BUDGETING, ACCOUNTING AND REPORTING SYSTEM (BARS)

For

For Proprietary-Type Districts
(Classified)

Washington
State Auditor
Brian Sonntag

CLASSIFIED PROPRIETARY-TYPE DISTRICTS

Copies of this manual will be furnished
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CONTRIBUTORS

This manual was developed through the dedicated efforts of the State Auditor's Office, the Port District Manual Revision Committee which was formed through the Washington Public Ports Association (WPPA) Finance Committee, and the Washington State Transit Association (WSTA) BARS Committee. Membership consisted of the following people:

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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 and federal requirements.

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

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 use a chart of accounts for budgeting and reporting in conformity with generally accepted accounting principles (GAAP). The accounts in the Classified Proprietary BARS manual satisfy this requirement. *All transit agencies are classified*.
>
> 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 Unclassified Proprietary BARS manual.

The BARS 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 State Auditor's Office) 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.

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 proprietary entities with annual operating revenue of $2,000,000 or more and all Transit Agencies:

1. Double-entry method of accounting will be employed. This includes maintaining general ledgers and subsidiary ledgers (e.g., journals) to reflect the flow of financial transactions from the original source 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.

2. The full accrual basis of accounting is prescribed.

3. Revenues and expenses will be classified according to operation using the prescribed chart of accounts.

4. The prescribed chart of accounts must be used for detail reporting of revenues and expenses. If a different system of numbers is used for internal accounting, it must contain equivalent detail throughout the budgeting, accounting, and reporting processes. It is permissible to add more detailed accounting for control and reporting purposes.

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 which is reserved for the fund code, three digits for the program code, and another three digits for the department code, for a total code structure of 16 digits. THE PARTICULAR CODES IN THE FUND, PROGRAM, AND DEPARTMENT FIELDS ARE AVAILABLE FOR EACH LOCAL GOVERNMENT TO USE AS THEY CONSIDER NECESSARY.

The account structure is designed to provide for complete identification of each transaction.

①	②	③	④ ⑤	⑥	⑦
L L L	L L L	L L L	P P P	P P	P P
Fund field	Program field	Department field	Prime and BASUB field	Element and subelement field	Unit and subunit 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 municipal corporation.

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

	Digits
Fund	xxx
Program	xxx
Department or equivalent	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
Unit/Subunit	xx

DESIGN AND PRESCRIPTION

① **FUND CODE** - Used to identify separate funds created and maintained for a particular purpose and having transactions subject to legal or administrative restrictions.

② **PROGRAM CODE** - May be used to identify a group of interdependent, closely related activities contributing to a common objective or group of allied objectives. Program numbers are determined by each municipal corporation. If used, they must have three digits, so "1" should be "001".

③ **DEPARTMENT CODE** - May be used to identify distinct departments of the government. Also, it 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".

④ **PRIME DIGIT** - The first figure in the seven digit Account Number used to identify the type of transaction.

1 (One) denotes an asset account.

2 (Two) denotes a liability or equity account.

4 (Four) denotes a transit agency revenue account.

5 (Five) denotes a transit agency expense account.

6 (Six) denotes a port district revenue account.

7 (Seven) denotes a port district expense account.

3 (Three), 8 (Eight) and 9 (Nine) are not being used as prime digits.

⑤ **BASIC/SUB (BASUB) CODES**

Revenue - The numbers assigned to identify the general types of revenues related to the different operations.

Expense - The numbers assigned to identify the general types of expenses related to the different operations.

⑥ **ELEMENT/SUBELEMENT CODES**

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

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

⑦ UNIT/SUBUNIT CODES (OR OBJECT/SUBOBJECT)

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.

Expense - Transit Agencies use these numbers to identify the different operations from which expenses are incurred (see Part 1, Chapter 8).

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.

DESIGN AND PRESCRIPTION

MINIMUM LEVELS FOR REPORTING EXPENSES AND REVENUES

The following chart summarizes the amount of detail required:

Item Description	Example	Expenses
Fund	401	Optional
Program	000	Optional
Department	000	Optional
Prime Digit	700	X
Basic Account	710	X
Subaccount	711	X
Element	711.20	X
Subelement	711.23	X
Unit (or Object)	711.23.0	Optional 1/
Subunit (or Subobject)	711.23.00	Optional 1/

Item Description	Example	Revenues
Fund	401	Optional
Program	000	Optional
Department	000	Optional
Prime Digit	600	X
Basic Account	630	X
Subaccount	631	X
Element	631.80	X
Subelement	631.81	Optional 1/
Unit (or Object)	631.81.0	Optional 1/
Subunit (or Subobject)	631.81.00	Optional 1/

1/ Except when specifically prescribed in the BARS manual.

Port District 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 port furnished electricity to users of the marine terminal premises. 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 5, REVENUES)

610.00	AIRPORT
620.00	MARINA
630.00	MARINE TERMINAL
640.00	LOCAL OPTION
650.00	LOCAL OPTION
660.00	PROPERTY LEASE/RENTAL
670.00	LOCAL OPTION
680.00	GENERAL AND ADMINISTRATIVE
690.00	NONOPERATING

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

630.00 MARINE TERMINAL

631.00	USER CHARGES
632.00	USER CHARGES
633.00	OPERATING GRANTS
634.00	REAL PROPERTY RENTALS - LAND
635.00	REAL PROPERTY RENTALS - FACILITIES
636.00	REAL PROPERTY RENTALS - FACILITIES
637.00	PERSONAL PROPERTY RENTALS WITH PORT OPERATOR
638.00	PERSONAL PROPERTY RENTALS WITHOUT PORT OPERATOR
639.00	OTHER

Port District Revenue Account Numbering (cont.)

Step 3: From the elements shown under the subaccount, 631.00 selected in Step 2, select the revenue element which describes the service rendered.

631.10	DOCKAGE
631.20	WHARFAGE
631.30	SERVICE AND FACILITIES
631.40	STORAGE
631.50	LOADING AND UNLOADING
631.60	HANDLING
631.70	LABOR
631.80	UTILITIES
631.90	RESERVED

Step 4: From the subelements shown under the elements, 631.80 selected in Step 3, select the revenue subelement which defines the service rendered.

631.81	WATER
631.82	ELECTRICITY
631.83	SEWER
631.84	STEAM
631.85	SURFACE WATER TAX
631.86	GARBAGE COLLECTION
631.87	NATURAL GAS/PROPANE/OIL
631.88	TELECOMMUNICATIONS
631.89	OTHER

The proper account number is 631.82.

Port District Expense Account Numbering - EXAMPLE

A similar procedure is used to classify expenses. For example, assume that the information to be classified is the regular salaries of employees for services rendered in connection with marine terminal operations. The following steps show the procedures used to locate the proper account number.

Step 1: Select the basic account which describes the use of the expense.
(See Part 1, Chapter 6, EXPENSES)

710.00 AIRPORT

720.00 MARINA

730.00 MARINE TERMINAL

740.00 LOCAL OPTION

750.00 LOCAL OPTION

760.00 PROPERTY LEASE/RENTAL

770.00 OTHER

780.00 GENERAL AND ADMINISTRATIVE (UNALLOCATED)

790.00 NONOPERATING

Step 2: Select a subaccount which describes the type of activity.

730.00 MARINE TERMINAL

731.00 OPERATIONS
732.00
733.00 MAINTENANCE
734.00
735.00 GENERAL AND ADMINISTRATIVE (ALLOCATED)
736.00
737.00 DEPRECIATION
738.00
739.00 OTHER

Port District Expense Account Numbering (cont.)

Step 3: Select the element which classifies the activity function being performed.

731.00	OPERATIONS
731.10	SALARIES/LABOR
731.20	BENEFITS
731.30	OUTSIDE SERVICES
731.40	SUPPLIES
731.50	EQUIPMENT RENTALS
731.60	FACILITY RENTALS
731.70	GENERAL AND ADMINISTRATIVE (DIRECT)
731.80	UTILITIES
731.90	OTHER

Step 4: Select the subelement which describes the purpose of the expense.

731.10	SALARIES/LABOR
731.11	REGULAR (STRAIGHT-PAY)
731.12	OVERTIME

The proper account number is 731.11.

BARS UNIFORM CHART OF ACCOUNTS
GENERAL LEDGER

THIS CHAPTER APPLIES TO ALL MUNICIPALITIES INCLUDED WITHIN THE PROPRIETARY BARS MANUAL.

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 proprietary fund might acquire. Throughout the general ledger, the fifth and subsequent digits (called the subelement, unit and subunit digits) have been left for municipal corporations to use in establishing more detailed breakdowns where needed. Chapter 3 of this part of the BARS manual offers a complete detailed chart of fixed asset subaccounts which proprietary-type entities may optionally adopt or modify 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**	**200-27X**		**LIABILITIES**
	100-13X		Current Assets		210-23X 24X 250-27X	Current Liabilities Payable from Restricted Assets Long-Term Liabilities
		100-10X 110-12X 13X	Cash & Investments Receivables Other Current Assets			
	14X		Restricted Assets	**280-29X**		**EQUITY**
	150-18X		Capital Assets		280-28X 290-29X	Contributed Capital Retained Earnings
		150-16X 170-18X	Property, Plant & Equipment Accumulated Depreciation, Depletion, or Amortization			
	19X		Other Noncurrent Assets			

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. The presentation of the balance sheet is structured in the same manner as the general ledger accounts.

BARS UNIFORM CHART OF ACCOUNTS
GENERAL LEDGER

The headings on the chart which begins on the next page identify which digits to sort or summarize by for reporting purposes:

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

BARS UNIFORM CHART OF ACCOUNTS
GENERAL LEDGER

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 (Subelement Digit)
ASSETS:	100.			
CURRENT ASSETS:	101-139			
CASH AND INVESTMENTS:	101-109			
CASH AND CASH EQUIVALENTS		101		
Cash			101.10	
Treasury Pool Investments			101.40	
Other Cash Equivalents			101.50	
Petty Cash			101.70	
Change Funds				101.71
Advance Travel				101.74
Other Imprest Funds				101.77
INVESTMENTS		102		
RECEIVABLES (NET OF ALLOWANCES FOR UNCOLLECTIBLES):	110-129			
TAXES RECEIVABLE		111		
ACCOUNTS RECEIVABLE (NET)		112		
Accounts Receivable			112.10	
Unbilled Receivable			112.40	
Allowance for Uncollectibles (Credit)			112.90	
INTEREST RECEIVABLE		113		
NOTES RECEIVABLE (CURRENT PORTION)		114		
CONTRACTS RECEIVABLE (CURRENT PORTION)		115		
OTHER RECEIVABLES (CURRENT PORTION)		116		
DUE FROM OTHER GOVERNMENTAL UNITS		124		

BARS UNIFORM CHART OF ACCOUNTS
GENERAL LEDGER

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 (Subelement Digit)
OTHER CURRENT ASSETS:	13X			
INVENTORIES		131		
PREPAID EXPENSES		133		
Insurance (Unexpired Portion)			133.10	
Operating Supplies			133.40	
Other Prepaid Expenses			133.70	
OTHER CURRENT ASSETS		139		
RESTRICTED ASSETS:	14X			
CASH AND CASH EQUIVALENTS		141		
INVESTMENTS		142		
INTEREST RECEIVABLE		143		
OTHER RESTRICTED ASSETS		149		
CAPITAL (OR FIXED) ASSETS:	150-189			
PROPERTY, PLANT, AND EQUIPMENT	150-169		See Part 1, Chapter 3, Listing of Element and Subelement Detail	
LAND		151		
BUILDINGS AND STRUCTURES		152-153		
MACHINERY AND EQUIPMENT		154-161		
CAPITAL LEASES		162		
LEASEHOLD IMPROVEMENTS		163		
OTHER IMPROVEMENTS		164-167		
CONSTRUCTION IN PROGRESS		168-169		

BARS UNIFORM CHART OF ACCOUNTS
GENERAL LEDGER

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 (Subelement Digit)
ACCUMULATED DEPRECIATION, DEPLETION, AND AMORTIZATION	170-189			
LAND		171		
BUILDINGS AND STRUCTURES		172-173		
MACHINERY AND EQUIPMENT		174-181		
CAPITAL LEASES		182		
LEASEHOLD IMPROVEMENTS		183		
OTHER IMPROVEMENTS		184-187		
OTHER NONCURRENT ASSETS:	19X			
INTANGIBLE ASSETS		191		
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	
Investment in Joint Venture (Net)			193.50	
Fixed Assets Held for Resale			193.70	
Accumulated Depreciation and Amortization (Credit)			193.90	
NOTES RECEIVABLE (LONG-TERM)		194		
CONTRACTS RECEIVABLE (LONG-TERM)		195		
DEFERRED CHARGES		196		
Preliminary Surveys and Investigations			196.10	
Unamortized Debt Issue Costs			196.30	
Other			196.90	
OTHER		199		

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 (Subelement Digit)
LIABILITIES AND EQUITY	200			
LIABILITIES	210-279			
CURRENT LIABILITIES	210-239			
WARRANTS PAYABLE		211		
ACCOUNTS PAYABLE		212		
ACCRUED EXPENSES		213		
Accrued Accounts Payable			213.10	
Arbitrage Rebate Tax Payable			213.20	
Accrued Wages			213.30	
Accrued Employee Benefits			213.50	
Accrued Taxes			213.70	
Other			213.90	
ACCRUED INTEREST PAYABLE		214		
G.O. Bonds			214.10	
Revenue Bonds			214.20	
Notes Payable			214.30	
Contracts Payable			214.40	
Other			214.90	
NOTES PAYABLE (CURRENT PORTION)		215		
CONTRACTS PAYABLE (CURRENT PORTION)		216		
Contracts Payable			216.10	
Retainage Payable			216.40	
Interest on Retainage Payable			216.70	
DEFERRED REVENUE/CREDITS (CURRENT PORTION)		217		
LONG-TERM OBLIGATIONS (CURRENT PORTION)		235		
G.O. Bonds			235.10	
Revenue Bonds			235.20	
Leases and Installment Purchases			235.50	
Other Obligations			235.90	
OTHER CURRENT LIABILITIES		239		
Customer Deposits			239.10	
Customer Prepayments			239.30	
Anticipation Warrants/Notes			239.60	
Due to Other Governmental Units			239.80	
Other			239.90	

