole. Include all funds. Where applicable, special purpose districts for which tax was levied.				N/A
09	Long-Term Debts (one schedule for entity as a whole)	Include all special assessment debt and any long-term debt accounted for within a fund	Include all revenue debt, capital leases, and debt of ULIDs and LUDs	N/A	Include all long-term debt of taxing districts for which the county accounts	Include all general governmental debt
10	Limitation of Indebtedness	Prepare one schedule for entity as a whole				
11	Cash Activity	Prepare one schedule for entity as a whole. List all funds (including claims and payroll funds). Where applicable, include special purpose districts.				N/A
12	Investment Activity	Prepare one schedule for entity as a whole. Include all funds. Where applicable, include special purpose districts.				N/A
13	Cash and Investment Assets	Prepare one schedule for entity as a whole. Include all funds.				N/A
14	Short-Term Interest-Bearing Debt	See Schedule 13				N/A
15	Employer Contribution for Fringe Benefits	See Schedule 13				N/A
16	Financial Assistance	Prepare separate schedules for federal and state/local grants. Include all grants.				N/A
17	Annual Report on Public Works Projects	Prepare one schedule for entity as a whole				N/A
18	Criminal Justice Expenditures	Prepare one schedule for entity as a whole				N/A
19	Labor Relations Consultant(s)	Prepare one schedule for each labor consultant				N/A

If you are preparing a CAFR, there are additional statements, schedules, and statistical data that must be included in your report. This matrix does not detail these additional requirements.

SCHEDULE 04 - DETAIL OF REVENUES AND OTHER RESOURCES

See the matrix on the preceding pages to identify the funds for which to prepare a Schedule 04.

This schedule includes:

		Account No.
1.	Beginning Fund Balance	280.00 or 308.00
2.	Revenues	310.00 thru 369.90
3.	Other Financing Sources	390.00 thru 399.90
4.	Residual Equity Transfers-In	294.36 or 387.00
5.	Total Resources	
6.	Nonrevenues (Optional)	380.00 thru 389.90

All revenues and other financing sources must be reported to the subelement level and the 330 series of account s (intergovernmental resources) must be further detailed to the subunit level. Category II local governments must report all nonrevenues.

A subtotal should be calculated after each BASUB. It is not necessary to type this form. The form may be hand written (please print) or a computer printout is acceptable.

MCAG NO. _____ **_____** **Schedule 04**

(ENTITY NAME)

_____

(Fund Name)

DETAIL OF REVENUES AND OTHER SOURCES

For The Year Ended December 31, 19__

BARS Revenue Account No.	Description	Actual Revenues

MCAG NO. 9999 TOWN OF PERFECT **Schedule 04**

(ENTITY NAME)

Current Expense Fund

(Fund Name)

DETAIL OF REVENUES AND OTHER SOURCES

For The Year Ended December 31, 19__

BARS Revenue Account No.	Description	Actual Revenues
***292.70	BEGINNING FUND BALANCE	119,001
311.10	Real and Personal Property Taxes	372,755
**311.00	Total General Property Taxes	372,755
313.10	Local Retail Sales and Use Tax	258,667
**313.00	Total Retail Sales and Use Tax	258,667
316.41	Utility Tax - Electric	88,212
316.43	Utility Tax - Gas	97,874
316.45	Utility Tax - Garbage	22,297
316.47	Utility Tax - Phone	15,785
316.52	Utility Tax - Water	14,324
316.54	Utility Tax - Sewer	3,070
**316.00	Total Business Taxes	241,562
317.50	Gambling Excise Taxes	1,230
**317.00	Total Excise Taxes	1,230
***310.00	TOTAL TAXES	874,214
321.70	Amusement Permits	111
**321.00	Total Business Licenses & Permits	111
322.10	Building Permits	6,072
322.30	Animal Licenses	1,614
**322.00	Total Non-Business Licenses & Permits	7,686
***320.00	TOTAL LICENSES & PERMITS	7,797

** Denotes Subtotals
*** Denotes Totals

MCAG NO. 9999 TOWN OF PERFECT **Schedule 04**

(ENTITY NAME)

Current Expense Fund

(Fund Name)

DETAIL OF REVENUES AND OTHER SOURCES

For The Year Ended December 31, 19__

BARS Revenue Account No.	Description	Actual Revenues
335.00.81	Mobile Home Camper Excise	467
335.00.83	Motor Vehicle Excise Tax -- Regular	37,805
**335.00	Total State Shared Revenues	38,272
336.00.85	M.V. Excise Tax	124,963
336.06.94	Liquor Excise Tax	21,983
336.06.95	Liquor Board Profits	41,556
**336.00	Total State Entitlements	188,502
338.22	Fire Protection Services	39,315
**338.00	Total Intergovernmental Service Revenue	39,315
***330.00	TOTAL INTERGOV. REVENUE	266,089
341.60	Photostating	79
**341.00	Total Charges for Services	79
342.10	Police Services	264
**342.00	Total Security of Persons & Property	264
343.70	Garbage Service	55,930
343.93	Animal Control Fees	784
**343.00	Total Physical Environment	56,714
345.83	Plan Check Fees	2,429
**345.00	Total Economic Environment	2,429
347.30	Recreation Fees	23,654
**347.00	Total Culture and Recreation	23,654
***340.00	TOTAL CHARGES FOR SERVICES	83,140

** Denotes Subtotals
*** Denotes Totals

MCAG NO. 9999 | TOWN OF PERFECT | **Schedule 04**

(ENTITY NAME)

Current Expense Fund

(Fund Name)

DETAIL OF REVENUES AND OTHER SOURCES

For The Year Ended December 31, 19__

BARS Revenue Account No.	Description	Actual Revenues
353.10	Traffic Infraction Penalties	24,208
***350.00	TOTAL FINES AND FORFEITS	24,208
361.11	Investment Interest	7,727
**361.00	Total Interest Earnings	7,727
362.90	Other Rents and Use Charges	5,090
**362.00	Total Rents, Leases, and Concessions	5,090
367.00	Donations	551
**367.00	Total Contributions from Private Sources	551
369.10	Sale of Junk	31
369.81	Cashier's Overs and Shorts	500
**369.00	Total Other Miscellaneous Revenue	531
***360.00	TOTAL MISCELLANEOUS REVENUE	13,899
***397.00	OPERATING TRANSFERS - IN	45,862
	TOTAL RESOURCES	1,434,210

** Denotes Subtotals
*** Denotes Totals

SCHEDULE 05 - DETAIL OF EXPENDITURES AND OTHER USES

See the shaded portion of the matrix at the beginning of this chapter to identify the funds for which to prepare a Schedule 05.

This schedule includes:

		Account No.
1.	Operating Expenditures	510 thru 579.99
2.	Debt Service	591 - 593
3.	Capital Outlays	594 - 596
4.	Other Financing Uses	597
5.	Ending Fund Balance	280.00 or 508.00
6.	Residual Equity Transfers-Out	294.46 or 587.00
7.	Total Uses	
8.	Nonexpenditures (Optional)	580 thru 589.90

All expenditures must be reported by department, BASUB, element, and object, not subobject. In addition, subelement coding is required for:

501	Classified Proprietary Services
514.20	Financial Services
514.80	Other Administrative Services
521.20	Police Operations
542.60	Traffic and Pedestrian Service Maintenance
591 thru 596	Other Characters of Expenditure and Other Financing Uses

A subtotal should be calculated after each BASUB. In addition, for the Current Expense Fund, a total should be calculated for each department. Category II local governments must report all nonexpenditures. It is not necessary to type these schedules. They can be hand written (please print) or a computer printout with the required detail is acceptable.

MCAG NO. ____ _____ **Schedule 05**

(ENTITY NAME)

_____

(Fund Name)

DETAIL OF EXPENDITURES AND OTHER USES

For The Year Ended December 31, 19__

Expenditures BASUB/ELEMENT/ Subelement	Description	Expend. Object	Object Description	Actual Amount

MCAG NO. 9999 TOWN OF PERFECT **Schedule 05**

(ENTITY NAME)

Current Expense Fund

(Fund Name)

DETAIL OF EXPENDITURES AND OTHER USES

For The Year Ended December 31, 19__

Expenditures BASUB/ELEMENT/ Subelement	Description	Expend. Object	Object Description	Actual Amount
	MAYOR/COUNCIL			
511.10	Mayor's Office	10	Salaries	8,775
		20	Benefits	3,575
		30	Supplies	484
		40	Other Charges	795
		90	Interfund Services	100
511.30	Official Publication Services	40	Other Charges	1,762
511.50	Facilities	40	Utilities	1,394
511.60	City Council	40	Other Charges	724
**511.00	Total Legislative			17,609
591.11	Copier - Capital Lease	70	Lease Principal	600
592.11	Capital Lease - Interest	80	Lease Interest	1,985
**591.00/592.00	Total Debt Service - Mayor's Office			2,585
***	TOTAL MAYOR'S OFFICE			20,194
	JUDICIAL DEPARTMENT			
512.50	Municipal Court	50	Contract w/County	47,500
***	TOTAL JUDICIAL DEPARTMENT			47,500
	FINANCE DEPARTMENT			
514.23	Budgeting/Accounting Services	10	Salaries	34,393
		20	Benefits	10,534
		30	Supplies	782

** BASUB Total
*** Department Total

MCAG NO. 9999 TOWN OF PERFECT **Schedule 05**

(ENTITY NAME)

Current Expense Fund

(Fund Name)

DETAIL OF EXPENDITURES AND OTHER USES

For The Year Ended December 31, 19__

Expenditures BASUB/ELEMENT/ Subelement	Description	Expend. Object	Object Description	Actual Amount
514.23	Budgeting/Accountng Services	40	Other Charges	2,815
		50	Audit	6,000
		90	Interfund/Insurance	1,022
		07	Refund of Telephone Exp.	(183)
514.30	Record Services	10	Salaries	24,839
		20	Benefits	5,490
		30	Supplies	622
514.50	Facilities	40	Utilities	3,922
**514.00	Total Financial & Records Services			90,236
591.14	Capital Leases/Installment Purchase Contracts	70	Contract Principal	900
592.14	Capital Lease - Interest	80	Contact Interest	2,498
**591.00/592.00	Total Debt Service - Finance Department			3,398
594.14	Capital Outlay - Xerox Machine	60	Xerox Machine	14,000
**594.00	Total Capital Outlay			14,000
***	TOTAL FINANCE DEPARTMENT			107,634
	LEGAL SERVICES			
515.10	City Attorney	10	Salaries	7,877
		20	Benefits	2,783
		40	Other Services/ Charges	15,311
***	TOTAL LEGAL SERVICES			25,971

** BASUB Total
*** Department Total

MCAG NO. 9999 TOWN OF PERFECT **Schedule 05**

(ENTITY NAME)

Current Expense Fund

(Fund Name)

DETAIL OF EXPENDITURES AND OTHER USES

For The Year Ended December 31, 19__

Expenditures BASUB/ELEMENT/ Subelement	Description	Expend. Object	Object Description	Actual Amount
	CENTRAL SERVICES			
518.30	Custodial Services	40	Contracted Services	12,489
***	TOTAL CENTRAL SERVICES			12,489
	POLICE DEPARTMENT			
521.10	Administration - Police	10	Salaries	38,100
		20	Benefits	13,646
		30	Supplies	1,101
		40	Other Charges	4,543
521.21	Police Investigations	10	Salaries	41,127
		20	Benefits	11,197
		30	Supplies	1,400
		40	Other Charges	1,854
		90	Rentals	3,000
521.22	Police Patrol	10	Salaries	68,545
		20	Benefits	18,662
		30	Supplies	1,999
		40	Other Charges	1,090
		90	Rentals	9,659
521.23	Swat Unit	10	Salaries	12,492

** BASUB Total
*** Department Total

MCAG NO. 9999 TOWN OF PERFECT **Schedule 05**

(ENTITY NAME)

Current Expense Fund

(Fund Name)

DETAIL OF EXPENDITURES AND OTHER USES

For The Year Ended December 31, 19__

Expenditures BASUB/ELEMENT/ Subelement	Description	Expend. Object	Object Description	Actual Amount
521.23	SWAT Unit	20	Benefits	3,373
		07	Refund of Supplies	(120)
		40	Other Charges	742
		90	Rentals	2,973
521.24	Crime Laboratory	50	Contract w/State	15,000
521.28	DARE Program	50	Contract w/County	9,800
521.30	Crime Prevention	10	Salaries	1,393
		20	Benefits	376
		30	Supplies	44
521.40	Police Training	30	Supplies	95
		50	Contract w/State	4,872
521.50	Facilities	40	Utilities	5,943
521.70	Traffic Policing	10	Salaries	120,630
		20	Benefits	32,268
		30	Supplies	137
		40	Other Services/ Charges	1,070
521.70	Traffic Policing	90	Rentals	11,498
** 521.00	Total Law Enforcement			438,509

** BASUB Total
*** Department Total

MCAG NO. 9999 TOWN OF PERFECT **Schedule 05**

(ENTITY NAME)

Current Expense Fund

(Fund Name)

DETAIL OF EXPENDITURES AND OTHER USES

For The Year Ended December 31, 19__

Expenditures BASUB/ELEMENT/ Subelement	Description	Expend. Object	Object Description	Actual Amount
591.21	Capital Leases and Installment Purchases	70	Contract Principal	6,500
592.21	Capital Lease - Interest	80	Contract Interest	12,943
**591.00/592.00	Total Police Department Debt Service			19,443
594.21	Capital Outlay	60	Patrol Cars	23,852
** 594.00	Total Capital Outlay			23,852
523.60	Detention/Correction	50	Contract w/County	23,143
**523.00	Total Detention/Correction			23,143
528.80	Dispatch	50	Contract w/County	7,681
**528.00	Total Dispatch			7,681
539.30	Animal Control	10	Salaries	5,493
		20	Benefits	1,483
		30	Supplies	600
		50	Contract w/County	14,607
**539.00	Total Animal Control			22,183
***	TOTAL POLICE DEPARTMENT			534,811

** BASUB Total
*** Department Total

MCAG NO. 9999 TOWN OF PERFECT **Schedule 05**

(ENTITY NAME)

Current Expense Fund

(Fund Name)

DETAIL OF EXPENDITURES AND OTHER USES

For The Year Ended December 31, 19__

Expenditures BASUB/ELEMENT/ Subelement	Description	Expend. Object	Object Description	Actual Amount
	ENVIRONMENT DEPARTMENT			
531.70	Pollution Control	50	Contract w/County	1,204
***531.00	TOTAL ENVIRONMENT DEPART.			1,204
	FIRE CONTROL			
522.20	Fire Suppression	50	Contract w/Fire Dist.	109,267
522.30	Fire Prevention	50	Contract w/Fire Dist.	38,792
***	TOTAL FIRE CONTROL			148,059
	PLANNING DEPARTMENT			
558.20	Comprehensive Planning	50	Contract w/Reg. Plan. Council	3,973
**558.00	Total Comprehensive Planning			3,973
559.60	Building Permits	10	Salaries	12,982
		20	Benefits	3,895
		30	Supplies	294
		40	Other Charges	1,328
559.50	Facilities	40	Utilities	895
**559.00	Total Housing/Development			19,394
***	TOTAL PLANNING DEPARTMENT			23,367
	PARKS DEPARTMENT			
574.20	Recreational Services	10	Salaries	5,600
		20	Benefits	1,680
		30	Supplies	3,292

** BASUB Total
*** Department Total

MCAG NO. 9999 TOWN OF PERFECT **Schedule 05**

(ENTITY NAME)

Current Expense Fund

(Fund Name)

DETAIL OF EXPENDITURES AND OTHER USES

For The Year Ended December 31, 19__

Expenditures BASUB/ELEMENT/ Subelement	Description	Expend. Object	Object Description	Actual Amount
		40	Other Charges	7,055
**574.00	Total Participant Recreation			17,627
576.80	General Parks Facilities	10	Supplies	44,336
		20	Benefits	13,973
		30	Supplies	3,913
		40	Other Charges	1,471
**576.00	Total Park Facilities			63,693
***	TOTAL PARKS DEPARTMENT			81,320
***	OPERATING TRANSFERS - OUT			293,873
	TOTAL USES			1,295,218
508.00	ENDING FUND BALANCE			138,992
	TOTAL USES AND END FUND BAL.			1,434,210

** BASUB Total
*** Department Total

Instructions For The Combining Worksheet Of Revenues, Expenditures And Changes In Fund Balance [1/]

A. Prepare a combining revenue/expenditures summary (RES) worksheet for each governmental fund type by labeling the pairs of budget/actual columns with the name and number of each fund your government has established for that fund type. Then label one additional pair of columns "Total (Current Year)." Use additional sheets if you need more columns.

B. Summarize the Schedule 04 resources and Schedule 05 expenditures/uses at the level shown on the RES worksheet and enter the amounts in the appropriate blanks of the "actual" column. ALL AMOUNTS SHOULD BE ROUNDED TO THE NEAREST WHOLE DOLLAR.

C. If you plan to display interfund eliminations on the combined operating statements, you will also need to prepare an eliminations worksheet for each fund type. These worksheets are identical in format to the combining RES worksheets, but they record only the interfund revenue and expenditure accounts.

D. Enter the amount of beginning fund balance for each fund and foot each "actuals" column. Compare the calculated amount of ending fund balance with the actual ending fund balance from your general ledger. If there is a difference, analyze the fund balance account along with any 380 and 580 accounts or any control accounts you use; then record the amounts of changes in fund balance in the appropriate spaces of the RES worksheet.

E. Crossfoot each worksheet, using the "actual" totals column.

F. Summarize the final amended budget of resources and expenditures/uses at the level shown on the RES worksheet and enter the amounts in the appropriate blanks of the "budget" columns. Be sure to include budgetary beginning and ending fund balances.[2/]

G. If you plan to display interfund eliminations on the combined budget/actual statement, you will also need to complete the budgetary columns of the eliminations worksheet.

H. Foot and crossfoot the budgetary columns.

1/ You do not need to prepare a combining worksheet for the General (Current Expense) Fund or for any other fund type for which you have only one fund. You may record the summarized resources, expenditures/uses, and fund balances directly on the combined RES worksheet.

2/ Although, budget/actual operating statements are required only for governmental funds with annual appropriated budget, it is permissible to prepare budget/actual operating statements for all fund types, both proprietary and governmental, and to include these with your combined financial statements. As explained in Part 2, Chapter 1, Budgeting Principles, some governmental fund types may be controlled by project or continuing appropriation budgets rather than by annual appropriations.

Some special revenue funds are authorized to budget on a project basis and some are exempt from appropriated budget requirements. There are two acceptable treatments for such funds: you may include estimated annual resources and outlays for those funds from your comprehensive budget (see Notes to Preparer in Part 4, Chapter 7 for appropriate disclosure) or you may omit those funds entirely from the combined budget/actual statement (Statement C-1). Of course, those funds must still be included on Statement B-1. If you omit these funds you must include a reconciliation of the actuals column on Statement C-1 to the actuals column on Statement B-1, either on Statement C-1 or in the notes to financial statements. (Notes to Preparer in Part 4, Chapter 7 (the budgetary note) illustrates this reconciliation.)

If the budget/actual operating statements are a non-GAAP presentation, the statements should be so labeled. A reconciliation to the GAAP basis should then be included in the notes to financial statements. (See Notes to Preparer for the budgetary note in Part 4, Chapter 7.)

RES COMBINING WORKSHEET

( ) General Fund ( ) Capital Projects
( ) Special Revenue ( ) Expendable Trusts
For The Year Ended December 31, 19__ ( ) Debt Service ( ) _____

		Fund Name And Number			
BARS CODE		Budget	Actual	Budget	Actual
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental Revenue				
340	Charges for Goods and Services				
350	Fines and Forfeits				
360	Miscellaneous Revenues				
TOTAL REVENUES					
510	General Government Services				
520	Security of Persons & Property				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental & Physical Health				
570	Culture & Recreation				
591	Redemption of Gen. L.-T. Debt				
592	Interest & Other Debt Svc Costs				
593	Advance Refunding Escrow				
594-596	Capital Outlays				
TOTAL EXPENDITURES					
391	Proceeds of Gen. L-T Debt				
393	Proceeds of Refunding Gen. Debt				
394-395	Fixed Asset Donations & Disposal				
397	Operating Transfers-In				
597	Operating Transfers-Out				
598	Intergovernmental Agreements				
599	Payment to the Refunded Debt Escrow Agent				
TOTAL OTHER FINANCING SOURCES (USES)					
FUND BALANCE, JANUARY 1					
Residual Equity Transfers In (Out)					
FUND BALANCE, DECEMBER 31					

RES ELIMINATIONS WORKSHEET

( ) General Fund ( ) Capital Projects
( ) Special Revenue ( ) Expendable Trusts
For The Year Ended December 31, 19__ ( ) Debt Service ( ) _____

		Fund Name And Number			
BARS CODE		Budget	Actual	Budget	Actual
314	Interfund Taxes				
329	Interfund Licenses and Permits				
348	Internal Svc Interfund Charges				
349	Other Interfund Svc Charges				
365	Internal Svc Interfund Misc Rev				
366	Trust & Other Interfund Misc Rev				
TOTAL INTERFUND REVENUES					
510.00.90	General Govt Interfund Services				
520.00.90	Security Interfund Svcs				
530.00.54	Physical Env. Interfund Taxes				
530.00.90	Physical Env. Interfund Svcs				
540.00.54	Trans. Interfund Taxes				
540.00.90	Trans. Interfund Svcs				
550.00.90	Economic Env. Interfund Svcs				
560.00.90	Health Interfund Svcs				
570.00.54	Culture/Rec. Interfund Taxes				
570.00.90	Culture/Rec. Interfund Svcs				
592.00.82	Interfund Interest Charges				
594.00.94	Interfund Capital Outlays				
596.00.94	Interfund Capital Outlays				
TOTAL INTERFUND EXPENDITURES					
397	Operating Transfers-In				
597	Operating Transfers-Out				
TOTAL INTERF. OTH. FINAN. SOURCES (USES)					
Residual Equity Transfers In					
Residual Equity Transfers Out					

RES COMBINING OR ELIMINATIONS WORKSHEET

Fund Name And Number					
Budget	Actual	Budget	Actual	Budget	Actual

Instructions For The RES Combined Worksheet - Actuals

A. For the General Fund and any other fund type with only one fund, summarize the Schedule 04 resources and Schedule 05 expenditures/uses, including beginning fund balances, at the level shown on the combined worksheet and enter the amounts in the appropriate blanks. Foot each column and compare the calculated amount of ending fund balance with the actual ending fund balance from your general ledger. If there is a difference, perform an analysis and record the amounts of other changes in fund balance in the appropriate spaces.

B. For all remaining governmental, similar trust fund types, and component units, transfer the amounts from the total columns of each RES combining worksheet (or for component units, other available sources) into the appropriate columns of the RES combined worksheet.

C. Use of the interfund eliminations column is optional. If you use this column, you will need to prepare a combined eliminations worksheet that adds together all of the eliminations from each of the governmental fund types. In the "interfund eliminations" column on the RES combined worksheet, record the totals from the combined eliminations worksheet.

D. Crossfoot each row and record the total in the totals column for the current year. If you use the eliminations column, subtract the amount in the eliminations column from the row total and record the NET amount in the totals column.

E. Foot the total column for the current year.

F. After you have drafted your notes to financial statements (see Chapter 7), review the notes for any items that describe a specific revenue, expenditure or other change in fund balance account and put a parenthetical reference to that note after the proper account title. Normally, there should be note references to taxes, intergovernmental revenues, and any refundings of long-term debt, but these references will vary from government to government depending on the materiality of revenue, expenditure, and other categories.

G. When completed, the combined statement of revenues, expenditures, and other changes in fund balance should be typewritten or typeset. The example on the following pages illustrates the proper format and headings. Be sure to note the following items:

1. Account numbers do not need to be included;

2. The name of your government should be at the top of the form, followed by the title of the statement, which is "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types, (and if applicable to your government) Expendable Trust Funds, and Component Units."

3. The statement should have inclusive dates, or the phrase "for the fiscal year ended," since an operating statement is prepared for a period of time.

4. The "Total" columns are optional. If they are provided, they should be labeled "MEMORANDUM ONLY." If an entity provides a "Total" column for the entity as a whole, the "Total" column for the primary government should be presented.

5. After the total expenditures line, a separate subtotal is calculated and labelled "Excess of Revenues over (under) Expenditures." Similarly, after total other financing sources and uses are calculated, another subtotal is calculated and labelled "Excess of Revenues and Other Sources over (under) Expenditures and Other Uses." If your combined statement does not show any other sources but does show other uses, or vice versa, this second subtotal should be labelled appropriately. If you have neither other financing sources nor other financing uses, the second subtotal should not be shown.

6. The main governmental fund operating classifications of "Total Revenues," "Total Expenditures," "Total Other Financing Sources (Uses)," and beginning and ending fund balance should be highlighted. Note that under the main category of "Expenditures" the three main "characters" of expenditure are shown, and the various categories of operating and debt service expenditures are further indented beneath those headings.

   NOTE: Your final typed statement should not include separate expenditure categories for debt service or capital outlay if you include these expenditures within the programs.

7. The statement MUST contain a footnote directing the reader to the accompanying notes to financial statements.

8. Additionally, there are a number of disclosures that (can/should) be made on the face of the financial statements. The content of these disclosures will vary depending on local policy. The notes to financial statements (Chapter 7) discuss the alternatives in detail. The list of accounts and typical parenthetical disclosure which follows indicates which note in the sample text illustrates the disclosures. Be sure to read the related notes to preparer to decide which alternative you should use.

9. The reporting entity's combined statement of revenues, expenditures, and changes in fund balance for governmental and similar trust funds should include one or more columns to display the revenues, expenditures, and changes in fund balances for discretely presented component units that use governmental fund accounting. The column(s) should be located to the right of the financial data of the primary government, distinguishing between the financial data of the primary government (including its blended component units) and those of the discretely presented component units by providing descriptive column heading.

   If the component unit uses both governmental and proprietary basis of accounting, its operations may be included in a discrete column in the most appropriate operating statement (based on the component unit's principal activities), or the component unit can be disaggregated and reported in the component units column(s) on the applicable operating statements. When single operating statement approach is used, the result of operations using the other basis of accounting should be reduced to a single amount and presented as a separate line item, such as "Net income from proprietary operations" or "Excess of revenues over expenditures from governmental operations."

RES COMBINED WORKSHEET -- ACTUALS
For The Year Ended December 31, 19__

BARS CODE		GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	INTERFUND ELIMINATIONS	TOTALS PRIMARY GOVERNMENT (Memorandum Only) 12/31/___	COMPONENT UNITS	TOTAL REPORTING ENTITY (Memorandum Only) 12/31/___
		General	Special Revenue	Debt Service	Capital Projects	Expendable Trust				
310	Taxes									
320	Licenses and Permits									
330	Intergovernmental Revenue									
340	Charges for Goods and Services									
350	Fines and Forfeits									
360	Miscellaneous Revenues									
TOTAL REVENUES										
510	General Government Services									
520	Security of Persons & Property									
530	Physical Environment									
540	Transportation									
550	Economic Environment									
560	Mental & Physical Health									
570	Culture & Recreation									
591	Redemption of Gen. Long-Term Debt									
592	Interest & Other Debt Svc. Costs									
593	Advance Refunding Escrow									
594-596	Capital Outlays									
TOTAL EXPENDITURES										
391	Proceeds of Gen. Long-Term Debt									
393	Proceeds of Refunding General Debt									
394-395	Fixed Asset Donations & Disposal									
397.10	Operating Transfers-In									
397.20	Operating Transfers from Component Units									
397.30	Operating Transfers from Primary Government									
597.10	Operating Transfers-Out									
597.20	Operating Transfers to Primary Government									
597.30	Operating Transfers to Component Units									
598	Intergovernmental Agreement									
599	Payment to the Refunded Debt Escrow Agent									
TOTAL OTHER FINANCING SOURCES (USES)										
FUND BALANCE, JANUARY 1										
	Residual Equity Transfers In (Out)									
FUND BALANCE, DECEMBER 31										

CITY OF SAMPLE
Combined Statement Of Revenues, Expenditures And Changes In Fund Balances
All Governmental Fund Types, Expendable Trust Funds And Component Units
December 31, 1992

	Governmental Fund Types							
	General	Special Revenue	Debt Service	Capital Projects	FIDUCIARY FUND TYPE Expendable Trust	TOTALS PRIMARY GOVERNMENT Memorandum Only 1992	Component Units*	TOTALS REPORTING ENTITY Memorandum Only 1992
Revenues								
Taxes	$14,585,042	$3,960,259	$482,402	$ 0	$ 0	$19,027,703	$145,850	$19,173,553
Licenses and Permits	455,295	0	0	0	0	455,295	4,522	459,817
Intergovernmental Revenue	4,104,511	2,935,141	66,549	468,138	0	7,574,339	41,045	7,615,384
Charges for Services	266,762	801,873	0	0	0	1,068,635	2,667	1,071,302
Fines and Forfeits	448,374	13,482	0	0	0	461,856	4,483	466,339
Other Revenues	424,254	360,918	126,960	408,947	147,779	1,468,858	4,242	1,473,100
TOTAL REVENUES	20,284,238	8,071,673	675,911	877,085	147,779	30,056,686	202,809	30,259,495
Expenditures								
Current:								
General Government Services	5,538,978	335,813	0	0	29,610	5,904,401	55,389	5,959,790
Security of Persons & Property	11,501,131	897,296	0	0	0	12,398,427	115,011	12,513,438
Physical Environment	1,338,100	2,272,985	0	0	0	3,611,085	13,381	3,624,466
Transportation	91,425	1,582,494	0	0	0	1,673,919	914	1,674,833
Economic Environment	0	338,897	0	0	0	338,897	0	338,897
Intellectual Environment	165,014	767,566	0	0	0	932,580	1,650	934,230
Capital Outlay	269,177	1,143,156	0	3,150,567	0	4,562,900	2,691	4,565,591
Debt Service:								
Principal Retirement	578,143	0	3,420,000	0	0	3,998,143	5,781	4,003,924
Interest	45,650	766	387,274	423,363	0	857,053	456	857,509
Other	47,545	0	0	0	0	47,545	500	48,045
TOTAL EXPENDITURES	19,575,163	7,338,973	3,807,274	3,573,930	29,610	34,324,950	195,773	34,520,723
Excess of Revenue Over (Under) Expenditures	709,075	732,700	(3,131,363)	(2,696,845)	118,169	(4,268,264)	7,036	(4,261,228)
Other Financing sources (Uses)								
Proceeds of Long-Term Debt	700,000	0	979,174	0	0	1,679,174	7,000	1,686,174
Operating Transfers In	213,292	1,669,053	188,084	1,957,886	40,800	4,069,115	2,500	4,071,615
Operating Transfers From Primary Government	0	0	0	0	0	0	16,200	16,200
Operating Transfers Out	(1,350,766)	(2,163,717)	0	(331,431)	0	(3,845,914)	0	(3,845,914)
Operating Transfers To Component Units	(30,200)	0	0	0	0	(30,200)	0	(30,200)
Sale of General Fixed Assets	0	53,045	0	0	0	53,045	0	53,045
Other Sources	1,231	69	0	0	0	1,300	1,200	2,500
Other Uses	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	(466,443)	(441,550)	1,167,258	1,626,455	40,800	1,926,520	26,900	1,953,420
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	242,632	291,150	(1,964,105)	(1,070,390)	158,969	(2,341,744)	33,936	(2,307,808)
FUND BALANCES, JANUARY 1	679,590	3,440,931	2,424,551	4,915,724	1,200,222	12,661,018	8,000	12,669,018)
Prior Period Corrections	0	0	0	(102,437)	0	(102,437)	0	(102,437)
Residual Equity Transfers In	238,535	90,711	6,007	177	0	335,430	0	335,430
Residual Equity Transfers Out	0	(78,348)	(979)	0	0	(79,327)	0	(79,327)
FUND BALANCES, DECEMBER 31	$1,160,757	$3,744,444	$ 465,474	$3,743,074	$1,359,191	$10,472,940	$41,936	$10,514,876

* See Part 3, Chapter 12, Interpretation 14.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

Instructions for the RES Combined Worksheet - Budget to Actual

A. Transfer the amounts shown on the RES Combined Worksheet - Actuals for the General Fund and the combined other governmental funds into the proper columns of the RES Combined Worksheet - Budget to Actual.

B. Transfer the budgetary amounts from "Total (Current Year)" column of the RES combining worksheet for required funds (and for the General Fund, if a RES combining worksheet was prepared). If a RES combining worksheet was not prepared for the General Fund, summarized the final amended budget of resources and expenditures/uses (including budgetary beginning and ending fund balances) for the General Fund at the level shown on worksheet and enter the amounts in the appropriate blanks of the budget column.

C. For revenues, other financing sources, and beginning fund balances, calculate the variance by subtracting the amount in the budget column from the amount in the actual column on each row of the worksheet. Negative differences should be bracketed.

D. For expenditures, other financing uses, and ending fund balances, calculated the variance by subtracting the amount in the actual column from the amount in the budget column on each row of the worksheet. Negative differences should be bracketed.

E. When completed, the combined statement of revenues, expenditures, and changes in fund balance - budget to actual should be typewritten or typeset. The example on the following page illustrates the proper format and headings. Be sure that your format for this statement follows EXACTLY your format for the combined statement of revenues, expenditures, and changes in fund balances - all governmental fund types and expendable trust funds, EXCEPT that the title of the budget/actual statement is "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual."

F. Some additional comments:

1. While it is permissible to show eliminations for the budget-actual statements, the illustrations do not display this.

2. Memorandum total columns are not needed for the budget/actual statements.

3. If you choose to present budget/actual comparisons for proprietary funds, take the approach described above. If you are presenting budget/actual comparisons for proprietary funds that budget on the working capital basis, the format to follow is that of the Statement of Cash Flow. See the NOTES TO PREPARER that accompany the SAMPLE TEXT of Note 1 D in Chapter 7 for additional disclosures that may be required if you prepare budget/actual comparisons for other funds or if your budgetary basis differs from GAAP.

G. The presentation of budgeted and actual amounts should be limited to primary government and component unit(s) that are blended into primary government's financial statements. Budgetary data for the discretely presented component units are not required to be presented in the reporting entity combined statement of revenues, expenditures, and changes in fund balances - budget and actual.

RES COMBINED WORKSHEET -- BUDGET TO ACTUALS
For The Year Ended December 31, 19__

BARS CODE		FUND NAME			FUND NAME		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
310	Taxes						
320	Licenses and Permits						
330	Intergovernmental Revenue						
340	Charges for Goods and Services						
350	Fines and Forfeits						
360	Miscellaneous Revenues						
TOTAL REVENUES							
510	General Government Services						
520	Security of Persons & Property						
530	Physical Environment						
540	Transportation						
550	Economic Environment						
560	Mental & Physical Health						
570	Culture & Recreation						
591	Redemption of Gen. Long-Term Debt						
592	Interest & Other Debt Svc. Costs						
593	Advance Refunding Escrow						
594-596	Capital Outlays						
TOTAL EXPENDITURES							
391	Proceeds of Gen. Long-Term Debt						
393	Proceeds of Refunding General Long-Term Debt						
394-395	Fixed Asset Donations & Disposal						
397	Operating Transfers-In						
597	Operating Transfers-Out						
598	Intergovernmental Agreements						
599	Payment to the Refunded Debt Escrow Agent						
TOTAL OTHER FINANCING SOURCES (USES)							
FUND BALANCE, JANUARY 1							
	Residual Equity Transfers In (Out)						
FUND BALANCE, DECEMBER 31							

This page contains an example of a City of Seattle Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual financial statement. See BARS manual for hard copy.

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5. Instructions for Combined Statement of Revenues, Expenses and Changes in Fund Equity-All Proprietary Fund Types and Similar Trust Funds (Statement D-1) 21

MATRIX OF STATUTORY REPORTING REQUIREMENTS: (General Purpose Financial Statements)
(These statements should be prepared in accordance with GASB & NCGA pronouncements)

(A) Governmental Fund Types: 001, 100, 200, 300
(B) Proprietary Funds: Enterprise Funds - 400, Internal Service Funds - 500
(C) Fiduciary Funds - Trust and Agency Funds (600-699)
(D) Account Groups - General Fixed Assets - 800, General Long-Term Debt - 900
(E) Component Unit(s)

Statements	(A) Governmental Fund Types	(B) Proprietary Funds	(C) Fiduciary Funds		(D) Account Groups	(E) Component Unit(s)
			Non-Expendable Trusts and Pensions	Expendable Trusts and Agency Funds		
Certification/Cover Sheet Checklist						
General Purpose Financial Statements:						
Combined Balance Sheet - All Fund Types and Account Groups	A column for each Fund Type	A column for each Fund Type	One column for all funds combined		A column for each Account Group	A column for each component unit, or an aggregate column for all component units, or a separate column for each different measurement focus.
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types and Expendable Trust Funds	A column for each Fund Type	N/A	N/A	Expendable Trusts Only	N/A	A column for each component unit or an aggregate column for component units which use the governmental basis of accounting.
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General and Special Revenue Fund Types (and similar government fund types for which there is a legally adopted appropriated annual budget)	Two columns- Budget/Actual- for each fund. Variance column - optional.	N/A	N/A	N/A	N/A	Optional. If presented see governmental funds' format.
Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types and Similar Trust Funds	N/A	A column for each Fund Type	A column for each Fund Type	N/A	N/A	A column for each component unit or an aggregate column for component units which use the proprietary basis of accounting.
Combined Statement of Cash Flows - All Proprietary Fund Types and Similar Trust Funds	N/A	A column for each Fund Type	Non-Expendable Trusts Only	N/A	N/A	A column for each component unit or an aggregate column for component units which use the proprietary basis of accounting.
Notes to Financial Statements	Prepared for reporting entity as a whole.					
Required Supplementary Information						

After preparing your GPFS, you will need to keep your combining worksheets and any individual fund worksheets on file and available for your auditor.

If you are preparing a CAFR, there are additional statements, schedules, and statistical data that must be included in your report. This matrix does not detail these additional requirements.

If your government assumes risk or self-insures, OR provides claims servicing or insurance coverage to others, please see Part 3, Chapter 12 of this manual for additional reporting requirements.

MATRIX OF STATUTORY REPORTING REQUIREMENTS: Additional Schedules Required by SAO

(A) Governmental Fund Types: 001, 100, 200, 300
(B) Proprietary Funds: Enterprise Funds - 400, Internal Service Funds - 500
(C) Fiduciary Funds - Trust and Agency Funds (600-699)
(D) Account Groups - General Fixed Assets - 800, General Long-Term Debt - 900

Schedule No.	Schedule	(A) Governmental Fund Types	(B) Proprietary Funds	(C) Fiduciary Funds: Non-Expendable Trusts and Pensions	(C) Fiduciary Funds: Expendable Trusts And Agency Funds	(D) Account Groups
04	Detail Of Revenues And Other Resources	Prepare for each fund	Prepare for each fund	N/A	N/A	N/A
05	Detail Of Expenditures And Other Uses	Prepare for each fund	Prepare for each fund	N/A	N/A	N/A
07	Warrant Activity	Prepare one schedule for entity as a whole. List all funds (including claims and payroll funds). Where applicable, include special purpose districts.				N/A
08	Real and Personal Property Taxes	Prepare one schedule for entity as a whole. Include all funds. Where applicable, special purpose districts for which tax was levied.				N/A
09	Long-Term Debts (one schedule for entity as a whole)	Include all special assessment debt and any long-term debt accounted for within a fund	Include all revenue debt, capital leases, and debt of ULIDs and LUDs	N/A	Include all long-term debt of taxing districts for which the county accounts	Include all general governmental debt
10	Limitation of Indebtedness	Prepare one schedule for entity as a whole				
11	Cash Activity	Prepare one schedule for entity as a whole. List all funds (including claims and payroll funds). Where applicable, include special purpose districts.				N/A
12	Investment Activity	Prepare one schedule for entity as a whole. Include all funds. Where applicable, include special purpose districts.				N/A
13	Cash and Investment Assets	Prepare one schedule for entity as a whole. Include all funds.				N/A
14	Short-Term Interest-Bearing Debt	See Schedule 13				N/A
15	Employer Contribution for Fringe Benefits	See Schedule 13				N/A
16	Financial Assistance	Prepare separate schedules for federal and state/local grants. Include all grants.				N/A
17	Annual Report on Public Works Projects	Prepare one schedule for entity as a whole				N/A
18	Criminal Justice Expenditures	Prepare one schedule for entity as a whole				N/A
19	Labor Relations Consultant(s)	Prepare one schedule for each labor consultant				N/A

If you are preparing a CAFR, there are additional statements, schedules, and statistical data that must be included in your report. This matrix does not detail these additional requirements.

SCHEDULE 04 - DETAIL OF REVENUES AND OTHER RESOURCES (PROPRIETARY FUNDS)

See the matrix on the preceding pages to identify the funds for which to prepare a Schedule 04.

This schedule includes:

	Account No. (See Below)
1. Beginning Fund Balance	280.00 or 308.00
2. Revenues	310.00 thru 369.90
3. Other Financing Sources	390.00 thru 399.90
4. Residual Equity Transfers-In	294.36 thru 387.00
5. Total Resources	
6. Nonrevenues (Optional)	380.00 thru 389.90

Specific account numbers are required, and titles must describe the revenue source clearly. The level of detail should equal that shown in BARS as an element digit, and any intergovernmental resources equivalent to the BARS 330 series of accounts must be further detailed to the subunit level. This requirement applies to intergovernmental contributed capital as well as to revenues.

A subtotal should be calculated after each BASUB. It is not necessary to type this form. The form may be hand written (please print) or a computer printout is acceptable.

MCAG NO. 9999 **CITY OF PERFECT** **Schedule 04**
(ENTITY NAME)

WATER FUND
(Fund Name)

DETAIL OF REVENUES AND OTHER SOURCES

For The Year Ended December 31, 19__

BARS Revenue Account No.	Description	Actual Revenues
272.00	Beginning Fund Balance	$ 12,943
343.40	Charges for Services	1,435,538
343.80	Other Utility Fees and Charges	375
343.90	Other Physical Environment	3,488
**343.00	Total Charges for Services	** 1,439,401
361.10	Investment Interest	120,064
369.90	Miscellaneous Revenue	1,409
**360.00	Total Miscellaneous Revenue	**121,473
382.20	Proceeds from Other Long Term Debt	745
**	Total Revenues	**1,561,919
***	Total Resources	***1,574,563

MCAG NO. _____ **_____** **Schedule 04**

(ENTITY NAME)

_____

(Fund Name)

DETAIL OF REVENUES AND OTHER SOURCES

For The Year Ended December 31, 19__

BARS Revenue Account No.	Description	Actual Revenues

SCHEDULE 05 - DETAIL OF EXPENDITURES AND OTHER USES (PROPRIETARY FUNDS)

Traditionally, this schedule has been prepared from the BARS coded budget reports for each classified utility fund . Please notice that the requirements below have been modified to permit full-accrual reporting on this schedule and to allow the use of national regulatory charts of accounts.

The purpose of this schedule is to report the objects of expenditure or expense for each proprietary fund so that the State Auditor's Office can collect information about the total amounts expended by your government for salaries, benefits, supplies, etc. Only the major BARS objects need to be reported (i.e., 10, 20, 30, etc., not 11, 12, 21, 22, etc.).

Reporting on Schedule 05 should normally be by BASUB and object. The use of BARS codes is required for all funds.

On Schedule 05, you must report object detail for expenditures and expenses. That is to say, you must include capital outlays and debt redemption on this schedule. Similarly, you must report depreciation.