BARS UNIFORM CHART OF ACCOUNTS
GENERAL LEDGER

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 (Subelement Digit)
PAYABLE FROM RESTRICTED ASSETS	24X			
DEBT PRINCIPAL		241		
G.O. Bonds			241.10	
Revenue Bonds			241.20	
Notes and Warrants			241.30	
DEBT INTEREST		242		
DEPOSITS AND OTHER PAYABLES		245		
LONG-TERM LIABILITIES	250-279			
G.O. BONDS PAYABLE (NET)		251		
G.O. Bonds at Par			251.10	
Unamortized Premium on G.O. Bonds (Credit)			251.20	
Unamortized Discount on G.O. Bonds (Debit)			251.30	
Deferred Amount on Refunding			251.40	
REVENUE BONDS (NET)		252		
Revenue Bonds at Par			252.10	
Unamortized Premium on Revenue Bonds (Credit)			252.20	
Unamortized Discount on Revenue Bonds (Debit)			252.30	
Deferred Amount on Refunding			252.40	
CAPITAL LEASES		253		
NOTES PAYABLE (LONG-TERM)		255		
CONTRACTS PAYABLE (LONG-TERM)		256		
EMPLOYEE LEAVE BENEFITS		259		
DEFERRED COMPENSATION		261		
OTHER POST EMPLOYMENT BENEFITS (OPEB)		262		
OTHER LONG-TERM LIABILITIES		263		
Claims and Judgments Payable			263.10	
Arbitrage Rebate Tax Payable			263.70	
Due to Other Governmental Units			263.80	
DEFERRED REVENUE/CREDIT (LONG-TERM)		270		

BARS UNIFORM CHART OF ACCOUNTS
GENERAL LEDGER

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 (Subelement Digit)
EQUITY	280-299			
CONTRIBUTED CAPITAL, NET OF AMORTIZATION:	28X			
CONTRIBUTED CAPITAL - FEDERAL		281	Use Grant Codes To Identify Specific Contibutor (Optional)	
CONTRIBUTED CAPITAL - STATE AND LOCAL GOVERNMENTS		282		
OTHER CONTRIBUTED CAPITAL		283		
Customers			283.70	
Contractors/Developers			283.80	
Other Sources			283.90	
AMORTIZATION OF CONTRIBUTED CAPITAL - FEDERAL		284		
AMORTIZATION OF CONTRIBUTED CAPITAL - STATE AND LOCAL		285		
AMORTIZATION OF OTHER CONTRIBUTED CAPITAL		286		
RETAINED EARNINGS:	29X			
RESERVED RETAINED EARNINGS		295		
Debt Service			295.10	
Replacement, Renewals, Emergencies			295.20	
Other			295.90	
UNRESERVED RETAINED EARNINGS		298		

101-13X. CURRENT ASSETS:

Those assets which will be used up or converted into cash within the next operating cycle (e.g., 12 months).

101. CASH AND CASH EQUIVALENTS:

101.10 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 cash that may be used only for noncurrent purposes (see Restricted Assets - account 140). Do not include time deposits or pass book savings accounts. Compensating balances should be disclosed parenthetically or in a note.

101.40 TREASURY POOL INVESTMENTS

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.

101.50 OTHER CASH EQUIVALENTS

Short-term, highly liquid investments that are both readily convertible to known amounts of cash, and 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 (e.g., Treasury bills, commercial paper, CDs, MMFs).

Also, see Investments (account 102).

101.70 PETTY CASH

Any sum of money or other resources set aside for minor disbursements.

101.71 Change Funds
101.74 Advance Travel
101.77 Other Imprest Funds

102. INVESTMENTS:

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). Also, for reporting purposes, do not include investments that may be used only for noncurrent purposes (see Restricted Assets, account 140). Short-term investments should be recorded at cost, and market value should be disclosed parenthetically or in a note.

Also, see Other Cash Equivalents (account 101.50).

111. TAXES RECEIVABLE:

The uncollected portion of taxes which a municipal corporation has levied (e.g., property, MVET, sales).

112. ACCOUNTS RECEIVABLE (NET):

112.10 ACCOUNTS RECEIVABLE

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

112.40 UNBILLED RECEIVABLES

Amounts earned for goods or services furnished for which billings have not been prepared at the end of the reporting period.

112.90 ALLOWANCE FOR UNCOLLECTIBLES (CREDIT)

That portion of accounts receivable estimated not to be collectible. The balance in this account is reported as a deduction from accounts receivable to indicate net accounts receivable.

113. INTEREST RECEIVABLE:

Interest earned on investments, notes, contracts and miscellaneous receivables.

114. NOTES RECEIVABLE (CURRENT PORTION):

An unconditional written promise, signed by the maker, to pay a certain sum on demand or at a fixed or determinable future time, either to the bearer or to the order of a person designated therein. Use this account for that portion due within the next 12 months.

115. CONTRACTS RECEIVABLE (CURRENT PORTION):

Current amounts due from private individuals or organizations evidenced by a written contract. Use this account for that portion due within the next 12 months.

116. OTHER RECEIVABLES (CURRENT PORTION):

Other current amounts due.

124. DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due the reporting municipal corporation from another government. These amounts may represent intergovernmental grants, loans, and charges for services rendered by the reporting unit for another government. Receivables for services that are part of normal operations should be accounted for in account 112 (e.g., moorage, hanger building).

131. INVENTORIES:

Materials and supplies on hand purchased primarily for future consumption in connection with construction, maintenance, and operations.

133. PREPAID EXPENSES:

133.10 INSURANCE (UNEXPIRED PORTION)

Unexpired portion of insurance premiums.

133.40 OPERATING SUPPLIES

Cost of stationery and office supplies held for use in routine operations.

133.70 OTHER PREPAID EXPENSES

139. OTHER CURRENT ASSETS:

Current intangible assets and other assets not previously classified. Appropriately descriptive account titles should be used for these items.

14X. RESTRICTED ASSETS:

Restricted assets are those 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 the account 140 format, although they may be accounted for during the year in separate funds, using current asset accounts (101, 102, 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 a reservation of retained earnings (account 295) or by a corresponding current liability (account 240).

Assets restricted for debt service should include moneys set aside to pay 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. "Replacement" accounts include renewal, replacement and emergency moneys that covenants or agreements require to be set aside.

141. CASH AND CASH EQUIVALENTS

142. INVESTMENTS

143. INTEREST RECEIVABLE

149. OTHER RESTRICTED ASSETS

15X-18X. CAPITAL (OR FIXED) ASSETS:

15X-16X. PROPERTY, PLANT, AND EQUIPMENT:

Those assets acquired by the municipal corporation for its own use through donation, purchase, lease, or self-construction, 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 and improvements made to rented property.

Within these modes, the assets are segregated into categories of land, buildings, equipment, and other improvements. In the BARS manual, 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 3.

151. LAND

152-153. BUILDINGS AND STRUCTURES

154-161. MACHINERY AND EQUIPMENT

162. CAPITAL LEASES

163. LEASEHOLD IMPROVEMENTS

164-167. OTHER IMPROVEMENTS

168-169. CONSTRUCTION IN PROGRESS:

The cost of construction undertaken but not yet completed.

17X-18X. ACCUMULATED DEPRECIATION, DEPLETION, AND AMORTIZATION:

The accumulation of systematic and rational allocations of the estimated cost of using property, plant, and equipment, on an historical cost basis, over the useful lives of the property, plant, and equipment.

171. LAND

172-173. BUILDINGS AND STRUCTURES

174-181. MACHINERY AND EQUIPMENT

182. CAPITAL LEASES

183. LEASEHOLD IMPROVEMENTS

184-187. OTHER IMPROVEMENTS

19X. OTHER NONCURRENT ASSETS:

Noncurrent intangible assets and other assets not previously classified. Appropriately descriptive account titles should be used for these items.

191. INTANGIBLE ASSETS

192. DEFERRED COMPENSATION:

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

193. OTHER PROPERTY AND INVESTMENTS (NET):

193.10 LONG-TERM INVESTMENTS

Time deposits made and securities held for which the municipal corporation has the firm intention of retaining the investment for a period of years (until maturity, in the case of bonds). Also do not include restricted assets (account 140). Long-term investments should show any premium or discount separately.

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.

193.50 INVESTMENT IN JOINT VENTURE (NET)

Investments and subsequent allocations of earnings or losses for joint ventures reported using the equity method of accounting.

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)

194. NOTES RECEIVABLE (LONG-TERM):

Noncurrent amounts due from private individuals or organizations evidenced by a written promise to pay.

195. CONTRACTS RECEIVABLE (LONG-TERM):

Noncurrent amounts due from private individuals or organizations evidenced by a written contract.

196. DEFERRED CHARGES:

196.10 PRELIMINARY SURVEYS AND INVESTIGATIONS

This account is used to account for all expenses 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.

196.30 UNAMORTIZED DEBT ISSUE COSTS

Those costs incurred for the issuance of long-term debt, such as legal fees, printing costs and other related costs. Debt issue cost related to defeased or refunded debt should be expensed. Use accounts 251 and 252 for recording unamortized premium and discount on bonds sold.

196.90 OTHER

199. OTHER:

All debits not elsewhere provided for, such as miscellaneous work in progress, and unusual or extraordinary expenses, not included in other accounts.

21X-23X. CURRENT LIABILITIES:

Liabilities which are payable within the next operating cycle (e.g., 12 months).

211. WARRANTS PAYABLE:

Amount of non-interest bearing warrants issued and outstanding. This account will be credited when warrants are issued and debited when warrants are redeemed or canceled.

212. ACCOUNTS PAYABLE:

Amounts owed for goods and services furnished (but not including amounts due to other governments).

213. ACCRUED EXPENSES:

Amounts of expenses that have been incurred by the end of the fiscal period but will become payable at a future date.

213.10 ACCRUED ACCOUNTS PAYABLE

213.20 ARBITRAGE REBATE TAX PAYABLE

The interest earnings accrued as of the end of the 5th year that will be due and payable to the U.S. Treasury within the next 12 months. Also, see account 263.70.

213.30 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.

213.50 ACCRUED EMPLOYEE BENEFITS

Estimated benefits associated with accrued wages, account 213.30. Include payroll taxes.

213.70 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 213.50).

213.90 OTHER

214. ACCRUED INTEREST PAYABLE:

Interest costs related to the current period and prior periods, but not due until a later date.

214.10 G.O. BONDS

214.20 REVENUE BONDS

214.30 NOTES PAYABLE

214.40 CONTRACTS PAYABLE

214.90 OTHER

215. NOTES PAYABLE (CURRENT PORTION):

Current portion of amounts due on notes within the next 12 months.

216. CONTRACTS PAYABLE (CURRENT PORTION):

216.10 CONTRACTS PAYABLE

Current amounts due on contracts for goods or services furnished. May include 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.

216.40 RETAINAGE PAYABLE

Amounts due on construction contracts, representing a percentage of the progress billings. These amounts are paid in accordance with RCW 50.24.130 and RCW 60.28. Do not include deposits to escrow accounts.

216.70 INTEREST ON RETAINAGE PAYABLE

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

217. DEFERRED REVENUE/CREDITS (CURRENT PORTION):

Current amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met. Also, see account 270.

235. LONG-TERM OBLIGATIONS (CURRENT PORTION):

The unmatured portion of all long-term debt which will become due within the next 12 months and which will require current assets to redeem. Do not include any portion of debt refunded since 1977. Special rules apply to certain types of intermediate-length financing (see account 239.60). For explanations of the other specific types of debt, see accounts 251, 252, 253 and 263.

235.10 G.O. BONDS

235.20 REVENUE BONDS

235.50 LEASES AND INSTALLMENT PURCHASES

235.90 OTHER OBLIGATIONS

239. OTHER CURRENT LIABILITIES:

239.10 CUSTOMER DEPOSITS

Liability for deposits made by customers.

239.30 CUSTOMER PREPAYMENTS

Amounts received for services not yet rendered.

239.60 ANTICIPATION WARRANTS/NOTES

These are intermediate-length 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 255). This debt should be treated as fund debt.

239.80 DUE TO OTHER GOVERNMENTAL UNITS

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 part of normal operations should be accounted for in account 212.

239.90 OTHER

24X. PAYABLE FROM RESTRICTED ASSETS:

Include the amounts of current liabilities and customer deposits for which the assets have been set aside as restricted in account 140. Do not include matured bonds or progress payments due to contractors; instead, the related assets should be treated as current and nonrestricted.

241. DEBT PRINCIPAL

241.10 G.O. BONDS

241.20 REVENUE BONDS

241.30 NOTES AND WARRANTS

242. DEBT INTEREST

245. DEPOSITS AND OTHER PAYABLES

25X-27X. LONG-TERM LIABILITIES:

251. GENERAL OBLIGATION BONDS PAYABLE (NET):

251.10 G.O. BONDS AT PAR

The face value of all noncurrent bonds for which the government has pledged its full faith and credit.

251.20 UNAMORTIZED PREMIUM ON G.O. BONDS (CREDIT)

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

251.40 DEFERRED AMOUNT ON REFUNDING

This account is used 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.

252. REVENUE BONDS (NET):

252.10 REVENUE BONDS AT PAR

The face value of all noncurrent bonds for which debt service is made dependent on earnings of an income-producing enterprise.

252.20 UNAMORTIZED PREMIUM ON REVENUE BONDS (CREDIT)

252.30 UNAMORTIZED DISCOUNT ON REVENUE BONDS (DEBIT)

252.40 DEFERRED AMOUNT ON REFUNDING

This account is used 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.

253. CAPITAL LEASES:

Noncurrent portion of the discounted present value of total future stipulated payments on lease agreements that are capitalized.

255. NOTES PAYABLE (LONG-TERM):

Noncurrent portion of amounts due on notes.

256. CONTRACTS PAYABLE (LONG-TERM):

Noncurrent portion of amounts due on contracts for goods or services furnished.

259. EMPLOYEE LEAVE BENEFITS:

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 213.30 and 213.50 to record the current portion of these kinds of leave.

261. DEFERRED COMPENSATION:

Amounts of employees' salaries or wages (and related earnings on investments) deferred under the provisions of Section 457 of the Internal Revenue Code. This account should equal account 192.

262. OTHER POST EMPLOYMENT BENEFITS (OPEB):

Post employment benefits other than pension benefits (e.g., medical insurance coverage).

263. OTHER LONG-TERM LIABILITIES:

263.10 CLAIMS AND JUDGMENTS PAYABLE

Noncurrent portion of amounts owed as compensation or payment for injury or damages.

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. Also, see account 213.20.

263.80 DUE TO OTHER GOVERNMENTAL UNITS

The long-term portion of intergovernmental loans.

270. DEFERRED REVENUE/CREDIT (LONG-TERM):

Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met. Examples are amounts recognized as receivables, including amounts due from other governments, which cannot be classified as revenues. Include amounts collected that will not become revenues during the next fiscal year. Also, see account 217.