MCAG NO. 9999 CITY OF PERFECT **Schedule 05**

(ENTITY NAME)

WATER FUND

(Fund Name)

DETAIL OF EXPENSES AND OTHER USES

For The Year Ended December 31, 19__

Expenses BASUB/ELEMENT/ Subelement	Description	Expen. Object	Object Description	Actual Amount
534.80	Expenses	10	Salaries	$217,743
		20	Benefits	60,120
		30	Supplies	50,245
		40	Other Services and Charges	361,446
**534.00	SUBTOTAL			689,554
582.34	Debt Services	70	Principal	400,000
592.34		80	Interest	502,343
594.34	Capitalized Expenditures	60	Equipment	376,785
***	TOTAL EXPENSES			***$1,768,682

MCAG NO. 9999 CITY OF PERFECT **Schedule 05**

(ENTITY NAME)

WATER FUND

(Fund Name)

DETAIL OF EXPENSES AND OTHER USES

For The Year Ended December 31, 19__

Expenses BASUB/ELEMENT/ Subelement	Description	Expen. Object	Object Description	Actual Amount
534.80	Operations--General	10	Salaries	$189,392
		20	Benefits	53,120
		30	Supplies	45,245
534.60	Contracted Processing	40	Other Services/ Charges	61,446
534.50	Maintenance	10	Salaries	161,446
		20	Benefits	3,982
		30	Supplies	10,787
		40	Contracted Services	5,924
534.10	General Administration	10	Salaries	39,343
		20	Benefits	3,747
		30	Supplies	1,872
534.30	Depreciation	01	Depr.	21,742
534.70	Customer Services/Marketing	10	Salaries	3,887
		20	Benefits	492
		30	Supplies	1,379
		40	Contracted Services	2,183
****	Total Operations			****$ 588,417
582.34	Debt Service	70	Principal	400,000
592.34		80	Interest	502,343
594.34	Capitalized Expenses	60	Equipment	376,785
****	Total Expenses			****$1,867,544

MCAG NO. ____ _____ **Schedule 05**

(ENTITY NAME)

_____

(Fund Name)

DETAIL OF EXPENSES AND OTHER USES

For The Year Ended December 31, 19__

Expenses BASUB/ELEMENT/ Subelement	Description	Expen. Object	Object Description	Actual Amount

Proprietary Fund Types and Similar Trust Funds

Instructions for the Combining Worksheet

A. Prepare a combining proprietary funds worksheet for each of the following fund types if your government has more than one fund of that type: (1) enterprise funds, (2) internal service funds, (3) nonexpendable trust funds, and (4) pension trust funds. Put the fund name and number in the space provided at the top of the form for each fund of the particular type. Then label one additional column "Total (Current Year)." Use additional sheets if you need more columns. (Blank forms are included after the instructions and conversion charts.)

B. For funds that use the BARS to report revenues, summarize OPERATING revenues according to the classifications shown in the tables in Part 1, Chapter 6. If a particular fund has a "cost of goods sold" category (e.g., a Central Stores fund or a cafeteria), the amounts shown as expenses in activity code 9 should be included in the approprate row as a deduction from operating revenues. For funds that use a regulatory system of accounts, such as NARUC, FERC, or Cunningham's Airport Accounts, see the conversion charts on the next pages. Note that some accounts in these regulatory systems need to be subdivided to provide the reporting detail shown on the proprietary funds worksheets.

C. For funds that use a regulatory system of accounts, see the conversion charts on the next pages for the proper classification of OPERATING expenses. For funds that use the BARS to report expenses, summarize OPERATING expenses for each fund at the "activity" level discussed in Part 1, Chapter 7. This activity classification is interpreted as follows:

Digit	Most Proprietary Funds
8	General Operations, including Cost of Goods Manufactured
6	Contracted Processing and Operations
5	Maintenance of Equipment and Facilities
7	Customer Services and Marketing
1	General Administration
4	Staff Training
2	Other Administration (Planning/Research/Conservation)
3	Depreciation/Amortization/Depletion
9	Other Operating Expenses, including Cost of Goods Sold

Digit	Trust and Insurance Funds
5	Maintenance
7	Claims Processing and Trust Services
1	General Administration
4	Staff Training
2	(Used for segregating types of claims payments in some trust funds)
3	Depreciation/Amortization
6	Risk Transfer Payments
8	Claims Payments
9	Other Operating Expenses

Normally, staff training (activity code 4) is combined with other administrative expenses. However, where the amount is highly material, as in an ambulance or emergency services fund, staff training should be combined with operations instead of with administration. Note that, in funds that account for "cost of goods sold" such as a Central Stores fund or a cafeteria, expenses in activity code 9 should be included in the appropriate row under operating revenues.

D. For NONOPERATING REVENUES AND EXPENSES in funds that use a regulatory system of accounts, see the conversion charts on the next pages for the proper classification. For funds that use the BARS accounts for NONOPERATING REVENUES AND EXPENSES, the following table indicates which BASUBs belong in which proprietary funds worksheet categories:

Financial Statement Category	BARS Codes
External Operating Subsidies	330 series, including 338
Operating Assessments and Tax Levies	310 series
Revenue from Merchandising, Jobbing and Contract Work	341.50, 341.94, 343.20, 343.90, 344.10, 345.90, 348, 349 and 369 (See discussion in Part 1, Chapter 6)
Costs and Expenses of Merchandising, Jobbing and Contract Work	518, 519, 532, 542, 548, 558, etc. (See discussion in Part 1, Chapter 7)

Jobbing and Contract Work	BARS Codes
Interest Revenue	361 and 366.10
Interest Expense and Related Charges	592
Equity in Income (Loss) of Joint Ventures/Subsidiaries	371
Gains (Losses) on Fixed Asset Disposition	395
Other Nonoperating Revenues	320, 350, 343.60, 372 and 373
Other Nonoperating Expenses	372 and 373 as well as the entire 511-579 series.

You should consider disclosing gains and losses accounted for in BARS BASUBs 372 and 373 on separate lines of your income statement if material.

E. For OPERATING TRANSFERS AND OTHER INCOME AND LOSSES in funds that use a regulator y system of accounts, see the conversion charts on the next pages for the proper classification. For funds that use the BARS accounts for OPERATING TRANSFERS AND OTHER INCOME AND LOSSES, th e following table indicates which BASUBs account for these types of transactions. Separate captions are not provided for each "Other Income and Loss" category because it is unlikely that your government would have all of these types of transactions in a single year. You should write the appropriate caption in the blank spaces between the lines captioned "Operating Transfers" and "Net Income" as needed.

Financial Statement Category	BARS Codes
Operating Transfers In (Out)	397 and 597
Gains (Losses) on Discontinued Segments	376
Extraordinary Gains (Losses)	377 and 593
Cumulative Effect of Accounting Changes	378

F. At this point, compute net income or loss for each fund on the worksheet. Then calculate and record tota l beginning equity for each fund in the space provided on the proprietary funds worksheet.

G. To determine CHANGES IN CONTRIBUTED CAPITAL, RESIDUAL EQUITY TRANSFERS, and OTHER CHANGES IN FUND EQUITY, you will need to analyze the changes in ALL equity accounts for the period. It may be easier to perform this analysis at the same time that you prepare the Statement of Cash Flows for these funds (see Chapter 5). Begin your analysis by combining total fund equity at January 1 with the net income or loss calculated previously. Compare the calculated amount of ending fund equity with the actual ending fund equity from your general ledger. If there is a difference, analyze the various equity accounts, along with any 380 and 580 accounts or any control accounts that you use; then record the amounts of changes in equity in the appropriate spaces on the proprietary funds worksheet.

H. If you plan to display interfund/interdepartmental eliminations on the combined operating statement, you will also need to prepare an eliminations worksheet for each fund type. The proprietary fund eliminations worksheet contains only those revenue, expense and fund equity account numbers that are affected by eliminations.

BARS/NARUC SEWER REVENUE CROSS-REFERENCE TABLE SORTED BY BARS NUMBERS

BARS All Purpose Revenue Detail Code for Utilities			Sewer Utility Operating Revenue Accounts	
BASUB Element/ Subelem.	Unit	Account Description	Acc't Code	Account Description
UTILITY SALES & SERVICE FEES:				
343.51		Flat Rate Utility Services	500.00	SEWAGE REVENUES
	.10	Residential	521.0	Flat Rate Revenues - Residential
	.20	Commercial	521.0	Flat Rate Revenues - Commercial
	.30	Industrial	521.0	Flat Rate Revenues - Industrial
	.80	Forfeited Discounts/Late Charges	532.0	Customers' Forfeited Discounts
	.90	Other Flat Rate	526.0	Flat Rate - Misc. Sewerage Revenues
343.52		Metered Utility Services		
	.10	Residential	522.0	Measured Revenues - Residential
	.20	Commercial	522.0	Measured Revenues - Commercial
	.30	Industrial	522.0	Measured Revenues - Industrial
	.80	Forfeited Discounts/Late Charges	532.0	Customers' Forfeited Discounts
	.90	Other Metered	526.0	Measured - Misc. Sewerage Revenues
343.54		Public Authorities		
	.80	Forfeited Discounts/Late Charges	532.0	Customers' Forfeited Discounts
	.90	Other Public Auth (Flat Rate)	521.0	Flat Rate Rev. - Public Authorities
	.90	Other Public Auth (Measured)	522.0	Measured Rev. - Public Authorities
	.90	Other Public Auth (Contract)	523.0	Rev/Public Authorities (Contracted)
343.55		Sales for Resale	524.0	Revenue from Other Systems
343.56		Processing for Other Utilities	524.0	Revenue from Other Systems
343.57		Resource Recovery		
	.10	Sales of Sludge	531.0	Sale of Sludge
	.30	Energy Conversion	536.0	Misc.Op.Rev. - Energy Conversion
	.90	Other Resource Recovery	536.0	Misc.Op.Rev. - Other Resources Recovery
OTHER CHARGES FOR SERVICES:				
341-344		Charges for Services		
343.8X		Misc Utility & Fees & Charges	536.0	Misc.Op. Rev. - Inspection Svc Chrgs
343.8X		Misc Utility Chrgs (Turn On/Off)	536.0	Miscellaneous Operating Revenues
343.8X		Miscellaneous Utility Fees/Charges	536.0	Misc.Op. Rev. - Change/Reconnect Svc
		(Customer Installations)	536.0	Misc.Svc Rev. - Profit/Maintenance Installations/Customer Premises
RENTS, PARKING & CONCESSIONS:				
362.5X		Facilities Leases		
366.2X		Interfund Facilities Leases	534.0	Rents from Sewer Properties
369.40		Other Judgments/Settlements	535.0	Interdepartmental Rents
			536.0	Misc.Op. Rev. - Recovery of Expenses for Unauthorized Sewer Svcs
REVENUES OFFSET AGAINST EXPENSES (DO NOT INCLUDE):				
349.35		Interdepartmental Chrgs for Svcs		
			525.0	Interdepartmental Revenues

Supplemental Instructions For Funds That Use A Regulatory System Of Accounts

The regulatory accounting systems allow various direct adjustments to equity accounts and some unusual treatment of fixed assets. Many of these transactions are non-GAAP which requires either worksheet adjustments to reclassify these transactions or disclosure in the notes to financial statements of these departures from GAAP. These transactions are discussed below.

GAAP -- NCGA Statement 2 requires that depreciation expense be reflected in the income statement for all depreciable assets. For assets acquired with contributed capital, the resulting decrease in net income may be closed either to retained earnings or to contributed capital.

Electric/gas utility accounting system records fixed assets net of contributed capital and neither depreciate these assets nor do they amortize contributed capital.

Airport and railroad accounting systems amortize contributed capital as a direct adjustment to retained earnings.

The NARUC accounting system does not require amortization of contributed capital.

GAAP -- Operating grants and subsidies should be treated as revenue in the income Statement.

Regulatory accounting systems often treat operating grants and subsidies as contributed capital. Both the contributed capital account and the operating statement should be adjusted for any operating grants or subsidies received in the current year. In addition, the contributed capital account needs to be analyzed and adjusted for any prior year operating grants or subsidies that are included in this account. This should be shown as "other changes to fund equity -- cumulative effect of an accounting change".

BARS/NARUC SEWER REVENUE CROSS-REFERENCE TABLE SORTED BY BARS NUMBERS

BARS All Purpose Revenue Detail Code for Utilities			Water Utility Operating Revenue Accounts	
BASUB Element/ Subelem.	Unit	Account Description	Acc't Code	Account Description
UTILITY SALES & SERVICE FEES:				
343.41		Flat Rate Utility Services	400.0	SALES OF WATER
	.10	Residential	460.0	Unmetered Sales/Gen'l Customers
	.20	Commercial	460.0	Unmetered Sales/Gen'l Customers
	.30	Industrial	460.0	Unmetered Sales/Gen'l Customers
	.40	Irrigation	460.0	Unmetered Sales/Gen'l Customers
	.80	Forfeited Discounts/Late Charges	470.0	Forfeited Discounts
	.90	Other Flat Rate	460.0	Unmetered Sales/Gen'l Customers
343.42		Metered Utility Services		
	.10	Residential	461.0	Metered Sales to Gen'l Customers
	.20	Commercial	461.0	Metered Sales to Gen'l Customers
	.30	Industrial	461.0	Metered Sales to Gen'l Customers
	.40	Irrigation	465.0	Sales to Irrigation Customers
	.80	Forfeited Discounts/Late Charges	470.0	Forfeited Discounts
	.90	Other Metered	461.0	Metered Sales to Gen'l Customers
343.44		Public Authorities	464.0	Other Sales to Public Authorities
	.20	Fire Protection Service (private)	462.0	Private Fire Protection Service
	.20	Fire Protection Service (public)	463.0	Public Fire Protection Service
	.80	Forfeited Discounts/Late Charges	470.0	Forfeited Discounts
	.90	Other Public Authorities	464.0	Other Sales to Public Authorities
343.45		Sales for Resale	466.0	Sales for Resale
343.8X		Miscellaneous Utility Fees/Charges (Steam Sales)	474.0	Other Water Rev. - Sale of Steam
OTHER CHARGES FOR SERVICES:				
341-344		Charges for Services	474.0	Other Water Rev. - Incidental Svcs.
343.8X		Misc.Utility Charges (Turn On/Off)	474.0	Other Water Revenues
343.8X		Miscellaneous Utility Fees/Charges (Customer Installations)	471.0	Misc.Svc.Rev. - Charge/Reconnect Svcs.
			471.0	Misc.Svc.Rev. - Profit/Maintenance Installations/Customer Premises
343.8X		Miscellaneous Utility Fees/Charges (Temporary Services)	471.0	Misc.Svc. Rev. - Net Profit/Loss from Temporary Services
RENTS, PARKING & CONCESSIONS:				
362.5X		Facilities Leases		
362.90		Other Rents/Use Charges	472.0	Rants from Water Property
366.2X		Interfund Facilities Leases	474.0	Other Water Rev. - Sales Commissions
369.40		Other Judgments/Settlements	473.0	Interdepartment Rents
			471.0	Misc.Svc.Rev. Recovery of Expenses for Unauthorized Water Use
REVENUES OFFSET AGAINST EXPENSES (DO NOT INCLUDE):				
349.34		Interdepartmental Charges for Svcs.	467.0	Interdepartmental Sales

Supplemental Instructions For Funds That Use A Regulatory System Of Accounts

The regulatory accounting systems allow various direct adjustments to equity accounts and some unusual treatment of fixed assets. Many of these transactions are non-GAAP which requires either worksheet adjustments to reclassify these transactions or disclosure in the notes to financial statements of these departures from GAAP. These transactions are discussed below.

GAAP -- NCGA Statement 2 requires that depreciation expense be reflected in the income statement for all depreciable assets. For assets acquired with the income statement for all depreciable assets. For assets acquired with contributed capital, the resulting decrease in net income may be closed either to retained earnings or to contributed capital.

The NARUC accounting system does not require amortization of contributed capital.

GAAP -- Operating grants and subsidies should be treated as revenue in the income Statement.

Regulatory accounting systems often treat operating grants and subsidies as contributed capital. Both the contributed capital account and the operating statement should be adjusted for any operating grants or subsidies received in the current year. In addition, the contributed capital account needs to be analyzed and adjusted for any prior year operating grants or subsidies that are included in this account. This should be shown as "other changes to fund equity -- cumulative effect of an accounting change".

BARS/NARUC SEWER REVENUE CROSS-REFERENCE TABLE SORTED BY BARS NUMBERS

BARS All Purpose Revenue Detail Code for Utilities			Electric Utility Operating Revenue Accounts	
BASUB Element/ Subelem.	Unit	Account Description	Acc't Code	Account Description
UTILITY SALES & SERVICE FEES:				
343.31		Flat Rate Utility Services		
	.10	Residential	440.0	Residential Sales
	.20	Commercial	442.0	Commercial and Industrial Sales
	.30	Industrial	442.0	Commercial and Industrial Sales
	.80	Forfeited Discounts/Late Charges	450.0	Forfeited Discounts
343.32		Metered Utility Services		
	.10	Residential	440.0	Residential Sales
	.20	Commercial	442.0	Commercial and Industrial Sales
	.30	Industrial	442.0	Commercial and Industrial Sales
	.80	Forfeited Discounts/Late Charges	450.0	Forfeited Discounts
343.34		Public Authorities		
	.10	St.Lights, Signal/Alarm Systems	444.0	Public Street & Highway Lighting
	.20	Railroad & Railways	446.0	Sales to Railroads and Railways
	.80	Forfeited Discounts/Late Charges	450.0	Forfeited Discounts
	.90	Other Publ. Authorities (flat rate)	445.0	Other Sales to Public Authorities
343.35		Sales for Resale	445.0	Other Sales to Public Authorities
343.36		Processing for Other Utilities	445.0	Other Sales to Public Authorities
343.40		Sales/Wtr. fr. Elect. Generator Sites	447.0	Sales for Resale
			456.0	Other Electric Rev. - Transmission of Electricity for Others
OTHER CHARGES FOR SERVICES:				
341-344		Charges for Services	453.0	Sales of Water And Water Power
343.8X		Miscellaneous Utility Fees & Chrgs		
343.8X		Misc.Utility Charges (Turn On/Off) (Customer Installations)	456.0	Other Electric Rev. - Incidental Svcs.
			456.0	Other Electric Revenues
343.8X		Miscellaneous Utility Fees/Charges (Temporary Services)	451.0	Misc. Svc. Rev.-Change/Reconnect Svc.
			451.0	Misc. Svc. Rev. - Profit/Maintenance Installations/Customer Premises
343.8X		Miscellaneous Utility Fees/Charges (Steam Sales)	451.0	Misc. Svc. Rev. - Net Profit/Loss from Temporary Services
RENTS, PARKING & CONCESSIONS				
362.5X		Facilities Leases	456.0	Other Electric Rev. - Sale of Steam
362.90		Other Rents/Use Charges		
362.90		Other Rents/Use Charges	454.0	Rent from Electric Property
			456.0	Other Electr.Rev.- Sales Commissions
366.2X		Interfund Facilities Leases	456.0	Other Electric Rev. - fr Research & Development & Other Ventures
369.40		Other Judgments/Settlements		
			455.0	Interdepartmental Rents
REVENUE OFFSET AGAINST EXPENSES (DO NOT INCLUDE)			451.0	Misc.Svc. Rev. - Recovery of Expenses Unauthorized Electricity Use
349.33		Interdepartmental Charges for Svcs.		
			448.0	Interdepartmental Sales

Supplemental Instructions For Funds That Use A Regulatory System Of Accounts

The regulatory accounting systems allow various direct adjustments to equity accounts and some unusual treatment of fixed assets. Many of these transactions are non-GAAP which requires either worksheet adjustments to reclassify these transactions or disclosure in the notes to financial statements of these departures from GAAP. These transactions are discussed below.

GAAP -- NCGA Statement 2 requires that depreciation expense be reflected in the income statement for all depreciable assets. For assets acquired with the income statement for all depreciable assets. For assets acquired with contributed capital, the resulting decrease in net income may be closed either to retained earnings or to contributed capital.

Electric/gas utility accounting system records fixed assets net of contributed capital and neither depreciate these assets not do they amortize contributed capital.

GAAP -- Operating grants and subsidies should be treated as revenue in the income Statement.

Regulatory accounting systems often treat operating grants and subsidies as contributed capital. Both the contributed capital account and the operating statement should be adjusted for any operating grants or subsidies received in the current year. In addition, the contributed capital account needs to be analyzed and adjusted for any prior year operating grants or subsidies that are included in this account. This should be shown as "other changes to fund equity -- cumulative effect of an accounting change".

PROPRIETARY FUNDS WORKSHEET
FOR YEAR ENDED DECEMBER 31, 19____

☐ ENTERPRISE ☐ PENSION TRUST
☐ INTERNAL SERVICE ☐ NON-EXPENDABLE TRUST
☐ COMBINED

FUND NAME AND NUMBER						
OPERATING REVENUES						
Sales of Merchandise						
Less: Cost of Goods Sold						
Utility Sales and Service Fees						
Transportation Fares and Charges						
Admissions and Program Fees						
Other Charges for Services						
Rents, Parking and Concesions						
Interest and Dividend Income						
Insurance Premiums and Recoveries						
Trust Contributions						
Other Operating Revenue						
Total Operating Revenue						
OPERATING EXPENSES:						
Operations: General Operations						
Power / Water / Gas Purchased for Resale						
Contracted Processing and Operations						
Cost of Energy						
Maintenance						
Customer Services and Marketing						
Administration: General Administration						
Planning, Conservation, Research and Development						
Depreciation / Amortization / Depletion						
Property, Excise and B&O Taxes						
Risk Transfer Payments						
Payments to Claimants and Beneficiaries						
Other Operating Expenses						
Total Operating Expenses						
NONOPERATING REVENUES (EXPENSES):						
External Operating Subsidies						
Operating Assessments and Tax Levies						
Revenue from Merchandising, Jobbing and Contract Work						

FUND NAME AND NUMBER						
(Costs and Expenses of Merchandising, Jobbing and Contract Work)						
Interest Revenue						
(Interest Expense and Related Charges)						
Equity in Income (Loss) of Joint Ventures / Subsidiaries						
Gains (Losses) on Fixed Asset Disposition						
Other Nonoperating Revenue						
(Other Nonoperating Expenses)						
Operating Transfers-In (Out)						
NET INCOME (LOSS)						
FUND EQUITY, January 1						
Contributed Capital Increase (Decrease)						
Residual Equity Transfers In (Out)						
Other Changes in Fund Equity						
FUND EQUITY, December 31						

PROPRIETARY FUNDS ELIMINATIONS WORKSHEET

FOR YEAR ENDED DECEMBER 31, 19____

☐ ENTERPRISE ☐ PENSION TRUST
☐ INTERNAL SERVICE ☐ NON-EXPENDABLE TRUST
☐ COMBINED

			FUND NAME AND NUMBER			
Account Number(s)	**Description**	**Income Statement Category**				
OPERATING REVENUES:						
348.10	Communication Service Charges	Other Charges for Services				
348.20	Sales of Road Materials	Sales of Merchandise				
348.30	Vehicle / Equipment Repair Charges	Transportation Fares / Charges				
348.40-.50	Sales of Parts / Fuel Sales	Sales of Merchandise				
348.60	Word Processing / Print / Duplicating	Other Charges for Services				
348.70	Other Sales	Sales of Merchandise				
348.80-.90	Data Processing / Other Internal Svc.	Other Charges for Services				
349.10-.30	Interfund: Gen'l, Security, Environ.	Other Charges for Services				
349.40	Interfund Transportation Charges	Transportation Fares / Charges				
349.50-.70	Interfund: Economic, Health, Rec.	Admissions and Program Fees				
365.10-.50	Interfund Rentals and Parking	Rents, Parking, Concessions				
365.80	Interfund Insurance Premiums	Insurance Premiums and Recoveries				
365.90	Other Internal Svc. Misc. Rev.	Other Operating Revenue				
366.10	Interfund Interest	Interest and Dividend Income				
366.20	Interfund Rents and Concessions	Rents, Parking, Concessions				
366.50	Interfund Trust Contributions	Trust Contributions				
366.90	Other Interfund Misc. Revenues	Other Operating Revenue				
500.90.93	Interfund Supplies Purchased	Cost of Goods Sold				
OPERATING EXPENSES:						
500.10.54	Interfund Taxes	Propert / Excise / B&O Taxes				
500.10.90	Interfund General Administration	Administration: General				
500.20.90	Interfund Planning, R&D, etc.	Administration: Planning, etc.				
500.50.90	Interfund Maintenance	Maintenance				
500.60.90	Interfund Contracted Processing	Operations: Contracted				
500.70.90	Interfund Customer Services	Customer Services / Marketing				

			FUND NAME AND NUMBER			
Account Number(s)	**Description**	**Income Statement Category**				
500.80.90	Interfund General Operations	Operations: General				
NONOPERATING REVENUES (EXPENSES):						
317.00	Interfund Taxes	Operating Assessments and Tax Levies				
348.10-.80	Internal Svc. Sales / Svc. Chrgs.	Other Nonoperating Revenue				
348.90	Internal Svc. Other Fees	Revenues from Merchandising, Jobbing and Contract Work				
349.10-.30	Interfund: Gen'l, Security, Environ.	Revenues from Merchandising, Jobbing and Contract Work				
349.40-.70	Interfund: Transport, Health, etc.	Other Nonoperating Revenue				
365	Internal Svc. Misc. Revenues	Other Nonoperating Revenue				
366.10	Interfund Interest	Interest Revenue				
366.20-.90	Other Interfund Misc. Revenues	Other Nonoperating Revenue				
371	Equity in Income / Joint Venture	Equity in Income / Joint Venture				
519.60.90	Interfund Merchandising Svcs.	Costs / Expenses of Merchandising, Jobbing and Contract Work				
519.70.90	Interfund Jobbing / Contract Work	Costs / Expenses of Merchandising, Jobbing and Contract Work				
592.00.82	Interfund Interest Expense	Interest Expense				
ALL OTHER 500.00.90	Expenditures / Expenses	Other Nonoperating Expenses				
397 / 597	Operating Transfers In (Out)	Operating Transfers In (Out)				
OTHER CHANGES IN FUND EQUITY:						
	Interfund Contributed Capital	Contributed Capital Increase (Decrease)				
	Taxes for Construction / Debt	Contributed Capital Increase (Decrease)				
	Residual Equity Transfers In (Out)	Residual Equity Transfers In (Out)				

Instructions for the Proprietary Funds Combined Worksheet

A. Using the worksheet(s) from the preceding page(s), prepare a proprietary funds worksheet with the following headings (in the order listed) but include headings only for those fund types used by your government:

Enterprise Funds
Internal Service Funds
Nonexpendable Trust Funds
Pension Trust Funds

If you plan to prepare eliminations, add another column labelled "Interfund Eliminations." Finally, add three more columns with the headings "Total Primary Government", "Component Units", and "Total (Current Year)."

B. For any proprietary or similar trust fund type with only one fund, summarize operating and nonoperating revenues and expenses, operating transfers, and other income and losses as discussed in the previous instructions for the proprietary funds combining worksheet. Include fund equity at January 1. Foot each column and compare the calculated amount of ending fund equity with the actual ending fund equity from your general ledger. If there is a difference, perform an analysis and record the amounts of other changes in fund equity in the appropriate spaces.

C. For all remaining proprietary and similar trust fund types, transfer the amounts from the total columns of each proprietary fund and component unit combining worksheet (or other source for component unit) into the appropriate columns of the combined worksheet.

D. Use of the interfund eliminations column is optional. If you use this column, you will need to prepare a combined eliminations worksheet that adds together all of the interfund transactions from each of the proprietary fund types. In the "interfund eliminations" column on the proprietary fund combined worksheet, record the totals from the combined eliminations worksheet.

E. Crossfoot each row and record the total in the totals column for the current year. If you use the eliminations column, subtract the amount in the eliminations column from the row total and record the NET amount in the totals column.

F. Foot the total column for the current year.

G. After you have drafted your notes to financial statements (see Chapter 7), review the notes for any items that describe a specific revenue, expense or other change in fund equity account and put a parenthetical reference to that note after the proper account title. Normally, there should be note references to operating subsidies, assessments, and tax levies, joint ventures, disposals of segments, extraordinary gains or losses, and accounting changes. Any large amounts of other gains or losses should also be disclosed in the notes and the note should be referenced on the statement.

Additionally, there are a number of disclosures that (can/should) be made on the face of the financial statements. The content of these disclosures will vary depending on local policy. The notes to financial statements (Chapter 7) discuss the alternatives in detail. The list of accounts and typical parenthetical disclosure which follows indicates which note in the sample text illustrates the disclosures. Be sure to read the related notes to preparer to decide which alternative you should use.

Extraordinary Items
Designated Fund Balance
Reserved Fund Balance
Prior Period Adjustments
Income/Loss in Joint Ventures
Cumulative Effect of Accounting Changes

H. When completed, the combined statement of revenues, expenses, and other changes in fund equity should be typewritten or typeset. The example that follows illustrates the proper format and headings. Be sure to note the following items:

1. Account numbers do not need to be included.

2. The name of your government should be at the top of the form, followed by the title of the statement, which is "Combined Statement of Revenues, Expenses, and Changes in Fund Equity - All Proprietary Fund Types, (and if applicable to your government) Similar Trust Funds, and Component Units".

3. The statement should have inclusive dates or the phrase "for the fiscal year ended," since an operating statement is prepared for a period of time.

4. The categories of fund types are used above the names of the individual fund types: Proprietary Fund Types and (if applicable to your government) Fiduciary Fund Types(s).

5. The "Total" columns are optional. If they are provided, they should be labeled "MEMORANDUM ONLY." If an entity provides a "Total" column for the entity as a whole, the "Total" column for the primary government should be presented.

6. After the total operating expenses line, a separate subtotal is calculated and labelled "Operating Income (Loss)." Similarly, after total nonoperating revenues and expenses are calculated, another subtotal is calculated and labelled "Income Before Operating Transfers." If you have any other income or losses, this subtotal should be labelled "Income Before Operating Transfers and Other Items." If you have other income or losses but no operating transfers, this subtotal should be labelled "Income from Continuing Operations." If your combined statement does not show any nonoperating revenues or expenses, or does not have any operating transfers or other income and losses, the additional subtotals should not be shown.

7. The main proprietary fund operating classifications of "Operating Revenues," "Operating Expenses," "Nonoperating Revenues and Expenses," "Operating Transfers-in (out)," "Other Income and Losses," and beginning and ending fund equity should be highlighted. Note that under the main category of "Operating Expenses" the nine main expense activities are shown, and the various categories of operations and administration expenses are further indented beneath those headings. Normally your combined proprietary operating statement will not contain more than one of the categories included in other income and losses. When there is only one type of other income or loss (such as the cumulative effect of an accounting change), the specific title of that type of income or loss should be used rather than using a general caption with a subcategory.

8. The statement MUST contain a footnote directing the reader to the accompanying notes to financial statements.

9. Discrete presentation of component units that use proprietary fund accounting is the same as the display method used for governmental funds. For details, see Part 3, Chapter 4, Page 25.

CITY OF EXAMPLE

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY

ALL PROPRIETARY FUND TYPES, SIMILAR TRUST FUNDS AND COMPONENT UNITS

For The Year Ended December 31, 1992

	Proprietary Fund Types					
	Enterprise	Internal Service	Fiduciary Fund Type Pension Trust	Totals Primary Government Memorandum Only 1992	Component Units*	Totals Reporting Entity Memorandum Only 1992
OPERATING REVENUES:						
Charges for Services	$ 4,731,627	$1,840,769	$ 0	$ 6,572,396	$ 473,162	$ 7,045,588
Interest and Dividend Income	0	0	259,265	259,265	0	259,265
Other Operating Revenue	4,161	29,660	0	33,821	0	33,821
TOTAL OPERATING REVENUE	$ 4,735,788	$1,870,429	$259,265	$ 6,865,482	$ 473,162	$ 7,338,644
OPERATING EXPENSES:						
Operations:						
General Operations	1,441,119	237,085	0	1,678,204	144,111	1,822,315
Power/Water/Gas Purchased for Resale	208,714	0	0	208,714	20,871	229,585
Contracted Processing & Operations	692,930	18,056	0	700,986	69,293	770,279
Cost of Energy	141,925	0	0	141,925	14,192	156,117
Maintenance	496,938	61,285	0	558,223	49,693	607,916
Customer Services & Marketing	124,234	59,954	0	184,188	12,423	196,611
Administration:						
General Administration	275,264	110,709	2,302	388,275	27,526	415,801
Planning, Conservation, Research & Development	68,815	27,677	0	96,492	6,881	103,373
Depreciation/Amortization/Depletion	649,500	131,305	0	780,805	64,950	845,755
Property, Excise & B&O Taxes	412,986	2,469	0	415,455	41,298	456,753
Risk Transfer Payments	0	136,838	0	136,838	0	136,838
Payments to Claimants & Beneficiaries	0	176,863	197,987	374,850	0	374,850
TOTAL OPERATING EXPENSES	$ 4,512,425	$ 952,241	$200,289	$5,664,955	$ 451,238	$6,116,193
OPERATING INCOME (LOSS)	$ 223,363	$ 918,188	$ 58,976	$1,200,527	$ 21,924	$1,222,451
NONOPERATING REVENUES (EXPENSES):						
Interest Revenue	$ 318,991	$ 122,401	$ 0	$ 441,392	$ 31,899	$ 473,291
Gains (Losses) on Fixed Asset Disposition	4,418	6,193	0	10,611	441	11,052
Other Nonoperating Revenue	2,145	0	42,700	44,845	214	45,059
Interest Expenses & Related Charges	(337,121)	(12,102)	0	(349,223)	(33,712)	(382,935)
Amortization of Debt Discount & Expenses	(22,026)	0	0	(22,026)	(2,002)	(24,028)
NONOPERATING REVENUE NET OF EXPENSE	(33,593)	$ 116,492	$ 42,700	$ 125,599	$ (3,160)	$ 122,439
NET INCOME (LOSS)	$ 189,770	$1,034,680	$101,676	$ 1,326,126	$ 18,764	$ 1,344,890
FUND EQUITY CHANGES:						
RETAINED EARNINGS, JANUARY 1	$ 4,702,190	$ 477,846	$850,551	$ 6,030,587	$ 470,219	$ 6,500,806
Net Income (Loss)	189,770	1,034,680	101,676	1,326,126	18,977	1,345,103
Residual Equity Transfers In (Out)	0	347,027	0	347,027	0	347,027
Other Changes	108,483	9,560	0	118,043	10,848	128,891
RETAINED EARNINGS, DECEMBER 31	$ 5,000,443	$1,869,113	$952,227	$ 7,821,783	$ 500,044	$8,321,827
CONTRIBUTED CAPITAL, JANUARY 1	$22,978,841	$ 989,616	$ 0	$23,968,457	$1,500,000	$25,468,457
Capital Grants	362,614	0	0	362,614	12,104	374,718
Taxes for Capital Construction	30,000	0	0	30,000	10,000	40,000
Amortization on Capital Grants	(57,773)	0	0	(57,773)	(19,223)	(76,996)
Other contributed Capital	1,623,254	11,984	0	1,635,238	52,320	1,687,558
CONTRIBUTED CAPITAL, DECEMBER 31	$24,936,936	$1,001,600	$ 0	$25,938,536	$1,555,201	$27,493,737
FUND EQUITY, DECEMBER 31	$29,937,379	$2,870,713	$952,227	$33,760,319	$2,055,245	$35,815,564

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

* See Part 3, Chapter 12, Interpretation 4 for details.

CHAPTER 5 - STATEMENTS OF CASH FLOWS

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Matrix of Reporting Requirements	2
Instructions for Individual Fund Statements	3
Instructions for Combining/Combined Statements	6

MATRIX OF STATUTORY REPORTING REQUIREMENTS: (General Purpose Financial Statements)
(These statements should be prepared in accordance with GASB & NCGA pronouncements)

(A) Governmental Fund Types: 001, 100, 200, 300
(B) Proprietary Funds: Enterprise Funds - 400, Internal Service Funds - 500
(C) Fiduciary Funds - Trust and Agency Funds (600-699)
(D) Account Groups - General Fixed Assets - 800, General Long-Term Debt - 900
(E) Component Unit(s)

Statements	(A) Governmental Fund Types	(B) Proprietary Funds	(C) Fiduciary Funds		(D) Account Groups	(E) Component Unit(s)
			Non-Expendable Trusts and Pensions	Expendable Trusts and Agency Funds		
Certification/Cover Sheet Checklist						
General Purpose Financial Statements:						
Combined Balance Sheet - All Fund Types and Account Groups	A column for each Fund Type	A column for each Fund Type	One column for all funds combined		A column for each Account Group	A column for each component unit, or an aggregate column for all component units, or a separate column for each different measurement focus.
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types and Expendable Trust Funds	A column for each Fund Type	N/A	N/A	Expendable Trusts Only	N/A	A column for each component unit or an aggregate column for component units which use the governmental basis of accounting.
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General and Special Revenue Fund Types (and similar government fund types for which there is a legally adopted appropriated annual budget)	Two columns- Budget/Actual- for each fund. Variance column - optional.	N/A	N/A	N/A	N/A	Optional. If presented see governmental funds' format.
Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types and Similar Trust Funds	N/A	A column for each Fund Type	A column for each Fund Type	N/A	N/A	A column for each component unit or an aggregate column for component units which use the proprietary basis of accounting.
Combined Statement of Cash Flows - All Proprietary Fund Types and Similar Trust Funds	N/A	A column for each Fund Type	Non-Expendable Trusts Only	N/A	N/A	A column for each component unit or an aggregate column for component units which use the proprietary basis of accounting.
Notes to Financial Statements	Prepared for reporting entity as a whole.					
Required Supplementary Information						

After preparing your GPFS, you will need to keep your combining worksheets and any individual fund worksheets on file and available for your auditor.

If you are preparing a CAFR, there are additional statements, schedules, and statistical data that must be included in your report. This matrix does not detail these additional requirements.

If your government assumes risk or self-insures, OR provides claims servicing or insurance coverage to others, please see Part 3, Chapter 12 of this manual for additional reporting requirements.

CHAPTER 5 - STATEMENT OF CASH FLOWS

The statement of cash flows (SCF) is required by GASB Statement 9, issued September 1989. The SCF replaces the statement of changes in financial position. It applies to all proprietary and nonexpendable trust funds. It eliminates the requirement for public employee retirement systems and pension trust funds to issue this statement.

The SCF identifies four areas of cash flows (inflows and outflows):

1. Cash flows from operating activities (e.g., sales and purchases of goods)
2. Cash flows from noncapital financing activities (e.g., proceeds and repayments of bonds)
3. Cash flows from capital and related financing activities (e.g., proceeds and repayments of bonds clearly associated with construction or acquisition of capital assets)
4. Cash flows from investing activities (e.g., deposits and withdrawals from investment pools)

In addition to identifying actual cash inflows and outflows in the above four areas, noncash transactions must be presented. Examples are purchasing a building by incurring a mortgage, obtaining an asset by capital lease. This information should be presented in a separate schedule in either narrative or tabular format.

The descriptive term *cash* or *cash and cash equivalents* should be used in the SCF. Beginning and ending cash and cash equivalents should be presented in the SCF. These amounts should be easily traceable to similarly titled line items or subtotals shown in the balance sheet.

Cash and cash equivalents are defined in GASB Statement 9 as follows:

> ". . . short-term, highly liquid investments that are both
>
> a. readily convertible to known amounts of cash.
>
> b. so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.
>
> Generally, only investments with original maturities of three months or less meet this definition."

Examples of cash and cash equivalents are:

Treasury bills
Commercial paper
Certificates of deposit
Money market funds
Cash management pools

An entity is not required to present an investment as a cash equivalent just because it meets the above definition. Each entity should determine which items it will treat as cash equivalents and disclose its policy for making this determination. If this policy changes, it constitutes a change in accounting principles. If comparative financial statements are presented, prior periods should be restated to reflect this change.

Normally, cash flows will be presented as gross amounts. However, the cash receipts and cash payments of th e following items may be reported net:

Investments (other than cash equivalents)
Loans receivable
Debt (provided that the original maturity of the asset or liability is three months or less)

The Governmental Accounting Standards Board (GASB) has developed two presentation formats for the SCF: th e direct method and the indirect method. The Board encourages use of the direct method, but either method is acceptable.

Examples of the direct and indirect presentations of the statement of cash flows follow.

CITY OF CASH
Water and Sewer Fund
Statement of Cash Flows
For the Year Ended December 31, 1990

		DIRECT
Cash flows from operating activities:		
Cash received from customers	$ 912,000	
Cash payments to suppliers for goods and services	(450,000)	
Cash payments to employees for services	(300,575)	
Payment in lieu of taxes	(50,000)	
Other operating cash received	15,075	
Net cash provided by operating activities		$126,500
Cash flows from noncapital financing activities:		
Net borrowings (repayments) under revolving loan arrangement	(20,000)	
Interest paid on revolving loan	(1,500)	
Operating grants received	100,000	
Operating transfers-out to other funds	(75,000)	
Net cash provided by noncapital financing activities		3,500
Cash flows from capital financing activities:		
Proceeds from sale of revenue bonds	250,000	
Acquisition and construction of capital assets	(350,000)	
Principal paid on revenue bond maturities and equipment contracts	(75,000)	
Interest paid on revenue bonds and equipment contracts	(33,500)	
Proceeds from sale of equipment	10,000	
Capital contributed by subdividers	60,000	
Net cash used for capital financing activities		(138,500)
Cash flows from investing activities:		
Purchase of investment securities	(125,000)	
Proceeds from sale and maturities of investment securities	75,000	
Interest and dividends on investments	9,000	
Net cash used for investing activities		(41,000)
Net decrease in cash and cash equivalents		(49,500)
Cash and cash equivalents at beginning of year		175,600
Cash and cash equivalents at end of year		$126,100(1)

Note:

(1) This amount should be traceable to balance sheet.

Reconciliation of operating income to net cash provided by operating activities:

Net operating income (loss)		$(110,500)(1)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	$245,000	
Allowance for uncollectible accounts	2,000	
Change in assets and liabilities:		
Increase in accounts receivable	(15,000)	
Decrease in inventory	2,000	
Decrease in prepaid expenses	500	
Increase in accounts payable	2,500	
Total adjustments		237,000
Net cash provided by operating activities		$126,500

Noncash financing, capital and investing activities:

Shortly before the balance sheet date, the Water and Sewer Fund entered into a time-pay agreement to purchase office equipment costing $7,500. There was no down payment and no monthly installments were made before year-end.

(1) This amount should be traceable to operating statement.

CITY OF CASH
Water and Sewer Fund
Statement of Cash Flows
For the Year Ended December 31, 1990

		INDIRECT
Cash flows from operating activities:		
Net operating income (loss)		$(110,500)(1)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	$245,000	
Allowance for uncollectible accounts	2,000	
Change in assets and liabilities:		
Increase in accounts receivable	(15,000)	
Decrease in inventory	2,000	
Decrease in prepaid expenses	500	
Increase in accounts payable	2,500	
Total adjustments	237,000	
Net cash provided by operating activities		$126,500
Cash flows from noncapital financing activities:		
Net borrowings (repayments) under revolving loan arrangement	(20,000)	
Interest paid on revolving loan	(1,500)	
Operating grants received	100,000	
Operating transfers-out to other funds	(75,000)	
Net cash provided by noncapital financing activities		3,500
Cash flows from capital financing activities:		
Proceeds from sale of revenue bonds	250,000	
Acquisition and construction of capital assets	(350,000)	
Principal paid on revenue bond maturities and equipment contracts	(75,000)	
Interest paid on revenue bonds and equipment contracts	(33,500)	
Proceeds from sale of equipment	10,000	
Capital contributed by subdividers	60,000	
Net cash used for capital financing activities		(138,500)
Cash flows from investing activities:		
Purchase of investment securities	(125,000)	
Proceeds from sale and maturities of investment securities	75,000	
Interest and dividends on investments	9,000	
Net cash used for investing activities		(41,000)
Net decrease in cash and cash equivalents		(49,500)
Cash and cash equivalents at beginning of year		175,600
Cash and cash equivalents at end of year		$126,100(2)

(1) This amount should be traceable to operating statement.
(2) This amount should be traceable to balance sheet.

Noncash financing, capital and investing activities:

Shortly before the balance sheet date, the Water and Sewer Fund entered into a time-pay agreement to purchase office equipment costing $7,500. There was no down payment and no monthly installments were made before year-end.

Instructions for the Combined Statement of Cash Flows

A. The process of producing these combining and combined worksheets is identical to that used to prepar e combining and combined balance sheets and operating statements. Once you have prepared individua l statements of cash flows for all the funds for which that statement is required (see the matrix at the beginning of this chapter), you should prepare a list of all the descriptive titles for the items included on the variou s statements of cash flows. Then prepare a master worksheet that lists all of these titles in a column of a multicolumn worksheet. You may want to use the combining/combined general ledger worksheet contained in Chapter 2, which is already developed for a very similar purpose. Once you have listed all of these titles on the worksheet, make enough copies to have one for each proprietary (and similar trust) fund type and one more for a worksheet to prepare the combined statement of cash flows.

B. After you have drafted your notes to financial statements (see Chapter 7), review the notes for any items that describe a specific item shown on the combined statement of cash flows and put a parenthetical reference to that note after the proper transaction. Normally, there should be note references to new debt issues and major gains and losses.

C. When completed, the combined statement of cash flows should be typewritten or typeset. The example on the following pages illustrates the proper format and headings. Be sure to note the following items:

1. The name of your government should be at the top of the form, followed by the title of the statement, which is "Combined Statement of Cash Flows - All Proprietary Fund Types, Similar Trust Funds, and Component Units (if applicable)."

2. The statement should have inclusive dates or the phrase "for the fiscal year ended," since a statement of cash flows is prepared for a period of time.

3. The categories of fund types are used above the names of the individual fund types: Proprietary Fund Types and (if applicable to your government) Fiduciary Fund Type(s).

4. The "Total" columns are optional. If they are provided, they should be labeled "MEMORANDUM ONLY." If an entity provides a "Total" column for the entity as a whole, the "Total" column for the primary government should be presented.

5. The main classifications on the statement are "Cash Flows From Operating Activities," "Cash Flows From Noncapital Financing Activities," "Cash Flows From Capital Financing Activities" and "Cash Flows From Investing Activities."

6. The statement MUST contain a footnote directing the reader to the accompanying notes to financial statements.

D. If your Schedule 05 for proprietary funds does not include capital outlays and debt redemption, furnish a combining statement of cash flows so that the State Auditor's Office can obtain that information.

E. Discrete presentation in the combined statement of cash flows of component unit(s) that use proprietary fund accounting is the same as display method used in the combined statement of revenues, expenses, and changes in retained earning/fund balance or fund equity.

CITY OF EXAMPLE
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES, SIMILAR TRUST FUNDS AND COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 1992

	PROPRIETARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers and Users	$13,781,250	$ 2,917,847
Cash Payments to Suppliers	(9,418,858)	(2,631,296)
Cash Payments to Employees and Retirees	(2,190,706)	(201,696)
Other Operating Receipts	82,310	14,618
Prior Period Correction	0	0
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 2,253,996	$ 99,473
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Proceeds From Interfund Loans	169,861	0
Interfund Loans	0	(169,861)
Advances From (To) Other Funds	180,939	(180,939)
Operating Grants Received	20,000	0
Operating Transfers-In From Other Funds	376,737	0
Other Non-Operating Receipts	36,313	16,199
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	$ 783,850	$ (334,601)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Proceeds from Sale of Bonds	$ 1,673,698	$ 314,816
Proceeds from Sale of Equipment	0	0
Acquisition and Construction of Capital Assets	(4,077,721)	(334,942)
Capital Contributions	547,999	0
Capital Grants	1,134,124	0
Principal Payments on Bonds	(821,420)	(91,673)
Principal Payments on Installment Purchase Contract	(9,220)	0
Interest Payments on Bonds	(1,211,502)	(58,263)
Residual Equity Transfer-Out	0	(44,808)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	$(2,764,042)	$ (214,870)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Investment Activity	$ 1,196,235	$ 592,492
Interest on Investments	666,553	242,590
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	$ 1,862,788	$ 835,082
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 2,136,592	$ 385,084
CASH AND CASH EQUIVALENTS, JANUARY 1	$ 5,288,967	$ 149,797
CASH AND CASH EQUIVALENTS, DECEMBER 31,	$ 7,425,559	$ 534,881
RECONCILIATION OF OPERATING INCOME LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	$ 1,017,443	$ (277,089)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization of Deferred Charge	$ 1,599,199	$ 309,247
(Increase) Decrease in Accounts Receivable	(203,032)	0
(Increase) Decrease in Due From Other Funds/Governmental	(96,912)	36,225
(Increase) Decrease in Inventory/Prepaid Expenses	(8,613)	(4,453)
Increase (Decrease) in Payable/Contracts Payable	(155,505)	(1,967)
Increase (Decrease) in Due in Other Funds/Governmental	82,964	(13,330)
Increase (Decrease) in Payables/Other Short Term Liabilities	5,120	23,840
Increase (Decrease) in Customer Deposits	(1,060)	0
Increase (Decrease) in Deferred Revenues	6,167	0
Increase (Decrease) in Accrued Employee Leave Benefits	6,590	4,311
Increase (Decrease) in Claims Incurred But Not Reported	0	22,189
Capital Cost Reported as Operating Expense	1,635	0
Interest Reported as Operating Income	0	500
Prior Period Correction	0	0
Total Adjustments	$ 1,236,553	$ 376,562
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 2,253,996	$ 99,473
NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Fixed Assets Contributed by Developers	$ 1,578,412	$ 0
Fixed Asset Contributed by Other Funds	0	0
Contribution of Fixed Asset from Government	0	0
Asset Trade-In	0	0
Advance Refunding of Revenue Bonds	2,092,623	0

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

CITY OF EXAMPLE
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES, SIMILAR TRUST FUNDS AND COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 1992

FIDUCIARY FUND TYPE PENSION TRUST	TOTALS PRIMARY GOVERNMENT (MEMORANDUM ONLY) 1992	COMPONENT UNITS*	TOTALS REPORTING ENTITY (MEMORANDUM ONLY) 1992
$ 44,847	$ 16,743,944	$ 437,677	$ 17,181,621
(8,717)	(12,058,871)	(394,694)	(12,453,565)
(251,468)	(2,643,870)	(30,254)	(2,674,124)
0	96,928	2,192	99,120
0	0	0	0
$ (215,338)	$ 2,138,131	$ 14,921	$ 2,153,052
$ 0	$ 169,861	$ 0	$ 169,861
0	(169,861)	0	(169,861)
0	0	0	0
0	20,000	0	20,000
0	376,737	0	376,737
175,000	227,512	2,430	229,942
$ 175,000	$ 624,249	$ 2,430	$ 626,679
$ 0	$ 1,988,514	$ 47,222	$ 2,035,736
0	0	0	0
0	(4,412,663)	(50,241)	(4,462,904)
0	547,999	0	547,999
0	1,134,124	0	1,134,129
0	(913,093)	(13,751)	(926,844)
0	(9,220)	0	(9,220)
0	(1,269,765)	(8,739)	(1,278,504)
0	(44,808)	(6,721)	(51,529)
$ 0	$ (2,978,912)	$ (32,230)	$ (3,011,142)
$ (199,032)	$ 589,695	$ 88,873	$ 1,678,568
262,366	171,509	36,388	1,207,897
$ 63,334	$ 2,761,204	$ 125,261	$ 2,886,465
$ 22,996	$ 2,544,672	$ 110,382	$ 2,655,054
$ 3,125	$ 5,441,889	$ 22,500	$ 5,464,389
$ 26,121	$ 7,986,561	$ 132,882	$ 8,119,443
$ (207,348)	$ 533,006	$ (41,563)	$ 491,443
$ 0	$ 1,908,446	$ 46,387	$ 1,954,833
(4,995)	(208,027)	0	(208,027)
(154)	(60,841)	5,434	(55,407)
0	13,066	668	(12,398)
(2,841)	(160,313)	295	(160,018)
0	69,634	2,000	71,634
0	28,960	3,576	32,536
0	(1,060)	0	(1,060)
0	6,167	0	6,167
0	10,901	647	11,548
0	22,189	3,328	25,517
0	1,635	0	1,635
0	500	100	600
0	0	0	0
$ (7,990)	$ 1,605,125	$ 62,435	$ 1,667,560
$ (215,338)	$ 2,138,131	$ 20,872	$ 2,159,003
$ 0	$ 1,578,412	$ 0	$ 1,578,412
0	0	0	0
0	0	0	0
0	0	0	0
0	2,092,623	2,092,623	2,092,623

* See Part 3, Chapter 12 for details.

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MATRIX OF STATUTORY REPORTING REQUIREMENTS: Additional Schedules Required by SAO

(A) Governmental Fund Types: 001, 100, 200, 300
(B) Proprietary Funds: Enterprise Funds - 400, Internal Service Funds - 500
(C) Fiduciary Funds - Trust and Agency Funds (600-699)
(D) Account Groups - General Fixed Assets - 800, General Long-Term Debt - 900

Schedule No.	Schedule	(A) Governmental Fund Types	(B) Proprietary Funds	(C) Fiduciary Funds: Non-Expendable Trusts and Pensions	(C) Fiduciary Funds: Expendable Trusts And Agency Funds	(D) Account Groups
04	Detail Of Revenues And Other Resources	Prepare for each fund	Prepare for each fund	N/A	N/A	N/A
05	Detail Of Expenditures And Other Uses	Prepare for each fund	Prepare for each fund	N/A	N/A	N/A
07	Warrant Activity	Prepare one schedule for entity as a whole. List all funds (including claims and payroll funds). Where applicable, include special purpose districts.				N/A
08	Real and Personal Property Taxes	Prepare one schedule for entity as a whole. Include all funds. Where applicable, special purpose districts for which tax was levied.				N/A
09	Long-Term Debts (one schedule for entity as a whole)	Include all special assessment debt and any long-term debt accounted for within a fund	Include all revenue debt, capital leases, and debt of ULIDs and LUDs	N/A	Include all long-term debt of taxing districts for which the county accounts	Include all general governmental debt
10	Limitation of Indebtedness	Prepare one schedule for entity as a whole				
11	Cash Activity	Prepare one schedule for entity as a whole. List all funds (including claims and payroll funds). Where applicable, include special purpose districts.				N/A
12	Investment Activity	Prepare one schedule for entity as a whole. Include all funds. Where applicable, include special purpose districts.				N/A
13	Cash and Investment Assets	Prepare one schedule for entity as a whole. Include all funds.				N/A
14	Short-Term Interest-Bearing Debt	See Schedule 13				N/A
15	Employer Contribution for Fringe Benefits	See Schedule 13				N/A
16	Financial Assistance	Prepare separate schedules for federal and state/local grants. Include all grants.				N/A
17	Annual Report on Public Works Projects	Prepare one schedule for entity as a whole				N/A
18	Criminal Justice Expenditures	Prepare one schedule for entity as a whole				N/A
19	Labor Relations Consultant(s)	Prepare one schedule for each labor consultant				N/A

If you are preparing a CAFR, there are additional statements, schedules, and statistical data that must be included in your report. This matrix does not detail these additional requirements.

SCHEDULE 07 - SCHEDULE OF WARRANT ACTIVITY

The purposes of this schedule are to identify debt incurred or redeemed through the issuance of registered warrants, to verify the accuracy of debt service reporting, and to facilitate reconciliation between cash disbursements and expenditures. The schedule is also used in the evaluation of controls over outstanding warrants. See the shaded portion of the matrix at the beginning of this chapter for funds which should be included on Schedule 07.

For those entities which have claims and/or payroll funds, there will be many individual funds with no warrant activity, and those funds do not need to be reported on Schedule 07. However, even those entities using a claims fund or payroll fund for warrant issues will still need to prepare the entries in columns 1 through 10 for those funds or districts that were on registered warrants at any time during the year, and for those districts for which the entity issues warrants that are not run through the claims and payroll funds. In addition, columns 1 through 10 need to be completed for each claims or payroll fund.

Counties may combine on one line all warrant activity for those school districts that issue their own warrants, but warrant activity should be reported separately by fund for any districts for which the county issues the warrants.

Column 1	Number of each fund on which regular operating warrants are issued.
Column 2	Name of each fund on which regular operating warrants are issued.
Column 3	Warrants outstanding for each fund on January 1 of report year.
Column 4	Warrants issued during report year: i.e., January 1 thru December 31.
Column 5	Warrants issued January 1 thru January 20 (cities) RCW 35.33.151; 35A.33.150 or through January 30 (counties) RCW 36.40.200 of report year for expenditures incurred and properly chargeable against the previous year's budget appropriations.
Column 6	Warrants issued January 1 thru January 20 (cities) or through January 30 (counties) of year following report year for expenditures incurred and properly chargeable against the report year's budget appropriations.
Column 7	This amount represents the net warrant issue properly chargeable against the report year's budget appropriations. See formula on the schedule.
Column 8	Warrants redeemed January 1 through December 31 of report year.
Column 9	Warrants canceled January 1 through December 31 of report year.
Column 10	Warrants outstanding for each fund on December 31 of report year. See formula on the schedule.

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Schedule 07
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TOWN OF SMALL
(ENTITY NAME)

SCHEDULE OF WARRANT ACTIVITY

For Year Ended December 31, 1991

1	2	3	4	5	6	7	8	9	10
FUND NO.	FUND NAME	PAYABLE JANUARY 1 1991	ISSUED REPORT YEAR	BEGINNING OPEN PERIOD	ENDING OPEN PERIOD	NET ISSUE 4-5+6	REDEEMED REPORT YEAR	CANCELED REPORT YEAR	PAYABLE DECEMBER 3 3+4-8-9
104	Park Fund*	$23,872	$ 75,493	477	392	$ 75,408	$ 83,224	-	$ 16,141
800	Payroll Fund	43,988	1,592,722			1,592,722	1,511,411	1,312	123,987
850	Claims Fund	21,743	595,411			595,411	597,113	281	19,760
	TOTAL - ALL FUNDS	$89,603	$2,263,626	477	392	$2,263,541	$2,191,748	$1,593	$159,888
	* Registered Warrants								

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_____
(ENTITY NAME)

SCHEDULE OF WARRANT ACTIVITY

For Year Ended December 31, 19__

1	2	3	4	5	6	7	8	9	10
FUND NO.	FUND NAME	PAYABLE JANUARY 1,	ISSUED REPORT YEAR	BEGINNING OPEN PERIOD	ENDING OPEN PERIOD	NET ISSUE 4-5+6	REDEEMED REPORT YEAR	CANCELED REPORT YEAR	PAYABLE DECEMBER 31 3+4-8-9

SCHEDULE 08 - SCHEDULE OF REAL AND PERSONAL PROPERTY TAXES

This schedule is used to collect information about tax levies in all taxing districts in Washington State. It is also used to verify the amount of tax revenues reported on Schedule 04 (Detail of Revenues and Other Sources) and the amount of taxes receivable shown on any balance sheets.

Counties should prepare this schedule directly from their property tax segregation records. Cities and districts should prepare this schedule from the monthly reports of county remittances. It is important to analyze the county reports for any netting, such as election costs. If the county has deducted any charges from its remittances, the city or district must show the expenditure separately and record the tax revenue at its full amount.

Cities and districts should accrue as revenue the property tax collections received by the county as they are measurable and available. County remittances that are in transit at the end of the year should be included on this schedule as "taxes collected" in the city and district reports.

In counties all school districts may be combined and shown on one line. Each tax-levying fund of the state, of each city, and of every other taxing district should be shown separately.

This schedule may be submitted as a computer printout, so long as the required information is provided.

Column 1	Number of each fund for which taxes are levied.
Column 2	Name of each fund for which taxes are levied.
Column 3	Prior years' taxes receivable as of January 1 of report year. Cities or districts accruing tax revenue should report the receivable balance as stated by the county at December 31.
Column 4	Indicate whether regular (R) or special (S) levy. Also indicate tax rate expressed in dollars per thousand dollars of assessed valuation ($/1000) at 100% of fair market value.
Column 5	Taxes levied for report year collection.
Column 6	Report year collections of current and prior year levies. Cities or districts that provide a balance sheet should accrue the calendar year collections made by the county.
Column 7	Tax adjustments (supplementals) which increase taxes receivable.
Column 8	Tax adjustments (cancellations) which decrease taxes receivable.
Column 9	Total taxes receivable as of December 31 of report year. Cities or districts accruing tax revenue should report the receivable balance as stated by the county at December 31.

MCAG NO. ____

TYPICAL COUNTY
(ENTITY NAME)

SCHEDULE OF REAL AND PERSONAL PROPERTY TAXES (ALL TAX SUPPORTED FUNDS)

For Year Ended December 31, 1991

1	2	3	4	5	6	7	8	9
FUND NO.	FUND NAME	TAXES RECEIVABLE 01/01/1991	TAX RATE $/1,000	TAXES LEVIED REPORT YEAR	TAXES COLLECTED	TAX ADJUSTMENT INCREASES	TAX ADJUSTMENT DECREASES	TAXES RECEIVABLE 12/31/1991 (3+5-6+7-8)
001	Current Exp/Gen. Fd.	$65,939	$2.19	$ 787,943	$ 774,288	$ 73	$541	$ 79,126
105	Road Fund	14,428	2.23	521,822	519,321	3	42	16,890
650.01	Fire Dist. No. 3	3,321	.98	15,422	14,988	10	2	3,763
650.02	Fire Dist. No. 8	9,876	1.00	45,111	46,213	3	1	8,776
650.04	Typical School Dist #401, G. O. Bond	10,422	2.18	51,144	52,988	75	22	8,631
650.05	Port of Typical	23,333	1.43	80,319	82,414	53	75	21,216
	TOTAL - ALL FUNDS	$127,319		$1,501,761	$1,490,212	$217	$683	$138,402

MCAG NO. ____

_____
(ENTITY NAME)

SCHEDULE OF REAL AND PERSONAL PROPERTY TAXES (ALL TAX SUPPORTED FUNDS)

For The Year Ended December 31, 19__

1	2	3	4	5	6	7	8	9
FUND NO.	FUND NAME	TAXES RECEIVABLE 01/01/19__	TAX RATE $/1,000	TAXES LEVIED REPORT YEAR	TAXES COLLECTED	TAX ADJUSTMENT INCREASES	TAX ADJUSTMENT DECREASES	TAXES RECEIVABLE 12/31/19__ (3+5-6+7-8)

SCHEDULE 09 - LONG-TERM DEBT

This schedule provides information about the **long-term debt** of the local government. It is also used to corroborate the amounts of long-term debt shown on any balance sheets and the amounts of debt service (principal only) shown on operating statements. Finally, this schedule is used to collect information about the financial position of special purpose districts that use a city or county treasury.

For Schedule 09, there are four categories of debt: general debt, revenue debt, assessment debt, and refunded debt. A separate debt schedule should be prepared for each category of your debt. The appropriate category should be indicated at the top of each page. Finally, there should be one more schedule listing of all special purpose district debt, regardless of whether it is general, revenue, refunded or assessment. (Identifying numbers must be provided for special purpose district debt, which will serve to distinguish these categories.)

Any debt category may contain numerous kinds of debt instruments. For example, general debt is not limited to general obligation bonds but can also contain bond anticipation notes, claims and judgments, installment sales contracts, lease-purchase agreements, etc.

As a practical matter, it is permissible to classify capital leases, including lease-purchase agreements, in enterprise funds (but not internal service funds) as "revenue debt" and to classify all other capital leases as general debt. The existence of a fiscal funding clause (which allows termination of a lease if revenue sources become inadequate) has no effect on the classification of a lease as general or revenue debt.

Assessment debt is distinguished by those whom it will benefit, namely, properties within a specific geographical area (i.e., a local improvement district or LID). The resources to pay assessment debt will come (at least partly) from assessments levied on the benefiting properties. These benefiting properties are called LIDs (local improvement districts), RIDs (road improvement districts), ULIDs (utility local improvement districts), and some other types such as sidewalk improvement districts. Do not confuse an LID with a special purpose district; an LID is simply a special assessment tax roll, while a special purpose district is actually a separate unit of government.

Special purpose district debt includes all debt for which the preparer has fiduciary responsibility but another government has the responsibility for payment. This category of debt is common in counties, which have fiduciary duties for fire, school, park, water and many other kinds of districts. All school district long-term debt may be combined and shown on one line. For all other special purpose districts, the individual district responsible for each debt must be identified, and similar districts should be grouped together on the schedule. For example, all debt of fire districts should be shown, then all debt of water districts, then all debt of sewer districts, and so on.

This schedule may be submitted as a computer printout, so long as the required information is provided.

NOTE: For Schedule 09, list all bonded debt at par. Include principal only on all debt. Do not include any interfund debt, liabilities for deferred compensation, employee leave benefits or any short-term debt (less than one year). Generally, construction contracts are not considered debt except to the extent the contractor has performed.

IDENTIFYING NUMBER AND DESCRIPTION:

The numbers and descriptions below must be used on the Schedule 09. Typical debt instruments are listed within each category of debt. The first three digits of the identification numbers correspond to the BARS general ledger accounts, which contains detailed descriptions of these instruments.

I.D. No. **GENERAL DEBT** - Debt backed by the government's full taxing authority.

251.11 General Obligation Bonds for Capital Purposes - (No Vote Required)
251.12 General Obligation Bonds for Capital Purposes - (Vote Required)
251.15 General Obligation Bonds for Capital Purposes - Advance Refunding - Defeasance Method
251.16 General Obligation Bonds for Capital Purposes - Advance Refunding - Crossover Method
251.41 General Obligation Bonds for M and O Purposes* - (No Vote Required)
251.42 General Obligation Bonds for M and O Purposes - (Vote Required)
251.45 General Obligation Bonds for M and O Purposes - Advance Refunding - Defeasance Method
251.46 General Obligation Bonds for M and O Purposes - Advance Refunding - Crossover Method
263.11 Claims and Judgments (Long-Term Only)
263.51 Installment Sales Contracts
263.53 Lease-Purchase Agreements
263.55 Other Capital Leases
263.61 Anticipation Notes and Warrants for Capital Purposes (Including Bond Anticipation Notes and Tax Anticipation Notes)
263.64 Anticipation Notes and Warrants for M and O Purposes (Including Bond Anticipation Notes and Tax Anticipation Notes)
263.66 Other Notes Payable for Capital Purposes
263.68 Other Notes Payable for M and O Purposes
263.81 Due to Other Governmental Units for Capital Purposes (Long-Term Debt Only. An example is the amount due to the state retirement system for pension systems prior to PERS and LEOFF)
263.84 Due to Other Governmental Units for M and O Purposes (Long-Term Only)
263.91 Miscellaneous Long-Term General Debt for Capital Purposes
263.94 Miscellaneous Long-Term General Debt for M and O Purposes

* M and O refers to Maintenance and Operation.

I.D. No. **REVENUE DEBT** - Debt backed by specific revenue sources.

252.11 Revenue Bonds for Capital Purposes - (No Vote Required)
252.12 Revenue Bonds for Capital Purposes - (Vote Required)
252.15 Revenue Bonds for Capital Purposes - Advance Refunding - Defeasance Method
252.16 Revenue Bonds for Capital Purposes - Advance Refunding - Crossover Method
252.41 Revenue Bonds for M and O Purposes - (No Vote Required)
252.42 Revenue Bonds for M and O Purposes - (Vote Required)
252.45 Revenue Bonds for M and O Purposes - Advance Refunding - Defeasance Method
252.46 Revenue Bonds for M and O Purposes - Advance Refunding - Crossover Method
263.12 Claims and Judgments (Long-Term Only)
263.41 Revenue Warrants (Coupon Warrants) for Capital Purposes
263.44 Revenue Warrants (Coupon Warrants) for M and O Purposes
263.52 Installment Sales Contracts
263.54 Lease-Purchase Agreements
263.56 Other Capital Leases
263.62 Anticipation Notes and Warrants for Capital Purposes (Including Bond Anticipation Notes and Tax Anticipation Notes)

263.65 Anticipation Notes and Warrants for M and O Purposes (Including Bond Anticipation Notes and Tax Anticipation Notes)
263.67 Other Notes Payable for Capital Purposes
263.69 Other Notes Payable for M and O Purposes
263.82 Due to Other Governmental Units for Capital Purposes (Long-Term only)
263.85 Due to Other Governmental Units for M and O Purposes (Long-Term Only)
263.92 Miscellaneous Long-Term Revenue Debt for Capital Purposes
263.95 Miscellaneous Long-Term Revenue Debt for M and O Purposes

I.D. No. **ASSESSMENT DEBT** - Debt secured by assessments levied against a specific group of properties.

253.11 Special Assessment Bonds - LID
253.12 Special Assessment Bonds - ULID
253.13 Special Assessment Bonds - RID
253.14 Special Assessment Bonds - Other
253.15 Special Assessment Bonds - Advance Refunding - Defeasance Method
253.16 Special Assessment Bonds - Advance refunding - Crossover Method
263.43 LID Warrants
263.63 LID Notes
263.99 Miscellaneous Long-Term Assessment Debt

I.D. No. **REFUNDED DEBT**

251.90 General Obligation Bonds - Advance Refunded
252.90 Revenue Bond - Advance Refunded
253.90 Special Assessment Bonds - Advance Refunded

SPECIAL PURPOSE DISTRICT DEBT - General, refunded, revenue and special assessment debt of special purpose districts. These debts should be grouped by district type; for example, fire districts, then school districts, then sewer districts, etc. Do not confuse *special assessment districts* with *special purpose districts* .

I.D. No. **SPECIAL PURPOSE DISTRICTS**

251.11 General Obligation Bonds for Capital Purposes - (No Vote Required)
251.12 General Obligation Bonds for Capital Purposes - (Vote Required)
251.15 General Obligation Bonds for Capital Purposes - Advance Refunding - Defeasance Method
251.16 General Obligation Bonds for Capital Purposes - Advance Refunding - Crossover Method
251.41 General Obligation Bonds for M and O Purposes - (No Vote Required)
251.42 General Obligation Bonds for M and O Purposes - (Vote Required)
251.45 General Obligation Bonds for M and O Purposes - Advance Refunding - Defeasance Method
251.46 General Obligation Bonds for M and O Purposes - Advance Refunding - Crossover Method
251.90 General Obligation Bonds - Advance Refunded
252.11 Revenue Bonds for Capital Purposes - (No Vote Required)
252.12 Revenue Bonds for Capital Purposes - (Vote Required)
252.15 Revenue Bonds for Capital Purposes - Advance Refunding - Defeasance Method
252.16 Revenue Bonds for Capital Purposes - Advance Refunding - Crossover Method
252.41 Revenue Bonds for M and O - (No Vote Required)
252.42 Revenue Bonds for M and O - (Vote Required)
252.45 Revenue Bonds for M and O - Advance Refunding - Defeasance Method
252.46 Revenue Bonds for M and O - Advance Refunding - Crossover Method
252.90 Revenue Bond - Advance Refunded

253.11 Special Assessment Bonds - LID
253.12 Special Assessment Bonds - ULID
253.13 Special Assessment Bonds - RID
253.14 Special Assessment Bonds - Other
253.15 Special Assessment Bonds - Advance Refunding - Defeasance Method
253.16 Special Assessment Bonds - Advance Refunding - Crossover Method
253.90 Special Assessment Bonds - Advance Refunded
263.41 Revenue Warrants (Coupon Warrants) for Capital Purposes
263.43 LID Warrants for Capital Purposes
263.44 Revenue Warrants (Coupon Warrants) for M and O Purposes
263.63 Anticipation Notes and Warrants for Capital Purposes (Including Bond Anticipation Notes and Tax Anticipation Notes)
263.66 Anticipation Notes and Warrants for M and O Purposes (Including Bond Anticipation Notes and Tax Anticipation Notes)
263.83 Due to Other Governmental Units for Capital Purposes (Long-Term Only)
263.86 Due to Other Governmental Units for M and O Purposes (Long-Term Only)
263.91 Miscellaneous Long-Term General Debt for Capital Purposes
263.94 Miscellaneous Long-Term General Debt for M And O Purposes

IDENTIFYING NUMBER:

Include appropriate number (see the listing on previous pages).

DATE OF ORIGINAL ISSUE/DATE OF MATURITY These columns are self-explanatory.

(1) BEGINNING OUTSTANDING DEBT This column should include the amount of debt that was owed at the beginning of this period. The amount shown should equal the last year ending balance. If there is a discrepancy, please attach an explanation.

(2) AMOUNT ISSUED IN CURRENT YEAR In this column report the entire amount of any new debt or any additional debt issued (or borrowed) during the current period. For example, assume a G.O. bond authorized in the previous year at $5,000,000, with $4,000,000 issued that year and an additional $500,000 issued in the report year. Under these circumstances, this column should show $500,000.

(3) AMOUNT REDEEMED IN CURRENT YEAR In this column, report the amount of debt that was paid this period. Do NOT include interest paid on the redeemed debt. The total amount in this column should equal long-term payments shown on Schedule 5 (Object code 70).

BARS CODE FOR REDEMPTION/REDEEMING FUND NUMBER Include BARS codes used for posting of the redemption of the debt. Also provide fund number in which the redemption occurred. You may use more than one line if the redemption of the debt was split among several funds.

(4) ENDING OUTSTANDING DEBT In this column, report the amount of debt that is owed at the end of this period.

Ending outstanding debt (column (4)) is calculated by adding the amounts in columns (1) and (2) and subtracting redeemed debt in column (3).

$$(1) + (2) - (3) = (4)$$

Total those columns for each debt type.

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SAMPLE COUNTY
(ENTITY NAME)

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 1997

X G.O. Debt
___ Revenue Debt
___ Assessment Debt
___ Refunded Debt
___ Debt of Special Purpose Districts

ID. No.	Date of Original Issue	Date of Maturity	(1) Beginning Outstanding Debt 01/01/96 (Ending Outstanding Debt Balance from Prior Year)	(2) Amount Issued in Current Year	(3) Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	(4) Ending Outstanding Debt 12/31/97 (1)+(2)-(3)
251.12	03/79	03/99	$4,400,000	—	$100,000	582.__ __.__ __ 591.1 2.7 0 599.__ __.__ __	001	—
251.12	03/79	03/99	$4,400,000	—	$100,000	582.__ __.__ __ 591.1 2.7 0 599.__ __.__ __	201	$4,200,000
251.41	06/90	06/00	$3,000,000	$500,000	$400,000	582.3 5.7 0 591.__ __.__ __ 599.__ __.__ __	405	$3,100,000
251.15	12/97	12/17	0	$500,000	— — —	582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __		$500,000
Total			$7,400,000	$1,000,000	$600,000			$7,800,000

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Schedule 09
Page ____ of ____

SAMPLE COUNTY
(ENTITY NAME)

___ G.O. Debt
_X_ Revenue Debt
___ Assessment Debt
___ Refunded Debt
___ Debt of Special Purpose Districts

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 1997

ID. No.	Date of Original Issue	Date of Maturity	(1) Beginning Outstanding Debt 01/01/96 (Ending Outstanding Debt Balance from Prior Year)	(2) Amount Issued in Current Year	(3) Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	(4) Ending Outstanding Debt 12/31/97 (1)+(2)-(3)
252.11	04/88	04/98	$300,000	—	$100,000	582.3 5.7 0	401	$200,000
						591.__ __.__ __		
						599.__ __.__ __		
263.95	08/96	08/06	$1,200,000	$300,000	—	582.__ __.__ __		$1,500,000
					—	591.__ __.__ __		
					—	599.__ __.__ __		
Total			$1,500,000	$300,000	$100,000			$1,700,000

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SAMPLE COUNTY
(ENTITY NAME)

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 1997

___ G.O. Debt
___ Revenue Debt
_X_ Assessment Debt
___ Refunded Debt
___ Debt of Special Purpose Districts

ID. No.	Date of Original Issue	Date of Maturity	(1) Beginning Outstanding Debt 01/01/96 (Ending Outstanding Debt Balance from Prior Year)	(2) Amount Issued in Current Year	(3) Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	(4) Ending Outstanding Debt 12/31/97 (1)+(2)-(3)
253.11	10/79	10/99	$1,500,000	—	_____ $400,000 _____	582.__ __.__ __ 591.4 2.7 0 599.__ __.__ __	_____ 203 _____	$1,100,000
253.13	10/97	10/17	—	$3,000,000	_____ _____ _____	582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __	_____ _____ _____	$3,000,000
Total			$1,500,000	$3,000,000	$400,000			$4,100,000

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SAMPLE COUNTY
(ENTITY NAME)

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 1997

___ G.O. Debt
___ Revenue Debt
___ Assessment Debt
_X_ Refunded Debt
___ Debt of Special Purpose Districts

ID. No.	Date of Original Issue	Date of Maturity	(1) Beginning Outstanding Debt 01/01/96 (Ending Outstanding Debt Balance from Prior Year)	(2) Amount Issued in Current Year	(3) Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	(4) Ending Outstanding Debt 12/31/97 (1)+(2)-(3)
251.90	08/77	08/97	$500,000	—	$500,000	582.__ __.__ __ 591.__ __.__ __ 599.8 9.7 0	202	0
Total			$500,000	—	$500,000			0

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Schedule 09
Page ____ of ____

SAMPLE COUNTY
(ENTITY NAME)

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 1997

___ G.O. Debt
___ Revenue Debt
___ Assessment Debt
___ Refunded Debt
_X_ Debt of Special Purpose Districts

ID. No.	Date of Original Issue	Date of Maturity	(1) Beginning Outstanding Debt 01/01/96 (Ending Outstanding Debt Balance from Prior Year)	(2) Amount Issued in Current Year	(3) Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	(4) Ending Outstanding Debt 12/31/97 (1)+(2)-(3)
Fire District No. 10						582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __		
251.12	03/89	03/99	$2,000,000	—	$300,000	582.__ __.__ __ 591.2 5.7 0 599.__ __.__ __	661	$1,700,000
School District No. 21						582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __		
251.12	06/95	06/05	$4,000,000	$500,000		582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __		$4,500,000
Total All Districts			$6,000,000	$500,000	$300,000			$6,200,000

MCAG NO. _____

Schedule 09
Page ____ of ____

_____
(ENTITY NAME)

___ G.O. Debt
___ Revenue Debt
___ Assessment Debt
___ Refunded Debt
___ Debt of Special Purpose Districts

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 19__

ID. No.	Date of Original Issue	Date of Maturity	(1) Beginning Outstanding Debt 01/01/____ (Ending Outstanding Debt Balance from Prior Year)	(2) Amount Issued in Current Year	(3) Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	(4) Ending Outstanding Debt 12/31/____ (1)+(2)-(3)
					_____ _____ _____	582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __	_____ _____ _____	
					_____ _____ _____	582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __	_____ _____ _____	
					_____ _____ _____	582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __	_____ _____ _____	
					_____ _____ _____	582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __	_____ _____ _____	
					_____ _____ _____	582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __	_____ _____ _____	
					_____ _____ _____	582.__ __.__ __ 591.__ __.__ __ 599.__ __.__ __	_____ _____ _____	

SCHEDULE 10 - LIMITATION OF INDEBTEDNESS

All Category 1 counties and cities must complete this schedule. This section includes one schedule for counties, and one for cities and towns. With the proper adjustments, either schedule can be used by any municipality to compute its debt limit.

When making this calculation, all general obligations of the county or city and all applicable cash on hand, or it s equivalent, available for the payment of general obligations should be included.

General obligations consist of the following:

1. General Obligation Bonds (Voted and Nonvoted), including bond anticipation notes which are to be paid off with the proceeds of the bonds. Include interest only if it has matured and is due and payable.

2. Deep discount debt (e.g., zero coupon bonds). Report the face amount of the bond less the unamortized portion of the discount.

3. Warrants and registered warrants issued against the general (current expense) or other tax supported funds.

4. Executory conditional sales or installment sales contracts pledging the full faith and credit of the taxing district. (RCW 39.30.010)

5. Accounts payable, final judgements payable or combined obligations of the general or other tax supported funds.

6. Compensated absences (e.g., vacation and sick leave), to the extent that they are certain obligations of a determined amount, or employee vested.

7. Other obligations of the general or other tax supported funds, except for loan agreements with agencies of the state of Washington or the U.S.A. dated on or after April 3, 1987. (RCW 39.36.060 an d 39.69.020)

8. Obligations of internal service funds that provide services to the general or other tax supported funds.

9. Municipal leases (RCW 35.42.200)

NOTE: Counties should not include debt of junior taxing districts.

The following obligations do not constitute debt for debt limitation purposes:

1. Contingent liabilities;

2. Obligations payable from special funds and solely from unanticipated service revenue;

3. Accrued interest that has not matured;

4. Refunded or revenue debt; and

5. Interfund loans.

SCHEDULE 10 - (Continued)

Applicable cash or its equivalent, as used herein, shall consist of and be limited to the following:

1. Cash and investments on hand in special debt redemption funds reserved exclusively for use in repaying outstanding general obligations.

2. Uncollected ad valorem taxes levied expressly for the purpose of paying general bonded indebtedness.

3. Cash and investments on hand in other than special debt redemption funds; uncollected ad valorem taxes levied for other than special debt redemption funds, and accounts receivable due from other funds of the same taxing district not supported by taxation or from other governmental units, the payment of which has been officially authorized: Provided, that such cash assets may only be considered as offsets against outstanding warrants and other current obligations of the same funds.

Do not include cash or investments that will be used to make interest payments during the initial months of the subsequent fiscal year prior to property tax collections. Also, do not include uncollected taxes from prior years except taxes specifically levied for debt redemption.

LEGAL LIMITS OF INDEBTEDNESS (RCW 39.36.020 and 35.42.200)

1. Indebtedness For General Purposes Without A Vote Of The People.

   LEGAL LIMIT @ 1½% on the value of taxable property for counties, cities, and towns.

   LEGAL LIMIT @ 3/8 of 1% on the value of taxable property for most other municipalities.

   Separate limits exist for cemetery districts (RCW 68.52.310), park districts (RCW 35.61.100 through 35.61.110), port districts (RCW 53.36.030), school districts (RCW 28A.530.010), sewer districts (RCW 56.16.010), and water districts (RCW 57.20.110 and 57.20.120).

2. Indebtedness For General Purposes Without A Vote Of The People (Capital Leases). Applies ONLY to cities and towns.

   LEGAL LIMIT @ 1½% on the value of taxable property for cities and towns.

3. Indebtedness For General Purposes With A 3/5 Vote Of The People.

   LEGAL LIMIT @ 2½% on the value of taxable property for counties, cities, and towns.

4. Indebtedness For City Or Town Utility Purposes With A 3/5 Vote Of The People.

   LEGAL LIMIT @ 2½% on the value of taxable property.

5. Indebtedness For Open Space And Park Facilities With A 3/5 Vote Of The People. Applies ONLY to cities and towns.

   LEGAL LIMIT @ 2½% on the value of taxable property.

SCHEDULE 10 - (Continued)

The value of taxable property is the actual value of taxable property in the county, city or town, ascertained by the last assessment for state or county purposes. Incorporated cities should also include the timber value as defined in RCW 84.33.035.

The last assessed valuation is the valuation placed on the last completed and balanced tax rolls of the county preceding the date of contracting the debt or incurring liability (RCW 39.36.010 and .015). By the time this schedule is prepared, assessed valuation data has been updated for next year's tax levy. The most current assessed value available should be used.

NOTES TO PREPARER - COUNTIES:

1. The total indebtedness for general purposes with or without a vote cannot exceed 2½% of the value of taxable property.

2. The 1.5% of indebtedness available without a vote is valid only if the amount of indebtedness with a vote is 1% or less. Any indebtedness with a vote in excess of 1% will proportionately reduce the margin available without a vote.

3. When calculating indebtedness include all applicable assets and liabilities.

4. If assets equal or exceed liabilities, record zero for indebtedness incurred.

NOTES TO PREPARER - CITIES/TOWNS:

1. The total indebtedness for general purposes with or without a vote cannot exceed 2½% of the value of taxable property. General purpose indebtedness includes debt for capital leases without a vote. The legal limit for capital lease debt (RCW 35.42.200) is included in the 2½% and does not constitute extra allowable debt.

2. The 1.5% of indebtedness available without a vote is proportionately reduced by capital lease debt or any indebtedness with a vote in excess of 1%.

3. Indebtedness for utility or open space and park facilities purposes with a vote may exceed 2½% of the value of taxable property (up to 5%). Any excess will proportionately reduce the margin still available for general purposes.

4. The total indebtedness combined cannot exceed 7½% of the value of taxable property.

5. When calculating indebtedness, include all applicable assets and liabilities.

6. If assets equal or exceed liabilities, record zero for indebtedness incurred.

_____

(COUNTY NAME)

Schedule Of Limitation Of Indebtedness
As Of December 31, 19__

Total Taxable Property Value $ _____

I. Indebtedness For General Purposes Without A Vote

Legal Limit 1.5% Of Taxable Property Value		$ _____
Indebtedness (Liabilities):		
GO Bonds	$ _____	
Others	$ _____	
Less Assets Available	$ _____	
Indebtedness Incurred - Section I		$ _____
Indebtedness Margin Before Excess		$ _____
Indebtedness Incurred From Section II In Excess Of 1% Of Taxable Property Value		$ _____*
Margin Of Indebtedness Available Without A Vote		$ _____

II. Indebtedness For General Purposes With 3/5 Vote

Legal Limit 2.5% Of Taxable Property Value		$ _____
Indebtedness (Liabilities):		
GO Bonds	$ _____	
Others	$ _____	
Less Assets Available	$ _____	
Indebtedness Incurred - Section II		$ _____*
Margin Of Indebtedness Available With 3/5 Vote		$ _____

Total Indebtedness Allowable (Legal Limit 2.5%)	$ _____
Less: Indebtedness Incurred - Section I	$ _____
Less: Indebtedness Incurred - Section II	$ _____
MARGIN OF INDEBTEDNESS AVAILABLE	$ _____

* See Notes To Preparer No. 2

_____

(CITY/TOWN NAME)
Schedule Of Limitation Of Indebtedness
As Of December 31, 19__

Total Taxable Property Value $ _____

I. General Purpose Indebtedness (Legal Limit 2.5% Of Taxable Property Value) $ _____

A. General Purpose Indebtedness Without A Vote (Legal Limit 1.5%) $ _____

Indebtedness (Liabilities):		
GO Bonds	$ _____	
Others	$ _____	
Less Assets Available	$ _____	
Indebtedness Incurred - Section A		$ _____
Indebtedness Margin - Section A		$ _____

B. Capital Lease Without A Vote (Legal Limit 1.5%) $ _____

Capital Leases Payable		
Less Assets Available	$ _____	
Indebtedness Incurred - Section B	$ _____	
Indebtedness Margin - Section B		$ _____
		$ _____

C. General Purpose Indebtedness With A Vote (Legal Limit 2.5%) $ _____

Indebtedness (Liabilities):		
GO Bonds	$ _____	
Others	$ _____	
Less Assets Available	$ _____	
Indebtedness Incurred - Section C		$ _____
Indebtedness Margin - Section C		$ _____

Less:	Indebtedness Incurred - General Purposes (Sections A+B+C)	$ _____
Less:	Indebtedness From Section II In Excess of 2.5% Of Property Value	$ _____
Less:	Indebtedness From Section III In Excess of 2.5% Of Property Value	$ _____
Margin Of Indebtedness Available - General Purposes		$ _____

_____

(CITY/TOWN NAME)

Schedule Of Limitation Of Indebtedness
As Of December 31, 19__

II. Indebtedness For Utility Purposes With 3/5 Vote (Legal Limit 2.5%)		$ _____
Indebtedness (Liabilities):		
GO Bonds	$ _____	
Others	$ _____	
Less Assets Available	$ _____	
Indebtedness Incurred - Utility		$ _____
Indebtedness Margin - Utility Purposes		$_____*
III. Indebtedness For Open Space And Parks Facilities With 3/5 Vote (Legal Limit 2.5%)		$ _____
Indebtedness (Liabilities):		
GO Bonds	$ _____	
Others	$ _____	
Less Assets Available	$ _____	
Indebtedness Incurred - Open Space And Parks Facilities		$ _____
Indebtedness Margin - Open Space And Parks Facilities		$_____*

Total Indebtedness Allowable (Legal Limit 7.5%)	$ _____
Less: Indebtedness Incurred - General Purposes	$ _____
Less: Indebtedness Incurred - Utility Purposes	$ _____
Less: Indebtedness Incurred - Open Space and Parks Facilities	$ _____
MARGIN OF INDEBTEDNESS AVAILABLE	$ _____

* See Notes To Preparer No. 3.