28X. CONTRIBUTED CAPITAL, NET OF AMORTIZATION:

An equity account 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 subunit fields for this purpose.

The authoritative literature explicitly addresses the amortization of grants, entitlements and shared revenues (BARS accounts 281 and 282). Prevalent practice has made the amortization of customer contributed capital acceptable (283.70).

If amortizing contributed capital, the amount of depreciation recognized in enterprise funds on assets acquired with contributed capital should be debited in accounts 284-286.

281. CONTRIBUTED CAPITAL - FEDERAL

282. CONTRIBUTED CAPITAL - STATE AND LOCAL GOVERNMENTS

283. OTHER CONTRIBUTED CAPITAL:

- 283.70 CAPITAL CONTRIBUTED BY CUSTOMERS
- 283.80 CAPITAL CONTRIBUTED BY CONTRACTORS/DEVELOPERS
- 283.90 OTHER SOURCES

284. AMORTIZATION OF CONTRIBUTED CAPITAL - FEDERAL

285. AMORTIZATION OF CONTRIBUTED CAPITAL - STATE AND LOCAL

286. AMORTIZATION OF OTHER CONTRIBUTED CAPITAL

29X. RETAINED EARNINGS:

295. RESERVED RETAINED EARNINGS:

This account is used to indicate that portion of retained earnings which is being held or set aside for a special purpose by the district's board or commission. Unless otherwise required (e.g., bond indenture), retained earnings should only be reserved for amounts of restricted assets in excess of related liabilities.

295.10 RESERVED 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 140.

295.20 RESERVED 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 unreserved retained earnings should be credited.

295.90 OTHER RESERVED RETAINED EARNINGS

298. UNRESERVED RETAINED EARNINGS:

The accumulated earnings of a proprietary fund that are not reserved for any specific purpose.

BARS UNIFORM CHART OF ACCOUNTS
FIXED ASSET ACCOUNTS

INTRODUCTION

THIS CHAPTER APPLIES TO ALL MUNICIPALITIES INCLUDED WITHIN THE PROPRIETARY BARS MANUAL.

The accounts contained in this chapter provide supplemental detail (optional) for the general ledger accounts in Chapter 2. For entities 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 water and sewer, FERC electric, railroads, natural gas, etc.) are available upon request.

Using the BARS structure, these account numbers will consist of at least 6 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.

Requirements and suggested procedures for implementing and maintaining a fixed assets accounting system are contained in Part 3, Chapter 1, Section 10.

Chapter 3. Section A. - Fixed Assets Account Coding Structure

An integral part of the overall fixed asset accounting structure is the numbering system available for fixed asset accounting. A diagram of this system is provided below. The BARS structure uses sixteen digits in 6 fields. Two of these fields use a total of 5 digits for the required general ledger account and the optional fixed asset detail. One to three additional digits are needed for fund identification provided the entity has more than one proprietary type fund. This leaves 3 fields (8 digits) which can be used by your 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 field, program field, department field, etc.) for all the fields in the BARS structure, 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 entity 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 field (if applicable)	Program field	Department field	Prime and BASUB field	Element & subelement field	Unit & subunit field

R = Minimum required BARS accounting for fixed assets
O = Optional fixed asset account detail
U = Unassigned fields in BARS fixed asset system, available to entity for additional detail

The following section represents a sample application of the numbering scheme that ultimately appears on individual fixed asset records. It is up to your 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 your 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 funds. For instance, in a sewer fund where there are multiple pumping stations, these fields could identify each specific pumping station. By assigning further detail to these fields, your government can identify specific functions and locations for assets. The following table illustrates this type of location/function application.

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:

Asset Account: (Proprietary Fund)

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 & subelement field	Unit & subunit field
Sewer Utility Fund	Pumping Station #2	Sewer Plant #1	Other Improvements	Sewer Mains	Not Used

Careful consideration of your government's management and informational needs and your data processing capacity will determine the sophistication of your numbering system.

BARS UNIFORM CHART OF ACCOUNTS
FIXED ASSET ACCOUNTS

Fixed Asset Detail Chart of Accounts:

The complete chart of fixed asset detail accounts follows. In addition, the account definitions for each of the main asset 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 upon request.

BARS UNIFORM CHART OF ACCOUNTS
FIXED ASSET ACCOUNTS

Account Names	3 Report Accounts (Subdigit)	4 Optional Detail Accounts (Element Digit)	5 Optional Detail Accounts (Subelement Digit)
LAND			
Land	151.	151.1X	
Improvements to Land		151.2X	
Easements and Other Rights		151.3X	
Depletable Resources		151.5X	
BUILDINGS AND STRUCTURES	152-153.		
Wharves, Docks, Piers, and Floats		152.1X	
Shipping Terminals		152.3X	
Warehouses		152.4X	
Passenger Stations and Terminals		152.5X	
Hangars and Tiedowns		152.6X	
Shops, Garages and Engine Houses		152.7X	
Other Transportation Facilities, Including Roadway Buildings		152.8X	
General Administration Buildings		153.1X	
Fire Stations		153.2X	
Stadiums and Auditoriums		153.3X	
Exhibition Halls and Convention Centers		153.4X	
Community and Recreation Centers		153.5X	
Libraries		153.6X	
Other Buildings and Structures		153.8X	
MACHINERY AND EQUIPMENT	154-161.		
Steam Engines and Prime Movers		154.1X	
Turbogenerators and Other Generators		154.2X	
Accessory Generator and Substation Equipment		154.3X	
Boiler and Reactor Plant Equipment		154.4X	
Compressors and Vacuum Equipment		154.6X	
Batteries/Transformers/Regulators		154.7X	
Meters, Gauges, Other Testing Devices and Laboratory Equipment		154.8X	

Account Names	3 Report Accounts (Sub-Digit)	4 Optional Detail Accounts (Element Digit)	5 Optional Detail Accounts (Subelement Digit)
Steam Pumping Equipment		155.1X	
Hydraulic Pumping Equipment		155.2X	
Electric Pumping Equipment		155.3X	
Diesel Pumping Equipment		155.4X	
Other Pumps		155.5X	
Purification and Filtering Equipment		155.7X	
Other Shop and Garage Equipment and Tools		155.8X	
Locomotives, Aircraft, Boats and Special Terrain Vehicles		156.1X	
Vans, Buses, Other Revenue Vehicle		156.2X	
Police Special Vehicles		156.3X	
Automobiles and Motorcycles		156.4X	
Rail and Transit Yard and Way Equipment		156.5X	
Vehicle Movement and Traffic Control Systems		156.7X	
Parking and Pedestrian Movement Equipment		156.8X	
Excavation and Loading Trucks		157.1X	
Pavement Maintenance Trucks		157.2X	
Street Sanitation and Storm Sewer Cleaning Trucks		157.3X	
Fire and Rescue Trucks		157.4X	
Ambulance and Aid Cars/Vans		157.5X	
Field Service, Refuse Compactor and Other Special Purpose Trucks		157.6X	
General Purpose Trucks		157.7X	
Cranes		157.8X	

Account Names	3 Report Accounts (Subdigit)	4 Optional Detail Accounts (Element Digit)	5 Optional Detail Accounts (Subelement Digit)
Tractors		158.1X	
Excavation and Loading Equipment (Self-Propelled)		158.2X	
Grading/Compaction/Paving Equipment (Self-Propelled)		158.3X	
Paving and Earthwork Equipment (Not Self-Propelled)		158.4X	
Sweepers/Grounds Maintenance/Forestry Equipment		158.5X	
Materials Handling and Other Self-Propelled Equipment		158.6X	
Trailers and Freight Cars		158.7X	
Stores/Materials Handling Equipment (Not Self-Propelled)		158.8X	
Office Furniture, Safes and Files		159.3X	
Word Processing Equipment		159.4X	
Printing/Duplicating Equipment		159.5X	
Data Processing Equipment		159.6X	
Other Office Machines		159.7X	
Radio and Television Transmitters and Receivers		159.8X	
Radio and Television Transmitters and Receivers		160.1X	
Other Communications/Alarm/Dispatch Equipment		160.2X	
Audio-Visual Equipment		160.3X	
Library and Training Resources, Museum and Art Collections, Zoo Animals		160.4X	
Revenue Collection and Other Trade Equipment		160.6X	
Restaurant Equipment and Kitchen Appliances		160.8X	

Account Names	3 Report Accounts (Sub-Digit)	4 Optional Detail Accounts (Element Digit)	5 Optional Detail Accounts (Subelement Digit)
Law Enforcement Weapons and Protective Gear		161.1X	
Firefighting Tools and Equipment		161.2X	
Rescue, Emergency and Medical Equipment		161.3X	
Recreation and Playground Equipment		161.6X	
Other Machinery and Equipment		161.8X	
CAPITAL LEASES	162.		
LEASEHOLD IMPROVEMENTS	163.		
OTHER IMPROVEMENTS	164-167.		
Reservoirs, Dams and Waterways		164.1X	
Breakwaters and Retaining Walls		164.2X	
Intakes and Gravity Sewers		164.3X	
Wells and Springs		164.4X	
Infiltration Galleries and Tunnels		164.5X	
Utility Towers and Poles		164.6X	
Electric Conduit, Conductors, Etc.		164.7X	
Water and Sewer Mains		165.1X	
Fire Mains and Sewer Outfall and Other Lines		165.2X	
Hydrants		165.3X	
Service Connections		165.4X	
Meter Installations		165.5X	
Area, Street and Airfield Lighting		165.6X	

BARS UNIFORM CHART OF ACCOUNTS
FIXED ASSET ACCOUNTS

Account Names	3 Report Accounts (Sub-Digit)	4 Optional Detail Accounts (Element Digit)	5 Optional Detail Accounts (Subelement Digit)
Roads		166.1X	
Bridges and Trestles		166.2X	
Tunnels and Subways		166.3X	
Parking Areas		166.4X	
Trackage		166.5X	
Landing Fields, Runways and Aprons		166.6X	
Fuel Handling and Storage Facilities		166.7X	
Sidewalks, Paths and Trails		167.1X	
Ball Courts, Playing Fields, Golf Courses		167.2X	
Swimming Pools and Beaches		167.3X	
Other Conservation and Recreation Facilities		167.4X	
Cemeteries		167.5X	
Other Improvements		167.8X	

151.XX LAND

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 162 or included in this account.

152-153. BUILDINGS AND STRUCTURES

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 162 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 154.4X for furnaces to produce steam heat and use account 160.2X for communications systems.

154-161. MACHINERY AND EQUIPMENT

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.

162.XX CAPITAL LEASES

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 13 and its amendments for further details).

It is permissible to charge the costs of capital leases directly to LAND, BUILDINGS, etc., 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).

163.XX LEASEHOLD IMPROVEMENTS

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.

164-167. OTHER IMPROVEMENTS

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. 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 166.1X) if their cost is material. Moveable equipment associated with these facilities should be accounted for in the 154 through 161 series.

GRANT SOURCE CODES

(To be used in the element, subelement, unit and subunit fields)

Coding Instructions

The coding procedures in this section apply to all federal and state grant moneys. They apply whether such arrangements are called "awards," "grants," "block grants," "subsidies," "programs," "cost reimbursements," "contracts," or "agreements."

For further information about revenue account coding, see Part 1, Chapter 5 (Port Districts), or Chapter 7 (Transit Agencies), of this manual.

State Grants

Grants from all state agencies will be coded using the assigned three digit code listed in the following pages.

Example: Port district receives a state grant from the Department of Transportation for its airport operations. The BARS code for the grant is 613.03.6X.

```
BARS CODE                                  6  1  3.  0  3.  6  X
1.   Revenue---------------------------------*   *   * *---------  * *
2.        Airport---------------------------------*   *       *      *
3.             Operating Grant----------------------*       *      *
4.)                 BARS Grant------- *                     *      *
5.)                 Code              *---------------------- *      *
6.)                 Listing---------- *                             *
7.  For local use (see below)------------------------------------------  *
```

Example: Transit agency receives a state grant from the Department of Transportation for HCT Planning. The BARS code for the grant is 411.03.6X.

```
BARS CODE                                  4  1  1.  0  3.  6  X
1.   Revenue---------------------------------*   *--* *---------  * *
2-3.      Operating Grant (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.

GRANT SOURCE CODES

(To be used in the element, subelement, unit and subunit fields)

Federal Grants

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 Department of Health and Human Services grants and one for all other federal grants.

If a local government receives a grant from a federal source not included in the following listing you should consult the most current edition of the catalog for proper coding following the strategy described herein.

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 the Department of Health and Human Services will be coded using the first 3 digits of the number assigned that program in the Catalog of Federal Domestic Assistance (CFDA).

Example: Port district receives a grant from the Federal Aviation Administration (FAA). The title of the grant is Airport Improvement Program. The CFDA number is 20.106. The BARS code for this grant is 613.20.1X.

```
BARS CODE                                  6  1  3.  2  0.  1  X
1.    Revenue---------------------------------*   *   * *---------  * *
2.          Airport-----------------------------------*   *       *      *
3.                Operating Grant----------------------*       *      *
4.)                     First three-------  *                    *      *
5.)                     digits of the       *---------------------  *      *
6.)                     CFDA number--*                                     *
7.  For local use (see below)-------------------------------------   *
```

Example: Transit agency receives a grant from the Federal Transit Administration (FTA). The title of the grant is Capital and Operating Assistance. The CFDA number is 20.507. The BARS code for this grant is 413.20.5X.

```
BARS CODE                                  4  1  3.  2  0.  5  X
1.    Revenue--------------------------------  *   *--*  *---------  * *
2-3.        Operating Grant (Federal)------------- *         *      *
4.)                     First three-------  *                    *      *
5.)                     digits of the       *---------------------  *      *
6.)                     CFDA 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.

GRANT SOURCE CODES

(To be used in the element, subelement, unit and subunit fields)

Federal Grants - Health And Human Services Department

Grants from the federal Department of Health and Human Services (DHHS) will be coded using the last 3 digits of the Catalog of Federal Domestic Assistance 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 structure is limited to 7 digits, we substituted the one digit number 9 for the 93.