SCHEDULE 11 - CASH ACTIVITY

This schedule provides information about the total cash inflows and outflows of your government. It is used to identify the number of funds and to verify that your financial statements and schedules include all the funds of your government. This schedule is also used to evaluate accounting control over the total receipts and disbursements of your government, to reconcile fund receipts and disbursements with fund revenues and expenditures, and to corroborate the amounts of cash shown on any balance sheets. Finally, it is used to collect information about the financial activity and cash position of special purpose districts that use a city or county treasury.

This schedule must be prepared for all funds. Surplus cash invested that is not attributed to any specific fund is to be reported on a separate line at the end of the fund listings. Beginning and ending balances of cash should not include investments. (See Schedule 11 example.)

The columns headed "Investments Liquidated" and "Investments Acquired" should contain the total amount of investment principal sold or purchased, regardless of whether the transaction was made by receipt, warrant, treasurer's check, interfund transfer, or electronic funds transfer. The amounts in these columns should, therefore, equal the corresponding columns in Schedule 12. Any money received in excess of the purchase price when an investment is liquidated (sold) must be recorded as a receipt or transfer in, not in the "Investments Liquidated" column.

Transfers in and out of the various funds refer to those moneys taken out of one fund and placed into another fund by means other than through the issuance of a warrant and the writing of a receipt. Transfers-in must equal total transfers-out, including transfers to claims/payroll funds.

In those entities that use claims and payroll clearing funds, the cash taken out of the various operating funds and put into the clearing fund will be treated as "Transfers-Out to Claims/Payroll Funds" in the operating funds and as "Transfers-In" in the applicable clearing funds.

All moneys received from outside the municipality, other than the purchase price of investments sold, must be reported in the "Receipts" column. All treasurer's checks issued, other than for the purchase of investments, must be reported in the "Disbursements" column.

In counties, all school districts may be combined and shown on one line. With that one exception, when reporting funds that belong to others, list each fund separately and group by type, such as "State, Cities and Towns, Water Districts, Fire Districts, etc." LIST EACH FUND ON A SEPARATE LINE IN FUND NUMBER SEQUENCE and provide a total for each group.

Please provide a line for "Total Fund Cash" then list any "Surplus Cash Invested" as shown in the Schedule 11 example and a line for "Total Net Cash." This presentation is necessary to prevent any duplication of reporting "Surplus Cash Invested" balances, in both Schedules 11 and 12.

This schedule may be submitted as a computer printout, so long as the required information is provided.

MCAG NO. 987

CITY OF PERFECT
(ENTITY NAME)
SCHEDULE OF CASH ACTIVITY
For The Year Ended December 31, 1996

		CASH ACTIVITY-IN				
FUND NO.	DESCRIPTION	BEGINNING BALANCE	RECEIPTS	INVESTMENTS LIQUIDATED	TRANSFERS-IN	TOTAL AVAILABLE
001	Current Expense Fund	$ 40,474	$476,053	$ 30,000	$ 34,661	$ 581,188
101	Street Fund	22,935	116,594	18,000	-	157,529
102	Arterial Fund	8,429	54,690	115,000	-	178,119
105	Park Fund	9,025	34,057	25,000	1,000	69,082
201	1985 G.O. Bond Redemption	11,742	88,744	32,000	-	132,486
401	Water/Sewer Fund	17,830	295,304	180,000	2,764	495,898
403	Solid Waste	12,241	753	10,000	56,499	79,493
411	1976 Bond & Reserve Fund	9,792	3,856	50,000	67,275	130,923
501	Equipment Rental Fund	481	9,102	240,000	73,990	323,573
601	Claims Clearing	20,847	-	-	500,110	520,957
602	Payroll Clearing	14,938	-	-	587,952	602,890
	Total Fund Cash	168,734	1,079,153	700,000	1,324,251	3,272,138
XXX	Surplus Cash Invested	(77,684)	-	618,214	-	540,530
	TOTAL NET CASH	$ 91,050	$1,079,153	$1,318,214	$1,324,251	$3,812,668

MCAG NO. _____

_____
(ENTITY NAME)

SCHEDULE OF CASH ACTIVITY

For The Year Ended December 31, 19__

		CASH ACTIVITY-IN				
FUND NO.	DESCRIPTION	BEGINNING BALANCE	RECEIPTS	INVESTMENTS LIQUIDATED	TRANSFERS-IN	TOTAL AVAILABLE

MCAG NO. 987

CITY OF PERFECT
(ENTITY NAME)
SCHEDULE OF CASH ACTIVITY
For The Year Ended December 31, 1996

CASH ACTIVITY-OUT						
FUND NO.	INVESTMENTS ACQUIRED	TRANSFERS OUT TO CLAIMS/PAYROLL	OTHER TRANSFERS OUT	DISBURSEMENTS	TOTAL USED	ENDING BALANCE
001	$ 25,000	$ 498,677	$ 36,000	$ 6,036	$ 565,713	$15,475
101	15,000	113,313	20,000	640	148,953	8,576
102	30,000	127,897	-	9,521	167,418	10,701
105	20,000	33,860	3,432	6,508	63,800	5,282
201	36,000	-	-	89,250	125,250	7,236
401	180,000	139,282	150,774	19,000	489,056	6,842
403	2,000	58,693	18,000	-	78,693	800
411	50,000	-	-	71,500	121,500	9,423
501	200,000	116,340	-	-	316,340	7,233
601	-	-	7,983	462,941	470,924	50,033
602	-	-	-	574,047	574,047	28,843
	558,000	1,088,062	236,189	1,239,443	3,121,694	150,444
XXX	621,472	-	-	-	621,472	(80,942)
	$1,179,472	$1,088,062	$236,189	$1,239,443	$3,743,166	$ 69,502

MCAG NO. _____

_____
(ENTITY NAME)

SCHEDULE OF CASH ACTIVITY

For The Year Ended December 31, 19__

CASH ACTIVITY-OUT						
FUND NO.	INVESTMENTS ACQUIRED	TRANSFERS OUT TO CLAIMS/PAYROLL	OTHER TRANSFERS OUT	DISBURSEMENTS	TOTAL USED	ENDING BALANCE

SCHEDULE 12 - INVESTMENT ACTIVITY

This schedule provides information about the total investment activity of your government. It is used to corroborate the investment balances shown on any balance sheets and to evaluate accounting control over investments. This schedule is also used to determine whether interest revenue is properly reported on your financial statements. Finally, this schedule is used to collect information about the financial position of special purpose districts that use a city or county treasury.

Do not report interest earnings or accruals on this schedule, **except** when reinvested. You may use the "Reinvested Interest" column or report it together with other investments in "Acquired" column.

This schedule must be prepared for all funds within the treasurer's or finance officer's custody. Investments of cash surplus are not considered to be investments of a specific fund, therefore, they are listed on a separate line at the end of the fund investment listings.

In counties, all school districts may be combined and shown on one line. For other districts, list each fund on a separate line in fund number sequence and provide a total for each district.

Please provide a line for *Total Fund Investments* and a line for *Total All Investments* . (See Schedule 12 example.) Also note that the columns headed *Investments Liquidated* and *Investments Acquired* should equal the corresponding column amounts on Schedule 11.

This schedule may be submitted as a computer printout, as long as the required information is provided.

MCAG NO. 987

CITY OF PERFECT
(ENTITY NAME)

SCHEDULE OF INVESTMENT ACTIVITY - ALL FUNDS

For The Year Ended December 31, 1993

FUND NO.	DESCRIPTION	BEGINNING INVESTMENT BALANCE 01/01/1993	INVESTMENT (AT COST)		REINVESTED INTEREST	ENDING INVESTMENT BALANCE 12/31/1993
			ACQUIRED	LIQUIDATED		
001	Current Expense Fund	$50,000	$20,000	$30,000	$5,000	$45,000
101	Street Fund	5,000	15,000	18,000		2,000
102	Arterial Street Fund	90,000	30,000	115,000		5,000
105	Parks Fund	10,000	20,000	25,000		5,000
201	1985 G.O Bond Redemption	16,000	36,000	32,000		20,000
401	Water/Sewer Fund	80,000	180,000	180,000		80,000
403	Solid Waste	15,000	1,800	10,000	200	7,000
411	1976 Bond & Reserve Fund	50,000	50,000	50,000		50,000
501	Equipment Rental Fund	120,000	200,000	240,000		80,000
	Total Fund Investments	436,000	552,800	700,000	5,200	294,000
XXX	Surplus Cash Invested	77,684	621,472	618,214	—	80,942
	TOTAL ALL INVESTMENTS	$513,684	$1,174,272	$1,318,214	$5,200	$374,942

MCAG NO. ____

_____
(ENTITY NAME)

SCHEDULE OF INVESTMENT ACTIVITY - ALL FUNDS

For The Year Ended December 31, 19__

FUND NO.	DESCRIPTION	BEGINNING INVESTMENT BALANCE 01/01/19__	INVESTMENT (AT COST)		REINVESTED INTEREST	ENDING INVESTMENT BALANCE 12/31/19__
			ACQUIRED	LIQUIDATED		

SCHEDULES 13, 14, 15 - U.S. BUREAU OF THE CENSUS DATA

These schedules provide a variety of financial information that is requested by the U.S. Bureau of the Census in addition to the information contained on other schedules (particularly 04, 05, and 09). The instructions on the form are taken directly from those provided by the Census Bureau.

Schedule 13 is based on the end-of-year information on Schedules 11 and 12, but additional detail is requested about the types of investments held and the portion of cash and investments provided by bond issues or dedicated to debt redemption.

Schedule 14 is intended to supplement Schedule 09. It identifies the amount of formal debt outstanding that was issued with a maturity of less than 12 months.

Schedule 15 is based on object 20 reported on Schedule 05, but additional detail is requested about the specific types of employee benefits purchased.

For all these schedules, you should report assets, debt, and expenditures that apply to your own government, not to any special purpose districts.

MCAG No: _____

_____
(Entity Name)

SUPPLEMENTAL CENSUS BUREAU SCHEDULES 13, 14, 15

SCHEDULE 13: CASH AND INVESTMENTS AT YEAR-END

Include proprietary fund assets and most trust funds, but exclude pension trust and agency funds.

		Amount At End Of Fiscal Year (omit cents)		
		ALL MONEY HELD FOR REDEMPTION OF LONG-TERM DEBT	UNEXPENDED PROCEEDS OF BOND ISSUES	ALL OTHER MONEYS
A.	CASH AND DEPOSITS - Cash on hand and demand, time or savings deposits.	_____	_____	_____
B.	FEDERAL SECURITIES - Obligations of U.S. Treasury (including short-term notes) and Federal Financing Bank.	_____	_____	_____
C.	FEDERAL AGENCY SECURITIES - Obligations of government owned agencies comprising CCC, Export-Import Bank, FHA, GNMA, Postal Service and TVA.	_____	_____	_____
D.	STATE AND LOCAL GOVERNMENT SECURITIES	_____	_____	_____
E.	OTHER SECURITIES - Bonds, notes, mortgages, etc., not included in the foregoing classes. Include the following privately financed former federal agencies: FHLB, FLB, FNMA, Banks for Cooperatives and Federal Intermediate Credit Banks. Exclude accounts receivable, value of real property and any other nonsecurity assets.	_____	_____	_____

SCHEDULE 14: SHORT-TERM INTEREST-BEARING DEBT

	BALANCE AS OF BEGINNING OF YEAR	BALANCE AS OF END OF YEAR
Tax anticipation notes, bond anticipation notes, interest-bearing warrants, and other obligations with a term of one year or less. Exclude accounts payable and other noninterest-bearing obligations. Include proprietary and most trust funds but exclude pension trusts and agency funds.	_____	_____

SCHEDULE 15: CONTRIBUTIONS FOR EMPLOYEE BENEFITS

Report payments by your government and its agencies during the fiscal year as employer contributions to the kinds of employee benefits programs listed. Exclude employee contributions.

		TOTAL EXPENDITURES FOR REPORT YEAR
A.	Retirement Programs	
(1)	To Federal Social Security System.	(1)_____
(2)	To State administered employee retirement system (PERS, LEOFF, etc.)	(2)_____
(3)	To locally administered employee retirement system (include transfers to retirement systems administered by your government itself as well as payments to other local government public employee retirement systems such as Seattle's Spokane's and Tacoma's).	(3)_____
(4)	For commercial annuity plans (private sector retirement plans purchased for your employees).	(4)_____
(5)	Direct pension payments (i.e., annual appropriations for former employees). Include payments out of fire insurance premium taxes and property taxes, but do not include payments made by the State's retirement system or the city retirement systems in Seattle, Spokane and Tacoma.	(5)_____
	TOTAL, ALL RETIREMENT PROGRAMS	$_____
B.	Insurance Programs	
(1)	For Health, Hospital, and Disability Insurance.	(1)_____
(2)	For Life Insurance.	(2)_____
(3)	For Workmen's Compensation Insurance.	(3)_____
(4)	For Unemployment Compensation Insurance.	(4)_____
	TOTAL, ALL INSURANCE PROGRAMS	$_____

SCHEDULE 16 - FINANCIAL ASSISTANCE

The Schedule of Financial Assistance is an essential document for planning and conducting the audit of your organization. It also serves to provide assurance to those agencies who provided financial assistance to you that their programs or grants were included in the audit. Great care should be exercised in the preparation of this schedule to insure that it is accurate and complete. Any program or grant omitted from this schedule will be considered unaudited. This schedule should be prepared on the same basis of accounting as the financial statements.

Prepare one schedule which includes all federal financial assistance and a separate schedule which includes all state and local financial assistance. Indicate the category in the heading on the schedule.

SCHEDULE OF **FEDERAL** FINANCIAL ASSISTANCE

Include on this schedule federal awards, grants, loans (direct and guaranteed/insured), insurance, program income, and other financial assistance received directly from a federal agency or indirectly through a state agency or local government.

List all financial assistance received from the same federal agency together (i.e., all HUD awards, etc.) with assistance received directly shown first followed by assistance received indirectly. Provide subtotals for like Catalog of Federal Domestic Assistance (CFDA) numbers and for both assistance received directly and assistance received indirectly, with a total for each federal agency.

SCHEDULE OF **STATE AND LOCAL** FINANCIAL ASSISTANCE

List on this schedule grants received directly or indirectly from state agencies (334), grants from other local governments (337), and program income. State shared revenues, apportionments, entitlements (BARS resource codes 335 and 336), and loans do not need to be included on this schedule.

Separately list awards received from the state and local governments. Provide subtotal for both categories and total for the entire schedule. Preferably list all financial assistance received from the same state agency together.

Also remember:

- Often federal financial assistance received indirectly is a mix of federal and state or local money. If possible, identify the different parts and list them on appropriate schedules: the federal share on the *Schedule of **Federal** Financial Assistance* and the state or local portion on the *Schedule of **State and Local** Financial Assistance*. If the state or local portion cannot be identified, list the entire amount on the *Schedule of **Federal** Financial Assistance* and describe the commingled nature of the funds in the Notes to the Schedule of Financial Assistance.

- The value of noncash awards (e.g., food stamps, food commodities, loan guarantees, loans, interest-rate subsidies, or insurance) should be recorded using the appropriate account code and reported on the *Schedule of **Federal** Financial Assistance* or the *Schedule of **State and Local** Financial Assistance*. The Notes to the Schedule of Financial Assistance should disclose the nature of the amounts reported.

- The funds received as a *fee for services* (338.XX.XX) should not be included on the Schedule 16.

- Records must agree or reconcile to those in finance, budget and treasury departments.

Column 1 Provide the name of the grantor agency or organization followed by the name of each program for that agency. Please clearly distinguish between federal agencies and state agencies with similar names or initials. If you receive federal pass-through money, identify the state pass-through agency. Identify type of noncash award in this column also.

Column 2 This is a five digit (XX.XXX) identification number from the Catalog of Federal Domestic Assistance. This number must be supplied for all federal awards received either directly from a federal agency or indirectly through a state agency or local government.

Indicate major programs as defined in OMB Circular A-128 with an asterisk (*) to the right of the CFDA number. (All major and nonmajor programs should be individually identified, including those completed or terminated during the audit period.) See Part 3, Chapter 5, for the thresholds prescribed in OMB Circular A-128, to determine major programs.

Every effort should be made to obtain CFDA numbers. If the number is not on the award or contract, contact the granting agency and request the number. If they indicate this is a new program for which a CFDA number has not yet been assigned, present the program as "Other Federal Assistance" and leave this column blank.

Column 3 Use this column to report grant or award numbers assigned by federal or state agencies, in addition to the CFDA numbers. Indicate loan or program income, where applicable. If the number is not available write N/A.

Column 4 Use this column to report the current year grant expenditures. (Determined on the same basis of accounting as the financial statements.)

MCAG NO. _____ _____ Schedule 16

(ENTITY NAME)

SCHEDULE OF (FEDERAL / STATE AND LOCAL) FINANCIAL ASSISTANCE

For The Year Ended December 31, 19__

1	2	3	4
Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Other Identification Number	Current Year Expenditures

The Accompanying Notes To The Schedule Of Financial Assistance Are An Integral Part Of This Schedule.

Include the following NOTES TO THE SCHEDULE OF FINANCIAL ASSISTANCE either as an attachment to th e schedule or on the face of the schedule (if space permits). The notes should disclose the basis of accounting, definitions of abbreviations and any other information that might be needed by the users. The following notes are considered examples only. The city/county/district should prepare notes that describe their particular programs and circumstances. Notes may be combined for both schedules.

NOTES TO THE SCHEDULE OF FINANCIAL ASSISTANCE

NOTE 1 - BASIS OF ACCOUNTING

The Schedule of Financial Assistance is prepared on the same basis of accounting as the (city/ county/district)'s financial statements. The (city/county/district) uses the (describe the basis of accounting used by the city/county/district) .

NOTE 2 - MAJOR PROGRAMS

The asterisk (*) to the right of a CFDA number identifies the grant as a major federal program as defined by OMB Circular A-128.

NOTE 3 - PROGRAM COSTS

The amounts shown as current year expenditures represent only (federal/state/local) grant portion of the program costs. Entire program costs, including the (city/county/district)'s portion, may be more than shown.

NOTE 4 - PROGRAM INCOME

The (city/county/district) has a revolving loan program for low income housing. Under this federal grant , repayments to the (city/county/district) are considered program revenues (income) and loans of such funds to eligible recipients are considered expenditures.

NOTE 5 - FEDERAL LOANS

The (city/county/district) has been approved by the Farm Home Administration to receive a loan totalin g $_____ to build a sewer treatment plant. Current year expenditures represent construction costs to date.

The (city/county/district) also has prior year federal loans outstanding with balances totaling $_____ . Both current and prior year loans are reported on the (city/county/district)'s Schedule of Long-Term Debt.

NOTE 6 - NONCASH AWARDS

The amount of (vaccine/dental items/commodities/surplus property/etc.) reported on the schedule is the value of (vaccine/dental items/commodities/surplus property/etc.) distributed by the (city/county/district) during current year and priced as prescribed by _____.

NOTE 7 - NOT AVAILABLE (N/A)

The (city/county/district) was unable to obtain other identification number.

SAMPLE COUNTY, WASHINGTON
SCHEDULE OF **FEDERAL** FINANCIAL ASSISTANCE
For The Year Ended December 31, 19__

1	2	3	4	
Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Other Identification Number	Current Year Expenditures	
U.S. Dept of Agriculture Direct Programs:				
Water & Waste Disposal Systems	10.418	Loan	$623,500	Note 5
Water & Waste Disposal Systems	10.418	C-530776-02-0	300,000	
Total Department of Agriculture	10.418*		$923,500	Note 2
U.S. Dept of HUD Direct Programs:				
Community Devlpmt Blk Grant	14.218	B-89-UC-83-0001	$29,720	
Community Devlpmt Blk Grant	14.218	B-90-UC-83-0210	178,000	
Community Devlpmt Blk Grant	14.218	B-91-UC-63-0701	247,500	
Community Devlpmt Blk Grant	14.218	Program income	46,233	Note 4
Total CFDA Number	14.218*		501,453	Note 2
Rental Rehabilitation Program	14.230	S90-UC5-00361	45,000	
Total Department of Housing and Urban Development			$546,453	
U.S. Dept of Transportation Direct Programs:				
Taxiway	20.106	3-52-0156-09	$515,000	
Airport Improvement Program	20.106	1-23-4567-90	674,634	
Total CFDA Number	20.106*		1,189,634	Note 2
Noise Reduction	20.102	3-47-175-NI	45,000	
			1,234,634	
U.S. Dept of Transportation Pass-Through:				
Boating Safety Program	20.205	90-145-018	$150,000	
Emergency Relief	20.205	ER-9001(003)	6,750	
Total CFDA Number	20.205		156,750	
Total Department of Transportation			$1,391,384	
Federal Emergency Management Agency Passed-Through State:				
FEMA/Flood Roads	83.516	N/A	$43,750	Note 7
U.S. Dept of Health and Human Services Passed-Through State:				
Maternal Child Health (cash award only)	93.994	1620-01579	$51,223	
Maternal Child Health (vaccine)	93.994	1620-01579	64,768	Note 6
Total CFDA Number	93.994		115,991	
Childhood Immunization (vaccine)	93.268	1620-01579	47,070	Note 6
Child Support Services	93.783	2110-91382	11,841	
Alcohol/Drug Abuse	93.992	1440-83463(2)	12,667	
Total Department of Health and Human Services			$187,569	
TOTAL FEDERAL ASSISTANCE			$3,092,656	

EXAMPLE OF SCHEDULE OF *FEDERAL* FINANCIAL ASSISTANCE

The Accompanying Notes To The Schedule Of Financial Assistance Are An Integral Part Of This Schedule.

SAMPLE COUNTY, WASHINGTON
SCHEDULE OF **STATE AND LOCAL** FINANCIAL ASSISTANCE
For The Year Ended December 31, 19__

1	2	3	4	
Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Other Identification Number	Current Year Expenditures	
WA State Energy Office:				
Energy Code Enforcement	None	1-90-743-09	$68,822	
Total WA State Energy Office			$68,822	
Department of Transportation:				
Division of Aeronautics	None	GC9434	$5,692	
Street Improvement	None	8008C011	122,500	
Total Department of Transportation			$128,192	
Department of Social and Health Services:				
Child Protective Services	None	6500-85008	$22,410	
Total Department of Social and Health Services			$22,410	
Department of Health:				
Maternal Child Health	None	1620-01579	$75,000	
Immunization; vaccine	None	1620-01579	58,890	Note 6
Shellfish	None	2600-02240	8,620	
Total Department of Health			$142,510	
TOTAL STATE ASSISTANCE			$361,934	
EMS Regional Council	None	N/A	$15,113	
City of Sample; Arts Grant	None	12345-678	3,115	
TOTAL LOCAL ASSISTANCE			$18,228	
TOTAL STATE AND LOCAL ASSISTANCE			$380,162	

EXAMPLE OF SCHEDULE OF *STATE AND LOCAL* FINANCIAL ASSISTANCE

The Accompanying Notes To The Schedule Of Financial Assistance Are An Integral Part Of This Schedule.

PROGRAM/CONTRACT ACCOUNTABILITY WORKSHEET INSTRUCTIONS

This worksheet is not mandatory but may save time in the preparation and review of the Schedule of Financial Assistance, an important part of your annual financial report. The worksheet serves as a bridge between information you have in your administrative and accounting records and Schedule 16.

GENERAL INSTRUCTIONS

- Generally, any contract or agreement between your government and the federal government, state or local agency should be included in this schedule. Remember to include loans (federal only), program income, and noncash awards. See Part 3, Chapter 5 in this manual for additional discussion of grant accounting.

- Prepare a worksheet for grants that are accounted for as "contributed capital" in proprietary funds. Show the grants as revenues and the assets acquired as expenditures on this worksheet. Examples of this type of grant include water/sewer construction grants from the Environmental Protection Agency and the State Department of Ecology and ADAP grants from the Federal Aviation Agency for airports.

- Use a separate worksheet for each program.

- Use a separate worksheet for each grantor if a program is funded by more than one external source.

- Use a separate worksheet for each fiscal year of a program. For example, if you have a program funded on the state's fiscal year (July 1 -June 30), you need to prepare 2 worksheets, one for January through June and another for July through December. Show only those revenues and expenditures which apply to the calendar year.

- Total contract resources and expenditures should agree to your year-to-date municipal revenue and expenditure reports.

- Federal guarantee, loan, or insurance programs:

  - Any interest subsidy or administrative costs allowance received during the fiscal year under a loan or loan guarantee program should be included in the Schedule of Federal Financial Assistance.

  - The existence and value of federal guarantees, prior year loans or insurance programs which did not involve federal outlay during the fiscal year should be disclosed in a footnote on the Schedule of Federal Financial Assistance. For example, the outstanding balance of a farmers home loan should be so disclosed.

SPECIFIC LINE ITEM INSTRUCTIONS

Most items are self-explanatory. Specific instructions are as follows:

C3 Do not include amounts drawn down or invoiced in the current year for expenditure early in the following year.

C5 The amounts on these lines should be the same. "Program income" means gross income earned by D2 the grantee from grant-supported activities. Such earnings include income from service fees, sales of grantor funded property and commodities, and usage or rental fees. For further details, see your grant agreement for administrative requirements.

C6 The total on this line should equal the amount on line D3.

C7b Matching revenues and matching expenditures: the amounts on these lines should be the same. On
D4b these lines you should include costs and cash "matching share" as defined in your grant agreement for administrative requirements, except for in-kind contributions. You should also include entity moneys expended for program purposes which are not required or do not qualify for match. "In-kind" should be reported separately on line F-6.

C8 The total on this line should equal the amount on line D5. Both amounts should agree to the total program revenues/expenditures reported in your municipal financial reports.

E7 The amount in this line should agree with the amount in line D3 and Column 4 ("Current Year Expenditures") on Schedule 16.

F4 See Part 3, Chapter 12, Interpretation 5 for discussion of the accounting treatment of advances. Do not include receivables from grantors, only those amounts already received by December 31. See NCG A Statement 2: "When grants, entitlements, or shared revenues have not been received nor the revenue recognition criteria met, they should not be reported on the balance sheet . . . ."

PROGRAM/CONTRACT ACCOUNTABILITY WORKSHEET (page 1 of 2)

Balances Shown are as of _____
(Date)

A. Agreement Identification:
Fund No. _____ Fund Name _____
Dept/Program No. _____ - _____ Dept/Program Name _____
Revenue Code _____ - _____ - _____
Funding Source (s) _____
(Give name of federal/state/other department or agency)

_____
(Give federal/state/other program title)

_____ _____
(CFDA No.) (State Contract No.)

B. Agreement Period:
Beginning Date _____
Original Ending Date _____ Extended to _____

C. REVENUES

1. Program/contract payments received during current year $_____

2. Less: Receipts for prior year expenditures _____

Subtotal $_____

3. Add: Amounts billed but not received at year-end +_____

4. Add: Amounts expended in current year but not billed at year-end +_____

5. Add: Program income +_____

6. Total revenue provided by external funding source $_____

7. Add: Revenues from local sources:
a. Donations, etc. +_____
b. Matching moneys used in the program/contract +_____

8. Total program/contract resources $_____

D. EXPENDITURES

Dept./Program _____ _____
_____ _____
_____ _____

1. External funding:
a. Expended for entity's use _____
b. Passed-through to subrecipients _____

2. Add: Expenditures from program income +_____

3. Total external funding source expenditures $_____

4. Add: Expenditures from local sources:
a. Donations, etc. +_____
b. Matching moneys +_____

5. Total program/contract expenditures $_____

E. BUDGET INFORMATION

1. Original award amount or contract limit $_____
2. Prior year(s) + amendments -_____
3. Current year + amendments -_____
4. Total award/contract amount $_____
5. Less: expenditures from prior year(s) -_____
6. Award/contract amount available for current year _____
7. Less: expenditures in current year -_____
8. Unexpended at year-end $_____
9. Has this unexpended amount expired?

   Yes No (Circle answer)
10. List dollars, if any, of this unexpended amount that are encumbered:

F. MISCELLANEOUS FINANCIAL INFORMATION

1. Program assets at year-end $_____
2. Program receivables $_____
3. Program payables at year-end $_____
4. External advances at year-end $_____
5. Interfund loans at year-end $_____
6. In-kind reported to grantor $_____
7. Moneys passed-through to subrecipients $_____
8. Expenditure code(s) for pass-through moneys _____-_____-_____

   _____-_____-_____

   _____-_____-_____

   _____-_____-_____

G. DISPOSITION OF ITEMS QUESTIONED IN PRIOR AUDITS OF THIS PROGRAM

	Question amount	Summary of current status (attach copies of correspondence with grantor s supporting disposition)
1.	$_____	_____
2.	$_____	_____
3.	$_____	_____
4.	$_____	_____

H. REPORT DATA

1. Prepared by: _____
2. Phone Number: _____
3. Date Prepared: _____

NOTE: Pages 4-6-48 through 4-6-49
are omitted intentionally to leave room
for future revisions.

SCHEDULE 17 - ANNUAL REPORT ON PUBLIC WORKS PROJECTS

PART 1 – PUBLIC WORKS PROJECTS

THIS PART ONLY APPLIES TO CITIES AND TOWNS

This report is required annually by RCW 35.22.620(4), 35A.40.200 and 35.23.352(4). It applies to public work s projects greater than $5,000. Note that the $5,000 refers to t he entire project and not just the current year portion. Also include projects performed by a county for a city under RCW 35.77.020.

It is optional for first class cities with populations greater than 150,000 per RCW 35.22.620(4).

Instructions for individual columns:

(a) This column is for the identifying account code that is used to track the project.

(b) This column is for the estimated total cost of the project. This shou ld be the same as the budget for the total project.

(c) This column is to record the costs incurred on this project prior to the start of the year being reported.

(d) This column is to record the estimated current year costs of the project and should be the same as the current year portion of the capital project budget.

(e) This column is to record the actual costs of the project for the year being reported.

(f) This column is to record the total costs incurred for the project from inception through the end of the year being reported. It is the sum of the costs incurred in prior years (column c) and the costs incurred in the current yea r (column e)

(g) This column is to record the remaining expected costs for the project. It is the difference between the tota l estimated cost of the project (column b) and the total costs incu rred for the project through the current year (column f).

MCAG NO. _____ _____ **Schedule 17**
(CITY/TOWN) **Part 1**

ANNUAL REPORT ON PUBLIC WORKS PROJECTS

For The Year January 1, 19____ Thru December 31, 19____

(a) BARS Account	(b) Total Project Budget	(c) Prior Years Completion	(d) Current Year Budget	(e) Current Year Actual	(f) Project Life-To-Date (c)+(e)	(g) Remaining Budget (b)-(f)

PART 2 – COMPLIANCE WITH LIMITATION ON PUBLIC WORKS PROJECTS PERFORMED BY PUBLIC EMPLOYEES

THIS PART APPLIES TO FIRST CLASS CITIES AND COUNTIES WITH POPULATION OVER ONE MILLION

Instructions for individual lines:

1. Use this line to record the total current public works construction budget, including any amendments.

2. Use this line to record the limitation on public works projects performed by public employees. RCW 35.22.620(2) and 36.32.235(8) set this limitation at 10% of line 1.

3. Use this line to subtract the amount, if any, that was in excess of the permitted amount in the prior budget period. (This line will be blank for 1995 for counties.)

4. Use this line to record the limitation on public works performed by public employees for the current year (line 2 less line 3).

5. Use this line to record the total construction costs of public works performed by public employees for the year being reported. Be sure to include work performed for the city by a county.

6. This line is only pertinent to cities/counties that budget on a biennial basis. For those municipalities, record on this line total construction costs of public works performed by public employees for the first year of biennium.

7. Use this line to record the difference between the statutory limit computed on line 4 and the amount of public works performed by public employees recorded on lines 5 and 6. A negative number here indicates noncompliance with the 10% limitation and must be carried forward to next budget period report. If this noncompliance is not corrected within two years, 20% (cities) and 10% (counties) of the motor vehicle fuel tax will be withheld (RCW 35.22.620(2), 36.32.235(8)).

MCAG NO. _____ **_____** **Schedule 17**
(COUNTY/CITY) **Part 2**

ANNUAL REPORT ON PUBLIC WORKS PROJECTS

For The Year January 1, 19____ Thru December 31, 19____

1.	Total current public works construction budget as amended (annual or biennial as applicable)	==========
2.	Allowable portion of total public works (10% of line 1)	_____
3.	Less: Amount (if any) in excess of permitted amount from prior budget period	_____
4.	Total allowable public works (line 2 minus line 3)	
5.	Total public works projects performed by public employees during the curren t year (cities should include work performed for them by a county)	_____
6.	If this is the second year of a biennial budget, total public works project s performed by public employees during the first year of biennium	_____
7.	Restricted under (over) allowable (line 4 minus line 5 minus line 6)	==========

NOTE: If the restricted amount is over allowable, this amount must be carried forward to next budget period report.

SCHEDULE 18 - CRIMINAL JUSTICE EXPENDITURES

This schedule is used to identify accounts and amounts of expenditures incurred for criminal justice purposes and to provide evidence that an entity did not supplant existing criminal justice funding.

The table should include the following:

Column 1	BARS Code relating to the expenditures for criminal justice purposes (5XX.XX).
Column 2	Description of the expenditures for criminal justice purposes.
Column 3	Current year expenditures for criminal justice purposes (excluding special law and justice funding).[1/]

To provide evidence that supplanting did not occur, an entity has to calculate the minimum amount of money that should be spent on criminal justice.

The minimum amount of necessary expenditures is equal to:

- base year expenditure (1989 expenditures less major capital or nonrecurring items), plus
- revenues generated by the legislation (RCW 82.14.310 - .330),[2/] plus/minus
- adjustment for any changes in reserved amounts or balances.

The total minimum criminal justice expenditures should be equal to or less than the total current year criminal justice expenditures.

Please see INTERPRETATION 12, PART 3, CHAPTER 12 of this manual for more details regarding criminal justice funding and related expenditures.

1/ Cities and towns need to exclude criminal justice expenditures directly offset by revenues described in footnote 2/.

2/ Cities and towns need to exclude criminal justice revenues received from the Department of Community, Trade and Economic Development according to RCW 82.14.330(2). (See Part 3, Chapter 12, Interpretation 12.) These revenues are coded to the BARS accounts 336.06.22, .23, .24, and .25. They are not subject to supplanting provision.

_____
(COUNTY/CITY/DISTRICT)

SCHEDULE OF CRIMINAL JUSTICE EXPENDITURES

For The Year Ended December 31, 19__

(1)	(2)	(3)
BARS CODE 5XX.XX	DESCRIPTION OF CRIMINAL JUSTICE EXPENDITURES	CURRENT YEAR ACTUAL EXPENDITURES (Excluding criminal justice special funding)[1]
	Total Current Year Criminal Justice Expenditures[1]	

Calculation of Minimum Amount that should be Spent on Criminal Justice

1989 (Base Year) Total Criminal Justice Expenditures		$ _____
Plus: Current Year Revenues[1]		
336.06.10	$ _____	
336.06.21	$ _____	
313.70	$ _____	$ _____
Adjustment		
Plus: Reserves From Previous Year(s)[2]		$ _____
Minus: Revenues In Reserves[3]		$ _____
MINIMUM AMOUNT		$ _____[4]

[1] See instructions on previous page.

[2] Money designated for criminal justice in previous year(s) and not spent yet.

[3] Money left, reserved, and designated to be spent on criminal justice in coming year(s).

[4] Amount (total) must be less than or equal to "Total Current Year Criminal Justice Expenditures" listed above (Column 3).

SCHEDULE 19 - LABOR RELATIONS CONSULTANT(S)

The 1993 Legislature has required the State Auditor's Office to collect information regarding the role labor relations consultants play in local governments. This reporting requirement is found in RCW 43.09.230, as amended by the 1993 Legislature. The statute provides that "the legislature finds and declares that the use of outside consultants is an increasing element in public sector labor relations. The public has a right to be kept informed about the role of outside consultants in public sector labor relations. The purpose of this act is to help ensure that public information is available."

Labor relations is a broad spectrum of activities which concern the relationship of employees as a group with the local government as employer. It includes employee representation issues, negotiation of contracts, and preparation and conduct of interest arbitrations.

A *labor relations consultant* is someone who agrees to perform such services for compensation. For example, a labor relations consultant includes an attorney or other professional engaged by the local government to negotiate a collective bargaining agreement. It would not include a firm engaged to establish a personnel manual or to prescreen job applicants. The determining factor is the substance of services the consultant has been engaged to perform.

This schedule is used to identify expenditures for labor relations consultants: Disclosure should include identification of each consultant and the terms and conditions of each agreement.

The schedule is required to be filed with the State Auditor's Office whether or not your local government has labor relations consultants. Prepare a schedule for each consultant. Alternative formats are acceptable, including spreadsheets, as long as the required information is provided.

_____
(ENTITY NAME)

SCHEDULE OF LABOR RELATIONS CONSULTANT(S)

For the Year Ended _____

Has your government engaged labor relations consultants? ___ Yes ___ No

If yes, please provide the following information for each consultant(s):

Name Of Firm
Name Of Consultant
Business Address
Amount Paid To Consultant During Fiscal Year
Terms And Conditions, As Applicable, Including: Rates (E.G., Hourly, Etc.) _____ Maximum Compensation Allowed _____ Duration Of Services _____ Services Provided _____ _____

Certified Correct this _____ day of _____, 19___ to the best of my knowledge and belief:
Signature
Name
Title

GENERAL INSTRUCTIONS

NCGA Statement 1 requires that the GPFS (General Purpose Financial Statements) include certain notes considered essential to fair presentation.

The notes which follow are designed to illustrate the disclosures required for many Category 1 local governments. They are intended to furnish you with ways of phrasing the disclosures you will need to make. The SAMPLE TEXT pages contain the most common version of a note, the one that your government is most likely to need to use. The NOTES TO PREPARER pages contain instructions and comments on the SAMPLE TEXT and illustrate variant notes you may need to use. Both the SAMPLE TEXT and NOTES TO PREPARER contain material in parentheses that requires you to decide whether to include that material or to decide which item within the parentheses applies in your case. Your notes must reflect your accounting policies and must include disclosure in the areas listed as they relate to your entity's financial position. Be sure to delete the notes that do not apply and to add others that we did not think of but that are needed to help a reader understand your county's or city's financial statements.

Once you have edited these notes so that they provide the necessary information about your government, you should type them on ordinary bond paper and attach them to the combined financial statements. When you are typing the final version of your notes, many of the separate paragraphs can be combined. All notes should be grouped in a single location immediately behind the combined statements.

Once the notes are typed, use the identifying numbers where appropriate in the "Note Number" column of each combined statement.

Finally, review your combined statements to make sure that each page contains a reference to these notes.

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8 For "type of government" describe the legal information of your government, such as "noncharter code city with a mayor-council form of government" or "first-class county with commissioner form of government" or "home-rule charter city with council-manager form of government".

13 Provide a brief description of component units and their relationship with the primary government. Discuss the criteria used to identify the component units and method used to present them (blended or discrete).[1] The following examples are intended to help you describe your circumstances:

Blended component units

The (component unit's name) is governed by the (number)-member board appointed by the (entity's name) board. Although it is legally separated from the (entity's name), the (component unit's name) is reported as if it were part of primary government because it sole purpose is to finance and construct the (entity's name) public buildings.

Discretely presented component units

The (component unit's name) provides ( ) services to the (entity's name). The (entity's name) annually provides significant operating subsidiaries to the (component unit's name).

The (component unit's name) operates (entity's name) facilities. The (component unit's name) operating budget is a subject to approval of the (entity's name) board. The board also approves proposed capital improvements and additions to the (component unit's name) facilities.

The information on each major component unit[2] (and on non-major in aggregate) can be presented in any of the following manners:

a. by including combining statements for discretely presented component units in the general purpose financial statements or component units financial statements (presentation of underlying fund types of the individual component units is not required unless such information is not available in separate issued financial statements of the component units),

b. by presenting highly summarized balance sheets and operating statements (statement of cash flow is not required) for discretely presented component units in the notes to financial statements, or

c. using separate columns for individual component units in the combined financial statements.

[1] See Part 3, Chapter 12 for additional discussion.

[2] To determine if component unit is major - look at its significant relationship to other component units and the nature and significance of its relationship to the primary government.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the (entity's name) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting Entity

The (entity's name) was incorporated on (date) and operates under the laws of the state of Washington applicable to (type of the government). As required by the generally accepted accounting principles the financial statements present (entity's name) - the primary government - and its component units. The component units discussed below are included in the (entity's type) reporting entity because of the significance of their operational or financial relationships with the (entity type).

Individual Component Units Disclosures

(See NOTES TO PREPARER)

If the entity choose to provide condensed balance sheet and operating statements in the notes, the statements should be placed after the component units' descriptions and the following detailed information should be presented:

Condensed balance sheet:

a. Current assets. (Amounts due from the primary government and other component units should be separately identified.)

b. Property, plant, and equipment (including general fixed assets).

c. Amounts to be provided (and available) for the retirement of general long-term debt.

d. Current liabilities. (Amounts due to the primary government and other component units should be separately identified.)

e. Bonds and other long-term liabilities outstanding. (Amounts due to the primary government and other component units should be separately identified.)

Condensed statement of revenues, expenses, and changes in equity for component units that use proprietary fund accounting:

a. Operating revenues (total revenues from sale of goods and services). (Sales to the primary government and other component units should be separately identified.)

b. Operating expenses. (Depreciation, depletion, and amortization expenses should be separately identified.)

c. Operating income or loss (operating revenues less operating expenses).

d. Operating grants, entitlements, and shared revenues.

e. Transfer to/from the primary government and other component units.

f. Tax revenues.

g. Net income or loss (total revenues less total expenses).

h. Current capital contributions.

Condensed statement of revenues, expenditures, and changes in fund balances for component units that use governmental fund accounting:

a. Revenues.
b. Current expenditures.
c. Capital outlay expenditures.
d. Debt service expenditures.
e. Transfer to/from the primary government and other component units.
f. Excess (deficiency) of revenue and expenditures.

Include information (addresses) where the complete financial statements of individual component units can be obtained.

B. Basis Of Presentation - Fund Accounting

The accounts of the (city/county/district) are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The (city/county/district)'s resources are allocated to and accounted for in individual funds depending on what they are to be spent for and how they are controlled. The individual funds are summarized by fund type in the financial statements. The following are the fund types and account groups used by the (city/county/district):

GOVERNMENTAL FUND TYPES:

All governmental funds are presented using the flow of current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Governmental fund operating statements focus on measuring changes in financial position, rather than net income and they present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. The unreserved fund balance is a measure of available spendable resources.

General (or Current Expense) Fund

This fund is the general operating fund of the (city/county/district). It accounts for all financial resources and transactions except those required to be accounted for in another fund.

Special Revenue Funds

These funds account for revenues derived from specific taxes, grants, or other sources which are designated to finance particular activities of the (city/county/district).

Debt Service Funds

These funds account for the accumulation of resources to pay principal, interest and related costs on (certain) general long-term (bonded) debt.

Capital Projects Funds

These funds account for financial resources which are designated for the acquisition or construction of general government capital improvements.

List the related organizations (organizations for which the reporting entity is accountable because it appoints a voting majority of the board but is not financially accountable). Disclose the nature of entity's accountability. The following example is intended to help you to describe your circumstances:

> The __(entity's name)__ is also responsible for appointing the members of the board of __(organization name)__, but the accountability for this organization does not extend beyond making the appointments. In 19___, the __(entity's name)__ appropriated operating grant of $1,000 to the (organization name).

Also list the organizations that are excluded from the combined financial statements.

If there are significant (in relation to the total component units column) long-term debt of any component unit, the disclosure of the debt service requirements to maturity should be made.

Additional note disclosures may be needed if the accounting policies or the fiscal year of the component unit differ from those of your government.

Eliminate the labels and descriptions of any specific types of funds that your government does not use.

1-23 Eliminate the labels and descriptions of any specific types of funds that your government does not use.

PROPRIETARY FUND TYPES:

Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (revenues and gains) and decreases (expenses and losses) in net total assets. Proprietary funds disclose cash flows by a separate statement that presents their investing and financing activities.

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges (;or where the governing body has decided that periodic determination of net income is needed).

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the (city/county/district) or to other governmental units on a cost-reimbursement basis.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the (city/county/district) on behalf of (individuals,) (private organizations,) other governments, and other funds.

Expendable Trust Funds

These funds earn revenue and make expenditures on behalf of the parties for which a trust was established. The entire income and principal (or corpus) of an expendable trust may be disbursed in the course of its operations; accordingly, expendable trust funds are accounted for in essentially the same manner as governmental funds.

SAMPLE TEXT LINE NO.	NOTES TO PREPARER
1-11	Eliminate the labels and descriptions of any specific types of funds that you r government does not use.
18	Eliminate the label and description for the long-term debt group of accounts if your government does not have any general long-term debt to report.

Nonexpendable Trust Funds

These funds earn revenue on behalf of the parties for which the trust was established, but the principal (or corpus) of the trust must remain intact. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds, since capital maintenance is a primary consideration.

Pension Trust Funds

These funds are used to account for the operations of trusts established for employee retirement benefits. They are accounted for in essentially the same manner as proprietary funds because of the need for determining the periodic income of the trust.

Agency Funds

These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

ACCOUNT GROUPS:

The (city/county/district) uses (one/two) self-balancing account group(s) to distinguish between fixed assets (and general long-term debt) related to specific funds and those of general government.

General Fixed Assets - This group establishes accounting control over all the recorded fixed assets used in general government operations. Proprietary (and trust) funds account for their own fixed assets.

General Long-Term Debt - This group accounts for the outstanding principal of debt of the (city/county/district) not supported by proprietary and trust funds. This includes special assessment debt for which the government is obligated in some manner, as defined in GASB statement 6.

C. Basis Of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The accrual basis of accounting is used for all funds except the governmental fund types, expendable trust funds and agency funds, which use the modified accrual basis of accounting. The modified accrual basis differs from the accrual basis in the following ways:

1. Purchases of capital assets are considered expenditures.

2. Redemptions of long-term debt are considered expenditures when due.

3. Revenues are recognized only when they become both measurable and available to finance expenditures of the current period. Note (1-F) identifies which revenue sources have been treated as susceptible to accrual. Revenues that are measurable but not available are recorded as receivable and offset by deferred revenues.

4. (Inventories and) prepaid items are reported as expenditures when purchased.

5. Interest on long-term debt is not accrued but is recorded as an expenditure when due.

6. Accumulated unpaid vacation, (and) sick pay, (and other employee benefits) are considered expenditures when paid.

3-17 If you use budgeting for proprietary funds, use the following sentences instead of the beginning of the SAMPLE TEXT:

> Annual appropriated budgets are adopted for the general and special revenue funds on the modified-accrual basis of accounting. Proprietary funds are budgeted on the accrual basis, using the Statement of Cash Flows. There are no differences between the budgetary basis . . . .

3-4 If your municipality prepares budgets for governmental funds on some basis other than modified-accrual, such as the cash basis, you will need to modify the entire note and to prepare a reconciliation between the budgetary basis and the modified-accrual basis. NCGA Interpretation 10 includes examples of appropriate disclosures for these circumstances.

3-17 You may choose to adopt budgets for other governmental funds on an annual basis and include budget/actual presentations for them in your financial statements. If you include budgets for all governmental funds, you will need to revise the SAMPLE TEXT as follows:

D. Budgets and Budgetary Accounting

1. Scope of Budget

Annual appropriated budgets are adopted for the general and special revenue funds and for al l proprietary funds on the modified accrual basis of accounting. For governmental funds, there are no differences between the budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for annually budgeted governmental funds only. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lives of debt issues or projects. Since these funds are not budgeted on an annual basis, budgetary comparisons are not presented. NCGA Statement 1 does not require, and the financial statements do not present, budgetary comparisons for proprietary fund types.

3-12 Annual appropriated budgets are adopted for all governmental fund types and for all proprietary funds on the modified-accrual basis of accounting. For governmental funds, there are no differences between the budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for governmental funds only. NCGA Statement 1 does not require, and the financial statements do not present, budgetary comparisons for proprietary fund types.

3-12 If you include budgets for some of the other types of governmental funds but not all of them, you will need to revise the SAMPLE TEXT as follows:

> Annual appropriated budgets are adopted for the general, special revenue (and) (debt service) (and) (capital projects) funds and for all proprietary funds on the modified-accrual basis of accounting. For governmental funds, there are no differences between the budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for annually budgeted governmental funds only. (Budgets for (debt service) (and) (capital project) funds are adopted at the level of the (individual debt issue or project) and for fiscal periods that correspond to the lives of (debt issues or projects). Since these funds are not budgeted on an annual basis, budgetary comparisons are not presented. NCGA Statement 1 does not require, and the financial statements do not present, budgetary comparisons for proprietary fund types.

3-12 If you include working capital budgets for proprietary funds, you will need to revise the sample note as follows:

> Annual appropriated budgets are adopted for the general and special revenue funds on the modified-accrual basis of accounting. Proprietary funds are budgeted on the accrual basis, using the statement of changes in financial position. There are no differences between the budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for annually budgeted funds only. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lives of debt issues or projects. Since these funds are not budgeted on an annual basis, budgetary comparisons are not presented.

3-12 If you choose to present budgets for proprietary funds using fixed budgeting, you will need to prepare a reconciliation between the budgetary basis and the full-accrual basis used in the operating statement. A sample note and format for this reconciliation is as follows:

> Annual appropriated budgets are adopted for the general and special revenue funds and for all proprietary funds on the modified-accrual basis of accounting. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lives of debt issues or projects. Since these funds are not budgeted on an annual basis, budgetary comparisons are not presented.

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Budgetary accounts are integrated in fund ledgers for all budgeted funds. For governmental funds, there are no differences between the budgetary basis and generally accepted accounting principles. For proprietary funds, a reconciliation between the modified-accrual basis used for budget purposes and the full-accrual basis used in the combined statement of revenues, expenses and changes in fund equity follows:

	Enterprise Funds	Internal Service Funds
Excess of Revenues and Other Sources Over Expenditures and Other Uses (Budgetary Basis):	$_____	$_____
Add:		
Capital Outlays		
Redemption of Debt Principal		
Ending Inventories/ Prepayments		
Deduct:		
Depreciation/Amortization		
Proceeds of Long-term Debt		
Beginning Inventories/ Prepayments		
Additions to Contributed Capital	_____	_____
Net Income (GAAP Basis)	$_____	$_____

3-12 You may choose to display your comprehensive, entity-wide budget. For this type of presentation, you will need to include a combined budget/actual statement for each fund type. For proprietary funds with fixed budgets, you will need to include a reconciliation between the budgetary basis and the full-accrual basis, as shown in the preceding example. The following text illustrates appropriate note description of a comprehensive budget presented in the financial statements:

> The (city/county/district) prepares and adopts a comprehensive budget of all its anticipated resources and outlays for the fiscal year. As part of this process, annual appropriated budgets are adopted for the general and special revenue funds on the modified-accrual basis of accounting. Proprietary funds are budgeted on the accrual basis, using the statement of changes in financial position. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lives of debt issues or projects. Budgetary accounts are integrated in fund ledgers for all budgeted funds. There are no differences between the budgetary basis and generally accepted accounting principles. The comprehensive budget for the (city/county/district) includes the appropriated budget wherever such a budget is required and it includes an accrual basis budget for every proprietary fund. The comprehensive budget also includes annual estimates of revenues and expenditures or expenses for unbudgeted funds and estimates of the annual portion of issue- or project-length budgets for debt service and capital project funds.

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8-11 If you choose to omit unbudgeted or project-budgeted special revenue funds from the combined budget/actual statement, you will need to add a paragraph to the sample text as follows and include a reconciliation between the budget/actual totals and the totals on the operating statement. In addition, the note should provide a brief description of why budgets are not adopted for those special revenue funds and how their expenditures are controlled.

(The city/county/district does not budget all special revenue funds and, accordingly, the applicable columns of the combined statement of revenues, expenditures, and changes in fund balances--budget/actual exclude amounts relating to the unbudgeted funds. A reconciliation of actual results for budgeted and unbudgeted special revenue funds follows:

199--	Revenues	Expenditures	Other Financing Sources Uses)	Fund Balance (Deficit) December 31,
Budgeted funds (per Stmt.C)	$	$	$	$
Unbudgeted Funds:				
(Fund Name)				
(Fund Name)				
Totals	$	$	$	$

1-6 If you adopt your budget at a more detailed level, reword this sentence to identify your practice; for example, " . . . budgets are adopted at the level of the department, within each fund . . ." or ". . . budgets are adopted by object of expenditure for each function and activity . . ." If your budgets are adopted at the object level, you should delete the last sentence of this paragraph, beginning " . . . As a management . . . ."

Annual appropriated budgets are adopted at the level of the fund, except in the general fund, where expenditures may not exceed appropriations at the department level and the budgets constitute the legal authority for expenditures at that level. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions and activities by object class.

Appropriations for general and special revenue funds lapse at year-end (,except for appropriations for capital outlays, which are carried forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned).

2. Procedures for Adopting the Original Budget

The (city/county/district)'s budget procedures are mandated by RCW _____. The steps in the budget process are as follows:

a. Prior to (the first Tuesday in September/November 1), the (city manager/ county auditor/finance director/mayor) submits a proposed budget to the (city/county) (commission/council). This budget is based on priorities established by the (commission/council) and estimates provided by (city/county/district) departments during the preceding months, and balanced with revenue estimates made by the (city manager/county auditor/ finance director/mayor).

b. The (commission/council) conducts public hearings on the proposed budget in (October, November and) December.

c. The (commission/council) makes its adjustments to the proposed budget and adopts by (ordinance/resolution) a final balanced budget no later than December 31.

d. Within 30 days of adoption, the final budget is available to the public.

2-6	If there were material budget transfers during the year, this note should identify the approximate dollar impact on the affected departments or object classes. If there were no material amendments, the note should state "Transfers of appropriations were not material in relation to original appropriations."
7-10	If there were material budget amendments during the year, this note should identify the approximate dollar impact on the affected funds. If there were no material amendments, the note should state "Budgetary amendments were not material in relation to original appropriations."
13	Use this paragraph only if your government employs encumbrance accounting.

3. Amending the Budget

The (city manager/county auditor/finance director/mayor) is authorized to transfer budgeted amounts between (departments within any fund/object classes within departments); however, any revisions that alter the total expenditures of (a fund/the city/the county), or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the (city/county) (council/commission).

When (city/county) (council/commission) determines that it is in the best interest of the (city / county/district) to increase or decrease the appropriation for a particular (fund/department/ object class), it may do so by (ordinance/resolution) approved by one more than the majority after holding public hearing(s).

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

4. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. (At the end of the fiscal year, these reserves are closed to fund balance. At December 31, 19 __, outstanding encumbrances were as follows:

Current Expense Fund	$ _____
Special Revenue Funds	_____
Debt Service Funds	_____
Capital Projects Funds	_____
Total Encumbrances	$ _____

15 You may wish to describe the types of receivables involved. For example: Utility billings or the main types of goods and services rendered.

If you net receivables, you will need to describe the allowance for uncollectible receivables account.

Receivables have been recorded net of estimated uncollectible amounts. Because property taxes and special assessments, (and utility billings) are considered liens on property, no estimated uncollectible amounts are established. Estimated uncollectible amounts for other receivables are $_____.

If you do not net receivables, you will need to describe the allowance for uncollectible receivables account.

Allowance for Uncollectibles consists of the estimated amounts of customer accounts, notes and contracts that will never be collected.

19 If you account for utility special assessments within the utility fund, these assessments would be described in the restricted assets note and you should include a reference to this note.

E. Assets, Liabilities and Equities

1. Cash and Cash Equivalents

It is the (city/county/district)'s policy to invest all temporary cash surpluses. At December 31, 19__, the treasurer was holding $ _____ in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is (prorated to the various funds/credited to the General/Current Expense Fund).

The amounts reported as cash and cash equivalents also include compensating balances maintained with certain banks in lieu of payments for services rendered. The average compensating balances maintained during (year) were approximately $ _____.

For purposes of the Statement of Cash Flows, the (city/county/district)'s considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

2. Temporary Investments - See Note (Investment Note #).

3. Receivables

Taxes receivable consists of property taxes and related interest and penalties (See Note (Property Tax Note #)). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

Special assessments are recorded when levied. Special assessments receivable consist of current and delinquent assessments and related interest and penalties. Deferred assessments consist of unbilled special assessments that are liens against the property benefitted. As of December 31, 19__, $_____ of special assessments receivable were delinquent.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Notes and contracts receivable consist of amounts owed on open account from private individuals or organizations for goods and services rendered. (See Note 1-F).

4. Amounts Due to and from Other Funds; Interfund Loans and Advances Receivable

These accounts include all interfund receivables and payables. A separate schedule of interfund loans receivable and payable is furnished in Note (Interfund Transaction Note No.). Long-term interfund loans receivable are separately identified as "Advances."

3 If you do not include all intergovernmental receivables or payables in these accounts, you will need to modify the SAMPLE TEXT note. For example:

> All receivables from or payables to other governments are included in these accounts, except amounts billed for utility usage which is included in customer receivables.

Eliminate the SAMPLE TEXT if your government does not have any "other" assets or debits category.

25 But you should add the following paragraph to your note if you have other assets such as deferred charges for preliminary surveys or planning costs:

> These accounts also include preliminary costs incurred for proposed construction projects. If construction results, the related costs become part of the cost of the asset; if the project is abandoned, related costs are charged to expense.

Additional examples of other assets include intangible assets such as plant acquisition adjustments (see fixed asset note), franchises and leases, computer software, etc. You may want to include a brief description of any material intangible assets.

A provision is made as "Reserve for Loans" which includes the entire amount of such outstanding loans.

5. Amounts Due to and from Other Governmental Units

These accounts include amounts due to or from other governments for grants, entitlements, temporary loans, taxes and charges for services.

6. Inventories

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are (purchased/consumed). The reserve for inventory is equal to the (average/ending) amount of inventory to indicate that a portion of the fund balance is not available for future expenditures. A comparison to market value is not considered necessary.

Inventories in proprietary funds are valued by the (FIFO/LIFO/weighted average) method (which approximates the market value).

7. Restricted Assets and Liabilities

These accounts contain resources for construction and debt service including current and delinquent special assessments receivable, in enterprise funds. The current portion of related liabilities are shown as Payables from Restricted Assets. Specific debt service reserve requirements are described in Note (Long-Term Debt Note #).

The restricted assets of the enterprise funds are composed of the following:

Special Assessments - Current	$ _____
Special Assessments - Delinquent	$ _____
Cash and Investments - Debt Service	$ _____
Cash and Investments - for Construction	$ _____
Total Restricted Assets	$ _____

8. Fixed Assets and Depreciation See Note (Fixed Assets Note #).

9. Other Property and Investments See Note (Investment Note #).

10. Other Assets and Debits

These accounts reflect future resources needed to retire general long-term debt principal and amounts currently available in debt service or other funds to retire general long-term debt.

5-13 Only sick leave which is a part of retirement or termination benefit should be disclosed in this note (GASB Statement 16).

Describe the policy regarding sick leave. For example:

(Upon resignation or retirement, any outstanding sick leave is lost.)

(If an employee terminates with at least ten years of service, he or she will be paid for sick leave balances up to thirty days, at one-half his or her final pay rate.)

(The __(city/town/district)__ allows (unlimited/up to _____) accumulation of sick leave. Upon separation or retirement, employees do not receive any payment for unused sick leave. However, employees eligible for full retirement benefits may use their unused sick leave toward determining their length of service for purpose of determining their retirement benefits.)

15 If you have material amounts of other accrued liabilities such as accrued interest on proprietary debt, you should also include a brief description of this type of liability.

11. Custodial Accounts

This account reflects the liability for net monetary assets being held by the (county/city/district) in it's trustee or agency capacity.

12. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation (and sick) leave. In governmental (and similar trust) funds, compensated absences that are expected to b e liquidated with expendable available financial resources are reported as an expenditure and fun d liability in the fund that will pay for them. The remainder of the compensated absences liability is reported in the General Long-Term Debt Account Group. In proprietary (and similar trust) funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

Vacation pay, which may be accumulated up to (maximum days or weeks), is payable upon resignation, retirement or death.

13. Other Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits.

14. Long-Term Debt See Note (Long-Term Debt Note #).

15. Deferred Revenues

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria has not been met. (See Note 1-F).

16. Other Credits

This account is used to account for gains that will be amortized over succeeding fiscal periods i n proprietary funds.

17. Contributed Capital See Note (Fund Equity Note #).

18. Fund Reserves and Designations See Note (Fund Equity Note #).

5 Taxes that are in the hands of an intermediary collecting agency are property taxes collected by the county treasurer but not remitted until January; sales taxes collected but not remitted until January; any other material state remittances for December that are not received until January.

F. Revenues, Expenditures and Expenses

Under the modified-accrual basis of accounting:

Charges for services, interest on investments, and rents are generally considered measurable and available when earned in governmental funds.

Taxes and federal or state entitlement or shared revenues that have been collected but not remitted by an intermediary collection agency to the (city/county/district) are considered measurable and available.

Special assessments are considered measurable and available when they become current.

Grants are considered measurable and available to the extent that expenditures have been made. Other intergovernmental revenues are considered measurable and available when earned.

Interfund revenues for goods and services are considered measurable and available when earned.

Proceeds from refunded debt are recognized as an other financing source and the amount remitted to the refunding trustee is recognized as an other financing use (payment out of proceeds of refunding bonds) and expenditures (payment from other sources).

Proceeds from the sale or loss of fixed assets are recognized as an other financing source.

Revenues from taxpayer-assessed taxes (e.g., sales tax), net of estimated refunds, are recognized when measurable and available to finance expenditures of the current period.

All other revenues are either not measurable or considered not available until collected.

Expenditures are generally recognized when incurred. (See Note 1-C.)

Under the full accrual basis of accounting:

Revenues are recognized when earned, if measurable, and expenses are recognized when incurred, if measurable.

3-4 If you have made interfund eliminations, you will need to add a paragraph explaining the eliminations:

> The eliminations columns on the combined statements are the aggregate interfund eliminations for all fund types. Interfund transactions are reflected within the various fund types, but are not included in the total columns on the combined statements.

G. Total Columns on Combined Statements

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only as an aid in making financial analyses. (Adjustments to eliminate interfund transactions have not been made in the aggregation of this data).

2 If your government needs to disclose legal or contractual violations, use the following model note in place of the one shown in the SAMPLE TEXT.

(An explanation of deficit fund balances or retained earnings are provided at Note (Fund Equities Note #) .)

There have been no expenditures exceeding legal appropriations in any of the funds of the (city/county/district). However, the (city/county/district) was not in compliance with (identify the material violations of finance-related legal or contractual provisions, such as bond covenants or grant terms) . The (city/county/district) has (describe actions, agreements, or other steps taken to resolve the issue) .

2 If your compliance with legal or contractual provisions is a matter of dispute, discuss the circumstances in the contingency note rather than here.

3 If your government needs to disclose expenditures exceeding appropriations, use the following model note in place of the one shown in the SAMPLE TEXT.

(An explanation of deficit fund balances or retained earnings are provided at Note (Fund Equities Note No.) .)

There have been no material violations of finance-related legal or contractual provisions in any of the funds of the (city/county/district). Expenditures exceeded legal appropriations in the _____ (fund/department/program) by $_____ because (disclose reason for overexpenditure and how the excess was covered) .

3 If expenditures have exceeded appropriations in numerous funds or other budget categories, the last sentence in the preceding note could be changed to "Expenditures exceeded legal appropriations in the following (funds/departments/ programs/etc.):" and the individual disclosures could be presented in tabular form.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions, and there have been n o expenditures exceeding legal appropriations in any of the funds of the (city/county/district). (An explanation of deficit fund balances or retained earnings is provided at Note (Fund Equities Note # .)

List all other types of investments made during the fiscal year with a reference to the legal provision for each type of investment made. Authorized investments and legal references listed in Part 3, Chapter 6.

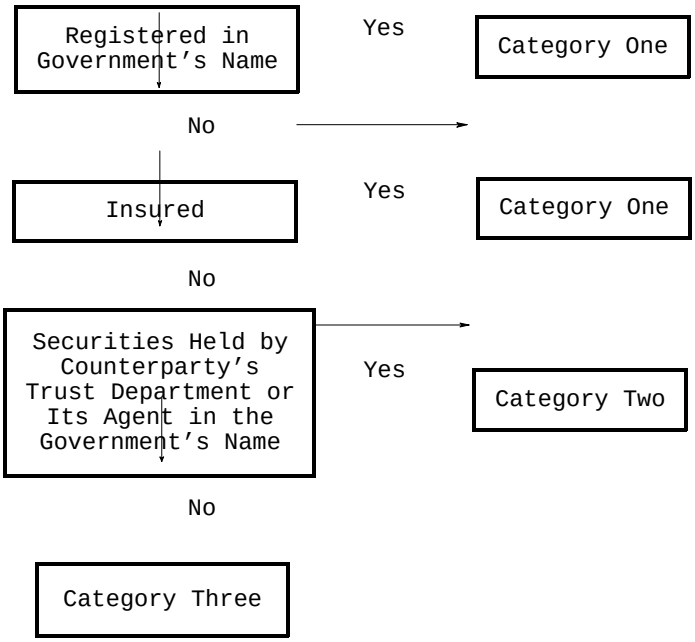
5-11 If the local government invests pension and/or trust funds which do not have the same limitations as stated in the second paragraph of the SAMPLE TEXT of thi s note, additional disclosure is necessary. Briefly describe any limitations and the enabling statute then include the following model schedule:

	Fund				
	Category			Carrying	Market
	1	2	3	Amount	Value
Repurchase Agreements	$	$	$	$	$
U.S. Government Securities					
Bankers' Acceptances					
Total	$	$	$	$	$

You may wish to disclose the amounts of various kinds of investments for eac h fund type. The following model note illustrates this disclosure:

	Govern-mental Fund Types	Propri-etary Fund Types	Trust Fund Types	Treasurer's Residual Cash	Total
Repurchase Agreements	$	$	$	$	$
U.S. Government Securities					
Bankers' Acceptances					
Total Cost	$	$	$	$	$
Total Market Value	$	$	$	$	$

17-27 Categorize the risk of investment as follows:



Disclosures required by the GASB Statement 3 should also be made for securities lending collaterals that are reported on the balance sheet and for the underlying

NOTE 3 - DEPOSITS AND INVESTMENTS

The (city/county/district)'s deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

As required by state law, all investments of the (city/county/district)'s funds (except as noted below) are obligations of the U.S. Government, U.S. agency issues, obligations of the state of Washington, general obligations of Washington State municipalities, (the State Treasurer's Investment Pool,) (bankers' acceptances,) or certificates of deposit with Washington State banks and savings and loan institutions. (Investments of (pension/nonexpendable) trust funds are not subject to the preceding limitations.) All temporary investments are stated at cost plus accrued interest which approximates market. Other property and investments are shown on the combined balance sheet at cost, net of amortized premium or discount. Investments of deferred compensation are stated at market value.

(In accordance with generally accepted accounting principles applicable to regulated industries, reductions in market value are not reflected on the financial statements. Similarly, gains or losses on bond swaps are deferred and amortized over the life of the replacement investment. Other gains or losses on investments sold or exchanged are recognized at the time the transactions are completed.)

(Other property consists of real estate held (for the production of (rental) income) ((and/or) for future use).)

The (city/county/district)'s investments are categorized to give an indication of the risk assumed at year-end. The following summary shows the (city/county/district)'s investments at year end categorized by risk. Category 1 includes investments that are either insured, registered or held by the (city/county/district) or its agent in the (city/county/district)'s name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the (city/county/district)'s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or its trust department or agent, but not in the (city/county/district)'s name.

	Category			Carrying Amount	Market Value
	1	2	3		
Repurchase Agreements	$	$	$	$	$
U.S. Government Securities					
Bankers' Acceptances					
Other Investments - list by type	_____	_____	_____	_____	_____
	$_____	$_____	$_____		
Investment in State Treasurer's Investment Pool					
Investment in Deferred Compensation					
Reverse Repurchase Agreements					
Other Property				_____	_____
Total Investments				$_____	$_____

30 If your government uses reverse repurchase agreements, include the following:

State statutes permit the __(city/county/district)__ to enter into reverse repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contracted rate of interest. The market value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the dealers a margin against a decline in market value of the securities. If the dealers default on their obligations to resell these securities to the __(city/county/district)__ or provide securities or cash of equal value, the __(city/county/district)__ would suffer an economic loss equal to the difference between the market value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest. The credit exposure at year-end was $_____.

All sales of investments under reverse repurchase agreements are for fixed terms. In investing the proceeds of reverse repurchase agreements, the __(city/county/district)'s__ policy is for the term to maturity of the investment to be the same as the term of the reverse repurchase agreement. Such matching existed at the year end.

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1 Derivatives are generally defined as contracts whose value depends on, or *derives* from, the value of an underlying asset, reference date, or index. For more information see GASB Technical Bulletin *Disclosures about Derivatives and Similar Debt and Investment Transactions*.

This disclosure is necessary if the city/county/district has used, held, or sold any derivatives or similar instruments during the period covered by the financial statements, or if the city/county/district participated in an investment pool or mutual fund that used, held, or sold derivatives during the period, regardless of whether the assets or liabilities resulting from those transactions are reported on the balance sheet.

The note should include:

- nature of transaction,
- reason for entering into transation,
- discussion of city/county/district exposure to credit risk, market risk, and legal risk (the discussion of risk should be made only to the extent that these risks are above and beyond those risks that are apparent in the financial statements or are otherwise disclosed in the notes to financial statements),
- if information about derivatives in investment pools or mutual funds is not available, that fact should be disclosed.

3 If in the period covered by the financial statements, the city/county/district participated in the securities lending transactions, the following information should be disclosed:

① source of legal or contractual authorization for the securities lending transactions;

② general description of the securities lending transactions;
- type of securities lent,
- type of collateral received,
- whether the government has the ability to pledge or sell collateral securities without a borrower default,
- the amount by which the value of the collateral provided is required to exceed the value of underlying securities,
- any restrictions on the amount of the loans that can be made,
- any loss idemnification (i.e., a securities lending agent's guarantee that it will protect the lender from certain losses),
- carrying amount and market or fair values of underlying securities at the balance sheet date;

③ whether the maturities of the investments made with cash collateral generally match the maturities of their securities loans, as well as the extent of such matching at the balance sheet date;

④ the amount of credit risk, if any, related to the securities lending transactions (if the lender has not credit risk, that fact should be stated);

⑤ the amount of any losses on the securities lending transactions during the period resulting from the default of a borrower or lending agent and amounts recovered from prior period losses, if not separately disclosed in the operating statement.

(For more details, see the GASB Statement 28, *Accounting and Financial Reporting for Securities Lending Transactions*)

1 Derivatives And Similar Transactions

2 (No SAMPLE TEXT is provided because the circumstances will be unique in each case. See Notes to Preparer.)

3 Securities Lending

4 (No SAMPLE TEXT is provided because the circumstances will be unique in each case. See Notes To Preparer.)

5 Many sample property tax notes and some widely used guides misuse the phrases "when levied" and "lien date." NCGA Statement 1 requires that property taxes be recorded as a receivable "when levied." "When levied" is defined in Statement 1 as follows: "Property taxes are levied pursuant to law as of a specific date, and an enforceable legal claim attaches to the properties and/or taxpayers." NCGA Interpretation 3 modifies revenue recognition for property taxes but is silent about the definitions of "when levied" and "lien date." Although Washington municipalities pass their tax levies by ordinance or resolution sometime between October 1 and December 31, the taxes are not actually levied until January 1, because an enforceable lien does not attach until January 1.

The correct meaning of the term "lien date" is the date on which taxes become an enforceable lien against specific parcels of property or specific taxpayers. This is the definition contained in NCGA Statement 1, in RCW 84.60.020, and in Black's law dictionary. In sum, taxes are "levied on" and "levied as of," January 1 in Washington, as well as "levied for" the fiscal year that begins on January 1.

11 If your government records all levies as revenues, you should use the following paragraph instead:

> Property taxes are recorded as a receivable and revenue when levied. Most property taxes are collected during the year of levy, and delinquent taxes are immaterial. Prior year tax levies were recorded using the same principle, and delinquent taxes receivable are reevaluated annually.

12 Cities must recognize property taxes already in the hands of the county treasurer. If December taxes have been distributed by December 31, and you do not accrue estimated collections for January and February, use the following sentence instead of the 2 sentences in the SAMPLE TEXT beginning, "During the year . . . ."

> Property tax revenues are recognized when cash is collected. The amount of taxes receivable at year-end that would be collected soon enough to be available to pay liabilities of the current period is immaterial.

14 Counties should add the following sentence in front of the sentence that begins, "No allowance for . . . ."

> The balance of taxes receivable includes related interest and penalties.

14 If you estimate uncollectible taxes, use the following paragraph instead:

> Property taxes receivable are reduced by an allowance for uncollectible taxes which is estimated at __ percent of (total/personal) property taxes receivable at year-end.

Cities with Firemen's Pension funds should add the following paragraph IF the levy is restricted to the firemen's pension fund. If the levy is NOT restricted, it should be

NOTE 4 - PROPERTY TAXES

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed (at/after) the end of each month.

Property Tax Calendar

January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property established for next year's levy at 100 percent of market value.
October 31	Second installment is due.

Property taxes are recorded as a receivable when levied, offset by a deferred revenue. During the year, property tax revenues are recognized when cash is collected. At year-end, property tax revenues are recognized for (collections to be distributed by the county treasurer in January/collections expected to occur within 60 days). No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

The (city/county/district) may levy up to $ _____ per $1,000 of assessed valuation for general governmental services, subject to two limitations:

a. Washington State law in RCW 84.55.010 limits the growth of regular property taxes to 6 percent per year, after adjustments for new construction. If the assessed valuation increases by more than 6 percent due to revaluation, the levy rate will be decreased.

b. The Washington State Constitution limits the total regular property taxes to 1 percent of assessed valuation or $10 per $1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1 percent limit.

The (city/county/district)'s regular levy for (year) was $ _____ per $1,000 on an assessed valuation of $ _____ (billion/million) for a total regular levy of $ _____.

The city is also authorized to levy $.50 per $1,000 of assessed valuation for the firemen's pension fund. (See Note (Pension Note # __). This levy is subject to the same limitations as the levy for general government services. The city's firemen's pension levy for __(year)__ was $_____ per $1,000 for a total levy of $_____.

24 Counties should add the following paragraph and may wish to supplement the note with disclosure of any "diverted road levy."

The county is also authorized to levy $2.25 per $1,000 of assessed valuation in unincorporated areas for road construction and maintenance. This levy is subject to the same limitations as the levy for general government services. The county's road levy for __(year)__ was $_____ per $1,000 on an assessed valuation of $_____ (billion/million) for a total road levy of $_____.

24 If your government has any special levies, they should be disclosed separately. A model note follows:

Special levies approved by the voters are not subject to the limitations listed above. In __(year)__, the (city/ county/district) levied an additional $_____ per $1,000 for __(give purpose)__ for a total additional levy of $_____.

24 If your government has several special levies or wishes to disclose the distribution of its tax levies, the following note format may be used instead of the last paragraph of the sample text:

For __(year)__, the (city/county/district) levied the following property taxes on an assessed value of $_____ (million/billion). (The special levies identified in the table were approved by the voters and are not subject to the limitations listed above.)

Purpose of Levy	Levy Rate per $1,000	Total Levy Amount
General Government	$1.1106	$139,240.98
Road Levy (on the assessed value of unincorporated areas totaling $6.8 billion)	1.3498	91,996.45
Special Medic 1 Levy	0.4310	5,403.64
Special G.O. Bond Levy	0.1263	10,628.85
Totals	$3.0177	$247,269.92

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If you are preparing a CAFR, you should incorporate the grant activity schedule and any other pertinent grant information, such as questioned costs, within the body of the note.

NOTE 5 - INTERGOVERNMENTAL GRANTS AND ENTITLEMENT

The accompanying Schedule of Financial Assistance provides a listing of all federal (and) state (and interlocal) assistance programs in which the (city/county/district) participates and summarizes the (city/county/district)'s gran t transactions for 19__.

2 If your government records depreciation on general fixed assets, you should add a sentence to the first paragraph of the SAMPLE TEXT like the following. You should also transfer the material discussing depreciation methods and useful lives from Section C of this note to Section A, because it applies to all assets of your government.

> Although depreciation of fixed assets is not recorded in governmental funds, (straight-line) depreciation is calculated for cost allocation purposes and accumulated depreciation is recorded in the general fixed assets account group.

7 Cost of fixed assets is presumed to include not only purchase price or construction cost but also ancillary charges to put the asset in its intended location and condition for use. No disclosure of that presumption is required. However, if you capitalize any interest costs during the construction period of general fixed assets, you should disclose your government's policy.

Where such assets are material, you should disclose the accounting treatment of assets declared surplus, assets held in trust (such as tax title property) and assets held as investments or for future use. The following notes provide models:

> Fixed assets determined to be surplus and held for resale are not reported in governmental fund balance sheets (because the value to the fund depends upon the proceeds from the resale and because these proceeds are not available revenue until the sale). The cost of such assets is included in the general fixed assets account group and amounted to $_____ at December 31, 19__.

10 If your government does not have adequate records to support the amounts reported for fixed assets on the balance sheet, or does not include a material amount of fixed assets on the balance sheet, the notes must disclose the nonconformity with GAAP. The auditor will refer to this note when qualifying his opinion on the statements.

NOTE 6 - FIXED ASSETS AND DEPRECIATION

A. General Policies

Major expenditures for fixed assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenditures or expenses when incurred. (Obligations under capital leases are disclosed in Note (Long-Term Debt Note #)).

All fixed assets are valued at historical cost (or estimated cost, where historical cost is not known/or estimated market value for donated assets/or the lower of cost or fair market value when transferred between proprietary funds and the general fixed assets account group).

The (entity) has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the (entity) has sufficient legal interest to accomplish the purposes for which the assets were acquired, and has included such assets within the applicable account group or fund.

B. General Fixed Assets

General fixed assets are long-lived assets of the (city/county/district) as a whole. When purchased, leased, or constructed, such assets are recorded as expenditures in the governmental funds and capitalized in the general fixed assets account group. No depreciation has been provided on general fixed assets, nor has interest been capitalized.

General fixed assets that are infrastructure assets (such as roads, bridges, curbs, and sidewalks) are considered public property and are not accounted for in the general fixed assets account group.

A summary of changes in general fixed assets follows:

	Balance January 1, 19---	Additions	Deletions	Balance December 31, 19---
Land	$	$	$	$
Buildings and Structures				
(Capital Leases & Leasehold Improvements)				
Other Improvements				
Machinery & Equipment				
Construction in Progress				
TOTALS	$	$	$	$

20 If your government capitalizes infrastructure assets in the general fixed asset account group, replace this paragraph with the following one:

The general fixed asset account group also accounts for infrastructure assets (such as roads, bridges, curbs and sidewalks).

22 If you have transferred fixed assets between the account group and proprietary/trust funds, you will need to disclose those transfers as part of your summary of changes in general fixed assets. Where the transfers are not numerous, you can accomplish this disclosure by changing the heading of the "Additions" or "Deletions" column to "Transfers and . . ." and adding a paragraph that identifies and explains the amounts transferred. If there are numerous transfers, you will need 1 or 2 separate column(s) for them.

Similarly, if you have changed the valuation of your general fixed assets because of corrections to historical or estimated cost, or because you have decided to include or exclude some category of fixed assets that previously was not or was capitalized (such as including or excluding infrastructure assets), you will need an additional column in your summary of changes in general fixed assets, titled "Adjustments," along with a paragraph that explains the nature of the adjustments.

1 Where construction in progress is significant, some governments prefer to add a fifth column to the summary of changes in fixed assets, titled "Transfer of Completed Projects," showing positive amounts by category of asset (land, buildings, etc.) and an offsetting negative amount on the "construction in progress" row.

If there are numerous construction projects, this information should be presented in a schedule like the example below. If the information is not readily available, so state.

Construction in progress is composed of the following:

	Project Authorization	Expended to 12/31/- -	Committed	Required Future Financing
City/County Civic Ctr Phase 1	$1,400,000	$1,094,000	$ 306,000	None
City/County Civic Ctr Phase 2	600,000	None	600,000	$600,000
Congress Avenue Bridge	250,000	215,000	35,000	None
Improvement District No. 79	200,000	200,000	None	None
Improvement District No. 80	200,000	117,100	82,900	None
Various Projects Less Than $100,000	250,000	196,150	53,850	None
Total Construction	$2,900,000	$1,822,250	$1,077,750	$600,000

Construction in progress included in general fixed assets represents expenditures to date on projects for which authorizations total $_____. Of the committed balance of $_____ the (city / county/district) will be required to raise $ _____ in future financing.

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2 If your financial statements do not display the various categories of fixed assets (land, buildings, equipment, etc.), you will need to add a schedule detailing that information for your proprietary and similar trust funds.

Your government's utility funds may have accounting policies that differ from those described in the SAMPLE TEXT. The following model notes are provided to illustrate some of the differences and methods for disclosing them:

The (Electric/Gas) Utility Fund, following the chart of accounts prescribed by the Federal Energy Regulatory Commission, records its fixed assets net of contributed capital, although this method of accounting does not conform to generally accepted accounting principles.

The original cost of plant in utility funds and the costs of removal, less salvage, are charged to accumulated depreciation when assets are retired, rather than recording a gain or loss on disposition of fixed assets.

An allowance for funds used during construction is capitalized as part of the cost of utility plant. While cash is not received currently from such allowance, it is realized under the rate-making process over the service life of the related property through increased revenue resulting from a higher rate base and higher depreciation expense. The procedure is intended to remove the cost of financing construction activity from the income statement and to treat such costs in the same manner as construction labor and materials.

Operating systems acquired by the _____ Utility Fund are valued at the cost incurred by the owner that first placed the operating system in service. The difference between that "original cost" and the amount paid by the ___ Utility Fund has been recorded as a deferred charge to be amortized over the estimated life of the systems.

C. Proprietary (and Trust) Fund Fixed Assets

Fixed assets of proprietary (and similar trust) funds are capitalized in their respective balance sheets.

During 19__, the (city/county/district) capitalized $_____ of net interest costs for funds borrowed to finance the construction of proprietary fund fixed assets. Interest costs of $_____ were offset by interest income of $_____.

Depreciation expense is charged to operations of proprietary (and similar trust) funds to allocate the cost of fixed assets over their estimated useful lives, using the straight-line method with useful lives of __ to __ years.

Accumulated depreciation (amortization, and depletion) on proprietary (and similar trust) fund assets at December 31, 19__, is as follows:

	Enterprise Funds	Internal Service Funds	(Pension/ Nonexpendable Trust Funds)	Totals
(Land Depletion)	$	$	$	$
Buildings and Structures				
(Capital Leases & Leasehold Improvements)				
Other Improvements				
Machinery & Equipment	_____	_____	_____	_____
TOTALS	$_____	$_____	$_____	$_____

Construction in progress included in proprietary fund balance sheets represents expenditures to date on projects for which authorizations total $ _____ __. Of the committed balance of $_____ the proprietary funds will be required to raise $ _____ in future financing.

The SAMPLE TEXT illustrates the disclosures required of an employer reportin g participation in a cost sharing, multiple-emp loyer PERS, LEOFF, Volunteer Firemen Systems, and Firemen's Pension Retirement System according to GASB Statement 5.

NOTE 7 - PENSION PLANS

Substantially all (city/county/district) full-time and qualifying part-time employees participate in one of the following statewide local government retirement systems administered by the Department of Retirement Systems, under cost-sharing multiple-employer public employee retirement systems.

Summary Of Systems' Actuarial Data
(In Millions Of Dollars)
As Of December 31, 1995

	PERS	LEOFF	Volunteer Firefighters
Total Pension Benefit Obligations	$12,936	$4,723	$59
Less Net Assets Available For Benefits As Of Actuarial Date (At Market)	12,349	4,360	73
Unfunded (Surplus) Actuarial Present Value Of Accumulated Plan Benefits	$587	$363	$(15)

The amount shown as total pension benefit obligation is the actuarial present value of credited projected benefits, adjusted for the effects of projected salary increases and any step-rate benefits (LEOFF only) estimated to be payable in the future as a result of employee service to date. Use of the standardized measure enable readers of Washington's financial statements to: (a) assess on an ongoing basis the funding status of each system; (b) assess progress made in accumulating sufficient assets to pay benefits when due; and (c) make comparisons among other states or other retirement systems. The standardized disclosure method is independent of the actuarial funding method used to determine contributions to the retirement systems.

Historical trend information showing each system's progress in accumulating sufficient assets to pay benefits when due is presented in the state of Washington's June 30, 1996 comprehensive annual financial report. Please refer to said report for detailed trend information.

a. Public Employees' Retirement System (PERS)

The state legislature established PERS in 1947 under chapter 41.40 RCW. PERS is a cost-sharing multiple-employer system. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges); employees of legislative committees; college and university employees not in national higher education retirement programs; judges of district and municipal courts; noncertificated employees of school districts; and employees of local government. Approximately 46 percent of PERS members are state employees.