Example: Port district receives a grant from DHHS for its marine terminal operations. The title of the grant is Occupational Safety and Health Research Grant. The CFDA number is 93.262. The BARS code for this grant is 633.92.62.

```
BARS CODE                                  6  3  3.  9  2.  6  2
1.   Revenue---------------------------------*   *   *   *  *--------*
2.        Marine Terminal----------------------*   *   *       *
3.             Operating Grant----------------------*   *       *
4.                  Dept. of Health &                  *       *
                    Human Services (DHHS)--------      *       *
5.)                 Last three------------------------------*     *
6.)                 digits of the                            *----*
7.)                 CFDA number------------------------------*
```

Example: Transit agency receives a grant from DHHS. The title of the grant is Occupational Safety and Health Research Grant. The CFDA number is 93.262. The BARS code for this grant is 413.92.62.

```
BARS CODE                                  4  1  3.  9  2.  6  2
1.   Revenue---------------------------------*   *--*   *  *--------*
2-3.      Operating Grant (Federal)--------------*     *       *
4.                  Dept. of Health &                  *       *
                    Human Services (DHHS)---------     *       *
5.)                 Last three------------------------------*     *
6.)                 digits of the                            *----*
7.)                 CFDA number------------------------------*
```

GRANT SOURCE CODES

(To be used in the element, subelement, unit and subunit fields)

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

PORT DISTRICT
REVENUE ACCOUNTS

600.00* REVENUE ACCOUNTS

The 600 series of revenue accounts designate all inflows by the type of operation (function) and activities within these operations. These accounts represent an orderly means of classifying transactions.

The operations have been divided into Airport, Marina, Marine Terminal, Property Lease and Rentals, General and Administrative, and Nonoperating functions.

The activities defined within each of these functions include user charges, operating grants, real property rentals (land), real property rentals (facilities), personal property rentals (with port operator), and personal property rentals (without port operator).

Throughout the operations and activity sections of the revenue accounts, various account numbers have not been defined or reserved. These open accounts are available for use in providing additional detail at the port's discretion. However, as the BARS manual is updated due to changing environments, it may be necessary to define these accounts.

The 660 series accounts have been provided for those districts that prefer to segregate property lease and rental activities from other operations. Thus, entities may account for these revenues within the various operations, or as a separate function. However, an entity should be consistent in their application by using ONLY one of the methods available.

BASIC ACCOUNTS

610.00	AIRPORT	660.00	PROPERTY LEASE/RENTAL
620.00	MARINA	670.00	LOCAL OPTION
630.00	MARINE TERMINAL	680.00	GENERAL & ADMINISTRATIVE
640.00	LOCAL OPTION	690.00	NONOPERATING
650.00	LOCAL OPTION		

* Most of the revenue and nonrevenue codes are limited to five (5) positions; however, a total of seven (7) positions are reserved for BARS information, i.e., - 600.00.00. If these digits are undefined, ports may use them to provide additional detail.

PORT DISTRICT
REVENUE ACCOUNTS
Basic and Subaccounts

610.00 AIRPORT

611.00 USER CHARGES
612.00 USER CHARGES
613.00 OPERATING GRANTS
614.00 REAL PROPERTY RENTALS - LAND
615.00 REAL PROPERTY RENTALS - FACILITIES
616.00 REAL PROPERTY RENTALS - FACILITIES
617.00 PERSONAL PROPERTY RENTALS - WITH PORT OPERATOR
618.00 PERSONAL PROPERTY RENTALS - WITHOUT PORT OPERATOR
619.00 OTHER

620.00 MARINA

621.00 USER CHARGES
622.00 USER CHARGES
623.00 OPERATING GRANTS
624.00 REAL PROPERTY RENTALS - LAND
625.00 REAL PROPERTY RENTALS - FACILITIES
626.00 REAL PROPERTY RENTALS - FACILITIES
627.00 PERSONAL PROPERTY RENTALS - WITH PORT OPERATOR
628.00 PERSONAL PROPERTY RENTALS - WITHOUT PORT OPERATOR
629.00 OTHER

630.00 MARINE TERMINAL

631.00 USER CHARGES
632.00 USER CHARGES
633.00 OPERATING GRANTS
634.00 REAL PROPERTY RENTALS - LAND
635.00 REAL PROPERTY RENTALS - FACILITIES
636.00 REAL PROPERTY RENTALS - FACILITIES
637.00 PERSONAL PROPERTY RENTALS - WITH PORT OPERATOR
638.00 PERSONAL PROPERTY RENTALS - WITHOUT PORT OPERATOR
639.00 OTHER

640.00 LOCAL OPTION*

* This account number is available for additional port operations. However, the activities defined within this function should be consistent with the other operations.

PORT DISTRICT
REVENUE ACCOUNTS
Basic and Subaccounts

650.00 LOCAL OPTION*

660.00 PROPERTY LEASE/RENTAL

661.00 USER CHARGES
662.00 USER CHARGES
663.00 OPERATING GRANTS
664.00 REAL PROPERTY RENTALS - LAND
665.00 REAL PROPERTY RENTALS - FACILITIES
666.00 REAL PROPERTY RENTALS - FACILITIES
667.00 PERSONAL PROPERTY RENTALS - WITH PORT OPERATOR
668.00 PERSONAL PROPERTY RENTALS - WITHOUT PORT OPERATOR
669.00 OTHER

670.00 LOCAL OPTION*

680.00 GENERAL AND ADMINISTRATIVE

681.00 USER CHARGES
682.00 USER CHARGES
683.00 OPERATING GRANTS
684.00 REAL PROPERTY RENTALS - LAND
685.00 REAL PROPERTY RENTALS - FACILITIES
686.00 REAL PROPERTY RENTALS - FACILITIES
687.00 PERSONAL PROPERTY RENTALS - WITH PORT OPERATOR
688.00 PERSONAL PROPERTY RENTALS - WITHOUT PORT OPERATOR

689.00 OTHER

690.00 NONOPERATING

691.00 USER CHARGES
692.00 USER CHARGES
693.00 OPERATING GRANTS
694.00 REAL PROPERTY RENTALS - LAND
695.00 REAL PROPERTY RENTALS - FACILITIES
696.00 REAL PROPERTY RENTALS - FACILITIES
697.00 PERSONAL PROPERTY RENTALS - WITH PORT OPERATOR
698.00 PERSONAL PROPERTY RENTALS - WITHOUT PORT OPERATOR
699.00 OTHER

*See Page 2

61X.XX AIRPORT REVENUES

611/612 AIRPORT - USER CHARGES

611.10 **LANDING FEES**: Revenue derived from charges for aircraft landing fees of general aviation, charter flights, and other non-tenant aircrafts (refer to accounts 615/616 for long-term landing arrangements).

611.20 **VEHICLE PARKING FEES**: Revenue derived from parking fees received from the public using the garage and other public parking.

611.30 **AIRCRAFT PARKING FEES**: Revenue derived from charges for transient parking of general aviation, charter flights, and other non-tenant aircrafts (refer to accounts 615.11 and 615.12 or 665.11 and 665.12 for arrangements over 30 days or more than $250 annually).

611.40 **MISCELLANEOUS FEES AND PERMITS**: Revenue derived from all miscellaneous fees and permits which are not specifically provided for in other accounts.

611.80 **UTILITIES**: Revenue derived from charges for water, electricity, heat, steam, etc., furnished to users of airport premises.

611.81 **WATER**
611.82 **ELECTRICITY**
611.83 **SEWER**
611.84 **STEAM**
611.85 **SURFACE WATER TAX**
611.86 **GARBAGE COLLECTION**
611.87 **NATURAL GAS/PROPANE/OIL**
611.88 **TELECOMMUNICATIONS**
611.89 **OTHER**

611.90 **RESERVED**

612.80 **RESERVED**

612.90 **OTHER**: Revenue derived for all miscellaneous services which are not specifically provided for in other accounts.

61X.XX AIRPORT REVENUES

613.XX 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. See Part 1, Chapter 4 for additional coding instructions.

614.XX REAL PROPERTY RENTALS - LAND: (i.e., Port owned land, tenant owned facility)

614.10 **UNIMPROVED LAND**: Revenue derived from the rental/lease of land at the airport terminal.

614.20 **INDUSTRIAL PARK**: Revenue derived from the rental/lease of land for industrial park.

614.50 **FREE TRADE ZONE**: Revenue derived from the rental/lease of land with tenant owned facility where trade tariffs do not apply.

614.90 **OTHER**: Revenue derived for all the miscellaneous rental/lease of land which are not specifically provided for in other accounts.

61X.XX AIRPORT REVENUES

615/616 REAL PROPERTY RENTALS - FACILITIES: (i.e., Port owns both land and facility)

615.10 **SPACE RENTAL - GENERAL**: Revenue derived from the rental/lease of land and space (cubic ft., square ft., linear ft., or concession sales) under the direction of airport operations (e.g., hangars, warehouse).

615.11 **PERMANENT AIRCRAFT PARKING**: - Leasehold agreement for an indefinite period (over 30 days or more than $250 annually). Includes tie downs, hangars, floats, etc.. For transient parking, refer to account 611.30.

615.12 **TEMPORARY AIRCRAFT PARKING**: - Leasehold agreement for a specified period (over 30 days). Includes tie downs, hangars, floats, etc.. For transient parking, refer to account 611.30.

615.20 **SPACE RENTAL - GENERAL**: Revenue derived from the rental/lease of land and space (cubic ft., square ft., linear ft., or concession sales) under the direction of airport operations (e.g., hangars, warehouse).

615.30 **SPACE RENTAL - GENERAL**: Revenue derived from the rental/lease of land and space (cubic ft., square ft., linear ft., or concession sales) under the direction of airport operations (e.g., hangars, warehouse).

615.40 **JOINT USE AREAS**: Revenue derived from the rental of areas (cubic ft., square ft., linear ft., or concession sales), under the direction of airport operations, used jointly by all airline tenants, such as baggage claim and handling areas.

615.90 **RESERVED**

616.30 **FUEL FLOWAGE FEES**: Revenue derived from providing fuel to airport users.

616.90 **OTHER**: Revenue derived for all the miscellaneous rental/lease of land and facilities, under the direction of airport operations, which are not specifically provided for in other accounts.

61X.XX AIRPORT REVENUES

617.XX PERSONAL PROPERTY RENTALS - WITH PORT OPERATOR

617.90 **OTHER**: Revenue derived for all the miscellaneous rental of equipment with port operators which are not specifically provided for in other accounts.

618.XX PERSONAL PROPERTY RENTALS - WITHOUT PORT OPERATOR

618.10 **LOADING BRIDGES**: Revenue derived from the rental of loading bridges without port operators.

618.90 **OTHER**: Revenue derived for all the miscellaneous rental of equipment without port operators which are not specifically provided for in other accounts.

619.XX **OTHER**: Revenue derived from other sources not otherwise included in accounts 611 thru 618.

62X.XX MARINA REVENUES

621/622 MARINA USER CHARGES

621.10 **MOORAGE**: Revenue derived from charges to fishing vessels or pleasure craft for use of berthage space alongside of dock/pier, access for sustenance and supplies over the pier for the vessel.

621.11 **PERMANENT**: Leasehold agreement for an indefinite period (over 30 days or more than $250 annually).

621.12 **TEMPORARY**: Leasehold agreement for a specified period (over 30 days). This account is normally used by marina's not filled to capacity.

621.13 **TRANSIENT**: No leasehold agreement (under 30 days and less than $250 annually)

621.80 **UTILITIES**: Revenue derived from charges for water, electricity, heat, steam, etc., furnished to fishing vessels or pleasure crafts.

621.81 **WATER**
621.82 **ELECTRICITY**
621.83 **SEWER**
621.84 **STEAM**
621.85 **SURFACE WATER TAX**
621.86 **GARBAGE COLLECTION**
621.87 **NATURAL GAS/PROPANE/OIL**
621.88 **TELECOMMUNICATIONS**
621.89 **OTHER**

621.90 **RESERVED**

622.80 **RESERVED**

622.90 **OTHER**: Revenue derived for all miscellaneous services which are not specifically provided for in other accounts.

62X.XX MARINA REVENUES

623.XX **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. See Part 1, Chapter 4 for additional coding instructions.

624.XX **REAL PROPERTY RENTALS - LAND**: (i.e., Port owned land, tenant owned facility)

624.10 **UNIMPROVED LAND**: Revenue derived from the rental/lease of land at the marina.

624.20 **INDUSTRIAL PARK**: Revenue derived from the rental/lease of land for industrial park.

624.90 **OTHER**: Revenue derived for all the miscellaneous rental/lease of land which are not specifically provided for in other accounts.

62X.XX MARINA REVENUES

625/626 REAL PROPERTY RENTALS - FACILITIES: (i.e., Port owns both land and facility)

625.10 **SPACE RENTAL - GENERAL**: Revenue derived from the rental/lease of and space (cubic ft., square ft., linear ft., or concession sales) under the direction of marina operations (e.g., net sheds, marina store, lockers, etc.).

625.20 **SPACE RENTAL - GENERAL**: Revenue derived from the rental/lease of land and space (cubic ft., square ft., linear ft., or concession sales) under the direction of marina operations (e.g., net sheds, marina store, lockers, etc.).

625.30 **SPACE RENTAL - GENERAL**: Revenue derived from the rental/lease of land and space (cubic ft., square ft., linear ft., or concession sales) under the direction of marina operations (e.g., net sheds, marina store, lockers, etc.).

625.40 **JOINT USE AREAS**: Revenue derived from the rental of areas (cubic ft., square ft., linear ft., or concession sales), under the direction of marina operations, used jointly by all marina tenants.

625.90 **RESERVED**

626.40 **FUEL DOCK**: Revenue derived from providing fuel to marina users.

626.50 **BOAT STORAGE**: Revenue derived from the rental/lease of land and space (cubic ft., square ft., linear ft., or concession sales), under the direction of marina operations, for boat storage (e.g., dry dock).

626.51 **PERMANENT**: Leasehold agreement for an indefinite period (over 30 days or more than $250 annually).

626.52 **TEMPORARY**: Leasehold agreement for a specified period (over 30 days).

626.53 **TRANSIENT**: No leasehold agreement (under 30 days and less than $250 annually).

626.90 **OTHER**: Revenue derived for all the miscellaneous rental/lease of land and facilities, under the direction of marina operations, which are not specifically provided for in other accounts.

62X.XX MARINA REVENUES

627.XX PERSONAL PROPERTY RENTALS - WITH PORT OPERATOR

627.90 **OTHER**: Revenue derived for all the miscellaneous rental of equipment with port operators which are not specifically provided for in other accounts.

628.XX PERSONAL PROPERTY RENTALS - WITHOUT PORT OPERATOR

628.90 **OTHER**: Revenue derived for all the miscellaneous rental of equipment without port operators which are not specifically provided for in other accounts.

629.XX **OTHER**: Revenue derived from other sources not otherwise included in accounts 621 thru 628.

63X.XX MARINE TERMINAL REVENUES

631/632 MARINE TERMINAL - USER CHARGES

631.10 **DOCKAGE**: Revenue derived from charges assessed against vessels for berthing at a wharf, piling structure, pier, bulkhead structure, or bank, or for mooring to a vessel so berthed.

631.20 **WHARFAGE**: Revenue derived from charges assessed against all cargo passing or conveyed over, onto, or under wharves or between vessels (to or from barge, lighter, or water), when berthed at wharf, piling structure, pier, bulkhead structure or bank. Wharfage does not include charges for any other service.

631.30 **SERVICE AND FACILITIES**: Revenue derived from the charge assessed against a vessel for the use of terminal working areas in the receipt and delivery of cargo and for documentation services in connection with the receipt, custody, and delivery of cargo.

631.40 **STORAGE**: Revenue derived from the charges for the safekeeping of goods in warehouse or other repository.

631.50 **LOADING AND UNLOADING**: Revenue derived from the charges for services, specific to shore side activities, performed in loading and unloading cargo on or off railroad cars, trucks, etc. The services include ordinary breakdown, sorting and stacking.

631.60 **HANDLING**: Revenue derived from the charges made against vessels for physically moving cargo to/from ship's tackle to/from the first point of rest on the terminal facility.

631.70 **LABOR**: Revenue derived from the charges assessed against a customer for all labor (e.g., standby, overtime, penalty cargo).

63X.XX MARINE TERMINAL REVENUES

631/632 MARINE TERMINAL - USER CHARGES

631.80 **UTILITIES**: Revenue derived from charges for water, electricity, heat, steam, etc., furnished to vessels, and users of terminal premises.

631.81 **WATER**
631.82 **ELECTRICITY**
631.83 **SEWER**
631.84 **STEAM**
631.85 **SURFACE WATER TAX**
631.86 **GARBAGE COLLECTION**
631.87 **NATURAL GAS/PROPANE/OIL**
631.88 **TELECOMMUNICATIONS**
631.89 **OTHER**

631.90 **RESERVED**

632.80 **RESERVED**

632.90 **OTHER**: Revenue derived for all miscellaneous services which are not specifically provided for in other accounts.

63X.XX MARINE TERMINAL REVENUES

633.XX 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. See Part 1, Chapter 4 for additional coding instructions.

634.XX REAL PROPERTY RENTALS - LAND: (i.e., Port owned land, tenant owned facility)

634.10 **UNIMPROVED LAND**: Revenue derived from the rental/lease of land at the marine terminal.

634.20 **INDUSTRIAL PARK**: Revenue derived from the rental/lease of land for industrial park.

634.30 **LOG STORAGE**: Revenue derived from the rental/lease of land for storage of logs.

634.40 **GRAIN ELEVATOR**: Revenue derived from the rental/lease of land with tenant owned grain elevator.

634.50 **FREE TRADE ZONE**: Revenue derived from the rental/lease of land with tenant owned facility where trade tariffs do not apply.

634.60 **COLD STORAGE**: Revenue derived from the rental/lease of land with tenant owned cold storage warehouse for freeze cargo.

634.90 **OTHER**: Revenue derived for all the miscellaneous rental/lease of land which are not specifically provided for in other accounts.

63X.XX MARINE TERMINAL REVENUES

635/636 REAL PROPERTY RENTALS - FACILITIES: (i.e., Port owns both land and facility)

635.10 **SPACE RENTAL - GENERAL**: Revenue derived from the rental/lease of land and facility (cubic ft., square ft., linear ft., or concession sales) under the direction of marine terminal operations (e.g., warehouse).

635.20 **SPACE RENTAL - GENERAL**: Revenue derived from the rental/lease of land and facility (cubic ft., square ft., linear ft., or concession sales) under the direction of marine terminal operations (e.g., warehouse).

635.30 **SPACE RENTAL - GENERAL**: Revenue derived from the rental/lease of land and facility (cubic ft., square ft., linear ft., or concession sales) under the direction of marine terminal operations (e.g., warehouse).

635.40 **JOINT USE AREAS**: Revenue derived from the rental of areas (cubic ft., square ft., linear ft., or concession sales), under the direction of marine terminal operations, used jointly by all terminal tenants.

635.50 **FREE TRADE ZONE**: Revenue derived from the rental/lease of land and facilities, under the direction of marine terminal operations where trade tariffs do not apply.

635.60 **INDUSTRIAL PARK**: Revenue derived from the rental/lease of land and facilities, under the direction of marine terminal operations, for industrial park.

635.70 **LOG STORAGE**: Revenue derived from the rental/lease of land and facilities, under the direction of marine terminal operations, for storage of logs.

635.80 **GRAIN ELEVATOR**: Revenue derived from the rental/lease of land and facilities, under the direction of marine terminal operations, with a grain elevator.

635.90 **RESERVED**

63X.XX MARINE TERMINAL REVENUES

635/636 REAL PROPERTY RENTALS - FACILITIES

636.10 **COLD STORAGE**: Revenue derived from the rental/lease of land and facilities, under the direction of marine terminal operations, with a cold storage warehouse for freeze cargo.

636.20 **CONTAINER TERMINAL**: Revenue derived from the rental/lease of land and facilities, under the direction of marine terminal operations, with a container for cargo.

636.90 **OTHER**: Revenue derived for all the miscellaneous rental/lease of land and facilities, under the direction of marine terminal operations, which are not specifically provided for in other accounts.

63X.XX MARINE TERMINAL REVENUES

637.XX PERSONAL PROPERTY RENTALS - WITH PORT OPERATOR

637.10 **CRANES**: Revenue derived from rental of cranes with port operators.

637.20 **FORK LIFTS**: Revenue derived from rental of lift trucks with port operators.

637.30 **LOG HANDLERS**: Revenue derived from rental of log handlers with port operators.

637.90 **OTHER**: Revenue derived for all the miscellaneous rental of equipment with port operators which are not specifically provided for in other accounts.

638.XX PERSONAL PROPERTY RENTALS - WITHOUT PORT OPERATOR

638.10 **CRANES:** Revenue derived from rental of cranes without port operators.

638.20 **FORK LIFTS**: Revenue derived from rental of lift trucks without port operators.

638.30 **LOG HANDLERS**: Revenue derived from rental of log handlers without port operators.

638.90 **OTHER**: Revenue derived for all the miscellaneous rental of equipment without port operators which are not specifically provided for in other accounts.

639.XX **OTHER**: Revenue derived from other sources not otherwise included in accounts 631 thru 638.

66X.XX PROPERTY LEASE/RENTAL REVENUES

661/662 PROPERTY LEASE/RENTAL - USER CHARGES

661.80 **UTILITIES**: Revenue derived from charges for water, electricity, heat, steam, etc., furnished to customers.

661.81 **WATER**
661.82 **ELECTRICITY**
661.83 **SEWER**
661.84 **STEAM**
661.85 **SURFACE WATER TAX**
661.86 **GARBAGE COLLECTION**
661.87 **NATURAL GAS/PROPANE/OIL**
661.88 **TELECOMMUNICATIONS**
661.89 **OTHER**

661.90 **RESERVED**

662.80 **RESERVED**

662.90 **OTHER**: Revenue derived for all miscellaneous services which are not specifically provided for in other accounts.

663.XX **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. See Part 1, Chapter 4 for additional coding instructions.

66X.XX PROPERTY LEASE/RENTAL REVENUES

664.XX REAL PROPERTY RENTALS - LAND: (i.e., Port owned land, tenant owned facility)

664.10 **UNIMPROVED LAND**: Revenue derived from the rental/lease of land under the direction of airport, marina, or marine terminal operations.

664.20 **INDUSTRIAL PARK**: Revenue derived from the rental/lease of land, under the direction of airport, marina, or marine terminal operations for industrial park.

664.30 **LOG STORAGE**: Revenue derived from the rental/lease of land, under the direction of airport, marina, or marine terminal operations for storage of logs.

664.40 **GRAIN ELEVATORS**: Revenue derived from the rental/lease of land, under the direction of airport, marina, or marine terminal operations, with tenant owned grain elevator.

664.50 **FREE TRADE ZONE**: Revenue derived from the rental/lease of land, under the direction of airport, marina, or marine terminal operations, with tenant owned facility where trade tariffs do not apply.

664.60 **COLD STORAGE**: Revenue derived from the rental/lease of land, under the direction of airport, marina, or marine terminal operations, with tenant owned cold storage warehouse for freeze cargo.

664.90 **OTHER**: Revenue derived for all the miscellaneous rental/lease of land, under the direction of airport, marina, or marine terminal operations, which are not specifically provided for in other accounts.

66X.XX PROPERTY LEASE/RENTAL REVENUES

665/666 REAL PROPERTY RENTALS - FACILITIES: (i.e., Port owns both land and facility)

665.10 **SPACE RENTAL - GENERAL**: Revenue derived from the rental/lease of land and space (cubic ft., square ft., linear ft., or concession sales) under the direction of airport, marina, or marine terminal operations (e.g., warehouse, net sheds, marina store, lockers).

665.11 **PERMANENT AIRCRAFT PARKING**: Leasehold agreement for an indefinite period (over 30 days or more than $250 annually). Includes tie downs, hangars, floats, etc.. For transient parking, refer to account 611.30

665.12 **TEMPORARY AIRCRAFT PARKING**: Leasehold agreement for a specified period (over 30 days). Includes tie downs, hangars, floats, etc.. For transient parking, refer to account 611.30

665.20 **SPACE RENTAL - GENERAL:** Revenue derived from the rental/lease of land and space (cubic ft., square ft., linear ft., or concession sales) under the direction of airport, marina, or marine terminal operations (e.g., warehouse, net sheds, marina store, lockers).

665.30 **SPACE RENTAL - GENERAL**: Revenue derived from the rental/lease of land and space (cubic ft., square ft., linear ft., or concession sales) under the direction of airport, marina, or marine terminal operations (e.g., warehouse, net sheds, marina store, lockers).

665.40 **JOINT USE AREAS**: Revenue derived from the rental of areas (cubic ft., square ft., linear ft., or concession sales) under the direction of airport, marina, or marine terminal operations, used jointly by all tenants.

665.50 **FREE TRADE ZONE**: Revenue derived from the rental/lease of land and facilities, under the direction of airport, marina, or marine terminal operations, where trade tariffs do not apply.

665.60 **INDUSTRIAL PARK**: Revenue derived from the rental/lease of land and facilities, under the direction of airport, marina, or marine terminal operations, for industrial park.

665/666 REAL PROPERTY RENTALS - FACILITIES

665.70 **LOG STORAGE**: Revenue derived from the rental/lease of land and facilities, under the direction of airport, marina, or marine terminal operations, for storage of logs.

665.80 **GRAIN ELEVATOR**: Revenue derived from the rental/lease of land and facilities, under the direction of airport, marina, or marine terminal operations, with a grain elevator.

665.90 **RESERVED**

666.10 **COLD STORAGE**: Revenue derived from the rental/lease of land and facilities, under the direction of airport, marina, or marine terminal operations, with a cold storage warehouse for freeze cargo.

666.20 **CONTAINER TERMINAL**: Revenue derived from the rental/lease of land and facilities, under the direction of airport, marina, or marine terminal operations, with a container for cargo.

666.30 **FUEL FLOWAGE FEES**: Revenue derived from providing fuel to airport users.

666.40 **FUEL DOCK**: Revenue derived from fuel to marina users.

666.50 **BOAT STORAGE**: Revenue derived from the rental/lease of land and space (cubic ft., square ft., linear ft., or concession sales), under the direction of marina operations, for boat storage (e.g., dry dock).

666.51 **PERMANENT**: Leasehold agreement for an indefinite period (over 30 days or more than $250 annually).

666.52 **TEMPORARY**: Leasehold agreement for a specified period (over 30 days)

666.53 **TRANSIENT**: No leasehold agreement (under 30 days and less than $250 annually)

666.90 **OTHER**: Revenue derived for all the miscellaneous rental/lease of land and facilities, under the direction of airport,marina, or marine terminal operations, which are not specifically provided for in other accounts.

66X.XX PROPERTY LEASE/RENTAL REVENUES

667.XX PROPERTY LEASE/RENTAL REVENUES

667.90 **OTHER**: Revenue derived for all the miscellaneous rental of equipment with port operators which are not specifically provided for in other accounts.

668.XX PERSONAL PROPERTY RENTALS - WITHOUT PORT OPERATOR

668.90 **OTHER**: Revenue derived for all the miscellaneous rental of equipment without port operators which are not specifically provided for in other accounts.

669.XX **OTHER**: Revenue derived from other sources not otherwise included in accounts 661 thru 668.

68X.XX GENERAL & ADMINISTRATIVE REVENUES

681/682 GENERAL AND ADMINISTRATIVE - USER CHARGES:
(Account is not commonly used, although space has been provided for use at the port's discretion)

681.80 RESERVED

681.90 RESERVED

682.80 RESERVED

682.90 OTHER

683.XX OPERATING GRANTS:
(Account is not commonly used, although space has been provided for use at the port's discretion)

684.XX REAL PROPERTY RENTALS - LAND:
(Account is not commonly used, although space has been provided for use at the port's discretion)

684.90 OTHER

68X.XX GENERAL & ADMINISTRATIVE REVENUES

685/686 REAL PROPERTY RENTALS - FACILITIES:
(Account is not commonly used, although space has been provided for use at the port's discretion)

685.90 RESERVED

686.90 OTHER

687.XX PERSONAL PROPERTY RENTALS - WITH PORT OPERATOR:
(Account is not commonly used, although space has been provided for use at the port's discretion)

687.90 OTHER

688.XX PERSONAL PROPERTY RENTALS - WITHOUT PORT OPERATOR:
(Account is not commonly used, although space has been provided for use at the port's discretion)

688.90 OTHER

689.XX OTHER: Revenue derived from other sources not otherwise included in accounts 681 thru 688.

69X.XX NONOPERATING REVENUES

691/692 NONOPERATING - USER CHARGES:
(Account is not commonly used, although space has been provided for use at the port's discretion)

691.80 RESERVED

691.90 RESERVED

692.80 RESERVED

692.90 OTHER

693.XX OPERATING GRANTS:
(Account is not commonly used, although space has been provided for use at the port's discretion)

694.XX REAL PROPERTY RENTALS - LAND:
(Account is not commonly used, although space has been provided for use at the port's discretion)

694.90 OTHER

695/696 REAL PROPERTY RENTALS - FACILITIES:
(Account is not commonly used, although space has been provided for use at the port's discretion)

695.90 RESERVED

696.90 OTHER

697.XX PERSONAL PROPERTY RENTALS - WITH PORT OPERATOR:
(Account is not commonly used, although space has been provided for use at the port's discretion)

697.90 OTHER

69X.XX NONOPERATING REVENUES

698.XX PERSONAL PROPERTY RENTALS - WITHOUT PORT OPERATOR:
(Account is not commonly used, although space has been provided for use at the port's discretion)

698.90 OTHER

699.XX OTHER: Revenue derived from other sources not otherwise included in accounts 691 thru 698.