18-19 * This information is to be provided by city/county/district.

NOTES TO FINANCIAL STATEMENTS
SAMPLE TEXT

PERS contains two plans. (As used in this context, the term plans refers to tiers within PERS. The actual plan is PERS.) Participants who joined the system by September 30, 1977, are Plan I members. Those joining thereafter are enrolled in Plan II. Retirement benefits are financed from employee and employer contributions and investment earnings. Retirement benefits in both Plan I and Plan II are vested after completion of five years of eligible service.

Plan I members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual pension is two percent of the final average salary per year of service, capped at 60 percent.

Plan II members may retire at the age of 65 with five years of service, or at 55 with 20 years of service, with an allowance of two percent per year of service of the final average salary. Plan II retirements prior to 65 are actuarially reduced. There is no cap on years of service credit and a cost-of-living allowance is granted, capped at three percent annually.

During the 1996 Washington State Legislative Session, the Washington State Legislature did approve a change in retirement law that will not become effective until after the close of fiscal year 1996. The material changes made during the 1995 Legislative Session that became effective during the 1996 fiscal year were disclosed in last year's annual report.

None of the other bills that passed affected contribution rates.

The (city/county/district)'s covered payroll for the year ended December 31, 1996 was $_____*.
The (city/county/district)'s total current-year payroll for all employees was $_____.*

Each biennium the legislature establishes Plan I employer contribution rates and Plan II employer and employee contribution rates. Employee contribution rates for Plan I are established by legislative statute and do not vary from year to year. Employer rates for Plan I are not necessarily adequate to fully fund the system. The employer and employee contribution rates for Plan II are developed by the Office of State Actuary to fully fund the system. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements were established under state statute.

3 Employer actual rates listed are net of the administrative cost rate.

3-5 The contribution rates expressed as a percentage of covered payroll for the period January 1, 1996 through December 31, 1996 follow. Those labeled "required" are the rates developed in the December 31, 1995 PERS valuation. Those labeled "actual" are the rates in effect as of December 31, 1996.

	PERS Plan I		PERS Plan II	
	Required	Actual	Required	Actual
Employer	7.32%	7.42%	7.32%	7.42%
Employee	6.00%	6.00%	4.65%	5.08%
Total	13.32%	13.42%	11.97%	12.50%

8-12 * This information to be provided by city/county/district.

a City/county/district computes this information as follows: Required rate x city/county/district's covered payroll.

b City/county/district computes this information as follows: City/county/district's covered payroll ÷ $5,525 million system-wide payroll.

The (city/county/district)'s contribution rates expressed as a percentage of covered payroll, as of December 31, 1996 were:

	PERS Plan I		PERS Plan II	
	Required	Actual	Required	Actual
Employer	7.32%	7.42%	7.32%	7.42%
Employee	6.00%	6.00%	4.65%	5.08%
Total	13.32%	13.42%	11.97%	12.50%

The (city/county/district)'s actuarially determined contribution requirement and actual contribution for the year ended December 31, 1996 were:

	PERS Plan I		PERS Plan II	
	Required	Actual	Required	Actual
Employer	$_____a	$_____*	$_____a	$_____*
Employee	$_____a	$_____*	$_____a	$_____*
Total	$_____	$_____	$_____	$_____

The (city/county/district)'s actuarially determined employer contribution requirement represents approximately _____ b percent of the total for all employers covered by PERS.

b. Law Enforcement Officers' And Fire Fighters' Retirement System (LEOFF)

LEOFF was established in 1970 by the legislature under chapter 41.26 RCW. LEOFF is a cost-sharing multiple-employer retirement system. Membership includes all full-time, fully compensated, local law enforcement officers and fire fighters. Retirement benefits are financed by employee and employer contributions, investment earnings and legislative appropriation. LEOFF is comprised solely of nonstate employees.

LEOFF system contains two plans. Participants who joined the system by September 30, 1977, are Plan I members. Those who joined thereafter are enrolled in Plan II. Retirement benefits are vested after completion of five years of eligible service.

24-26 * This information to be provided by city/county/district.

Plan I participants are eligible to retire with five years of service at age 50. The benefit per year of service is as follows:

Term Of Service	Percent Of Final Average
20+	2.0%
10-20	1.5
5-10	1.0

The final average salary is based on salary received during the last two years of service. Substantial disability and death benefits are provided by the plan. Retirement benefits are indexed to the Seattle area consumer price index.

Plan II participants are eligible to retire at the age of 50 with 20 years of service or at 55 with five years of service. Retirement benefits prior to age 55 are actuarially reduced. The benefit is two percent of average salary per year of service. The average salary is based on the highest five-year period. Retirement benefits are indexed to the consumer price index with a cap of three percent annually. Death and disability benefits are also provided. These benefit provisions were established under the authority of legislative statute.

Employer and employee contribution rates for Plan II are developed by the Office of State Actuary to fully fund the system. Plan II employers and employees are required to pay at the level established by the legislature. Plan I employers and employees are required to contribute at a rate of six percent and the state is responsible for the balance of the funding. The methods used to determine the contribution requirements were established under the authority of legislative statute.

During the 1996 legislative session, a benefit of $150,000 was provided for duty related deaths for members of LEOFF I and II. The death benefit will increase LEOFF II employer contribution rates .01 percent and LEOFF II employee contribution rates .02 percent.

The (city/county/district)'s current-year covered payroll for the fiscal year ended December 31, 1996 was $_____.* The (city/county/district)'s total current-year payroll for all employees was $_____.*

3 Employer actual rates listed are net of the administrative cost rate.

3-5 The contribution rates expressed as a percentage of covered payroll for the period January 1, 1996 through December 31, 1996 follow. Those labeled "required" are the rates developed in the December 31, 1995 LEOFF valuation. Those labeled "actual" are the rates in effect as of December 31, 1996.

	LEOFF Plan I		LEOFF Plan II	
	Required	Actual	Required	Actual
Employer	6.00%	6.00%	5.09%	5.06%
Employee	6.00%	6.00%	8.48%	8.43%
Total	12.00%	12.00%	13.57%	13.49%

8-12 * This information to be provided by city/county/district.

a City/county/district computes this information as follows: required rate X city/county/district's covered payroll.

b City/county/district computes this information as follows: city/county/district's covered payroll ÷ $635.8 million system-wide payroll.

The (city/county/district)'s contribution rates expressed as a percentage of covered payroll, as of December 31, 1996 were:

	LEOFF PLAN I		LEOFF PLAN II	
	Required	Actual	Required	Actual
Employer	6.00%	6.00%	5.09%	5.06%
Employee	6.00%	6.00%	8.48%	8.43%
Total	12.00%	12.00%	13.57%	13.49%

The (city/county/district)'s actuarially determined contribution requirement and actual contribution for the year ended December 31, 1996 were:

	LEOFF PLAN I		LEOFF PLAN II	
	Required	Actual	Required	Actual
Employer	$_____a	$_____*	$_____a	$_____*
Employee	$_____a	$_____*	$_____a	$_____*
Total	$_____	$_____	$_____	$_____

The (city/county/district)'s actuarially determined employer contribution requirement represents approximately _____ b percent of the total for all employers covered by LEOFF.

c. Other Retirement Systems - Volunteer Fire Fighters' Relief And Pension Fund

The Volunteer Fire Fighters' Relief and Pension Fund System is a cost-sharing multiple-employer retirement system which was created by the Legislature in 1945 under Chapter 41.16 RCW. It provides pension, disability and survivor benefits. Membership in the system requires service with a fire department of an electing municipality of Washington State except those covered by LEOFF. The system is funded through member contributions of $30 per year; employer contributions of $30 per year; and 40 percent of the Fire Insurance Premium Tax. Members do not earn interest on their contributions, however, they may elect to withdraw their contribution upon termination.

d. Change Of Assumptions

During fiscal year 1995, there was a change of assumptions. The change of demographic assumptions did not have as large an impact on contribution rates as did the economic. The economic assumptions are listed below:

	Economic Assumptions	
	Old Assumptions	New Assumptions
Investment Return	7.50%	7.50%
Salary Increases	5.50%	5.00%
Consumer Price Index	5.00%	4.25%

9-22 * This information to be provided by city/county/district, if applicable.

The effect of these changes is displayed below:

	Employer Contribution Rates		
	1994 Old Assumptions	1994 New Assumptions	1995 New Assumptions
PERS	7.32%	7.60%	7.32%
TRS	11.77%	11.75%	11.75%
LEOFF	12.93%	10.58%	9.20%
WSP	14.36%	13.59%	11.01%

e. Other Local Government Pension Systems

(DISCLOSURE FOR SINGLE-EMPLOYER RETIREMENT SYSTEMS SHOWN AS A TRUST FUND IN THE (CITY/COUNTY/DISTRICT)'S STATEMENTS.)

The (city/county/district)'s is also the administrator of a pension retirement system called _____*. The system is shown as a trust fund in the financial reports of the (city/county/district)'s .

As of (date), there were a total of _____* individuals covered by this system of which _____* were currently still employed and _____* were drawing benefits.

The most recent actuarial study of the system was done by (name of firm) to determine the funding requirements as of (date of actuarial study). As of this date, the value of assets valued at market was $_____* and the actuarial present value of future benefits was $_____* leaving an unfunded pension benefit obligation of $_____.*

Based upon this study, the (city/county/district) made a contribution of $_____* in (year) which represented _____* percent of its current year obligation. The unfunded pension benefit obligation is being amortized over _____* years (in accordance with the actuarial study findings.)

The following 10-year historical trend information shows the system's progress in accumulating sufficient assets to pay benefits when due.

Fiscal Year	Net Assets Available For Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation As A Percentage Of Covered Payroll

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NOTE 8 - DEFERRED COMPENSATION PLAN

The (city/county/district) offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is with (independent plan administrator/governmental entity). The plan, available to (all/eligible) employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Compensation deferred under the plan and all income attributable to the plan are solely the property of the (city/county/district). The (city/county/district)'s rights to this property are subject only to the claims of the (city/county/district)'s general creditors until paid to the employee or other beneficiary and are not restricted to the benefit provisions under the plan.

(It is the opinion of the (city/county/district)'s legal counsel that) the (city/county/district) has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The (city/county/district) believes that it is highly unlikely that it will use the assets to satisfy the claims of general creditors in the future.

(Of the $_____ in the plan at December 31, 19___, $_____ was applicable to the (city/county/district) while the remaining $_____ represents the assets of other jurisdictions participating in the plan. Deferred compensation plan investments are recorded at market value, along with the corresponding liability, in the (name) agency fund.)

If the government is a member of a public entity risk pool, insert a note provided to the city/county/district by the risk pool.

If the government retains risk (either fully or partially), the following information should be disclosed:

- description of risk to which city/county/district is exposed (e.g., torts, thefts, damages, injuries to employees, natural disasters, etc.)
- how those risks are handled (e.g., purchase of commercial insurance, full or partial retention, etc.)

For the self-insurance portion the city/county/district should disclose:

- fund(s) used to account for risk management,
- level of risk assumed,
- expected annual level of claims (based on actuarial or historical cost information),
- amount of reserves set aside for potential losses.

For the third party (e.g., commercial insurance) the city/county/district should disclose:

- name of insurer(s),
- type of coverage,
- deductible amounts.

1 NOTE 9 - RISK MANAGEMENT

2 (No SAMPLE TEXT is provided because the circumstances will be unique in each case.)

SAMPLE TEXT LINE NO.	NOTES TO PREPARER
1	This note is needed ONLY if your government has outstanding anticipation notes (other than bond anticipation notes that are accounted for as long-term debt), interest-bearing (registered or revenue) warrants, or similar contractual debt. You should include such debt incurred by proprietary and most trust funds, but do not include short-term debt of pension trust or agency funds. Do not include interfund debt, regular warrants payable, accounts payable, or other non-interest-bearing obligations.
4	In the "Source of Repayment" column identify the pledged or planned resource that will be used to pay the debt, such as property taxes for a tax anticipation note, revenue or assessment bonds for revenue warrants, grant receipts for a bank note, etc. In a brief paragraph following the table, discuss the purpose of each debt issue and any significant debt covenants.

NOTE 10 - SHORT-TERM DEBT

Short-term debt at December 31, 19___ consisted of the following:

Amount Incurred	Source of Repayment	Final Maturity	Interest Rate (s)	Amount Outstanding
$_____	_____	_____	_____	$_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	$_____
		Total Short-term Debt		$_____

If conduit (no-commitment) debt is reported on the balance sheet, it needs to be included in all long-term disclosures.

Include all of the portions of the Schedule of Long-Term Debt (09), except debt of special purpose districts accounted for by counties.

Although Schedule of Limitation of Indebtedness (10) shows the detailed calculation of the limitation of indebtedness, note disclosure should identify the amount or percent of debt capacity used or remaining. Be sure to include only the purposes allowable for your government.

11-18 Instead of scheduling minimum payments under capital leases separately, you may add additional column(s) to the amortization schedule and disclose lease payments as a separate category.

19-21 If your government displays general long-term or special assessment debt net of premium or discount, you need to modify this paragraph to disclose your policy. You need to make a similar disclosure if your government capitalizes debt issue costs (rather than showing them as a current expenditure when paid, or netting proceeds of long-term debt) for debt included in the General Long-Term Debt Account Group.

For each significant long-term debt, you should disclose the following:

- date of original issue,
- purpose of issue,
- amount of original issue,
- interest rate(s),
- amount(s) of installments,
- frequency of installments,
- source of repayment (if debt service fund not used).

E.g.,

General Obligation Bonds	Outstanding
1988 Water Series, $2,500,000 8.4-9.9%, $118,000 semiannually to 2002	$ 700,000
Revenue Bonds	
1989 Water Filtration Series, $5,050,000, 8.9-10.1%, $252,500 semiannually to 2009	$2,350,000

NOTE 11 - LONG-TERM DEBT AND CAPITAL LEASES

A. Long-Term Debt

The (city/county/district) issues general obligation and revenue bonds to finance the purchase of _____ and the acquisition or construction of _____. Bonded indebtedness has also been entered into (currently and in prior years) to advance refund several general obligation and revenue bonds. General obligation bonds have been issued for both general government and proprietary activities and are being repaid from the applicable resources. The revenue bonds are being repaid by proprietary fund revenues. The (city/county/district) is also liable for notes that were entered into for the purchase of _____. These notes are considered obligations of the general government and are being repaid with general governmental revenue sources.

The annual requirements to maturity, including interest (and capital lease payments), are as follows:

	General Obligation Bonds	Revenue Bonds	Notes	Other Debt	Total Debt
19____	$	$	$	$	$
19____					
19____					
19____					
19____					
Thereafter	_____	_____	_____	_____	_____
TOTALS	$_____	$_____	$_____	$_____	$_____

In proprietary (and similar trust) funds, unamortized debt issue costs are recorded as deferred charges and bonds are displayed net of premium or discount; annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt issue costs and discount.

At December 31, 19___, the (city/county/district) has $_____ available in debt service funds to service the general bonded debt. Restricted assets in proprietary funds contain $_____ in sinking funds and reserves as required by bond indentures.

1 If you choose to prepare this schedule for all debt (i.e., general long-term debt as well as proprietary and trust fund debt) disclose the changes in general long-term debt separately from the changes in debt of proprietary and trust funds.

10 The city/county/district that issues debt to defease or otherwise extinguish existing obligations should provide this disclosure in the year of transaction. In the periods following an advance refunding in which the old debt is still outstanding the city/county/district would make the following disclosure:

> In prior years the (city/county/district) defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds are not included in the (city/county/district)'s financial statements. At December 31, 199__, $_____ of bonds outstanding are considered defeased.

17 The economic gain or loss on a refunding transaction is calculated in the following manner:

- The present value of the debt service payments related to the refunding debt is calculated using the following formula:

  Face amount of bonds
  + Premium (or) original issue discount)
  + Accrued interest
) Costs not recoverable through escrow earnings
  _____
  Present value of debt service payments on refunding debt;

- A calculation is made to determine what effective interest rate applied to the debt service payments on the *refunding* bonds would result in the present value determined in the previous calculation;

- The effective interest rate calculated for the refunding bonds is then applied to the debt service on the *refunded* bonds to calculate the present value of debt service on the latter;

- The difference between the present value of the two debt service streams (refunding debt and refunded debt) constitutes the economic gain or loss on the transaction.

10-17 Any amounts of debt defeased "in substance," but still outstanding as of the end of each fiscal year, should be disclosed in the notes.

B. Changes In General Long-Term Debt Account Group

During the year ended December 31, 19___, the following changes occurred in liabilities reported in the General Long-Term Debt Account Group:

	Balance 01/01/19__	Additions	Reductions	Balance 12/31/19__
Compensated absences	$	$	$	$
General obligation debt				
Special assessment debt				
Capital leases				
_____	_____	_____	_____	_____
Totals	$_____	$_____	$_____	$_____

C. Refunded Debt

The (city/county/district) issued $_____ of general obligation refunding bonds to provide resources to purchase U.S. Government and State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on $_____ of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the General Long-Term Debt Account Group. This advance refunding was undertaken to reduce total debt service payments over the next _____ years by $_____ and resulted in an economic gain of $_____.

16 *Conduit (no-commitment) debt* obligations are certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. Although conduit debt obligations bear the name of the governmental issuer, the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued. (GASB Interpretation 2)

If conduit debt is reported on the balance sheet, it needs to be included in all long-term disclosures.

Otherwise, the city/county/district should disclose:

- General description of transactions.
- Aggregate amount of all conduit debt obligations outstanding at the balance sheet date. If the amount of debt issued prior to January 1, 1996 (or prior to the date of implementation of GASB Interpretation 2) is not determinable or cannot be reasonably estimated, the city/county/district may provide the aggregage original issue amount.
- A clear indication that the city/county/district has no obligation for the debt beyond the resources provided by related leases or loans.

D. Capitalized Leases

To account for financing leases, lease purchases and installment purchase contracts in governmental funds, the _(city/county/district)_ charges payments made or due during the fiscal period as debt service. In the year that the asset is received, the _(city/county/district)_ records the present value of future lease payments as a capital outlay expenditure and as an offsetting other financing source. The present value of payments due in future periods is shown as a liability in the general long-term debt account group and the cost of the asset is recorded in the general fixed asset account group. The minimum lease payments due in 19__ through 19__ are $_____, $_____, $_____, $_____, and $_____, respectively. Minimum payments due in later years amount to $_____.

In proprietary funds, capital leases are recorded as assets and as long-term liabilities at the present value of the future lease payments when the asset is received. The fund records lease payments as reductions of the long-term liability and as interest expense over the life of the lease. The fund also records depreciatio n expense to amortize the assets over the lease term or over the life of the asset. The minimum lease payments due in 19__ through 19__ are $_____, $_____, $_____, $_____, and $_____, respectively . Minimum payments due in later years amount to $_____.

E. Conduit Debt

(No SAMPLE TEXT will be provided because each circumstance will be unique.)

NOTES TO FINANCIAL STATEMENTS
SAMPLE TEXT

NOTE: Pages 4-7-95 through 4-7-105 are reserved for future use.

2 This "Claims and Judgments" note is used to provide the details of your government's liability for major, uninsured claims, judgments and settlements that your government will have to pay. For example:

> In 1983, the county settled several outstanding tort claims. The total amount of the judgments against the county amounted to $5.3 million, of which $1,350,000 was paid in 1984 and $3,950,000 is recorded in the general long-term debt account group. The outstanding debt will be paid from General Fund revenues.

Notice that this note discusses liabilities that are shown as debt in the financial statements, divided between the "current" portion (already expended in governmental funds) and the noncurrent portion (amounts due in subsequent fiscal periods for the general long-term debt account group; amounts not due within 1 year for proprietary funds). Annual payment schedules for these claims, etc., should be included in your long-term debt note.

This note may be combined with the next 1, regarding contingencies and litigation, especially where some contingencies are "probable" and have been accrued. If you do combine these notes, give them a single title that is appropriate to your circumstances.

If your government is (partially) self-insured, you should refer to the self-insurance note here. Consider combining the self-insurance note with this 1, especially if all claims, judgments and settlements are handled by your self-insurance fund. Be sure to modify the title of the note appropriately.

1 NOTE 12 - CLAIMS AND JUDGMENTS

2 (No sample text is provided because each description would be unique.)

1-11 For a definition of contingencies, see the GLOSSARY. Litigation is simply 1 (prevalent) type of contingency. Other types of contingencies include encumbrances, guarantees, the pledge of the government's "full faith and credit" on G.O. debt intended to be financed by enterprise revenues, and various types of uncompleted contracts where your government is obligated to perform. Both the refunded debt and the grant contingencies disclosed in the SAMPLE TEXT are examples of uncompleted contracts. All significant contingencies should be disclosed in the notes. In addition, contingencies for which it is probable that your government will incur a loss should be accrued as liabilities, as should all claims and judgments.

If your government does not have any significant contingencies, replace the first sentence, the entire first paragraph, or the entire note of the SAMPLE TEXT with the following:

> The (city/county/district)'s financial statements include all material liabilities. There are no material contingent liabilities to record.

If a lawsuit has been settled adversely and is not currently under appeal, disclosure of your government's liability belongs in a "claims and judgments" note rather than as a "contingency" note. (Where the number of contingencies and settlements is small, the 2 notes may be combined under an appropriate title, such as "Judgments and Contingencies" or "Legal Matters.")

Notice that the specific amounts recorded for contingent liabilities are NOT itemized in the SAMPLE TEXT note. Such details are normally not required and may be damaging to your government's case. However, in the case of major individual contingencies, if the recorded estimate does not represent the full range of possible loss, the additional range of loss must be disclosed in the notes. Similarly, if a loss is probable but the amount is not estimable, that fact must be disclosed in the notes.

Where the uninsured risk to your government from individual lawsuits is minor, the disclosure illustrated in the SAMPLE TEXT is adequate. However, if there are major lawsuits pending against your government or material disputed contracts, specific disclosure of the issues and the present status of each case (including the range of possible loss, if estimable) is required. The following examples illustrate this type of disclosure. BE SURE TO CONSULT WITH YOUR ATTORNEY AND AUDITOR FOR APPROPRIATE WORDING OF THE DISCLOSURE.

> On June 12, 1984, Big Construction Company filed a petition alleging breach of its sewer construction contract with the city. The construction company has asked for $2.8 million in damages for breach and $1 million for punitive damages. The case is in its early stages, and the ultimate outcome cannot presently be determined.

NOTE 13 - CONTINGENCIES AND LITIGATION

The (city/county/district) has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that the (city/county/district) will have to make payment. In the opinion of management, the (city/county/district)'s (insurance policies and/or self-insurance reserves) are adequate to pay all known or pending claims.

As discussed in Note (Long-term Debt Note #), the (city/county/district) is contingently liable for repayment of refunded debt.

The (city/county/district) participates in a number of federal- and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. (Other than the instances described above,) (city/county/district) management believes that such disallowances, if any, will be immaterial.

The U.S. Department of Labor (USDOL) has asserted that the county is responsible to return interest earned on what USDOL regards as federal funds related to the Employment and Training Program. The amount in question has not been finally determined, but the period involved extends from 1974 to 1982 and USDOL cites interest of $192,000 for 1980 as an example. The county disagrees with USDOL's finding and the issue is being contested before an administrative law judge of the USDOL. It is management's opinion that county's ultimate liability, if any, will not have a material effect on the county's financial statements.

Examples of guarantee contingencies follow:

The city has pledged its full faith and credit for payment of principal and interest on certain bond issues for which specific enterprise revenues are also committed.

During 1984, the city guaranteed long-term federal loans made to the City Housing Authority. As of December 31, 1985, the outstanding loans were $800,000.

If your government has no refunded debt, this sentence should be deleted.

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1 If your government does not have any commitments aside from capital leases, construction financing, pensions, and other employee benefits, you should omit this note entirely.

1 For purposes of this note, "commitments" are obligations of your government that are not recognized in the body of the financial statements. (Note that joint ventures are treated in a separate note, because they are reported on the face of the financial statements). Disclosure of such commitments should include the probable amount or range of expenditure or expense and the source of financing or funding. You do not need to disclose immaterial commitments or routine contracts for your government's normal operations.

1 In many cases, financial commitments that will obligate your government to make material payments in the future are difficult to distinguish from contingencies. Under such circumstances, you may want to combine your contingency and commitments notes. For example:

> The Solid Waste Utility is committed to make rental and other payments in accordance with lease agreements on its 2 disposal sites, Kent-Highlands and Midway. The Kent-Highlands lease, which is effective through March 31, 1987, requires payment of $.99 per ton of refuse delivered. The Midway lease, which is effective through February 28, 1986, requires payment of $.855 per ton of refuse delivered. Total payments for both disposal sites amounted to approximately $362,000 in 1983. Under the original lease agreements, the utility was obligated to landscape the disposal site areas prior to vacating, with costs estimated at $42,000 and $28,000 for the Kent-Highlands and Midway sites, respectively. These amounts have been recorded as a deferred landscaping liability by the utility.
>
> Subsequent to the original lease agreements, federal and state requirements for closure of landfill sites were enacted. In 1983, the engineering department hired a consulting firm to evaluate alternatives for the closure of the disposal sites. The consulting firm estimated that future landfill closure costs could range between $10.5 million and $22.5 million. The utility is unable to estimate the ultimate cost of closing these landfills sites or the utility's share, if any, of these costs. In 1984, a resolution was passed by the city council establishing a policy to include the Solid Waste Utility's share of costs associated with the closure of the landfill sites in revenue requirements when setting future solid waste rates. These costs could have a significant impact on solid waste rates in the future.

NOTE 14 - COMMITMENTS

The (city/county/district) capitalizes equipment and facilities obtained by lease purchase or financing lease agreements. The liability for these leases and annual amortization requirements are disclosed in (Long-term Debt Note #) and the depreciation policies for these assets are described in (Fixed Assets Note #). In addition, the (city/county/district) has rented (equipment and property) under operating leases for various periods. Minimum annual rental payments for all operating leases having noncancellable terms exceeding one year are as follows:

	Facilities	Equipment	Total
19____	$_____	$_____	$_____
19____			
19____			
19____			
19____			
Thereafter	_____	_____	_____
TOTALS	$_____	$_____	$_____

Total rent expenditure for the year ended December 31, 19__, was $ _____ in governmental fund types; total rent expense in proprietary fund types was $ _____.

Construction commitments are discussed in conjunction with fixed assets; see Note (Fixed Asset Note No.). Pension commitments are discussed in Note (Pension Note No.). Other employee benefit commitments are discussed in Note (Employee Benefits Note #).

5 Besides operating leases (for which the SAMPLE TEXT illustrates recommended disclosures), another common example of significant commitments is take or pay contracts in utilities; examples are shown below:

> Effective July 1, 1984, the Cottonwood Water District was dissolved and the city acquired the assets of the district. In connection with this acquisition, the city agreed to purchase a minimum of 287 million gallons of water per year at the current Yakima master meter rate, currently 95.0 cents per thousand gallons, from the City of Yakima for 10 years ending June 30, 1987. The agreement is renewable for an additional 10-year period at the option of the City of Yakima.
>
> The city has entered into contracts with 3 eastern Washington irrigation districts for the purpose of developing hydroelectric power projects. The city has agreed to purchase 10.225 percent of the combined generation output of the districts' projects, which have a combined capacity of 450-megawatts annually. Commercial operations for 2 of these projects have already begun. Two of the 3 remaining projects are scheduled for completion in 1986, while the last project is scheduled for completion in 1989. The power purchase contracts constitute an obligation of the city to make payments solely from the revenues of its electric utility. These payments, which are based on debt service requirements and production costs, begin upon completion of the various projects but no later than 1 year prior to the districts' first principal payment of the revenue bonds in July, 1990.

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1 It is important to compare and reconcile the 5 interfund pairs of accounts: "Due to Other Funds" with "Due from," "Interfund Loans Receivable" with "Payable, " "Advances from Other Funds" with "Advances to," "Operating Transfers In" with "Operating Transfers Out" and "Residual Equity Transfers In" (combined with interfund contributed capital) with "Residual Equity Transfers Out." If each pair does not agree, the difference is usually an error that should be corrected. Sometimes the difference is due to timing or classification variances between governmental and proprietary fund types. For example, a transaction may be treated as an operating transfer out of a governmental fund and as contributed capital into a proprietary fund. In such cases, it is important to disclose the reason that interfund payables and/or transfers-out do not agree to interfund receivables and/or transfers-in. Because governmental and proprietary fund operating statements are not combined, it is not obvious where the balancing transfer transactions are, so you may want to consider scheduling all transfers in and out in this note to show that the "ins" do equal (or are reconcilable to) the "outs."

9 In addition to the disclosure shown in the SAMPLE TEXT, you should identify the reasons for any material residual equity transfers.

If you are preparing a CAFR for GFOA certification, you will want to show a reconciliation of interfund receivables and payables, including both loans and other interfund balances, at the end of the year.

The following format is suggested:

Fund (Within Fund Types)	Due from Other Funds	Due to Other Funds	Interfund Loans Receivable	Interfund Loans Payable
General Fund:				
Current	$	$	$	$
Advances				
Special Revenue Funds:				
. . . . .				
Debt Service Funds:				
. . . . .				
Capital Project Funds:				
. . . . .				
Enterprise Funds:				
Water Fund:				
Current	_____	_____	_____	_____
Advances			_____	_____
. . . . .				
Internal Service Funds:				
Equipment Rental:				
Current	_____	_____		
Advances				_____
. . . . .				
Trust And Agency Funds:				
. . . . .				
	_____	_____	_____	_____
Totals	$_____	$_____	$_____	$_____

NOTE 15 - INTERFUND TRANSACTIONS AND BALANCES

A. Classification of Interfund Transactions

Interfund transactions are classified as follows:

1. Transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the (city/county/district).

2. Transfers to support the operations of other funds are recorded as "Operating Transfers" and classified with "Other Financing Sources or Uses."

3. Contributions to the capital of enterprise or internal service funds, (transfers between those funds and the general fixed assets account group,) transfers to establish or reduce working capital in other funds, and transfers of remaining balances when funds are closed are classified as residual equity transfers and reported as direct additions to or deductions from fund equity.

4. Loans between funds are classified as interfund loans receivable and payable or as advances to and from other funds on the combined balance sheet depending on the time period for which the loan was made. Interfund loans do not affect total fund equity, but advances to other funds are offset by a reservation of fund equity.

The following table displays interfund loan activity during 19__:

Borrowing Fund	Lending Fund	Interfund Loans and Advances Payable 1/1	New Loans	Repayments	12/31/
		$_____	$_____	$_____	$_____
		_____	_____	_____	_____
	TOTALS	$_____	$_____	$_____	$_____

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3 If your government has reserved fund balances for only 1 or 2 of the purposes described in the SAMPLE TEXT, modify that text (or the face of your combined balance sheet) to identify just those particular purposes. If your combined balance sheet has sufficient space to show the details of reserved fund balance and retained earnings on the face of the statement, the disclosure shown in the SAMPLE TEXT is not needed.

If the amounts of reserved (or designated) fund balance or retained earnings are very large and the purposes of the reserved (or designations) are diverse, you should consider disclosing the amounts and purposes for individual funds. If each reserve is for a different purpose, disclosure should take the form of a narrative that identifies each type of reserve (or designation) and the amount set aside for that purpose in a fund (or funds). If reserves (or designations) in different funds are for similar purposes, a table such as the following is suggested:

Purpose of Reserve	General Fund	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust
Encumbrances	$	$	$	$	$	$	$
Inventory							
Prepayments							
Interfund Advances							
Noncurrent Assets							
Continuing Appropriations							
Debt Service							
Capital Projects							
Replacements/Renewals							
Self-Insurance							
Pension Reserves							
Other Employee Benefits							
Gifts and Endowments							
L.I.D. Guaranty							
Totals	$	$	$	$	$	$	$

Where the captions of purposes are not self-evident, you should describe them before or after the table.

If continuing appropriations exceed the total fund balance in some funds, it is normal practice to reserve only the amount of fund balance that does exist, rather than to show a deficit unreserved fund balance. The notes should disclose that additional commitments requiring future financing have not been reserved. (A reference to the construction in progress portion of the fixed assets note or to another commitments note is appropriate).

If your financial statements include reserved fund balance for a pension or reserved fund balance/retained earnings for another trust fund, you will need to add a section "D" to this note to describe the purpose(s) of that or those reserve(s).

The Reserve for Employees Contributions in the Seattle City Employee's Retirement Fund represents members cumulative contributions and interest earnings thereon, less amounts transferred to reserves for retirement and disability or refunded to terminated employees.

NOTE 16 - FUND EQUITIES

A. Governmental Fund Types

Reservations of Fund Balance

Fund balance in governmental fund types is reserved for two purposes: (1) where certain amounts are legally committed for specific future uses, such as outstanding purchase orders (encumbrances), continuing appropriations, capital projects, or debt service; and (2) where assets are not available for appropriation, because they have been advanced to another fund, because they are non-current receivables, or because they have been expended as inventories or prepayments.

Individual Fund Deficits

(No SAMPLE TEXT is provided, because the circumstances will be unique in each case).

The Reserve for _____ in the Cemetery Trust Fund represents amounts paid for cemetery plots. Provisions of the sale require that 50 percent of the sales price be held in trust and that the income on the investment of these amounts be used to maintain the plots. The Reserve for Endowments represents an endowment for cemetery beautification. The provisions of the endowment stipulate that income from the endowment be used only for grounds improvements.

12 If any funds of your government had deficit fund balances or retained earnings at year end, disclosure of the amount of the deficit, the reasons for it, and the expected means of eliminating the deficit is required. For example:

The Enhanced 911 Emergency Telephone System Fund deficit of $201,000 resulted from expenditures for development of the system prior to collection of the excise taxes levied for this purpose. Excise tax collections are expected to be sufficient to eliminate the deficit by July, 199Z.

The Alcoholism Services Fund deficit of $580,000 developed over the past 3 years because of shortfalls in projected revenues, reimbursement rates which failed to cover the full cost of several alcoholism programs, and a high rate of uncollectible receivables from program clients. The county has adopted a plan to eliminate the deficit over the next 3 years by more closely monitoring revenues and rates and establishing stricter credit policies.

The $39,000 Tax Refund deficit fund balance occurred because taxpayers who successfully appeal their assessed property valuation are immediately refunded the overcollection, but the refunds are financed by a special levy which is not collected until the next year. A deficit balance is normal in this fund.

The $120,000 deficit fund balance of the Park Fund occurred because actual revenues were less than anticipated and $90,000 in current receivables were renegotiated as promissory notes due in 1 to 10 years.

The Water Fund retained earnings deficit of $47,000 is a result of small net losses over the past several years because water rates do not recover the full cost of depreciation. In 199Y, a similar loss is expected.

The retained earnings deficit of $123,000 in the Self-Insurance Fund occurred because of the unusually large estimated claims at the end of the current fiscal year. The deficit will be eliminated next year when adjusted premiums are collected from city departments.

It is also appropriate to disclose that certain funds normally have no equity:

The Involuntary Commitment Fund and the Community Development Fund, both in the special revenue fund type, account for grant expenditures on a reimbursement basis. Accordingly, the normal fund balance in these funds is zero.

B. Proprietary Fund Types

Contributed Capital

Contributed capital in internal service funds records the amounts of working capital and fixed assets received from other funds. Contributed capital in enterprise funds consists of contributed fixed assets or contributions for fixed asset acquisition from other funds, governments, customers, developers and other sources.

Reservations of Retained Earnings

Retained earnings in proprietary fund types is generally reserved to indicate that a portion of retained earnings has been externally restricted for specific purposes. The amount reserved equals total restricted assets except for amounts intended for payment of current payables and debt proceeds for construction purposes.

Individual Fund Deficits

(No SAMPLE TEXT will be provided, because the circumstances will be unique in each case).

C. Designated Fund Balances and Retained Earnings

This category is used to set aside fund equity when (city/county/district) management has plans or tentative commitments to expend resources for certain purposes in future periods. Further legal action will be required to authorize the actual expenses or expenditures.

D. Reserved Fund Balance (and/or Retained Earnings) in Trust Funds

(No SAMPLE TEXT will be provided, because the circumstances will be unique in each case).

If you amortize contributed capital in any proprietary funds, you should add a paragraph at this point that explains your policy:

Amortization Of Contributed Capital

In accordance with their prescribed systems of accounts, the following proprietary funds of the (city/county/district) amortize contributed capital by amounts that equal the annual depreciation on assets acquired with that capital: the remaining proprietary funds of the (city/county/district) do not amortize contributed capital.

If your government records any direct charges to retained earnings other than prior period adjustments, you will need to add a paragraph here that identifies and describes your policies:

Direct (Charge Or Credit) To Retained Earnings In Utility Funds

In accordance with its prescribed system of accounts, the _____ Fund has (charged or credited) $_____ directly to retained earnings. This is a departure from generally accepted accounting principles, which require such (charges or credits) be included in net income of the period.

1 **THIS PAGE LEFT BLANK INTENTIONALLY.**

1 Normally this segment information is obtained directly from your combining statements for enterprise funds, with 1 column for each individual enterprise fund. If you have only 1 enterprise fund, this note is normally not required. (See the following paragraph.) If most of your enterprise funds are small, the individual columns should be used only for the large enterprises, and a column captioned "All Other" should be used for the rest, followed by a totals column.

Under certain circumstances, you will need to analyze segments within an individual enterprise fund and present the information shown in the SAMPLE TEXT separately for those segments. The definition of a "separate reportable segment" can be found in the Glossary under the caption SEGMENT. By and large, a function is separate if it is accounted for in a different BARS Expenditure/Expense BASUB. However, you should note that different functions that are not very large do not need to be segmented. Also, note that closely related functions, including those of a combined water/sewer utility, do not have to be segmented unless the revenues are pledged for debt service separately or there are material amounts of operating grants, taxes, or interfund subsidies attributable to 1 segment within a fund.

Interfund eliminations should NOT be netted in the disclosures of individual enterprise segments. If your combined statements include interfund eliminations, there should be a separate column for eliminations in this table.

If a significant portion of the operating revenues of an enterprise are from other funds of your government, the amount should be separately disclosed, either by adding a line to the table or by adding a sentence after the table.

Similarly, if an enterprise earns 10 percent or more of its operating revenue from a single customer, that fact and the amount of revenue from each such customer should be disclosed. The identity of such customers need not be disclosed.

If any of your enterprises have significant revenues from or investment in joint ventures, you should add a reference to the joint ventures note.

If extraordinary items or accounting changes significantly affect the net income of any enterprise, you should add a reference to the note that discloses those items.

NOTE 17 - SEGMENT INFORMATION

The _____ operates ___(number)____ utilities which are primarily financed by user charges. The key financial data for the year ended December 31, 19 __ for these utilities are as follows:

	(Segment)	(Segment)	(Other)	(Total)
NET WORKING CAPITAL (DEFICIT)	$_____	$_____	$_____	$_____
CHANGES IN FIXED ASSETS:				
Additions	$_____	$_____	$_____	$_____
Deletions	_____	_____	_____	_____
TOTAL ASSETS	$_____	$_____	$_____	$_____
LONG-TERM LIABILITIES:				
Revenue Debt	$_____	$_____	$_____	$_____
Other Debt	_____	_____	_____	_____
CURRENT CAPITAL CONTRIBUTIONS:				
Residual Equity Transfers In	$_____	$_____	$_____	$_____
Capital Grants	_____	_____	_____	_____
Taxes for Construction	_____	_____	_____	_____
Other Contributed Capital	_____	_____	_____	_____
TOTAL FUND EQUITY	$_____	$_____	$_____	$_____
Total Operating Revenues	$_____	$_____	$_____	$_____
Operating Expenses Before	$_____	$_____	$_____	$_____
Depreciation, Etc.	_____	_____	_____	_____
Depreciation, Amortization,				
Depletion Expenses	_____	_____	_____	_____
Operating Assessments and				
Tax Levies	_____	_____	_____	_____
Operating Grants and Subsidies	_____	_____	_____	_____
Other Nonoperating Revenues				
Net of Expenses	_____	_____	_____	_____
Operating Transfers In (Out)	_____	_____	_____	_____
Other Income (Losses)	_____	_____	_____	_____
NET INCOME (LOSS)	$_____	$_____	$_____	$_____

NOTE: This data is presented individually and is not intended to come to any meaningful totals.

5 Enter the excess (deficit) of current assets over current liabilities.

6-8 Enter the total additions and deletions to fixed assets. Do not net the 2.

10-12 Enter the total long-term debt of the segment. Debt that has specific revenues pledged to its redemption should be disclosed as "Revenue Debt."

13-17 Enter the current-year additions to capital from sources other than operations. Disclose separately residual equity transfers, grants, and taxes. All others can be combined.

20-30 Enter significant-line totals from the operating statements. The line descriptions should be used as a guide and can be eliminated if not material in amount.

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The new rules for disclosures for the joint ventures (set by GASB Statement 14) are effective for financial statements for periods beginning after December 15, 1992. The definition of joint ventures and accounting methods are discussed in Part 3, Chapter 5.

The requirements listed below are necessary regardless of whether or not there is equity interest.

The note should provide the following information:

1. General description of the joint venture including:

    a. Information about ongoing financial interest or ongoing financial responsibility,

    b. If applicable, information about equity interest,

    c. Information regarding the performance of the joint venture to help users evaluate if the joint venture may cause additional benefit or burden to the participating entity in the future.

2. Information about availability of separate financial statements of the joint ventures (addresses).

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

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

> The Sample County and Example City operate jointly the Consolidated Computer Center (CCC). The CCC provides data processing services for the county and city. The Center is governed by a four-member board composed of two appointees from the county and two from the city.
>
> The Sample County and the Example City are obligated to remit $150,000 annually to supplement the CCC's operating revenues. Each participant is entitled to one-half of the CCC's annual operating income. On dissolution of the joint venture, the net assets will be shared equally between the county and city.
>
> The Sample County's equity interest in the CCC was $1,200,000 on December 31, 19XX.
>
> In 19XX the CCC reported $600,000 in operating income and remitted $300,000 to the Sample County. The county's net investment and its share of operating results are reported in county's computer systems fund (an enterprise fund).
>
> Complete financial statements for the CCC can be obtained from the CCC's administrative office at (address) or from the county clerk's office at the courthouse.

1 NOTE 18 - JOINT VENTURES

2 (No SAMPLE TEXT is provided because each circumstances will be unique in each case.)

Postretirement Benefits Other Than Pension Benefit

Other postemployment benefits (OPEB) are benefits provided by an employer to plan participants, beneficiaries, and covered dependents through a plan or other arrangement that is separate from a plan to provide retirement income, except for postemployment health care benefits which are always OPEB. In addition to postemployment health care benefits, OPEB may include life insurance, disability income, tuition assistance, legal services, and other assistance programs. OPEB do not include social security benefits financed through FICA payroll taxes. However, if the employer pays postretirement contributions applicable to retirees for additional Medicare benefits, those benefits should be considered postemployment health care benefits and should be included in all relevant disclosures. Whether a particular type of benefits should be consider pension benefits or OPEB depends on how the benefit is provided.

The provisions of GASB Statement 12, Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers, are effective for fiscal years beginning after June 15, 1990.

The note should be made for the entity as a whole, but if aggregate disclosure would be misleading, additional separate disclosures should be made for fund types or component units.

3 Statue, contract, etc.

4 Participants currently eligible for benefits are retirees, terminated employees, and beneficiaries for whom the entity is currently responsible for paying all or part of the premiums, contributions, or claims. Covered dependents should be counted as one unit with the participant.