699.10 INTEREST: Revenue derived from interest earned on investments, contracts, securities, notes, loans, accounts receivable, special deposits, tax refunds, and all other interest-bearing assets.

699.20 AD VALOREM TAXES: Revenue derived from tax assessments levied for the support of the governmental unit, including IDD (Industrial Development District).

699.30 MISCELLANEOUS TAXES: Revenue derived from taxes, excluding ad valorem and IDD (Industrial Development District).

699.40 GAINS AND LOSSES: Revenue derived from the gain or loss on disposition of land, facilities, equipment, investments, debt retirement, etc..

699.50 EXTRAORDINARY ITEMS: Revenue derived from items or events both unusual in nature and infrequent in occurrence.

699.90 OTHER: Revenue derived for all miscellaneous items properly includible in the income account and not provided for elsewhere.

PORT DISTRICT
EXPENSE ACCOUNTS

700.00 EXPENSE ACCOUNTS

The 700 series of expense accounts designates all outflows by the type of operation (function), activity, and classification. These accounts represent an orderly means of classifying transactions.

The operations have been divided into Airport, Marina, Marine Terminal, Property Lease and Rentals, General and Administrative, and Nonoperating functions.

The activities defined within each of these functions include operating, maintenance, general and administrative, and depreciation.

The classifications within each of the activities have been defined as salaries, benefits, outside services, supplies, equipment rentals, facilities rentals, general and administrative, and utilities.

Throughout the operations, activity, and classification sections of expense accounts, various account numbers have not been defined or reserved. These open accounts are available for use at the port's discretion. However, as the BARS manual is updated, it may be necessary to define these accounts.

Most of the illustrations of coding expenses include only five (5) digits or positions. An additional 1-2 digits is available for additional detail. If these digits are not defined or reserved, the port may use them at their own discretion. Only the accounts applicable to a particular entity should be used.

BASIC ACCOUNTS

710.00	AIRPORT	760.00	PROPERTY LEASE/RENTALS
720.00	MARINA	770.00	OTHER
730.00	MARINE TERMINAL	780.00	GENERAL AND ADMINISTRATIVE
740.00	LOCAL OPTION	790.00	NONOPERATING
750.00	LOCAL OPTION		

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.

PORT DISTRICT
EXPENSE ACCOUNTS
Basic Accounts and Subaccounts

710.00 AIRPORT

711.00 OPERATIONS
712.00
713.00 MAINTENANCE
714.00
715.00 GENERAL AND ADMINISTRATIVE (ALLOCATED)
716.00
717.00 DEPRECIATION
718.00
719.00 OTHER

720.00 MARINA

721.00 OPERATIONS
722.00
723.00 MAINTENANCE
724.00
725.00 GENERAL AND ADMINISTRATIVE (ALLOCATED)
726.00
727.00 DEPRECIATION
728.00
729.00 OTHER

730.00 MARINE TERMINAL

731.00 OPERATIONS
732.00
733.00 MAINTENANCE
734.00
735.00 GENERAL AND ADMINISTRATIVE (ALLOCATED)
736.00
737.00 DEPRECIATION
738.00
739.00 OTHER

740.00 LOCAL OPTION*

* This account number is available for additional port operations. However, the activities defined within this function should be consistent with the other operations.

PORT DISTRICT
EXPENSE ACCOUNTS
Basic Accounts and Subaccounts

750.00 LOCAL OPTION*

760.00 PROPERTY LEASE/RENTALS

761.00 OPERATIONS
762.00
763.00 MAINTENANCE
764.00
765.00 GENERAL AND ADMINISTRATIVE (ALLOCATED)
766.00
767.00 DEPRECIATION
768.00
769.00 OTHER

770.00 LOCAL OPTION*

780.00 GENERAL AND ADMINISTRATIVE

781.00 OPERATIONS
782.00
783.00 MAINTENANCE
784.00
785.00 GENERAL AND ADMINISTRATIVE (ALLOCATED)
786.00
787.00 DEPRECIATION
788.00
789.00 OTHER

790.00 NONOPERATING

791.00
792.00
793.00
794.00
795.00
796.00
797.00
798.00
799.00 OTHER

* This account number is available for additional port operations. However, the activities defined within this function should be consistent with the other operations.

71X.XX AIRPORT EXPENSES

711.XX OPERATING (DIRECT COSTS): Expenses which are directly related to the entity's primary service activities.

711.10.XX SALARIES/LABOR: Costs incurred for personal services rendered by employees, in connection with airport operations, 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 compensations construed to be salaries and labor. Subdivide this account as necessary for local purposes (e.g., regular pay, overtime pay, sick pay, vacation pay, shift differential, and other taxable compensation).

711.11.XX REGULAR (Straight-Pay)
711.12.XX OVERTIME

711.20.XX BENEFITS: Employees benefits incurred by the employer as part of the conditions of employment. Subdivide as needed for local purposes (e.g., insurance, OASI [FICA]--employer portion, pension retirement, unemployment compensation, uniform's and clothing, worker's compensation, medical, leave accruals, and other post employment benefits).

711.21.XX SOCIAL SECURITY (FICA)
711.22.XX WORKER'S COMPENSATION (L & I)
711.23.XX UNEMPLOYMENT COMPENSATION
711.24.XX PENSION (PERS/LEOFF)
711.25.XX INSURANCE (Health, Life, Disability)
711.26.XX LEAVE (Vacation, Sick, Etc.)

711.30.XX OUTSIDE SERVICES: Costs incurred for professional consultants and others for services in connection with airport operations (e.g., Community Assessment Study, Return on Investment Study, legal, appraisers, engineering, risk management (insurance), custodial, accounting).

711.31.XX LEGAL

711.40.XX SUPPLIES: Costs incurred for articles and commodities purchased for consumption in connection with airport operations (e.g., office, computer, janitorial, fuel, lubricants).

711.41.XX OFFICE/COMPUTER
711.42.XX JANITORIAL
711.43.XX FUEL AND LUBRICANTS

711.XX AIRPORT - OPERATING EXPENSES

711.50.XX **EQUIPMENT RENTALS:** Cost of operating rented equipment used in connection with airport operations.

711.60.XX **FACILITY RENTALS:** Cost of operating rented facilities used in connection with airport operations.

711.70.XX **GENERAL AND ADMINISTRATIVE (DIRECT):** Costs incurred in connection with airport operations (e.g., promotional hosting, travel, advertising, memberships, training, trade promotions, subscriptions/publications, community relations).

711.71.XX **PROMOTIONAL HOSTING**
711.72.XX **TRAVEL**
711.73.XX **INSURANCE**
711.74.XX **ADVERTISING**
711.75.XX **MEMBERSHIPS/DUES**
711.79.XX **OTHER**

711.80.XX **UTILITIES:** Costs incurred for heat, light, power, and water consumed in connection with airport operations.

711.81.XX **WATER**
711.82.XX **ELECTRICITY**
711.83.XX **SEWER**
711.84.XX **STEAM**
711.85.XX **SURFACE WATER TAX**
711.86.XX **GARBAGE COLLECTION**
711.87.XX **NATURAL GAS/PROPANE/OIL**
711.88.XX **TELECOMMUNICATIONS**
711.89.XX **OTHER**

711.90.XX **OTHER:** Costs incurred for other uses not otherwise defined in the operations of the airport.

711.99.XX **RESERVED**

71X.XX AIRPORT EXPENSES

713.XX MAINTENANCE: Expenses which are directly related to the entity's upkeep of physical properties in condition for use or occupancy. NOTE: Repairs to specific equipment and facilities may be included in these accounts using the sixth and succeeding digits available within each category.

713.10.XX SALARIES/LABOR: Costs incurred for personal services rendered by employees, in connection with airport maintenance, 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 compensations construed to be salaries and labor. Subdivide this account as necessary for local purposes (e.g., regular pay, overtime pay, sick pay, vacation pay, shift differential, and other taxable compensation).

713.11.XX REGULAR (Straight-Pay)
713.12.XX OVERTIME

713.20.XX BENEFITS: Employees benefits incurred by the employer as part of the conditions of employment. Subdivide as needed for local purposes (e.g., insurance, OASI [FICA]--employer portion, pension retirement, unemployment compensation, uniform's and clothing, worker's compensation, medical, leave accruals, and other post retirement benefits).

713.21.XX SOCIAL SECURITY (FICA)
713.22.XX WORKER'S COMPENSATION (L & I)
713.23.XX UNEMPLOYMENT COMPENSATION
713.24.XX PENSION (PERS/LEOFF)
713.25.XX INSURANCE (Health, Life, Disability)
713.26.XX LEAVE (Vacation, Sick, Etc.)

713.30.XX OUTSIDE SERVICES: Costs incurred for services in connection with airport maintenance (e.g., custodians, plumbers, electricians, legal).

713.31.XX LEGAL

713.40.XX SUPPLIES: Costs incurred for articles and commodities purchased for consumption in connection with airport maintenance (e.g., paint, small tools, lumber, office, computer, janitorial).

713.41.XX OFFICE/COMPUTER
713.42.XX JANITORIAL
713.43.XX FUEL AND LUBRICANTS

713.XX AIRPORT - MAINTENANCE EXPENSES

713.50.XX **EQUIPMENT RENTALS:** Costs incurred for rented equipment used in connection with airport maintenance.

713.60.XX **FACILITY RENTALS:** Costs incurred for rented facilities used in connection with airport maintenance.

713.70.XX **GENERAL AND ADMINISTRATIVE (DIRECT):** Costs incurred in connection with airport maintenance.

713.71.XX **RESERVED**
713.72.XX **TRAVEL**
713.73.XX **INSURANCE**
713.74.XX **ADVERTISING**
713.75.XX **MEMBERSHIPS/DUES**
713.79.XX **OTHER**

713.80.XX **UTILITIES:** Costs incurred for heat, light, power, and water consumed in connection with airport maintenance.

713.81.XX **WATER**
713.82.XX **ELECTRICITY**
713.83.XX **SEWER**
713.84.XX **STEAM**
713.85.XX **SURFACE WATER TAX**
713.86.XX **GARBAGE COLLECTION**
713.87.XX **NATURAL GAS/PROPANE/OIL**
713.88.XX **TELECOMMUNICATIONS**
713.89.XX **OTHER**

713.90.XX **OTHER:** Costs incurred for other uses not otherwise defined in the maintenance of the airport.

713.99.XX **RESERVED**

71X.XX AIRPORT EXPENSES

715.XX GENERAL AND ADMINISTRATIVE: Expenses which are not chargeable directly to a particular operating function or to other accounts.

715.00.XX GENERAL AND ADMINISTRATIVE (ALLOCATED): Costs incurred for General and Administrative costs allocated in connection with airport operations.

715.10.XX **RESERVED** (use 715.00)

715.20.XX **RESERVED** (use 715.00)

715.30.XX **RESERVED** (use 715.00)

715.40.XX **RESERVED** (use 715.00)

715.50.XX **RESERVED** (use 715.00)

715.60.XX **RESERVED** (use 715.00)

715.70.XX **RESERVED** (use 715.00)

715.80.XX **RESERVED** (use 715.00)

715.90.XX **RESERVED** (use 715.00)

71X.XX AIRPORT EXPENSES

717.XX DEPRECIATION: Portion of the cost of a fixed asset which is charged as an expense during a particular period.

717.00.XX DEPRECIATION: Costs of depreciation expense, for all classes of depreciable property, incurred in connection with airport operations.

717.10.XX RESERVED (use 717.00)

717.20.XX RESERVED (use 717.00)

717.30.XX RESERVED (use 717.00)

717.40.XX RESERVED (use 717.00)

717.50.XX RESERVED (use 717.00)

717.60.XX RESERVED (use 717.00)

717.70.XX RESERVED (use 717.00)

717.80.XX RESERVED (use 717.00)

717.90.XX RESERVED (use 717.00)

71X.XX AIRPORT EXPENSES

719.XX OTHER: Expenses incurred from other uses not otherwise included in accounts 711 thru 718.

719.10.XX SALARIES/LABOR: Costs incurred for personal services rendered by employees, not otherwise defined in the airport, 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 compensations construed to be salaries and labor. Subdivide this account as necessary for local purposes (e.g., regular pay, overtime pay, sick pay, vacation pay, shift differential, and other taxable compensation).

719.11.XX REGULAR (Straight-Pay)
719.12.XX OVERTIME

719.20.XX BENEFITS: Employees benefits incurred by the employer as part of the conditions of employment, not otherwise defined in the airport. Subdivide as needed for local purposes (e.g., insurance, OASI [FICA]--employer portion, pension retirement, unemployment compensation, uniform's and clothing, worker's compensation, medical, leave accruals, and other post employment benefits).

719.21.XX SOCIAL SECURITY (FICA)
719.22.XX WORKER'S COMPENSATION (L & I)
719.23.XX UNEMPLOYMENT COMPENSATION
719.24.XX PENSION (PERS/LEOFF)
719.25.XX INSURANCE (Health, Life, Disability)
719.26.XX LEAVE (Vacation, Sick, Etc.)

719.30.XX OUTSIDE SERVICES: Costs incurred for professional consultants and others for services which are not applicable to a particular function of the airport.

719.31.XX LEGAL

719.40.XX SUPPLIES: Costs incurred for articles and commodities purchased for consumption, not otherwise defined in the airport functions.

719.41.XX OFFICE/COMPUTER
719.42.XX JANITORIAL
719.43.XX FUEL AND LUBRICANTS

719.XX AIRPORT - OTHER EXPENSES

719.50.XX **EQUIPMENT RENTALS:** Costs incurred for rented equipment, not otherwise defined in the airport functions.

719.60.XX **FACILITY RENTALS:** Costs incurred for rented facilities, not otherwise defined in the airport functions.

719.70.XX **GENERAL AND ADMINISTRATIVE (DIRECT):** Costs incurred, not otherwise defined in the airport functions.

719.71.XX **RESERVED**
719.72.XX **TRAVEL**
719.73.XX **INSURANCE**
719.74.XX **ADVERTISING**
719.75.XX **MEMBERSHIPS/DUES**
719.79.XX **OTHER**

719.80.XX **UTILITIES:** Costs incurred for heat, light, power, and water consumed, not otherwise defined in the airport functions.

719.81.XX **WATER**
719.82.XX **ELECTRICITY**
719.83.XX **SEWER**
719.84.XX **STEAM**
719.85.XX **SURFACE WATER TAX**
719.86.XX **GARBAGE COLLECTION**
719.87.XX **NATURAL GAS/PROPANE/OIL**
719.88.XX **TELECOMMUNICATIONS**
719.89.XX **OTHER**

719.90.XX **OTHER:** Costs incurred for other uses not otherwise defined in airport functions.

719.99.XX **RESERVED**

72X.XX MARINA EXPENSES

721.XX OPERATING (DIRECT COSTS): Expenses which are directly related to the entity's primary service activities.

721.10.XX SALARIES/LABOR: Costs incurred for personal services rendered by employees in connection with marina operations, 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 compensations construed to be salaries and labor. Subdivide this account as necessary for local purposes (e.g., regular pay, overtime pay, sick pay, vacation pay, shift differential, and other taxable compensation).

721.11.XX REGULAR (Straight-Pay)
721.12.XX OVERTIME

721.20.XX BENEFITS: Employees benefits incurred by the employer as part of the conditions of employment. Subdivide as needed for local purposes (e.g., insurance, OASI [FICA]--employer portion, pension retirement, unemployment compensation, uniform's and clothing, worker's compensation, medical, leave accruals, and other post employment benefits).

721.21.XX SOCIAL SECURITY (FICA)
721.22.XX WORKER'S COMPENSATION (L & I)
721.23.XX UNEMPLOYMENT COMPENSATION
721.24.XX PENSION (PERS/LEOFF)
721.25.XX INSURANCE (Health, Life, Disability)
721.26.XX LEAVE (Vacation, Sick, Etc.)

721.30.XX OUTSIDE SERVICES: Costs incurred for professional consultants and others for services in connection with marina operations (e.g., Community Assessment Study, Return on Investment Study, legal, appraisers, engineering, risk management (insurance), custodial, accounting).

721.31.XX LEGAL

721.40.XX SUPPLIES: Costs incurred for articles and commodities purchased for consumption in connection with marina operations (e.g., office, computer, janitorial, fuel, lubricants).

721.41.XX OFFICE/COMPUTER
721.42.XX JANITORIAL
721.43.XX FUEL AND LUBRICANTS

721.XX MARINA - OPERATING EXPENSES

721.50.XX **EQUIPMENT RENTALS:** Cost of operating rented equipment used in connection with marina operations.

721.60.XX **FACILITY RENTALS:** Cost of operating rented facilities used in connection with marina operations.

721.70.XX **GENERAL AND ADMINISTRATIVE (DIRECT):** Costs incurred in connection with marina operations (e.g., promotional hosting, travel, advertising, memberships, training, trade promotions, subscriptions/publications, community relations).

721.71.XX **PROMOTIONAL HOSTING**
721.72.XX **TRAVEL**
721.73.XX **INSURANCE**
721.74.XX **ADVERTISING**
721.75.XX **MEMBERSHIPS/DUES**
721.79.XX **OTHER**

721.80.XX **UTILITIES:** Costs incurred for heat, light, power, and water consumed in connection with marina operations.

721.81.XX **WATER**
721.82.XX **ELECTRICITY**
721.83.XX **SEWER**
721.84.XX **STEAM**
721.85.XX **SURFACE WATER TAX**
721.86.XX **GARBAGE COLLECTION**
721.87.XX **NATURAL GAS/PROPANE/OIL**
721.88.XX **TELECOMMUNICATIONS**
721.89.XX **OTHER**

721.90.XX **OTHER:** Costs incurred for other uses not otherwise defined in the operations of the marina.

721.99.XX **RESERVED**

72X.XX MARINA EXPENSES

723.XX MAINTENANCE: Expenses which are directly related to the entity's upkeep of physical properties in condition for use or occupancy. NOTE: Repairs to specific equipment and facilities may be included in these accounts using the sixth and succeeding digits available within each category.

723.10.XX SALARIES/LABOR: Costs incurred for personal services rendered by employees, in connection with marina maintenance, 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 compensations construed to be salaries and labor. Subdivide this account as necessary for local purposes (e.g., regular pay, overtime pay, sick pay, vacation pay, shift differential, and other taxable compensation).

723.11.XX REGULAR (Straight-Pay)
723.12.XX OVERTIME

723.20.XX BENEFITS: Employees benefits incurred by the employer as part of the conditions of employment. Subdivide as needed for local purposes (e.g., insurance, OASI [FICA]--employer portion, pension retirement, unemployment compensation, uniform's and clothing, worker's compensation, medical, leave accruals, and other post retirement benefits).

723.21.XX SOCIAL SECURITY (FICA)
723.22.XX WORKER'S COMPENSATION (L & I)
723.23.XX UNEMPLOYMENT COMPENSATION
723.24.XX PENSION (PERS/LEOFF)
723.25.XX INSURANCE (Health, Life, Disability)
723.26.XX LEAVE (Vacation, Sick, Etc.)

723.30.XX OUTSIDE SERVICES: Costs incurred for services in connection with marina maintenance (e.g., custodians, plumbers, electricians, legal).

723.31.XX LEGAL

723.40.XX SUPPLIES: Costs incurred for articles and commodities purchased for consumption in connection with marina maintenance (e.g., paint, small tools, lumber, office, computer, janitorial).

723.41.XX OFFICE/COMPUTER
723.42.XX JANITORIAL
723.43.XX FUEL AND LUBRICANTS

723.XX MARINA - MAINTENANCE EXPENSES

723.50.XX **EQUIPMENT RENTALS:** Costs incurred for rented equipment used in connection with marina maintenance.

723.60.XX **FACILITY RENTALS:** Costs incurred for rented facilities used in connection with marina maintenance.

723.70.XX **GENERAL AND ADMINISTRATIVE (DIRECT):** Costs incurred in connection with marina maintenance.

723.71.XX **RESERVED**
723.72.XX **TRAVEL**
723.73.XX **INSURANCE**
723.74.XX **ADVERTISING**
723.75.XX **MEMBERSHIPS/DUES**
723.79.XX **OTHER**

723.80.XX **UTILITIES:** Costs incurred for heat, light, power, and water consumed in connection with marina maintenance.

723.81.XX **WATER**
723.82.XX **ELECTRICITY**
723.83.XX **SEWER**
723.84.XX **STEAM**
723.85.XX **SURFACE WATER TAX**
723.86.XX **GARBAGE COLLECTION**
723.87.XX **NATURAL GAS/PROPANE/OIL**
723.88.XX **TELECOMMUNICATIONS**
723.89.XX **OTHER**

723.90.XX **OTHER:** Costs incurred for other uses not otherwise defined in the maintenance of the marina.

723.99.XX **RESERVED**

72X.XX MARINA EXPENSES

725.XX GENERAL AND ADMINISTRATIVE: Expenses which are not chargeable directly to a particular operating function or to other accounts.

725.00.XX GENERAL AND ADMINISTRATIVE (ALLOCATED): Costs incurred for General and Administrative costs allocated in connection with marina operations.

725.10.XX **RESERVED** (use 725.00)

725.20.XX **RESERVED** (use 725.00)

725.30.XX **RESERVED** (use 725.00)

725.40.XX **RESERVED** (use 725.00)

725.50.XX **RESERVED** (use 725.00)

725.60.XX **RESERVED** (use 725.00)

725.70.XX **RESERVED** (use 725.00)

725.80.XX **RESERVED** (use 725.00)

725.90.XX **RESERVED** (use 725.00)

72X.XX MARINA EXPENSES

727.XX DEPRECIATION: Portion of the cost of a fixed asset which is charged as an expense during a particular period.

727.00.XX DEPRECIATION: Costs of depreciation expense, for all classes of depreciable property, incurred in connection with marina operations.

727.10.XX RESERVED (use 727.00)

727.20.XX RESERVED (use 727.00)

727.30.XX RESERVED (use 727.00)

727.40.XX RESERVED (use 727.00)

727.50.XX RESERVED (use 727.00)

727.60.XX RESERVED (use 727.00)

727.70.XX RESERVED (use 727.00)

727.80.XX RESERVED (use 727.00)

727.90.XX RESERVED (use 727.00)

72X.XX MARINA EXPENSES

729.00 OTHER: Expenses incurred from other uses not otherwise included in accounts 721 thru 728.

729.10.XX SALARIES/LABOR: Costs incurred for personal services rendered by employees, not otherwise defined in the marina, 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 compensations construed to be salaries and labor. Subdivide this account as necessary for local purposes (e.g., regular pay, overtime pay, sick pay, vacation pay, shift differential, and other taxable compensation).

729.11.XX REGULAR (Straight-Pay)
729.12.XX OVERTIME

729.20.XX BENEFITS: Employees benefits incurred by the employer as part of the conditions of employment, not otherwise defined in the marina. Subdivide as needed for local purposes (e.g., insurance, OASI [FICA]--employer portion, pension retirement, unemployment post employment benefits).

729.21.XX SOCIAL SECURITY (FICA)
729.22.XX WORKER'S COMPENSATION (L & I)
729.23.XX UNEMPLOYMENT COMPENSATION
729.24.XX PENSION (PERS/LEOFF)
729.25.XX INSURANCE (Health, Life, Disability)
729.26.XX LEAVE (Vacation, Sick, Etc.)

729.30.XX OUTSIDE SERVICES: Costs incurred for professional consultants and others for services which are not applicable to a particular function of the marina.

729.31.XX LEGAL

729.40.XX SUPPLIES: Costs incurred for articles and commodities purchased for consumption, not otherwise defined in the marina functions.

729.41.XX OFFICE/COMPUTER
729.42.XX JANITORIAL
729.43.XX FUEL AND LUBRICANTS

729.XX MARINA - OTHER EXPENSES

729.50.XX **EQUIPMENT RENTALS:** Costs incurred for rented equipment, not otherwise defined in the marina functions.

729.60.XX **FACILITY RENTALS:** Costs incurred for rented facilities, not otherwise defined in the marina functions.

729.70.XX **GENERAL AND ADMINISTRATIVE (DIRECT):** Costs incurred, not otherwise defined in the marina functions.

729.71.XX **RESERVED**
729.72.XX **TRAVEL**
729.73.XX **INSURANCE**
729.74.XX **ADVERTISING**
729.75.XX **MEMBERSHIPS/DUES**
729.79.XX **OTHER**

729.80.XX **UTILITIES:** Costs incurred for heat, light, power, and water consumed, not otherwise defined in the marina functions.

729.81.XX **WATER**
729.82.XX **ELECTRICITY**
729.83.XX **SEWER**
729.84.XX **STEAM**
729.85.XX **SURFACE WATER TAX**
729.86.XX **GARBAGE COLLECTION**
729.87.XX **NATURAL GAS/PROPANE/OIL**
729.88.XX **TELECOMMUNICATIONS**
729.89.XX **OTHER**

729.90.XX **OTHER:** Costs incurred for other uses not otherwise defined in marina functions.

729.99.XX **RESERVED**

73X.XX MARINE TERMINAL EXPENSES

731.XX OPERATING (DIRECT COSTS): Expenses which are directly related to the entity's primary service activities.

731.10.XX SALARIES/LABOR: Costs incurred for personal services rendered by employees, in connection with marine terminal operations, 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 compensations construed to be salaries and labor. Subdivide this account as necessary for local purposes (e.g., regular pay, overtime pay, sick pay, vacation pay, shift differential, and other taxable compensation).

731.11.XX REGULAR (Straight-Pay)
731.12.XX OVERTIME

731.20.XX BENEFITS: Employee benefits incurred by the employer as part of the conditions of employment. Subdivide as needed for local purposes (e.g., insurance, OASI [FICA]--employer portion, pension retirement, unemployment compensation, uniform's and clothing, worker's compensation, medical, leave accruals, and other post employment benefits).

731.21.XX SOCIAL SECURITY (FICA)
731.22.XX WORKER'S COMPENSATION (L & I)
731.23.XX UNEMPLOYMENT COMPENSATION
731.24.XX PENSION (PERS/LEOFF)
731.25.XX INSURANCE (Health, Life, Disability)
731.26.XX LEAVE (Vacation, Sick, Etc.)

731.30.XX OUTSIDE SERVICES: Costs incurred for professional consultants and others for services in connection with marine terminal operations (e.g., Community Assessment Study, Return on Investment Study, legal, appraisers, engineering, risk management (insurance), custodial, accounting).

731.31.XX LEGAL

731.40.XX SUPPLIES: Costs incurred for articles and commodities purchased for consumption in connection with marine terminal operations (e.g., office, computer, janitorial, fuel, lubricants).

731.41.XX OFFICE/COMPUTER
731.42.XX JANITORIAL
731.43.XX FUEL AND LUBRICANTS

731.XX MARINE TERMINAL - OPERATING EXPENSES

731.50.XX **EQUIPMENT RENTALS:** Cost of operating rented equipment used in connection with marine terminal operations.

731.60.XX **FACILITY RENTALS:** Cost of operating rented facilities used in connection with marine terminal operations.

731.70.XX **GENERAL AND ADMINISTRATIVE (DIRECT):** Costs incurred in connection with marine terminal operations (e.g., promotional hosting, travel, advertising, memberships, training, trade promotions, subscriptions/publications, community relations).

731.71.XX **PROMOTIONAL HOSTING**
731.72.XX **TRAVEL**
731.73.XX **INSURANCE**
731.74.XX **ADVERTISING**
731.75.XX **MEMBERSHIPS/DUES**
731.79.XX **OTHER**

731.80.XX **UTILITIES:** Costs incurred for heat, light, power, and water consumed in connection with marine terminal operations.

731.81.XX **WATER**
731.82.XX **ELECTRICITY**
731.83.XX **SEWER**
731.84.XX **STEAM**
731.85.XX **SURFACE WATER TAX**
731.86.XX **GARBAGE COLLECTION**
731.87.XX **NATURAL GAS/PROPANE/OIL**
731.88.XX **TELECOMMUNICATIONS**
731.89.XX **OTHER**

731.90.XX **OTHER:** Costs incurred for other uses not otherwise defined in the operations of the marine terminal.

731.99.XX **RESERVED**

73X.XX MARINE TERMINAL EXPENSES

733.XX MAINTENANCE: Expenses which are directly related to the entity's upkeep of physical properties in condition for use or occupancy. NOTE: Repairs to specific equipment and facilities may be included in these accounts using the sixth and succeeding digits available within each category.

733.10.XX SALARIES/LABOR: Costs incurred for personal services rendered by employees, in connection with marine terminal maintenance, 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 compensations construed to be salaries and labor. Subdivide this account as necessary for local purposes (e.g., regular pay, overtime pay, sick pay, vacation pay, shift differential, and other taxable compensation).