6-9 Describe the entity's and participants' obligation to contribute. The information must be quantified (percentage, dollars contributions rates, etc.).

10 If OPEB are advance-funded on an actuarially determined basis, the employer should disclose the actuarial cost method and significant actuarial assumptions (including the interest rate, and, if applicable, the projected salary increase and the health inflation assumptions) used to determine funding requirements, and the method used to value plan assets.

13 The amount should be net of participant contributions. If the benefit payments cannot be readily separated from expenditures/expenses for similar types of benefits provided to active employees and their dependents, the entity may use reasonable methods to approximate the OPEB expenditures/expenses. If this is not possible, the Note should disclose that the OPEB expenditures/expenses can not be reasonably estimated.

If OPEB are advance-funded on an actuarially determined basis additional information should be provided in this paragraph:

- the number of active plan participants,
- the entity's actuarially required and actual contributions for the period (net of participants contributions),
- the amount of the net assets available for the OPEB,
- the actuarial accrued liability and unfunded actuarial accrued liability for OPEB according to the actuarial cost method in use.

14-15 Describe any significant matters that affected the comparability of the current year data with the previous periods.

Any additional information that the employer believes will help users assess

NOTE 19 - POSTRETIREMENT BENEFITS OTHER THAN PENSION BENEFIT

In addition to the pension benefits described in Note __, the __(entity's name)__ provides postretirement health care benefits, in accordance with _(authority under which the benefit is provided)_ to _(number, category)_ employees who (description of eligibility for the benefits). Currently, __(number)__ retirees meet those eligibility requirements.

The ___(entity's name)___ reimburses ___ percent of the amount of validated claims for medical, dental, and hospitalization costs incurred by pre-Medicare retirees and their dependents. The __(entity's name)__ also reimburses a fixed amount of $____ per month for a Medicare supplement for each retiree eligible for Medicare.

Employer contributions are financed on pay-as-you-go basis. Expenditures for postretirement health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported to the _(entity's name)_.

During the year, expenditures of $____ were recognized for postretirement health care.

Approximately $_____ of the $_____ increase in expenditures over the previous year was caused by the addition of dental benefits, effective __(date)__.

1 The following disclosures are required for all fund types and entities owning and operating the municipal solid waste landfills.

1. The nature and source of landfill closure and postclosure care requirements (federal, state, or local laws or regulations).

2. That recognition of a liability for closure and postclosure care costs is based on landfill capacity used to date.

3. The reported liability for closure and postclosure care at the balance sheet date (if not apparent from the financial statements) and the estimated total current cost of closure and postclosure care remaining to be recognized.

4. The percentage of landfill capacity used to date and estimated remaining landfill life in years.

5. How closure and postclosure care financial assurance requirements, if any, are being met. Also, any assets restricted for payment of closure and postclosure care costs (if not apparent from the financial statements).

6. The nature of the estimates and the potential for changes due to inflation or deflation, technology, or applicable laws or regulations.

For the sample text refer to the GASB Statement 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Cost* , Appendix D.

1 NOTE 20 - CLOSURE AND POSTCLOSURE CARE COST

2 (No SAMPLE TEXT is provided because the circumstances will be unique in each case. See Notes To Preparer.)

2 Prior Period Adjustments

Adjustments related to prior periods (and thus excluded from the operating statements for the current period) are limited to: (a) corrections of material errors in the financial statements of a prior period; and (b) in enterprise funds only, other material adjustments which meet the criteria for prior period adjustments contained in the prescribed system of accounts. The circumstances surrounding each such adjustment should be separately explained in these footnotes.

4 Accounting and Reporting Changes

Changes in accounting principle, in estimates and in the reporting entity are discussed in this note. The circumstances surrounding each such change should be separately explained.

In 199X, the city reclassified the Electronic Equipment Rental Fund from a special revenue fund to an internal service fund. Prior year comparative data has been restated and the following changes in revenues, expenditures, assets, liabilities and fund equity occurred:

	Increase (Decrease)
Revenues:	
Charges for Services	$(27,810)
Rental Fees	48,259
Expenditures:	
Depreciation	371,187
Fund Equity - Beginning Balance	991,564
Fund Equity - Ending Balance	641,826
Assets	642,489
Liabilities	17,337

1 NOTE 21 - OTHER DISCLOSURES

2 A. Prior Period Adjustments

3 (No SAMPLE TEXT is provided because each circumstance will be unique. See Notes To Preparer.)

4 B. Accounting and Reporting Changes

5 (No SAMPLE TEXT is provided because each circumstance will be unique. See Notes To Preparer.)

In 199Y revenues were recorded on a cash basis in governmental funds. In 199X, revenues were recognized on a modified-accrual basis which is in conformity with generally accepted accounting principles. The 199Y financial data has been restated and the affects on the fund balances is shown below:

Fund	Beginning Balance	Increase	Ending Fund Balance
Street Fund	$2,244,774	$124,212	$2,308,582
General Fund	2,200,723	743,859	2,944,582

Prior to 199X, the salary/claims clearing funds were reported as a separate fund group. These are reclassified as agency funds in accordance with generally accepted accounting principles.

1 Major Receivables

If a major customer supports a material amount of enterprise funds operations or is a material taxpayer, this should be disclosed here. Material would be defined as 10 percent or more of the operating revenues or taxes levied. For example:

In 199X, 14.8 percent of the charges for electric services in the City Light Fund were billed to the Boeing Company. Boeing Company also paid $_____ in property taxes which is 21.3 percent of the total tax levy.

2 Related Party Transactions

The disclosures illustrated in the SAMPLE TEXT for this note are required whenever your government transacts a significant amount of business with another closely affiliated entity. Disclosure should include the nature of the relationship between the entities, the nature and dollar amount of transactions, amounts due at year end, and any significant changes in terms. This disclosure could be appropriately combined with other information in a joint venture note or in a reporting entity note. These disclosures are also required should your government transact business with its own officials or employees beyond the limited amounts permitted in Chapter 42.23 RCW.

5 Extraordinary Items

Extraordinary items are events and transactions that are distinguished by their unusual nature and by the infrequency of their occurrence. Thus, both of the following criteria should be met to classify an event or transaction as an extraordinary item:

a. Unusual nature - the underlying event or transaction should possess a high degree of abnormality and be of a type clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the entity.

b. Infrequency of occurrence - the underlying event or transaction should be of a type that would not reasonably be expected to recur in the foreseeable future.

Descriptive captions and the amounts for individual extraordinary events or transactions should be presented, preferably on the face of the income statement, if practicable; otherwise disclosure in related notes is acceptable. The nature of an extraordinary event or transaction and the principal items entering into the determination of an extraordinary gain or loss should be described.

C. Major Receivables

D. Related Party Transactions

(No SAMPLE TEXT is provided because such transactions are rare and the circumstances will be unique in each case. See Notes To Preparer.)

E. Extraordinary Items

(No SAMPLE TEXT is provided because the circumstances will be unique in each case. See Notes T o Preparer.)

F. Subsequent Events

(No SAMPLE TEXT is provided because the circumstances will be unique in each case. See Notes T o Preparer.)

The following is an example of an extraordinary item:

Because of the eruptions of Mt. St. Helens and related ash damage to city vehicles and equipment, the city's Equipment Rental and Revolving Fund has incurred substantial losses during the current year. Five pieces of road equipment were destroyed during the flooding on the Yesler River. In addition, the use of city equipment during the ash fall and cleanup operations has resulted in scrapping 9 pieces of equipment and the estimated lives of 23 city vehicles have been reduced by 2-4 years. The extraordinary loss, net of insurance, is computed below:

Destroyed Equipment (net book value)	$ 48,000
Scrapped Equipment (net book value)	71,000
Additional Depreciation	57,000
	176,500
Insurance Recoveries	39,500
Extraordinary Loss	$137,000

8

Subsequent Events

Certain events that occur between the date of the financial statements and the date they are issued must be disclosed. There are 2 ways that subsequent events may affect the financial statements: (1) When the event affects the valuation of an amount already on the combined balance sheet; and (2) when the event is not associated with any asset or liability that existed at balance sheet date.

The first type of subsequent event is disclosed by an adjusting entry in the financial statements before they are issued. For example, the settlement of a lawsuit or the filing for bankruptcy of a major debtor requires recording the loss in the year that has already ended. No additional disclosure is required, although it may be helpful to a reader.

The second type of subsequent event does not require adjustment, but must be disclosed in the notes. Examples include losses from fire or flood, the issuance of new debt or its advance retirement, or a change that affects the powers of your government, its scope of services or its revenue structure. For example:

On February 1, 199Y, the county issued $1.4 million in Road Improvement District (RID) bonds to provide moneys that are necessary to pay the cost and expense of constructing improvements within RID No. 85-1. The bonds bear interest rates from 8.75 to 11.125 percent and will be redeemed over the next 18 years with proceeds from RID assessment revenues.

On April 10, 199Y, the city transferred all employees, assets, liabilities, and contracts related to the Vanpool Fund to the Golden County Public Transportation Benefit Area. The transfer included $1,370,000 due to the State of Washington for loans to purchase vanpool vehicles.

Beginning on March 1, 199Y, the city's sales tax was increased by 0.2 percent to finance the purchase of property dedicated for a downtown park.

On April 5, 199Y, the city council approved the sale of 136 acres of land adjacent to the city airport to a private corporation for $1.5 million. The sale is expected to be consummated prior to December 1, 199Y. The proceeds will be devoted to capital improvements for the airport.

Chapter 8 will be updated in the future.

BARS CONVERSION CHARTS

The following conversion charts are available from the State Auditor's Office. To order any of these charts, make a photocopy of this page; on the copy, place a checkmark in each box that describes a chart you require, and complete the return address below:

Send your request to:

State Auditor's Office
Technical Services
PO Box 40031
Olympia, WA 98504-0031

_____
(Requested by: Name and Title)

_____
(Department or Office)

_____
(Name of Government Unit/Business)

_____
(Street Address or PO Box)

_____
(City, State ZIP)

	Resource/ Revenues	Expend./ Expenses	General Ledger	Fixed Assets
BARS HISTORY - Lists accounts in BARS 2nd edition order, displaying all previous account number(s) for each account in the current edition of BARS.				NA
FROM 1981 BARS - Lists accounts in 1981 revised BARS order, showing which account(s) replace them in the BARS 2nd edition.				
FROM 1978 BARS - Lists accounts in 1978 BARS order, showing which account(s) replace them in the BARS 2nd edition.				
BARS BASUB INDEX - Lists in alphabetical order the account titles used for each BASUB in the BARS 2nd edition.				NA
FERC ELECTRIC/FERC ORDER - Lists accounts in Federal Energy Regulatory Commission's Uniform System of Accounts for Electric Utilities, showing which account(s) are equivalent in the BARS 2nd edition.				
FERC ELECTRIC/BARS ORDER - Same as above, except that the sequence is by BARS account.				

	Resource/ Revenues	Expend./ Expenses	General Ledger	Fixed Assets
FERC GAS/FERC ORDER - See description of Electric Utility Accounts above				
FERC GAS/BARS ORDER - See description of Electric Utility Accounts above.				
NARUC WATER/NARUC ORDER - Lists accounts in National Association of Regulatory Utility Commissioners' Uniform System of Accounts for Water Utilities, showing which account(s) are equivalent in the BARS 2nd edition.				
NARUC WATER/BARS ORDER - Same as above, except that the sequence is by BARS account.				
NARUC SEWER/NARUC ORDER - See description of Water Utility Accounts above.				
NARUC SEWER/BARS ORDER - See description of Water Utility Accounts above.				
CUNNINGHAM AIRPORT/AIRPORT ORDER - Lists accounts in Cunningham's Airport Accounts, published by MFOA, showing which accounts are equivalent in the BARS 2nd edition.				NA
CUNNINGHAM AIRPORT/BARS ORDER - Same as above, except that the sequence is by BARS account.				NA
UMTA TRANSIT/UMTA ORDER - Lists accounts in the federal Department of Transportation's Uniform System of Accounts for the Urban Mass Transportation Industry.				
UMTA TRANSIT/BARS ORDER - Same as above, except that the sequence is by BARS account.				
ICC RAILROAD/ICC ORDER - Lists accounts in the Interstate Commerce Commission's Uniform System of Accounts for Railroad Companies, showing which accounts are equivalent in the BARS 2nd edition.				
ICC RAILROAD/BARS ORDER - Same as above, except that the sequence is by BARS account.				

GLOSSARY OF TERMS

ABATEMENT. A complete or partial cancellation of a levy imposed by a government. Abatements usually apply to tax levies, special assessments, and service charges.

ACCOUNT NUMBER. See CODING.

ACCOUNTABILITY (ACCOUNTABLE). The state of being obliged to explain one's actions, to justify what one does. Accountability requires governments to answer to the citizenry—to justify the raising of public resources and the purposes for which they are used.

ACCOUNTING PERIOD. A period at the end of which and for which financial statements are prepared. See also FISCAL PERIOD.

ACCOUNTING SYSTEM. The total structure of records and procedures designed to discover, record, classify, summarize, and report information on the financial position and results of operations of a government or any of its funds, account groups or organizational components. See INTERNAL CONTROL.

ACCOUNTS RECEIVABLE (COURTS). Financial obligations owing on a superior court Legal Financial Obligation (LFO) or courts of limited jurisdiction costs, fines, penalties, and restitution.

ACCRUAL BASIS. The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash receipts and disbursements. See FLOW OF ECONOMIC RESOURCES MEASUREMENT FOCUS.

ACCRUED EXPENSES. Expenses incurred but not due until a later date.

ACCRUED PAYABLES. Liability accounts reflecting costs incurred but not due until a later date.

ACTIVITY. A specific and distinguishable line of work performed by one or more organizational units of a government for the purpose of accomplishing a function for which the government is responsible. For example, "food inspection" is an activity performed in the discharge of the "health" function. The element portion of the BARS account code classifies activities.

ACTUARIAL BASIS. A basis used in computing the amount of contributions to be made periodically to a fund or account so that the total contributions plus the compounded earnings thereon will equal the required payments to be made out of the fund. The factors taken into account in arriving at the amount of these contributions include the length of time over which each contribution is to be held and the rate of return compounded on such contribution over its life. A pension trust fund for a public employee retirement system is an example of a fund concerned with actuarial basis data.

ADMINISTRATIVE CONTROL. See INTERNAL CONTROL.

ADVANCE REFUNDING BONDS. Bonds issued to refund an outstanding bond issue prior to the date on which the outstanding bonds become due or callable. Proceeds of the advance refunding bonds are deposited with a trustee, invested in U.S. Treasury Bonds or other authorized securities, and used to redeem the underlying bonds at maturity or call date and to pay interest on the bonds being refunded or the advance refunding bonds.

ADVERSE OPINION. An auditor's opinion stating that financial statements do not present fairly financial position, results of operations and (when applicable) cash flows in conformity with generally accepted accounting principles (GAAP).

AGENCY FUND. A fund used to account for assets held by a government as an agent for individuals, private organizations, other governments, and/or other funds; for example, taxes collected and held by a county for a fire district. The funds may be used for suspense, clearing, or custodial purposes. See the classification of funds in Part 3, Chapter 1.

"ALL-INCLUSIVE" OPERATING STATEMENT. The basic financial statement which, under NCGA Statement 1, consists of the operating statement and the statement of changes in fund equity combined into a single GAAP basic financial statement. See OPERATING STATEMENT and STATEMENT OF CHANGES IN FUND EQUITY.

AMORTIZATION. (1) Gradual reduction, redemption, or liquidation of the balance of an account according to a specified schedule of times and amounts. (2) Provision for the extinguishment of a debt by means of a debt service fund.

ANNUAL BUDGET. A budget applicable to a single fiscal year. See also BUDGET and OPERATING BUDGET.

ANNUITY. A series of equal money payments made at equal intervals during a designated period of time.

ANNUITY, AMOUNT OF. The total amount of money accumulated or paid during an annuity period. This total includes compound interest at a designated rate.

ANNUITY PERIOD. The designated length of time during which the amount of an annuity is accumulated or paid.

APPRAISE. To make an estimate of value, particularly of the value of property. If the property is valued for purposes of taxation, the less-inclusive term "assess" is substituted for this term.

APPROPRIATION. A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and as to the time when it may be expended.

APPROPRIATION BALANCE. See UNENCUMBERED APPROPRIATION and UNEXPENDED APPROPRIATION.

APPROPRIATION EXPENDITURE. An expenditure chargeable to an appropriation. Since virtually all expenditures of governments are chargeable to appropriations, the term EXPENDITURES by itself is widely and properly used.

APPROPRIATION LEDGER. A subsidiary ledger containing an account for each appropriation. Each account usually shows the amount originally appropriated, transfers to or from the appropriation, amounts charged against the appropriation, the net balance, and other related information.

APPROPRIATION ORDINANCE OR RESOLUTION. An ordinance or resolution by means of which appropriations are given legal effect. It is the method by which the expenditure side of the annual operating budget is enacted into law by the legislative body.

ASSESS. To value property officially for the purpose of taxation.

ASSESSED VALUATION. A valuation set upon real estate or other property by a government as a basis for levying taxes.

ASSESSMENT. (1) The process of making the official valuation of property for purposes of taxation. (2) The valuation placed upon property as a result of this process.

ASSESSMENT (COURTS). A monetary amount imposed by the court for a law violation.

ASSESSMENT ROLL. In the case of real property, the official list containing the legal description of each parcel of property and its assessed valuation. The name and address of the last known owner are also usually shown. In the case of personal property, the assessment roll is the official list containing the name and address of the owner, a description of the personal property, and its assessed value.

ASSETS. Resources owned or held by a government which have monetary value.

AUDIT. An examination to determine the accuracy and validity of records and reports or the conformity of procedures with established policies. See INTERNAL AUDIT, INDEPENDENT AUDIT, FINANCIAL AND COMPLIANCE AUDIT, PROGRAM COMPLIANCE AUDIT, SINGLE AUDIT, PERFORMANCE AUDIT, PRE-AUDIT, and POST-AUDIT.

AUDIT PROGRAM. A detailed outline of work to be done and procedures to be followed in any given audit.

AUDIT REPORT. The report by an auditor furnished at the conclusion of internal audits, independent audits, and investigations. As a rule, the report would include: (1) a statement of the scope of the audit; (2) explanatory comments or findings (if any) concerning exceptions by the auditor; (3) opinions; (4) financial statements and schedules; and (5) sometimes statistical tables, supplementary comments, and recommendations.

AUDITED VOUCHER. A voucher which has been examined and approved for payment.

AUDITOR'S OPINION. A statement signed by an auditor in which he or she states that he or she has examined the financial statements in accordance with generally accepted auditing standards (with exceptions, if any) and in which he or she expresses an opinion on the financial position and results of operations of some or all of the funds and account groups of the government as appropriate. See UNQUALIFIED OPINION and ADVERSE OPINION.

AUTHORITY. A government or public agency created to perform a single function or a restricted group of related activities. Usually such units are financed from service charges, fees, and tolls, but in some instances they also have taxing powers. An authority may be completely independent of other governments or partially dependent upon other governments for its creation, its financing, or the exercise of certain powers.

AUTOMATIC DATA PROCESSING (ADP). See DATA PROCESSING.

BAIL (COURTS). An amount of money determined by the judge and posted with the courts as security to ensure the defendant's appearance in court at a specific time.

BALANCE SHEET. The basic financial statement which discloses the assets, liabilities, and equities of an entity at a specified date in conformity with GAAP.

BASIC FINANCIAL STATEMENTS. Those financial statements, including notes thereto, which are necessary for a fair presentation of the financial position and results of operations of an entity in conformity with GAAP. Unde r NCGA Statement 1, basic financial statements include a balance sheet, an "all inclusive" operating statement, and (for proprietary funds, pension trust funds and nonexpendable trust funds) a statement of cash flows. See FINANCIA L REPORTING PYRAMID, COMBINED STATEMENTS - OVERVIEW, COMBINING S TATEMENTS - BY FUND TYPE, INDIVIDUAL FUND STATEMENTS, GENERAL PURPOSE FINANCIAL STATEMENTS, GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, and SUPPORTING SCHEDULES.

BETTERMENT. An addition made to, or change made in, a fixed asset which is expected to prolong its life or t o increase its efficiency over and above that arising from maintenance. The cost of a betterment is added to the book value of the asset. The term is sometimes applied to sidewalks, sewers, and highways, but it is preferable to designate these as IMPROVEMENTS. See also INFRASTRUCTURE ASSETS.

BLENDING (BLENDED). The method of reporting the financial data of a component unit that presents the component unit's balances and transactions in a manner similar to the presentation of the balances and transactions of the primary government.

BOND. A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate. The difference between a note and a bond is that the latter runs for a longer period of time and requires greater legal formality.

BOND (COURTS). An agreement by a party or third party to pay a certain sum of money if the defendant fails t o appear in court.

BOND DISCOUNT. The excess of the face value of a bond over the price for which it is sold or acquired. The price does not include accrued interest at the date of sale or acquisition.

BOND FUND. A fund formerly used to account for the proceeds of general obligation bond issues. See CAPITAL PROJECTS FUND or DEBT SERVICE FUND.

BOND ORDINANCE OR RESOLUTION. An ordinance or resolution authorizing a bond issue.

BOND PREMIUM. The excess of the price at which a bond is sold or acquired over its face value. The price does not include accrued interest at the date of sale or acquisition.

BONDED DEBT. That portion of indebtedness represented by outstanding bonds.

BONDS AUTHORIZED AND UNISSUED. Bonds which have been legally authorized but not issued and which can be issued and sold without further authorization. This term must not be confused with the term "legal debt margin," which represents the difference between the legal debt limit of a government and the debt outstanding against it.

BONDS ISSUED. Bonds sold.

BONDS PAYABLE. The face value of bonds issued and unpaid.

BOOKS OF ORIGINAL ENTRY. The record in which the various transactions are formally recorded for the first time, such as the cash journal, warrant register, or general journal. Where mechanized bookkeeping methods are used, it may happen that one transaction is recorded simultaneously in several records, one of which may be regarded as the book of original entry.

BOOK VALUE. Value as shown by books of account. In the case of assets which are subject to reduction by valuation allowances such as depreciation, "book value" refers to cost or stated value less the appropriate allowance. Sometimes a distinction is made between "gross book value" and "net book value," the former designating value before deduction of related allowances and the latter after their deduction. In the absence of any modifier, however, the term "book value" means "net book value."

BUDGET. A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating body for adoption and sometimes the plan finally approved by that body. It is usually necessary to specify whether the budget under consideration is preliminary and tentative or whether it has been approved by the appropriating body. See ANNUAL BUDGET, CAPITAL BUDGET, CAPITAL PROGRAM, OPERATING BUDGET.

BUDGET DOCUMENT. The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body. The budget document usually consists of two parts. The first part contains a message from the budget-making authority, together with a summary of the proposed expenditures and the means of financing them. The second consists of schedules supporting the summary. These schedules show in detail the information as to the past years' actual revenues, expenditures, and other data used in making the estimates. In addition to the budget document, an appropriation ordinance or resolution and revenue and borrowing measures will be necessary to put the budget into effect.

BUDGET MESSAGE. A general discussion of the proposed budget as presented in writing by the budget-making authority to the legislative body. The budget message should contain an explanation of the principal budget items, an outline of the government's experience during the past period and its financial status at the time of the message, and recommendations regarding the financial policy for the coming period.

BUDGETARY ACCOUNTS. Accounts used to enter the formally adopted annual operating budget into the general ledger as part of the management control technique of formal budgetary integration.

BUDGETARY COMPARISONS. Governmental GAAP financial reports must include comparisons of approved budgeted amounts with actual results of operations. Such reports should be subjected to an independent audit, so that all parties involved in the annual operating budget/legal appropriation process are provided with assurances that government monies are spent in accordance with the mutually agreed upon budgetary plan.

BUDGETARY CONTROL. The control or management of a government or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

BUDGETARY EXPENDITURES. Same as EXPENDITURES.

CAFR. See COMPREHENSIVE ANNUAL FINANCIAL REPORT.

CALLABLE BOND. A type of bond which permits the issuer to pay the obligation before the stated maturity date by giving notice of redemption in a manner specified in the bond contract.

CAPITAL ASSETS. See FIXED ASSETS.

CAPITAL BUDGET. A plan of proposed capital outlays and the means of financing them. See CAPITAL PROGRAM.

CAPITAL EXPENDITURES. See CAPITAL OUTLAYS.

CAPITAL GRANTS. External grants which are restricted by the grantor for the acquisition and/or construction of fixed assets. Although the concept applies to all funds, the classification is used only in proprietary funds. See also OPERATING GRANTS and CONTRIBUTED CAPITAL.

CAPITAL IMPROVEMENT PROGRAM. See CAPITAL PROGRAM.

CAPITAL OUTLAYS. Expenditures which result in the acquisition of or addition to fixed assets.

CAPITAL PROGRAM. A plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from the long-term work program or otherwise. It sets forth each project or other contemplated expenditure in which the government is to have a part and specifies the full resources estimated to be available to finance the projected expenditures.

CAPITAL PROJECTS FUND. A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and Trust Funds).

CAPITAL RESOURCES. Resources of a fixed or permanent character, such as land and buildings, which cannot ordinarily be used to meet current expenditures.

CASH. An asset account reflecting currency, coin, checks, postal and express money orders, and bankers' drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits. All cash must be accounted for as a part of the fund to which it belongs. Any restrictions or limitations as to its availability must be indicated in the records and statements. It is not necessary, however, to have a separate bank account for each fund unless required by law.

CASH BASIS. A basis of accounting under which transactions are recognized only when cash is received or disbursed.

CASH DISCOUNT. An allowance received or given if payment is completed within a stated period of time. This term is not to be confused with TRADE DISCOUNT.

CERTIFICATE OF ACHIEVEMENT IN FINANCIAL REPORTING PROGRAM. A voluntary program administered by the Government Finance Officers Association (GFOA) to encourage governments to publish efficiently organized and easily readable CAFRs and to provide peer recognition and technical assistance to the finance officers preparing them.

CHARACTER CLASSIFICATION. Expenditure classification according to the time periods expenditures are presumed to benefit. The four groupings are: (1) current operating expenditures, presumed to benefit the current fiscal period; (2) debt service, presumed to benefit prior fiscal periods primarily, but also present and future periods; (3) capital outlays presumed to benefit the current and future fiscal periods; and (4) intergovernmental, where one government purchases from another government services not normally available from outside sources. See account definitions of objects in Part 1, Chapter 4.

CHECK. A bill of exchange drawn on a bank and payable on demand; a written order on a bank to pay on demand a specified sum of money to a named person, to his or her order, or to bearer out of money on deposit to the credit of the maker. A check differs from a warrant in that the latter is not necessarily payable on demand and may not be negotiable. It differs from a voucher in that the latter is not an order to pay. A voucher-check combines the distinguishing characteristics of a voucher and a check; it shows the propriety of a payment and is an order to pay.

CLASSIFIED. This term means all proprietary operations which use double-entry full accrual accounting systems which measure revenue and expense, including depreciation. Examples of classified proprietary accounting systems are NARUC Water, MFOA Airports, SAO Ports, etc. See PROPRIETARY FUND TYPES.

CLEARING ACCOUNT. An account used to accumulate charges or credits that are to be allocated to other accounts later, or to accumulate a net difference for transfer to another account.

CLEARING FUND. See AGENCY FUND.

CODING. A system of numbering or otherwise designating accounts, entries, invoices, vouchers, etc., in such a manner that the symbol used reveals quickly certain required information. The BARS numbers are an example of the coding of accounts. Other examples are the numbering of monthly recurring journal entries to indicate the month and the nature of the entry and the numbering of invoices or vouchers so that the number reveals the date of entry.

COMBINED STATEMENTS - OVERVIEW. The five basic financial statements comprising the first of the financial reporting pyramid's three reporting levels containing GAAP basic financial statements. They include: (1) Combined Balance Sheet - All Fund Types and Account Groups; (2) Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types; (3) Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General and Special Revenue Fund Types (and similar governmental fund types for which annual budgets have been legally adopted); (4) Combined Statement of Revenues, Expenses, and Changes in Fund Equities - All Proprietary Fund Types; (5) Combined Statement of Changes in Financial Position - All Proprietary Fund Types; and (6) Notes to the Financial Statements. Trust Fund operations may be reported in (2), (4), and (5) above, as appropriate, or separately. The Combined Statements - Overview are also referred to as the "liftable" general purpose financial statements (GPFS).

COMBINING STATEMENTS - BY FUND TYPE. The second of the financial reporting pyramid's three reporting levels containing GAAP basic financial statements. Such statements are presented for each fund type for which the government maintains more than one fund. They include GAAP basic financial statements for each fund of a particular fund type in separate adjacent columns and a total column for all funds of the particular fund type.

COMPONENT UNIT. A separate government unit, agency or nonprofit corporation that is combined with other component units to constitute the reporting entity in conformity with GAAP.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). The official annual report of a government. It includes five Combined Statements - Overview (the "liftable" GPFS) and basic financial statements for each individual fund and account group prepared in conformity with GAAP and organized into a financial reporting pyramid. It also includes Supporting Schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COMMITMENTS. See ENCUMBRANCES.

CONSTRUCTION IN PROGRESS. A fixed asset account reflecting the cost of construction work for projects not yet completed.

CONSUMPTION METHOD. The method under which inventories are recorded as expenditures when used. This method does not conform to most budget law in Washington State. See PURCHASES METHOD.

CONTINGENT LIABILITIES. Items which may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending law suits, judgments under appeal, unsettled disputed claims, unfilled purchase orders, and uncompleted contracts. All contingent liabilities should be disclosed within the basic financial statements, including the notes thereto.

CONTINUING APPROPRIATION. An appropriation which, once established, is automatically renewed without further legislative action, period after period, until altered, revoked or expended.

CONTRIBUTED CAPITAL. An equity account recording resources externally restricted for the acquisition or construction of capital assets, including CAPITAL GRANTS, RESIDUAL EQUITY TRANSFERS, contributions from developers and customers, and tax levies restricted to capital purposes. The account also records current resources furnished to an internal service fund for working capital. Although the concept applies to all funds, the classification is used only in proprietary funds.

CONTRIBUTION (COURTS). Payment required by the court to be paid to an established fund, i.e., interlocal drug fund.

CONTROL ACCOUNT. An account in the general ledger which summarizes a number of identical or related accounts called subsidiary accounts. For example, Taxes Receivable is a control account supported by the aggregate of individual balances in individual property taxpayers' subsidiary accounts. See GENERAL LEDGER and SUBSIDIARY ACCOUNT.

CORRECTION OF ERRORS. See REFUND and INTERFUND TRANSACTIONS.

COST OF SERVICES MEASUREMENT FOCUS. See FLOW OF ECONOMIC RESOURCES MEASUREMENT FOCUS.

COST RECORDS. All ledgers, supporting records, schedules, reports, invoices, vouchers, and other records and documents reflecting the cost of projects, jobs, production centers, processes, operations, products, or services, or the cost of any of the component parts thereof.

COSTS (COURTS). Expenses incurred by the government in prosecuting a defendant. Costs, in criminal cases, may be imposed only on a convicted defendant and cannot include expenses inherent in providing a constitutionally guaranteed jury trial or expenditures in connection with the maintenance and operation of government agencies that must be made by the public irrespective of specific violations of law. In criminal cases, appropriate costs include: jury demand, witness, public defense, sheriff's service, court interpreter, collection agency, and appellate costs. Costs in civil cases include an amount of money payable to the prevailing party by the losing party for the expense of prosecuting or defending the action; sometimes includes attorney's fees.

COUPON RATE. The interest rate specified on interest coupons attached to a bond, also called the nominal interest rate.

COVERAGE. The ratio of net revenue available for debt service to the average annual debt service requirements of an issue of revenue bonds. See NET REVENUES AVAILABLE FOR DEBT SERVICE.

CURRENT. A term which, applied to budgeting and accounting, designates the operations of the present fiscal period as opposed to past or future periods. It usually connotates items likely to be used up or converted into cash within one year.

CURRENT ASSETS. (1) In governmental funds, those assets which are available or can be made readily available to finance current operations or to pay current liabilities. (2) In proprietary funds, those assets which will be used up or converted into cash within next operating cycle (e.g. one year). Some examples are cash, temporary investments, and taxes receivable which will be collected within next operating cycle (e.g. one year).

CURRENT EXPENSE FUND. See GENERAL FUND.

CURRENT LIABILITIES. Liabilities which are payable within next operating cycle (e.g. one year).

CURRENT RESOURCES. Resources which can be used to meet current obligations and expenditures. Examples are current assets, estimated revenues of a particular period not yet realized, transfers from other funds authorized but not received, and in the case of certain funds, bonds authorized and unissued.

CUSTOMER DEPOSITS. A liability account used in an enterprise fund to reflect deposits made by customers as a prerequisite to receiving services and/or goods provided by the fund.

DATA PROCESSING. (1) The preparation and handling of information and data to obtain results such as classification, problem solution, summarization, and reports. (2) Preparation and handling of financial information wholly or partially by mechanical or electronic means.

DAY LABOR. Use of a government's own personnel to construct or maintain its fixed assets. Also called "force account."

DEBT. An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, registered warrants, notes, contracts and accounts payable. See BOND, NOTE PAYABLE, REGISTERED WARRANT, LONG-TERM DEBT, GENERAL LONG-TERM DEBT, and REVENUE BONDS.

DEBT LIMIT. The maximum amount of gross or net debt which is legally permitted.

DEBT SERVICE FUND. A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Formerly called a sinking fund.

DEBT SERVICE REQUIREMENT. The amount of money required to pay interest on outstanding debt, serial maturities of principal for serial bonds, and required contributions to accumulate monies for future retirement of term bonds.

DEFEASANCE. The legal release of a debtor from being the primary obligor under the debt, either by the courts or by the creditor. Also referred to as a legal defeasance. See IN-SUBSTANCE DEFEASANCE.

DEFERRED REVENUE. Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, amounts that are measurable but not available are one example of deferred revenue.

DEFERRED SPECIAL ASSESSMENTS. Special assessments which have been levied but which are not due within one year.

DEFICIT. (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period; or, in the case of proprietary funds, the excess of expense over income during an accounting period.

DELINQUENT SPECIAL ASSESSMENTS. Special assessments remaining unpaid on and after the date on which a penalty for nonpayment is attached.

DEPARTMENT. See ORGANIZATION UNIT CLASSIFICATION.

DELINQUENT TAXES. Taxes remaining unpaid on and after the date on which a penalty for nonpayment is attached. Even though the penalty may be subsequently waived and a portion of the taxes may be abated or canceled, the unpaid balances continue to be delinquent taxes until abated, canceled, paid, or converted into tax liens.

DEPLETION. (1) The reduction in quantity of a natural resource (wasting asset), such as coal, standing timber, or a rock quarry. (2) The portion of the cost of a wasting asset which is charged as an expense during a particular period. See AMORTIZATION, DEPRECIATION and WASTING ASSETS.

DEPOSIT. (1) Money or securities placed with a bank or other institution or with a person such as the county treasurer either as a general deposit subject to withdrawal by check or as a special deposit made for some specified purpose. (2) Sums deposited by customers for electric meters, water meters, etc., and by contractors and others to accompany and guarantee their bids.

DEPOSITARY. A person/entity entrusted with the safekeeping and depositing of assets.

DEPOSITORY. A place where assets are deposited for safekeeping. (NOTE: The BARS Manual makes the distinction between the terms depositary and depository. However, the RCWs and certain publications use these terms interchangeably. Where we use depository, the RCWs use depositary.) (See Part 3, Chapter 6, Section A.)

DEPRECIATION. (1) Expiration in the service life of fixed assets, other than wasting assets. (2) The portion of the cost of a fixed asset other than a wasting asset which is charged as an expense during a particular period. In accounting for depreciation, the cost of a fixed asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense. See DEPLETION and AMORTIZATION.

DIRECT CHARGES. See DIRECT EXPENSES.

DIRECT COSTS. See DIRECT EXPENSES.

DIRECT DEBT. The debt which a government has incurred in its own name or assumed through the annexation of territory or consolidation with another government. See OVERLAPPING DEBT.

DIRECT EXPENSES. Those expenses which can be charged directly as a part of the cost of a product, service, department, operating unit or activity, as distinguished from indirect costs (called "overhead") which must be prorated among several products, services, departments, operating units or activities. See OVERHEAD.

DISBURSEMENTS. Payments in cash.

DISCLAIMER OF OPINION. A report stating that the auditor does not express an opinion on the financial statements. The disclaimer of opinion is appropriate when the auditor is not able to perform an examination sufficient in scope to enable him to form an opinion on the financial statements.

DISCOUNTED PRESENT VALUE. See PRESENT VALUE.

DISCRETE PRESENTATION (DISCRETELY PRESENTED). The method of reporting financial data of component units in a column(s) separate from the financial data of the primary government. An integral part of this method of presentation is that individual component unit supporting information is required to be provided either in condensed financial statements within the notes to the reporting entity's financial statements, or in combining statements in its GPFS.

DISTRAIN. To seize and hold (property) to compel reparation or payment of debts.

DOUBLE ENTRY. A system of bookkeeping which requires an entry to the debit side of an account or accounts for the corresponding amount or amounts of the entry to the credit side of another account or accounts.

EARNINGS. See INCOME and REVENUES.

EFFECTIVE INTEREST RATE. The rate of earning on an investment based on the actual price paid in contrast with the nominal interest rate. See PRESENT VALUE.

ELECTRONIC DATA PROCESSING (EDP). Data processing by means of high-speed electronic equipment. See DATA PROCESSING.

ELEMENT. The fourth digit of all BARS account numbers. See FUNCTION, ACTIVITY, and SOURCE.

ENCUMBRANCES. Commitments for unperformed (executory) contracts for goods or services.

ENTERPRISE FUND. A fund established to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Examples of enterprise funds are those for water, gas, and electric utilities; swimming pools; airports; parking garages; and transit systems.

ENTITLEMENT. The amount of payment to which a state or local government is entitled as determined by the federal government pursuant to an allocation formula contained in applicable statutes.

ENTITY. The basic unit for accounting and/or financial reporting. The basic governmental legal entity for accounting is the individual fund and account group. Under NCGA Statement 1, the basic entities for reporting include (1) the Combined Statements - Overview (the "liftable" GPFS) and (2) financial statements of individual funds (which may be presented as columns on Combining Statements - By Fund Type, on physically separate individual fund statements, or both). The term "entity" is also sometimes used to describe the composition of "the government as a whole" (whether the library is part of the city or a separate government, whether the transit system is part of the county or an independent special district, etc.). See GASB Statement 14 for further discussion.

EQUITY ACCOUNTS. Those accounts showing the excess of assets over liabilities in the fund.

EQUITY INTEREST. A financial interest in a joint venture evidenced by the ownership of shares of the joint venture's stock or by otherwise having an explicit, measurable right to the net resources of the joint venture that is usually based on an investment of financial or capital resources by a participating government.

EXAMINATION. See AUDIT.

EXPENDABLE TRUST FUND. A trust fund whose resources, including both principal and earnings, may be expended. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

EXPENDITURES. Decreases in net current assets. Expenditures include debt service, capital outlays, and those current operating costs which require the use of current assets.

The difference between an expenditure and an expense is a difference in what is being measured. Expenditures measure current outlays (the flow of current resources) while expenses measure total costs (total resources used; also known as capital maintenance). For example, purchases of fixed assets (buildings and equipment) and of inventories are expenditures at the date of purchase, because they cause the outflow or the tie-up of current assets. They are not expenses, however, until they are used or used up, because they are still a resource until consumed. Another example is depreciation, which is not an expenditure because no current assets are used when depreciation is incurred, but which is an expense because it allocates the total cost as the depreciable fixed asset is used. See MODIFIED ACCRUAL BASIS and MEASUREMENT FOCUS.

EXPENSES. Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures. See EXPENDITURES.

EXTERNAL AUDIT. See INDEPENDENT AUDIT and AUDIT.

FACE VALUE. As applied to securities, this term designates the amount of liability stated in the security document.

FEE (COURTS). A charge established by law for certain services or privileges, such as a copying fee.

FIDELITY BOND. Insurance against losses from theft, defalcation, and misappropriation of public monies by government officers and employees.

FIDUCIARY FUND TYPE. The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units and/or other funds.

FILING FEE (COURTS). A charge specified in statute for filing an initial document in a case.

FINANCIAL ACCOUNTABILITY (FINANCIALLY ACCOUNTABLE). The level of accountability that exists if a primary government appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the primary government.

FINANCIAL AND COMPLIANCE AUDIT. An examination leading to the expression of an opinion on (1) the fairness of presentation of the audited entity's basic financial statements in conformity with GAAP and (2) the audited entity's compliance with the various finance-related legal and contractual provisions used to assure acceptable governmental organizational performance and effective management stewardship.

FINANCIAL BENEFIT. Legal entitlement to, or the ability to otherwise access, the resources of an organization.

FINANCIAL BURDEN. An obligation, legal or otherwise, to finance the deficits of, or provide financial support to, an organization; or an obligation in some manner or the debt of an organization.

FINANCIAL REPORTING ENTITY. A primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The nucleus of a financial reporting entity usually is a primary government. However, a governmental organization other than a primary government (such as a component unit, a joint venture, a jointly governed organization, or other stand-alone government) serves as the nucleus for its own reporting entity when it issues separate financial statements.

FINANCIAL REPORTING PYRAMID. NCGA Statement 1 organization plan for the Financial Section of the CAFR. The pyramid presents GAAP basic financial statements on three distinct and progressively more detailed reporting levels: (1) Combined Statements - Overview (the "liftable" GPFS); (2) Combining Statements - By Fund Type; and (where necessary or appropriate) (3) individual fund statements.

FINANCIAL STATEMENTS. See BASIC FINANCIAL STATEMENTS.

FINE (COURTS). A monetary judgment, commonly imposed as a result of conviction for crimes or imposed by the court in a civil case for noncompliance with a court order.

FISCAL AGENT. A fiduciary agent, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due.

FISCAL PERIOD. Any period at the end of which a government determines its financial position and results of its operations. See ACCOUNTING PERIOD.

FISCAL YEAR. A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and results of its operations.

FISCALLY INDEPENDENT/FISCALLY DEPENDENT GOVERNMENT. A government is fiscally independent if it can (a) determine its budget without another government having the substantive authority to approve and modify that budget, (b) levy taxes or set rates or charges without substantive approval by another government, and (c) issue bonded debt without substantive approval by another government. A government is fiscally dependent if it is unable to complete one or more of these procedures without the substantive approval of another government.

FIXED ASSETS. Assets which are intended to be held or used for a long term, such as land, buildings, improvements other than buildings, machinery and equipment. In common usage, the term refers only to operating facilities and equipment, not to long-term investments and other non-current assets.

FIXTURES. Attachments to buildings which are not intended to be removed and which cannot be removed without damage to the buildings. Those fixtures with a useful life presumed to be as long as that of the building itself are considered a part of the building; all others are classified as equipment.

FLOW OF CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS. The measurement focus applied to governmental funds and expendable trust funds. Under it, only current assets and current liabilities are generally reported on their balance sheets, and their operating statements present "financial flow" information (revenues and expenditures). See MODIFIED ACCRUAL BASIS.

FLOW OF ECONOMIC RESOURCES MEASUREMENT FOCUS. The measurement focus applied to proprietary funds, nonexpendable trust funds, and pension trust funds. All assets and all liabilities whether current or noncurrent are reported on their balance sheets, and their operating statements present "capital maintenance" information (revenues and expenses).

FLOW-THROUGH. See PASS-THROUGH RESOURCES.

FORCE ACCOUNT. See DAY LABOR.

FORFEITURE (COURTS). A penalty by which one loses rights and interest in property, whether because of commission of an offense or because of nonperformance of some obligation or duty.

FORMAL BUDGETARY INTEGRATION. The management control technique through which the annual operating budget is recorded in the general ledger through the use of budgetary accounts. It is intended to facilitate control over revenues and expenditures during the year.

FRANCHISE. A special privilege granted by a government permitting a monopoly or the continuing use of public property, such as city streets.

FULL FAITH AND CREDIT. A pledge of the general taxing power of a government for the payment of debt obligations. Bonds carrying such pledges are referred to as general obligation bonds.

FUNCTION. A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible. For example, public health is a function. BARS accounts for functions at the Basub level. See SUBFUNCTION.

FUND. A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND ACCOUNTS. All accounts necessary to set forth the financial position and results of operations of a fund.

FUND BALANCE. The fund equity of governmental funds and trust funds.

FUNDED DEBT. Same as BONDED DEBT, which is the preferred term.

FUND TYPE. In governmental accounting, all funds are classified into three categories and seven fund types:

Governmental Funds Category

(1) General (or Current Expense) Fund
(2) Special Revenue Funds
(3) Debt Service Funds
(4) Capital Projects Funds

Proprietary Funds Category

(5) Enterprise Funds
(6) Internal Service Funds

Fiduciary Funds Category

(7) Trust and Agency Funds
  (a) Expendable Trust Funds
  (b) Non-expendable Trust Funds
  (c) Pension Trust Funds
  (d) Agency Funds

FUND SURPLUS. See FUND BALANCE. The use of the term "surplus" in governmental accounting is generally discouraged because it creates a potential for misleading inference.

GAAP. See GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

GAAS. See GENERALLY ACCEPTED AUDITING STANDARDS.

GENERAL FIXED ASSETS. Fixed assets of governmental funds. General fixed assets include all fixed assets not accounted for in proprietary funds or in trust and agency funds. See GENERAL FIXED ASSETS ACCOUNT GROUP.

GENERAL FIXED ASSETS ACCOUNT GROUP. A self-balancing group of accounts set up to account for the general fixed assets of a government.

GENERAL FUND. The fund used to account for all financial resources except those required to be accounted for in another fund.

GENERAL JOURNAL. A journal in which are entered all entries not recorded in special journals. See JOURNAL and SPECIAL JOURNAL.

GENERAL LEDGER. A book, file, or other device which contains the accounts needed to reflect the financial position and the results of operations of an entity. In double entry bookkeeping, the debits and credits in the general ledger are equal. Therefore, the debit balances equal the credit balances. See SUBSIDIARY LEDGER, CONTROL ACCOUNT, and SUBSIDIARY ACCOUNT.

GENERAL LONG-TERM DEBT. Long-term debt expected to be repaid from governmental funds. This includes special assessment debt for which the government is obligated in some manner, as defined in GASB Statement 6. See LONG-TERM DEBT.

GENERAL LONG-TERM DEBT ACCOUNT GROUP. A self-balancing group of accounts set up to account for the unmatured general long-term debt of a government. See GENERAL LONG-TERM DEBT.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP). Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board.

GENERALLY ACCEPTED AUDITING STANDARDS (GAAS). Measures of the quality of the performance of auditing procedures and the objectives to be attained through their use. They are concerned with the auditor's professional qualities and with the judgment exercised in the performance of an audit. Generally accepted auditing standards have been prescribed by (1) the American Institute of Certified Public Accountants (AICPA) and (2) the U.S. General Accounting Office (GAO) in *Standards for Audit of Governmental Organizations, Programs, Activities, and Functions* (the "Yellow Book").

GENERAL OBLIGATION BONDS. Bonds for the payment of which the full faith and credit of the issuing government are pledged.

GENERAL PURPOSE FINANCIAL STATEMENTS (GPFS). Those basic financial statements which comprise the minimum acceptable fair presentation in conformity with GAAP. In Statement 1, NCGA redefined governmental GPFS to consist of financial statements for each of the seven fund types and for both account groups presented in separate adjacent columns on the financial reporting pyramid's five Combined Statements - Overview. See BASIC FINANCIAL STATEMENTS, COMBINED STATEMENTS - OVERVIEW, FINANCIAL REPORTING PYRAMID, and "LIFTABLE" GENERAL PURPOSE FINANCIAL STATEMENTS.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB). The authoritative accounting and financial reporting standard-setting body for government entities.

GOVERNMENTAL FUND TYPES. Funds used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities—except those accounted for in proprietary funds and fiduciary funds. The measurement focus in these fund types is on the determination of financial position and changes in financial position (sources, uses and balances of financial resources), rather than on net income determination. Under current GAAP, there are four governmental fund types: general, special revenue, debt service and capital projects.

GPFS. See GENERAL PURPOSE FINANCIAL STATEMENTS.

GRANTS. External contributions or gifts of cash or other assets to be used or expended for a specified purpose, activity, or facility. See also CAPITAL GRANTS, OPERATING GRANTS, CONTRIBUTED CAPITAL and PASS-THROUGH RESOURCES.

GROUPED ASSETS. Very similar assets acquired at the same time that are treated as a single asset for depreciation purposes. Any gain or loss is deferred until the entire group has been retired. When a single asset is retired from the group its cost is removed from the asset account and sufficient amounts are removed from the Accumulated Depreciation account so that there is no gain or loss recognized.

GROSS BOOK VALUE. See BOOK VALUE.

GROSS REVENUE. See REVENUES.

IMPREST CASH ACCOUNT. An account into which a fixed amount of money or cash equivalent is placed for the purpose of making change or minor disbursements. Advance travel and similar checking accounts and stamp funds are included in this category. See PETTY CASH and prescribed procedures in Part 3, Chapter 3, Section E.

IMPOSITION OF WILL (IMPOSE ITS WILL). The ability to significantly influence the programs, projects, activities, or level of services performed or provided by an organization.

IMPROVEMENTS. Buildings, other structures, and other attachments or annexations to land which are intended to remain so attached or annexed, such as sidewalks, trees, drives, tunnels, drains, and sewers. Sidewalks, curbing, sewers, and highways are sometimes referred to as "betterments," but the term "improvements" is preferred. See also INFRASTRUCTURE ASSETS.

INCOME. A term in proprietary fund type accounting to represent (1) revenues or (2) the excess of revenues over expenses. See OPERATING INCOME, INCOME BEFORE OPERATING TRANSFERS, and NET INCOME.

INCOME BEFORE OPERATING TRANSFERS. Proprietary fund operating income adjusted by nonoperating revenues and nonoperating expenses.

INDEPENDENT AUDIT. An audit performed by an independent auditor.

INDIRECT COSTS. See OVERHEAD.

INDIVIDUAL FUND STATEMENTS. The third of the financial reporting pyramid's three reporting levels containing GAAP basic financial statements. Such statements should be presented only when necessary or appropriate. Governments should not present physically separate individual fund financial statements which simply repeat information already presented in columns on the Combined Statements - Overview or Combining Statements - By Fund Type. Under Statement 1, physically separate individual fund statement formats are normally used only: (1) to present prior-year comparative data; or (2) to present more detailed information than is presented for a fund on one of the higher levels of the financial reporting pyramid.

INFRASTRUCTURE ASSETS. These are also called "public domain" assets. These assets are immovable and belong in the category of Improvements Other Than Buildings. They are designed to serve the needs of the general public and would be of limited value to any purchaser of property because he could not control their use. Examples include roads, bridges, piers, curbs and gutters, sidewalks, and drainage systems.

IN-SUBSTANCE DEFEASANCE. An advance refunding in which the government is not legally released from being the primary obligor on the refunded bonds, but the possibility of the government having to make additional payments is considered remote under criteria provided by SFAS 76. See ADVANCE REFUNDING BONDS.

INTERFUND ACCOUNTS. Accounts in which transfers between funds are reflected. See INTERFUND TRANSACTIONS and INTERFUND TRANSFERS.

INTERFUND LOANS. See INTERFUND TRANSACTIONS.

INTERFUND TRANSACTIONS. There are four kinds of transactions between funds. All exchanges that involve more than one fund fall into one of the following:

1. Interfund Loans. These are temporary borrowings of cash or other assets. Loan transactions do not affect the operating statements. (The interest payments are quasi-external transactions.) See accounting procedures in Part 3, Chapter 4, Section A.

2. Quasi-External Transactions. These transactions are equivalent to either:

   a. Buying goods or services from an outside vendor; or

   b. Payments in lieu of property, business, or excise taxes by a proprietary fund as though it were a private business; or

   c. Transfers into another fund type from an agency fund used as a suspense fund.

   Quasi-external transactions are shown as revenues (see BARS accounts 317, 329, 348-349, and 365-366) and as expenditures or expenses. Examples include equipment rental billings to General Fund departments, charges by the General Fund for engineering or inspection services provided to the Street or Parks Fund, employer contributions to a municipal pension fund, payments in lieu of B&O taxes by a utility fund to the General Fund, and distribution of taxes from a Forest Suspense Fund to the General Fund.

3. Interfund Reimbursements. These transactions are repayments to a fund for expenditures or expenses which belong to another fund. For additional explanation, see the entry at REIMBURSEMENTS. The fund that reimburses should charge an expenditure or expense account. However, the fund that receives the reimbursement does not show the receipt as a revenue; instead its expenditure or expense is reduced. Examples include repayments to the General Fund for SCAN or other utility charges when the General Fund pays the entire bill and then allocates the costs to the other funds of the municipality; and payment by the Water Fund to the Street Fund for its portion of a shared employee's wages. Corrections of current period interfund errors are also treated as interfund reimbursements. Corrections of prior period interfund errors are charged or credited directly to unreserved fund balance. Examples include reimbursement to the Parks Fund for a bill it paid that should have been paid out of the Human Services Fund, return of cash to the General Fund for a canceled warrant in the Claims (Agency) Fund, correction of the allocation of tax revenues between the Road Fund and General Fund.

4. Interfund Transfers. All other interfund transactions are transfers. See the following definition for the two types of interfund transfers.

INTERFUND TRANSFERS. Interfund transfers are a type of interfund transaction. There are two types of interfund transfers. Both types involve the permanent (or at least long-term) movement of resources between funds. For any one transaction, the transfer-in and the transfer-out must be classified in the same way, so that the total operating transfers-in for the entire municipality equal the total operating transfers-out and the total residual equity transfers-in equal the total residual equity transfers-out.

Residual Equity Transfers. These transfers are the nonrecurring or nonroutine transfers of equity between funds (e.g., contribution of enterprise fund or internal service fund capital by the general fund, subsequent return of all or part of such contribution to the general fund, and transfers of residual balances of discontinued funds to the general fund or debt service fund).

Examples include payments by the General Fund to the Central Services Fund to allow the purchase of additional data processing equipment, transfer of inventory from a utility to a central warehouse fund, and repayment to the Human Services Fund of its contribution to Equipment Rental for vehicles no longer needed.

Residual equity transfers are reported as additions to or deductions from beginning fund balance in governmental funds and as additions to or deductions from fund equities (contributed capital or retained earnings, as appropriate) in proprietary funds.

Operating Transfers. All other interfund transfers are operating transfers. These transactions are often the interfund equivalent of operating subsidies. As such, their purpose is to support the normal level of operations in the recipient fund. Transactions which increase operating capacity should be accounted for as residual-equity transfers. Operating transfers are accounted for as "other financing sources or uses" in all funds and are included in operating statements. Examples include the transfer of tax revenues from the General Fund to a transit fund, payments from a water utility (other than payments in lieu of taxes) to finance General Fund expenditures, and contributions from the Street Fund to equip or build an annex to City Hall in a capital projects fund. Note that such common transactions as reimbursements between funds and transfers of cash to claims funds are not interfund transfers for reporting purposes. Your procedure may call for a journal entry called a transfer or use of a transfer voucher but such procedures are not necessarily accounted for as "operating transfers." See INTERFUND TRANSACTIONS and accounting procedures in Part 3.

Some transactions and balances between a primary government and its component units (and among the component units) may need to be reclassified for presentation in the reporting entity's financial statements. Transfers between the primary government and its blended component units (and among the blended component units) should be reported as interfund transfers. Similarly, receivables and payables between the primary government and its blended component units should be reported as amounts due to and due from other funds. Balances and transfers between the primary government and component units that are discretely presented (and among those component units) should be reported similar to interfund transfers, except that the amounts of the balances and transfers (due to/from and transfers to/from component units) should be reported separately from interfund balances and transfers (due to/from and transfers to/from other funds).

INTERGOVERNMENTAL REVENUES. Revenues from other governments in the form of grants, entitlements, shared revenues, or payments in lieu of taxes.

INTERIM BORROWING. Short-term loans to be repaid from general revenues during the course of a fiscal year.

INTERIM FINANCIAL STATEMENT. A financial statement prepared before the end of the current fiscal year and covering only financial transactions during the current year to date.

INTERNAL AUDIT. An appraisal activity within an organization for the review of operations as a service to management. It is a managerial control which functions by measuring and evaluating the effectiveness of other controls.

INTERNAL CONTROL. Internal control comprises the plan of organization, and all of the coordinate methods and measures adopted within a government to accomplish its objectives.

Administrative control includes, but is not limited to, the plan of organization and the procedures and records that are concerned with the decision processes leading to management's authorization of transactions. Such authorization is a management function directly associated with the responsibility for achieving the objectives of the government and is the starting point for establishing accounting control of transactions.

Accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

a. Transactions are executed in accordance with management's general or specific authorization.

b. Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements and (2) to maintain accountability for assets.

c. Access to assets is permitted only in accordance with management's authorization.

d. The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The foregoing definitions are not necessarily mutually exclusive because some of the procedures and records comprehended in accounting control may also be involved in administrative control. See Part 3, Chapter 1, for internal control requirements.

INTERNAL SERVICE FUND. A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis. See FLOW OF ECONOMIC RESOURCES MEASUREMENT FOCUS.

INTRAGOVERNMENTAL SERVICE FUND. See INTERNAL SERVICE FUND.

INVENTORY. A detailed list showing quantities, descriptions, and values of property and, frequently, units of measure and unit prices.

INVESTMENTS. Assets held for the production of revenues in the form of interest, dividends, rentals, or lease payments. The term does not include fixed assets used in governmental operations.

JOINT VENTURE. A legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility.

JOINTLY GOVERNED ORGANIZATIONS. A regional government or other multigovernmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

JOURNAL. A book of original entry. Journals provide a chronological history of financial transactions and a systematic means by which the transactions can be distributed and summarized for convenient posting to ledger accounts. See GENERAL JOURNAL, SPECIAL JOURNAL, and REGISTER.

JOURNAL VOUCHER. A voucher provided for the recording of certain transactions or information in place of or supplementary to the journals or registers. The journal voucher usually contains an entry or entries, explanations, references to documentary evidence supporting the entry or entries, and the signature or initials of one or more properly authorized officials.

JUDGMENT. An amount to be paid or collected by a government as the result of a court decision, including a condemnation award in payment for private property taken for public use.

LAPSE. As applied to appropriations, this term denotes the automatic termination of an appropriation. Except for continuing appropriations, an appropriation is made for a certain period of time. At the end of this period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law.

LEASEHOLD. The right to the use of real estate by virtue of a lease, usually for a specified term of years, for which consideration is paid.

LEASE-PURCHASE AGREEMENTS. Contractual agreements which are termed "leases," but which in substance amount to purchase contracts.

LEDGER. A group of accounts in which are recorded the financial transactions of an entity. See GENERAL LEDGER and SUBSIDIARY LEDGER.

LEGAL DEBT LIMIT. See DEBT LIMIT.

LEGAL FINANCIAL OBLIGATION (LFO) (COURTS). A sum of money that is ordered by a superior court which may include restitution, crime victims' compensation, courts costs, county or interlocal drug funds, court appointed attorneys' fees, and costs of defense, fines, and any other obligation that is assessed as a result of a felony conviction.

LEVY. (Verb) To impose taxes, special assessments, or service charges for the support of governmental activities. (Noun) The total amount of taxes, special assessments, or service charges imposed by a government.

LIABILITIES. Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date. This term does not include encumbrances.

"LIFTABLE" GENERAL PURPOSE FINANCIAL STATEMENTS (GPFS). NCGA Statement 1's GPFS are designed to be "liftable" from the Financial Section of the comprehensive annual financial report (CAFR) for inclusion in official statements for securities offerings or for widespread distribution, along with an independent auditor's opinion, to users requiring less detailed information than is contained in the full CAFR. In order to be "liftable," the GPFS must include all disclosures necessary for their fair presentation in conformity with GAAP including certain specified disclosures related to individual funds. See GENERAL PURPOSE FINANCIAL STATEMENTS.

LOCAL IMPROVEMENT. See SPECIAL ASSESSMENT.

LONG-TERM DEBT. Debt with a maturity of more than one year after the date of issuance.

MAINTENANCE. The upkeep of physical properties in condition for use or occupancy. Examples are the inspection of equipment to detect defects and the making of repairs.

MEASUREMENT FOCUS. The accounting convention which determines (1) which assets and which liabilities are included on an entity's balance sheet and (2) whether its operating statement presents "financial flow" information (revenues and expenditures) or "capital maintenance" information (revenues and expenses). See FLOW OF CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS and FLOW OF ECONOMIC RESOURCES MEASUREMENT FOCUS.

MODIFIED ACCRUAL BASIS. The accrual basis of accounting adapted to the governmental fund type spending measurement focus. Under it, revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are recognized when the related fund liability is incurred except for: (1) prepaid insurance and similar items which need not be reported; (2) accumulated unpaid vacation, sick pay, and other employee benefit amounts which need not be recognized in the current period, but for which larger-than-normal accumulations must be disclosed in the notes to the financial statements; and (3) principal and interest on long-term debt which are generally recognized when due. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. See FLOW OF CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS.

MODIFIED CASH BASIS. Modified cash basis is the cash basis of accounting adjusted for Washington State statute. RCW 35.33.151 and RCW 35A.33.150 require cities to keep their books open in order to pay December bills by the following January 20. RCW 36.40.200 requires counties to keep their books open until January 30 in order to pay December bills and charge the prior-year budget.

MUNICIPAL BOND. A bond issued by a state or local government.

MUNICIPAL CORPORATION. A body politic and corporate established pursuant to state authorization for the purpose of providing governmental services and regulations for its inhabitants. A municipal corporation has defined boundaries and a population, and is usually organized with the consent of its residents. It usually has a seal and may sue and be sued. Cities and counties are examples of municipal corporations. See QUASI-MUNICIPAL CORPORATION and SPECIAL DISTRICT.

NET BOOK VALUE. See BOOK VALUE.

NET INCOME. Proprietary fund excess of operating revenues, nonoperating revenues, and operating transfers-in over operating expenses, nonoperating expenses, and operating transfers-out.

NET PROFIT. See NET INCOME.

NET REVENUES. See NET INCOME.

NET REVENUES AVAILABLE FOR DEBT SERVICE. Proprietary fund gross operating revenues less operating and maintenance expenses but exclusive of depreciation and bond interest. "Net revenue available for debt service" as thus defined is used to compute "coverage" on revenue bond issues. See COVERAGE. Under the provisions of some revenue bond indentures, "net revenues available for debt service" for computation of revenue bond coverage must be computed on a cash basis rather than in conformity with GAAP.

NOMINAL INTEREST RATE. The contractual interest rate shown on the face and in the body of a bond and representing the amount of interest to be paid, in contrast to the effective interest rate.

NONEXPENDABLE TRUST FUND. A trust fund, the principal of which may not be expended. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

NONOPERATING EXPENSES. Proprietary fund expenses which are not directly related to the fund's primary service activities.

NONOPERATING INCOME. See NONOPERATING REVENUES.

NONOPERATING PROPERTIES. Properties which are owned by an enterprise fund but which are not used in the provision of the fund's primary service activities.

NONOPERATING REVENUES. Proprietary fund revenues which are incidental to, or by-products of, the fund's primary service activities.

NOTE PAYABLE. In general, an unconditional written promise signed by the maker to pay a certain sum in money on demand or at a fixed or determinable time either to the bearer or to the order of a person designated therein. See TEMPORARY LOANS.

NOTE RECEIVABLE. An unconditional written promise, signed by the maker, to pay a certain sum in money on demand or at a fixed or determinable future time either to the bearer or to the order of a person designated therein. The note may be held by the reporting governmental unit as designated payee or by endorsement.

NOTES TO THE FINANCIAL STATEMENTS. The summary of significant accounting policies and other disclosures required for a fair presentation of the basic financial statements of an entity in conformity with GAAP which are not included on the face of the basic financial statements themselves. The notes to the financial statements are an integral part of the basic financial statements.

OBJECT. As used in expenditure classification, this term applies to the type of item purchased or the service obtained (as distinguished from the results obtained from expenditures). Examples are personal services, contractual services, and materials and supplies. See ACTIVITY, CHARACTER CLASSIFICATION, and FUNCTION.

OBLIGATIONS. Amounts which a government may be required legally to meet out of its resources. They include not only actual liabilities but also unliquidated encumbrances.

OBSOLESCENCE. The decrease in the value of fixed assets resulting from economic, social, technological, or legal changes.

OPERATING BUDGET. Plans of current expenditures and the proposed means of financing them. The annual operating budget (or, in the case of some state governments, the biennial operating budget) is the primary means by which most of the financing, acquisition, spending, and service delivery activities of a government are controlled. The use of annual operating budgets is usually required by law. Even where not required by law, however, annual operating budgets are essential to sound financial management and should be adopted by every government. See BUDGET.

OPERATING CAPACITY. The maximum performance, production, or services possible under the limiting conditions of existing physical plant, labor force, method of production, etc.

OPERATING EXPENSES. Proprietary fund expenses which are directly related to the fund's primary service activities.

OPERATING GRANTS. External grants which are restricted by the grantor to operating purposes or which may be used for either capital or operating purposes at the discretion of the grantee. Although the concept applies in all funds, the classification is used only in proprietary funds. See also CAPITAL GRANTS, CONTRIBUTED CAPITAL and PASS-THROUGH RESOURCES.

OPERATING INCOME. The excess of proprietary fund operating revenues over operating expenses.

OPERATING REVENUES. Proprietary fund revenues which are directly related to the fund's primary service activities. They consist primarily of user charges for services.

OPERATING STATEMENT. The basic financial statement which discloses the financial results of operations of an entity during an accounting period in conformity with GAAP. Under NCGA Statement 1, operating statements and statements of changes in fund equity are combined into "all-inclusive" operating statement formats.

OPERATING SUBSIDY. See OPERATING GRANTS.

OPERATING TRANSFERS. See INTERFUND TRANSFERS.

OPTIONAL BOND. See CALLABLE BOND.

ORGANIZATION UNIT CLASSIFICATION. Expenditure classification according to responsibility centers within a government's organization structure. Classification of expenditures by organization unit is essential to fixing stewardship responsibility for individual government resources.

OTHER FINANCING SOURCES. Governmental fund general long-term debt proceeds, operating transfers-in, and material proceeds of fixed asset dispositions. Such amounts are classified separately from revenues.

OTHER FINANCING USES. Governmental fund operating transfers-out. Such amounts are classified separately from expenditures.

OUTLAYS. Synonymous with EXPENDITURES. See CAPITAL OUTLAYS.

OVERHEAD. All costs other than direct costs. Specifically, those elements of cost necessary to produce an article or perform a service for which the amount applicable to the product or service cannot be determined accurately or readily. Usually they relate to those objects of expenditure which do not become an integral part of the finished product or service such as rent, heat, light, supplies, management, supervision, etc.

OVERLAPPING DEBT. The proportionate share of the debts of other local governments located wholly or in part within the limits of the reporting government which must be borne by property within each government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessments receivable in each jurisdiction to total assessments receivable which will be used wholly or in part to pay off the debt. See DIRECT DEBT.

PASS-THROUGH RESOURCES. Resources that are received by a recipient government to transfer to or spend on behalf of a secondary recipient, government or otherwise, in accordance with legal or contractual provisions. See Part 3, Chapter 5, Section B for more information.

PAY-AS-YOU-GO BASIS. A term used to describe the financial policy of a government which finances all of its capital outlays from current revenues rather than by borrowing. A government which pays for some improvements from current revenues and others by borrowing is said to be on a partial or modified pay-as-you-go basis.

PENALTY (COURTS). Monetary amount imposed for commitment of an infraction.

PENSION TRUST FUND. A trust fund used to account for public employee retirement systems. Pension trust funds are accounted for in essentially the same manner as proprietary funds, but with an important expanded emphasis on required fund balance reserves.

PERFORMANCE AUDIT. Examinations intended to assess (1) the economy and efficiency of the audited entity's operations and (2) program effectiveness - the extent to which program objectives are being attained. Performance audits are sometimes also referred to as operational audits.

PERPETUAL INVENTORY. A system whereby the inventory of units of property at any date may be obtained directly from the records without resorting to an actual physical count. A record is provided for each item or group of items to be inventoried and is so divided as to provide a running record of goods ordered, received, and withdrawn, and the balance on hand, in units and frequently also in value.

PETTY CASH. A sum of money set aside on an imprest basis for the purpose of making change or paying small obligations for which the issuance of a formal voucher and warrant would be too expensive and time consuming. Petty cash accounts are sometimes referred to as petty cash "funds." However, they are not "funds" in the sense of governmental accounting's fund types. Petty cash accounts should be reported as assets of the fund of ownership. See IMPREST CASH ACCOUNT.

PETTY CASH VOUCHER. A voucher used to record individual disbursements of petty cash. See IMPREST CASH ACCOUNT.

POOLED ASSETS. Similar internal service fund assets that are grouped together for the purpose of setting a rate to charge users of the assets.

POST-AUDIT. An examination of financial transactions that have been consummated or those in various stages of completion at the end of an accounting period. See PRE-AUDIT.

POSTING. The act of transferring to an account in a ledger the data, either detailed or summarized, contained in a book or document of original entry.

PRE-AUDIT. An examination of financial transactions prior to their completion.

PREPAID ITEMS. An asset account reflecting charges entered in the accounts for benefits not yet received. Prepaid items differ from deferred charges in that they are spread over a shorter period of time than deferred charges and are regularly recurring costs of operations. Examples of prepaid items are prepaid rent, prepaid interest, and unexpired insurance premiums. An example of a deferred charge is unamortized discounts on bonds sold.

PRESENT VALUE. The sum of future payments or receipts discounted to the current date at an appropriate rate of interest. Usually the present value can be considered equivalent to the cash price that would be paid for an item on delivery or the principal or face amount of an investment or debt exclusive of interest. However, when an item is purchased on credit and no interest rate is stated, or when an investment is bought or sold at a premium or discount, or when a debt is incurred and the cash proceeds are not the same as the face amount of the debt, computation of present value may be required. The rules and procedures are available in any current intermediate accounting text.

PRIMARY GOVERNMENT. A state government or general purpose local government. Also, a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments.

PROGRAM COMPLIANCE AUDIT. An examination leading to the expression of an opinion on the degree of the audited entity's compliance with requirements imposed by intergovernmental grantors and the audited entity's eligibility for grant monies.

PROPRIETARY FUND TYPES. Sometimes referred to as income determination or commercial-type funds, the classification used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector (i.e., enterprise and internal service funds). All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business and quasi-business activities are accounted for through proprietary funds. The GAAP used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position, and changes in financial position. However, where the GASB has issued pronouncements applicable to those entities and activities, they should be guided by these pronouncements.

PUBLIC AUTHORITY. See AUTHORITY.

PUBLIC CORPORATION. See MUNICIPAL CORPORATION and QUASI-MUNICIPAL CORPORATION.

PURCHASE ORDER. A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

PURCHASES METHOD. The method under which inventories are recorded as expenditures when acquired. At the end of the fiscal period, inventories on hand are recorded as a balance sheet asset with an offset to a reserved fund balance account.

QUALIFIED OPINION. An auditor's opinion stating that "except for" the effect of the matter to which the qualification relates, the financial statements present fairly the financial position, results of operations and (when applicable) its cash flows in conformity with GAAP.

QUASI-EXTERNAL TRANSACTIONS. See INTERFUND TRANSACTIONS.

QUASI-MUNICIPAL CORPORATION. An agency established by the state primarily for the purpose of helping the state to carry out its functions. Some agencies ordinarily classified as quasi-municipal corporations have been granted the powers of municipal corporations by the state. See MUNICIPAL CORPORATION and SPECIAL DISTRICT.

RATE BASE. The value of utility property used in computing an authorized rate of return as authorized by law or a regulatory commission.

REBATES. See ABATEMENT or REFUND.

RECEIPTS. Cash received.

RECOUPMENT (COURTS). A recovery made from a convicted defendant for costs incurred by local government paid to third parties such as jurors, witnesses, interpreters, or attorneys.

RECOVERABLE EXPENDITURE. An expenditure made for or on behalf of another government, fund, or department, or for a private individual, firm, or corporation which will subsequently be recovered in cash or its equivalent. Such expenditures usually do not qualify for treatment as REIMBURSEMENTS.

REFUND. (Noun) The recovery of an item previously expensed or the repayment of an item previously recorded as revenue. Such refunds should be included in revenues, expenditures, or expenses of the current accounting period. (Verb) To pay back or allow credit for an amount because of an over-collection or because of the return of an object sold. Such charges or credits should be made to the account where the original transaction was recorded. (Verb) To provide for the payment of an obligation through cash or credit secured by a new obligation.

REFUNDING BONDS. Bonds issued to retire bonds already outstanding. The refunding bonds may be sold for cash and outstanding bonds redeemed in cash, or the refunding bonds may be exchanged with holders of outstanding bonds. See ADVANCE REFUNDING BONDS.

REGISTER. A record for the consecutive entry of a certain class of events, documents, or transactions, with proper notation of all the required particulars. The form of registers varies from a one-column to a multi-columnar sheet of special design whereon the entries are distributed, summarized, and aggregated for convenient posting to the accounts. See JOURNAL.

REGISTERED WARRANT. A warrant which is registered by the paying officer for future payment due to a present lack of monies and which is to be paid in the order of its registration. In some cases, such warrants are registered when issued; in others, when first presented to the paying officer by the holders. See WARRANT.

REIMBURSABLE EXPENDITURE. See RECOVERABLE EXPENDITURE.

REIMBURSEMENTS. Reimbursements are transactions that reduce expenditures or expenses in the fund that is reimbursed. These transactions include refunds of expenditures, internal prorations of costs, and payments received for others' share of pooled purchases.

There is one major exception to this definition: Frequently, internal service funds are created to account for cost prorations and purchasing. In those funds, cost prorations and payments for pooled purchases are treated as revenues rather than reimbursements.

Reimbursements do not include recoveries for damages, whether from insurance or from private sources, contractual payments from the state or from other local governments, or impact payments, or shared costs of providing services.

Examples of transactions that qualify as reimbursements include: The distribution of utility and telephone bills among the departments and funds of a government, after one department has paid the bill; similar allocations of insurance premiums and payrolls among various departments and funds; jury duty pay and disability pay returned to an employer; and rebates of part of an insurance premium.

Examples of transactions that should not be accounted for as reimbursements include: State payments for public health services, for expert witnesses, or for police salaries while attending criminal justice training; federal/state/interlocal payments for the care and custody of prisoners and for election costs; interlocal payments for data processing services, police/sheriff services, street maintenance, etc.; private payments for street repairs, culvert installations, weed control, demolition of dangerous property, etc., or payments received on subleases. See also INTERFUND TRANSACTIONS.

RELATED ORGANIZATION. An organization for which a primary government is not financially accountable (because it does not impose will or have a financial benefit or burden relationship) even though the primary government appoints a voting majority of the organization's governing board.

REPORT OF EXAMINATION. See AUDIT REPORT.

REPURCHASE AGREEMENT. A generic term for an agreement in which a government entity (buyer-lender) transfers cash to a broker-dealer or financial institution (seller-borrower); the broker-dealer or financial institution transfers securities to the entity and promises to repay the cash plus interest in exchange for the same securities or for different securities.

REQUISITION. A written demand or request, usually from one department to the purchasing officer or to another department, for specified articles or services.

RESERVE. (1) An account used to segregate a portion of fund balance to indicate that it is not available for expenditure; and (2) an account used to segregate a portion of fund equity as legally set aside for a specific future use.

RESERVE FOR UNCOLLECTED TAXES. This use of the term "reserve" is no longer acceptable under NCGA Statement 1. See DEFERRED REVENUES.

RESIDUAL EQUITY TRANSFERS. See INTERFUND TRANSFERS.

RESTITUTION (COURTS). A monetary amount ordered paid to a third party for loss or damage.

RESTRICTED ASSETS. Monies or other resources, the use of which is restricted by legal or contractual requirements. In governmental accounting, special treatments are applied to restricted assets arising out of revenue bond indentures in enterprise funds. These are sometimes also called restricted "funds" but such terminology is not preferred.

RETIREMENT FUND. See PENSION TRUST FUND.

REVENUE BONDS. Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

REVENUES. (1) Increases in governmental fund type net current assets from other than expenditure refunds and residual equity transfers. Under NCGA Statement 1, general long-term debt proceeds and operating transfers-in are classified as "other financing sources" rather than revenues. (2) Increases in proprietary fund type net total assets from other than expense refunds, capital contributions, and residual equity transfers. Under NCGA Statement 1, operating transfers-in are classified separately from revenues. See INTERFUND TRANSFERS and REFUND.

REVOLVING FUND. (1) An internal service fund. (2) An imprest account which is accounted for as an asset of a fund.

SANCTION (COURTS). A monetary amount imposed by the court for noncompliance, usually imposed on the attorney rather than the party. Not part of a judgment.

SCHEDULES. See SUPPORTING SCHEDULES.

SECURITIES. Bonds, notes, mortgages, or other forms of negotiable or nonnegotiable instruments. See INVESTMENTS.

SEGMENT, INFORMATION. In the context of governmental financial reporting, the presentation within the *liftable* GPFS of selected information on certain individual enterprise funds. Such disclosures are required by GAAP if (1) material long-term liabilities are outstanding, (2) the disclosures are essential to ensure the GPFS are not misleading or (3) they are necessary to ensure interperiod comparability.

SELF-SUPPORTING or LIQUIDATING DEBT. Debt obligations whose principal and interest are payable solely from the earnings of the enterprise for the construction or improvement of which they were originally issued. See REVENUE BONDS.

SERIAL BONDS. Bonds whose principal is repaid in periodic installments over the life of the issue.

SHARED REVENUES. Revenues levied by one government but shared on a predetermined basis, often in proportion to the amount collected at the local level, with another government or class of governments.

SHARED TAXES. See SHARED REVENUES.

SHORT-TERM DEBT. Debt with a maturity of one year or less after the date of issuance. Short-term debt usually includes contracts and accounts payable, bond anticipation notes, and interim warrants.

SINGLE AUDIT. Newly evolving expanded financial and compliance audits which are to include standardized program compliance audit elements. Single audits are expected eventually to eliminate the need for separate program compliance audits of individual federally assisted programs.

SINKING FUND. See DEBT SERVICE FUND.

SOURCE. The origin of revenues, not necessarily the payor.

SPECIAL ASSESSMENT. A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

SPECIAL ASSESSMENT BONDS. Bonds payable from the proceeds of special assessments. These bonds are payable only from the collections of special assessments, and occur in Local Improvement Districts (LIDs) and Road Improvement Districts (RIDs).

SPECIAL ASSESSMENT LIENS RECEIVABLE. Claims which a government has upon properties until special assessments levied against them have been paid. The term normally applies to those delinquent special assessments for the collection of which legal action has been taken through the filing of claims.

SPECIAL ASSESSMENT ROLL. The official list showing the amount of special assessments levied against each property presumed to be benefited by an improvement or service.

SPECIAL DISTRICT. An independent unit of local government organized to perform a single governmental function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes ; however, certain types of special districts are entirely dependent upon enterprise earnings and cannot impose taxes . Examples of special districts are water districts, drainage districts, flood control districts, hospital districts, fir e protection districts, school districts, transit authorities, port authorities, public utility districts, and irrigation districts.

SPECIAL JOURNAL. A journal containing all entries of a particular type. Examples include cash receipts journals, cash disbursement journals, purchases journals, etc. See JOURNAL and GENERAL JOURNAL.

SPECIAL REVENUE FUND. A fund used to account for the proceeds of specific revenue sources (other tha n expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes. Under NCGA Statement 1, the use of special revenue funds is required only when legally mandated.

SPENDING MEASUREMENT FOCUS. See FLOW OF CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS.

STATE-COLLECTED LOCALLY SHARED TAX. See SHARED REVENUES.

STATEMENTS. See BASIC FINANCIAL STATEMENTS.

STATEMENT OF CASH FLOWS. The basic financial statement for proprietary funds, nonexpendable trust funds, and governmental entities that use proprietary fund accounting. The statement classifies cash receipts and payments according to the type of activity (operating, noncapital financing, capital financing, or investing activities). Tw o methods, direct and indirect (reconciliation), can be used in presentation. This statement replaces statement of changes in financial position. See Part 4, Chapter 5 for detailed instructions.

STATEMENT OF CHANGES IN FUND EQUITY. The basic financial statement which reconciles the equity balances of an entity at the beginning and end of an accounting period in conformity with GAAP. It explains the relationship between the operating statement and the balance sheet. Under NCGA Statement 1, statements of changes in fund equity are combined with operating statements into “all-inclusive” operating statement formats. See “ALL-INCLUSIVE ” OPERATING STATEMENT.

STATEMENT OF FINANCIAL CONDITION. See BALANCE SHEET.

STATEMENT OF FINANCIAL POSITION. See BALANCE SHEET.

STATEMENT OF REVENUES AND EXPENDITURES. The basic financial statement which is the governmental fund and expendable trust fund GAAP operating statement. It presents increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in an entity’s net current assets.

STATEMENT OF REVENUES AND EXPENSES. The basic financial statement which is the proprietary fund , nonexpendable trust fund, and pension trust fund GAAP operating statement. It presents increases (revenues) an d decreases (expenses) in an entity’s net total assets.

STATISTICAL TABLES. Financial presentations included in the Statistical Section of the CAFR which provid e detailed data on the physical, economic, social, and political characteristics of the reporting government. They ar e intended to provide CAFR users with a broader and more complete understanding of the government and its financial affairs than is possible from the basic financial statements and supporting schedules included in the Financial Section. Statistical tables usually cover more than two fiscal years and often present data from outside the accounting records. In contrast to Financial Section information, therefore, Stat istical Section data are not usually susceptible to independent audit.

STORES. Goods subject to requisition and use on hand in storerooms.

SUBFUNCTION. A grouping of related activities within a particular governmental function. For example, "police" is a subfunction of the function "public safety."

SUBOBJECT. The seventh digit of all BARS account numbers. The number assigned to identify revenues and expenditures/expenses according to the character and the type of items purchased/sold or services obtained/rendered.

SUBRECIPIENT. An entity that is a secondary or ultimate recipient of federal (grantor) financial assistance. These federal funds are distributed, under contract, by a state or local government (grantee) to the secondary recipient and are used by it in order to carry out federal assistance programs. (These funds are not to be confused with pass-through resources received as an agency that are forwarded to a provider of services.) See PASS-THROUGH RESOURCES.

SUBSIDIARY ACCOUNT. One of a group of related accounts supporting in detail the debit and credit summaries recorded in a control account (e.g., the individual property taxpayers' accounts for the taxes receivable control account in the general ledger). See CONTROL ACCOUNT.

SUBSIDIARY LEDGER. A group of subsidiary accounts, the sume of the balances of which should equal the balance of the related control account. See GENERAL LEDGER and SUBSIDIARY ACCOUNT.

SUBUNIT. See SUBOBJECT.

SUPPORTING SCHEDULES. Financial presentations that: (1) demonstrate compliance with finance-related legal and contractual provisions; (2) present information spread throughout the basic financial statements that can be brought together and shown in greater detail (e.g., schedule of taxes receivable); (3) present greater detail for information reported in the basic financial statements (e.g., detail of revenues and expenditures by element and object); and (4) present information not disclosed in GAAP basic financial statements (e.g., operation of cash).

TAXES. Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those who pay, for example, sewer service charges.

TEMPORARY LOANS. Short-term obligations representing amounts borrowed for short periods of time and usually evidenced by notes payable or warrants payable. They may be unsecured or secured by specific revenues to be collected.

TRADE DISCOUNT. An allowance, usually varying in percentage with the volume of transactions, made to those engaged in certain businesses and allowable without respect to the time when the account is paid. These discounts are commonly considered a reduction of the sales or purchase price and not earnings. The term is not to be confused with CASH DISCOUNT.

TRANSFERS. See INTERFUND TRANSACTIONS.

TRANSFER VOUCHER. A voucher authorizing transfers of cash or other resources between funds.

TRIAL BALANCE. A list of the balances of the accounts in a ledger kept by double entry, with the debit and credit balances shown in separate columns. If the totals of the debit and credit columns are equal or their net balance agrees with a control account, the ledger from which the figures are taken is said to be "in balance."

TRUST FUNDS. Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments, and/or other funds. See PENSION TRUST FUND, NONEXPENDABLE TRUST FUND, and EXPENDABLE TRUST FUND.

TRUST AND AGENCY FUND. One of the eight generic fund types in governmental accounting. See TRUST FUNDS and AGENCY FUND.

UNCLASSIFIED. Any operation which uses a modified accrual or cash (single-entry) basis of accounting and therefore does not record depreciation or other expenses. Such operations should be accounted for in the general fund or i n special revenue funds. See FUND TYPE.

UNEARNED INCOME. See DEFERRED CREDITS.

UNENCUMBERED APPROPRIATION. That portion of an appropriation not yet expended or encumbered.

UNEXPENDED APPROPRIATION. That portion of an appropriation not yet expended.

UNIT. The sixth digit of revenue BARS account numbers used to be called "unit."

UNIT COST. A term used in cost accounting to denote the cost of producing a unit of product or rendering a unit of service; for example, the cost of treating and purifying 1,000 gallons of sewage.

UNQUALIFIED OPINION. An auditor's opinion which states that the basic financial statements of a specified entity are fairly presented in conformity with GAAP applied on a basis consistent with the prior year.

UTILITY FUND. See ENTERPRISE FUND.

VOUCHER. A written document which evidences the propriety of transactions and usually indicates the accounts in which they are to be recorded.

VOUCHER SYSTEM. A system which calls for the preparation of vouchers for transactions involving payments and for the recording of such vouchers in a special book of original entry, known as a voucher register, in the order in which payment is approved.

VOUCHERS PAYABLE. Liabilities for goods and services evidenced by vouchers which have been preaudited and approved for payment but which have not been paid.

WARRANT. An order drawn by the legislative body or an officer of a government upon its treasurer directing the latter to pay a specified amount to the person named or to the bearer. It may be payable upon demand, in which case it usually circulates the same as a bank check; or it may be payable only out of certain revenues when and if received, in which case it does not circulate as freely. See REGISTERED WARRANT.

WARRANTS PAYABLE. The amount of warrants outstanding and unpaid.

WASTING ASSETS. Mines, timberlands, quarries, oil fields, and similar assets which diminish in value by the removal of their contents.

WORK IN PROCESS. The cost of partially completed products manufactured or processed, such as a partially completed printing job. Sometimes referred to as "work in progress." See CONSTRUCTION IN PROGRESS.

WORK IN PROGRESS. See CONSTRUCTION IN PROGRESS and WORK IN PROCESS.

WORKING CAPITAL FUND. See INTERNAL SERVICE FUND.

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