733.11.XX REGULAR (Straight-Pay)
733.12.XX OVERTIME

733.20.XX BENEFITS: Employees benefits incurred by the employer as part of the conditions of employment. Subdivide as needed for local purposes (e.g., insurance, OASI [FICA]--employer portion, pension retirement, unemployment compensation, uniform's and clothing, worker's compensation, medical, leave accruals, and other post employment benefits).

733.21.XX SOCIAL SECURITY (FICA)
733.22.XX WORKER'S COMPENSATION (L & I)
733.23.XX UNEMPLOYMENT COMPENSATION
733.24.XX PENSION (PERS/LEOFF)
733.25.XX INSURANCE (Health, Life, Disability)
733.26.XX LEAVE (Vacation, Sick, Etc.)

733.30.XX OUTSIDE SERVICES: Costs incurred for services in connection with marine terminal maintenance (e.g., custodians, plumbers, electricians, legal).

733.31.XX LEGAL

733.40.XX SUPPLIES: Costs incurred for articles and commodities purchased for consumption in connection with marine terminal maintenance (e.g., paint, small tools, lumber, office, computer, janitorial).

733.41.XX OFFICE/COMPUTER
733.42.XX JANITORIAL
733.43.XX FUEL AND LUBRICANTS

733.XX MARINE TERMINAL - MAINTENANCE EXPENSES

733.50.XX **EQUIPMENT RENTALS:** Costs incurred for rented equipment used in connection with marine terminal maintenance.

733.60.XX **FACILITY RENTALS:** Costs incurred for rented facilities used in connection with marine terminal maintenance.

733.70.XX **GENERAL AND ADMINISTRATIVE (DIRECT):** Costs incurred in connection with marine terminal maintenance.

733.71.XX **RESERVED**
733.72.XX **TRAVEL**
733.73.XX **INSURANCE**
733.74.XX **ADVERTISING**
733.75.XX **MEMBERSHIPS/DUES**
733.79.XX **OTHER**

733.80.XX **UTILITIES:** Costs incurred for heat, light, power, and water consumed in connection with marine terminal maintenance.

733.81.XX **WATER**
733.82.XX **ELECTRICITY**
733.83.XX **SEWER**
733.84.XX **STEAM**
733.85.XX **SURFACE WATER TAX**
733.86.XX **GARBAGE COLLECTION**
733.87.XX **NATURAL GAS/PROPANE/OIL**
733.88.XX **TELECOMMUNICATIONS**
733.89.XX **OTHER**

733.90.XX **OTHER:** Costs incurred for other uses not otherwise defined in the maintenance of the marine terminal.

733.99.XX **RESERVED**

73X.XX MARINE TERMINAL EXPENSES

735.XX GENERAL AND ADMINISTRATIVE: Expenses which are not chargeable directly to a particular operating function or to other accounts.

735.00.XX GENERAL AND ADMINISTRATIVE (ALLOCATED): Costs incurred for General and Administrative costs allocated in connection with marine terminal operations.

735.10.XX **RESERVED** (use 735.00)

735.20.XX **RESERVED** (use 735.00)

735.30.XX **RESERVED** (use 735.00)

735.40.XX **RESERVED** (use 735.00)

735.50.XX **RESERVED** (use 735.00)

735.60.XX **RESERVED** (use 735.00)

735.70.XX **RESERVED** (use 735.00)

735.80.XX **RESERVED** (use 735.00)

735.90.XX **RESERVED** (use 735.00)

73X.XX MARINE TERMINAL EXPENSES

737.XX **DEPRECIATION:** Portion of the cost of a fixed asset which is charged as an expense during a particular period.

737.00.XX **DEPRECIATION:** Costs of depreciation expense, for all classes of depreciable property, incurred in connection with marine terminal operations.

737.10.XX **RESERVED** (use 737.00)

737.20.XX **RESERVED** (use 737.00)

737.30.XX **RESERVED** (use 737.00)

737.40.XX **RESERVED** (use 737.00)

737.50.XX **RESERVED** (use 737.00)

737.60.XX **RESERVED** (use 737.00)

737.70.XX **RESERVED** (use 737.00)

737.80.XX **RESERVED** (use 737.00)

737.90.XX **RESERVED** (use 737.00)

73X.XX MARINE TERMINAL EXPENSES

739.XX OTHER: Expenses incurred from other uses not otherwise included in accounts 731 thru 738.

739.10.XX SALARIES/LABOR: Costs incurred for personal services rendered by employees, not otherwise defined in the marine terminal, 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 compensations construed to be salaries and labor. Subdivide this account as necessary for local purposes (e.g., regular pay, overtime pay, sick pay, vacation pay, shift differential, and other taxable compensation).

739.11.XX REGULAR (Straight-Pay)
739.12.XX OVERTIME

739.20.XX BENEFITS: Employees benefits incurred by the employer as part of the conditions of employment, not otherwise defined in the marine terminal. Subdivide as needed for local purposes (e.g., insurance, OASI [FICA]--employer portion, pension retirement, unemployment compensation, uniform's and clothing, worker's compensation, medical, leave accruals, and other post employment benefits).

739.21.XX SOCIAL SECURITY (FICA)
739.22.XX WORKER'S COMPENSATION (L & I)
739.23.XX UNEMPLOYMENT COMPENSATION
739.24.XX PENSION (PERS/LEOFF)
739.25.XX INSURANCE (Health, Life, Disability)
739.26.XX LEAVE (Vacation, Sick, Etc.)

739.30.XX OUTSIDE SERVICES: Costs incurred for professional consultants and others for services which are not applicable to a particular function of the marine terminal.

739.31.XX LEGAL

739.40.XX SUPPLIES: Costs incurred for articles and commodities purchased for consumption, not otherwise defined in the marine terminal functions.

739.41.XX OFFICE/COMPUTER
739.42.XX JANITORIAL
739.43.XX FUEL AND LUBRICANTS

739.XX MARINE TERMINAL - OTHER EXPENSES

739.50.XX **EQUIPMENT RENTALS:** Costs incurred for rented equipment, not otherwise defined in the marine terminal functions.

739.60.XX **FACILITY RENTALS:** Costs incurred for rented facilities, not otherwise defined in the marine terminal functions.

739.70.XX **GENERAL AND ADMINISTRATIVE (DIRECT):** Costs incurred, not otherwise defined in the marine terminal functions.

739.71.XX **RESERVED**
739.72.XX **TRAVEL**
739.73.XX **INSURANCE**
739.74.XX **ADVERTISING**
739.75.XX **MEMBERSHIPS/DUES**
739.79.XX **OTHER**

739.80.XX **UTILITIES:** Costs incurred for heat, light, power, and water consumed, not otherwise defined in the marine terminal functions.

739.81.XX **WATER**
739.82.XX **ELECTRICITY**
739.83.XX **SEWER**
739.84.XX **STEAM**
739.85.XX **SURFACE WATER TAX**
739.86.XX **GARBAGE COLLECTION**
739.87.XX **NATURAL GAS/PROPANE/OIL**
739.88.XX **TELECOMMUNICATIONS**
739.89.XX **OTHER**

739.90.XX **OTHER:** Costs incurred for other uses not otherwise defined in marine terminal functions.

739.99.XX **RESERVED**

76X.XX PROPERTY LEASE/RENTAL EXPENSES

761.XX OPERATING (DIRECT COSTS): Expenses which are directly related to the entity's primary service activities.

761.10.XX SALARIES/LABOR: Costs incurred for personal services rendered by employees, in connection with property lease/rental operations, 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 compensations construed to be salaries and labor. Subdivide this account as necessary for local purposes (e.g., regular pay, overtime pay, sick pay, vacation pay, shift differential, and other taxable compensation).

761.11.XX REGULAR (Straight-Pay)
761.12.XX OVERTIME

761.20.XX BENEFITS: Employees benefits incurred by the employer as part of the conditions of employment. Subdivide as needed for local purposes (e.g., insurance, OASI [FICA]--employer portion, pension retirement, unemployment compensation, uniform's and clothing, worker's compensation, medical, leave accruals, and other post employment benefits).

761.21.XX SOCIAL SECURITY (FICA)
761.22.XX WORKER'S COMPENSATION (L & I)
761.23.XX UNEMPLOYMENT COMPENSATION
761.24.XX PENSION (PERS/LEOFF)
761.25.XX INSURANCE (Health, Life, Disability)
761.26.XX LEAVE (Vacation, Sick, Etc.)

761.30.XX OUTSIDE SERVICES: Costs incurred for professional consultants and others for services in connection with property lease/rental operations (e.g., Community Assessment Study, Return on Investment Study, legal, appraisers, engineering, risk management (insurance), custodial, accounting).

761.31.XX LEGAL

761.40.XX SUPPLIES: Costs incurred for articles and commodities purchased for consumption in connection with property lease/rental operations (e.g., office, computer, janitorial, fuel, lubricants).

761.41.XX OFFICE/COMPUTER
761.42.XX JANITORIAL
761.43.XX FUEL AND LUBRICANTS

761.XX PROPERTY LEASE/RENTAL - OPERATING EXPENSES

761.50.XX **EQUIPMENT RENTALS:** Cost of operating rented equipment used in connection with property lease/rental operations.

761.60.XX **FACILITY RENTALS:** Cost of operating the rented facilities used in connection with property lease/rental operations.

761.70.XX **GENERAL AND ADMINISTRATIVE (DIRECT):** Costs incurred in connection with property lease/rental operations (promotional hosting, travel, advertising, memberships, training, trade promotions, subscriptions/publications, community relations).

761.71.XX **PROMOTIONAL HOSTING**
761.72.XX **TRAVEL**
761.73.XX **INSURANCE**
761.74.XX **ADVERTISING**
761.75.XX **MEMBERSHIPS/DUES**
761.79.XX **OTHER**

761.80.XX **UTILITIES:** Costs incurred for heat, light, power, and water consumed in connection with property lease/rental operations.

761.81.XX **WATER**
761.82.XX **ELECTRICITY**
761.83.XX **SEWER**
761.84.XX **STEAM**
761.85.XX **SURFACE WATER TAX**
761.86.XX **GARBAGE COLLECTION**
761.87.XX **NATURAL GAS/PROPANE/OIL**
761.88.XX **TELECOMMUNICATIONS**
761.89.XX **OTHER**

761.90.XX **OTHER:** Costs incurred for other uses not otherwise defined in the operations of property lease and rentals.

761.99.XX **RESERVED**

76X.XX PROPERTY LEASE/RENTAL EXPENSES

763.XX MAINTENANCE: Expenses which are directly related to the entity's upkeep of physical properties in condition for use or occupancy. NOTE: Repairs to specific equipment and facilities may be included in these accounts using the sixth and succeeding digits available within each category.

763.10.XX SALARIES/LABOR: Costs incurred for personal services rendered by employees, in connection with property lease/rental maintenance, 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 compensations construed to be salaries and labor. Subdivide this account as necessary for local purposes (e.g., regular pay, overtime pay, sick pay, vacation pay, shift differential, and other taxable compensation).

763.11.XX REGULAR (Straight-Pay)
763.12.XX OVERTIME

763.20.XX BENEFITS: Employees benefits incurred by the employer as part of the conditions of employment. Subdivide as needed for local purposes (e.g., insurance, OASI [FICA]--employer portion, pension retirement, unemployment compensation, uniform's and clothing, worker's compensation, medical, leave accruals, and other post employment benefits).

763.21.XX SOCIAL SECURITY (FICA)
763.22.XX WORKER'S COMPENSATION (L & I)
763.23.XX UNEMPLOYMENT COMPENSATION
763.24.XX PENSION (PERS/LEOFF)
763.25.XX INSURANCE (Health, Life, Disability)
763.26.XX LEAVE (Vacation, Sick, Etc.)

763.30.XX OUTSIDE SERVICES: Costs incurred for services in connection with property lease/rental maintenance (e.g., custodians, plumbers, electricians, legal).

763.31.XX LEGAL

763.40.XX SUPPLIES: Costs incurred for articles and commodities purchased for consumption in connection with property lease/rental maintenance (paint, small tools, lumber, office, computer, janitorial).

763.41.XX OFFICE/COMPUTER
763.42.XX JANITORIAL
763.43.XX FUEL AND LUBRICANTS

763.XX PROPERTY LEASE/RENTAL - MAINTENANCE EXPENSES

763.50.XX **EQUIPMENT RENTALS:** Costs incurred for rented equipment used in connection with property lease/rental maintenance.

763.60.XX **FACILITY RENTALS:** Costs incurred for rented facilities used in connection with property lease/rental maintenance.

763.70.XX **GENERAL AND ADMINISTRATIVE (DIRECT):** Costs incurred in connection with property lease/rental maintenance.

763.71.XX **RESERVED**
763.72.XX **TRAVEL**
763.73.XX **INSURANCE**
763.74.XX **ADVERTISING**
763.75.XX **MEMBERSHIPS**
763.79.XX **OTHER**

763.70.XX **UTILITIES:** Costs incurred for heat, light, power, and water consumed in connection with property lease/rental maintenance.

763.81.XX **WATER**
763.82.XX **ELECTRICITY**
763.83.XX **SEWER**
763.84.XX **STEAM**
763.85.XX **SURFACE WATER TAX**
763.86.XX **GARBAGE COLLECTION**
763.87.XX **NATURAL GAS/PROPANE/OIL**
763.88.XX **TELECOMMUNICATIONS**
763.89.XX **OTHER**

763.90.XX **OTHER:** Costs incurred for other uses not otherwise defined in the maintenance of property lease and rentals.

763.99.XX **RESERVED**

76X.XX PROPERTY LEASE/RENTAL EXPENSES

765.XX GENERAL AND ADMINISTRATIVE: Expenses which are not chargeable directly to a particular operating function or to other accounts.

765.00.XX GENERAL AND ADMINISTRATIVE (ALLOCATED): Costs incurred for General and Administrative costs allocated in connection with property lease/rental operations.

765.10.XX **RESERVED** (use 765.00)

765.20.XX **RESERVED** (use 765.00)

765.30.XX **RESERVED** (use 765.00)

765.40.XX **RESERVED** (use 765.00)

765.50.XX **RESERVED** (use 765.00)

765.60.XX **RESERVED** (use 765.00)

765.70.XX **RESERVED** (use 765.00)

765.80.XX **RESERVED** (use 765.00)

765.90.XX **RESERVED** (use 765.00)

76X.XX PROPERTY LEASE/RENTAL EXPENSES

767.00 **DEPRECIATION:** Portion of the cost of a fixed asset which is charged as an expense during a particular period.

767.00.XX **DEPRECIATION:** Costs of depreciation expense, for all classes of depreciable property, incurred in connection with property lease/ rental operations.

767.10.XX **RESERVED** (use 767.00)

767.20.XX **RESERVED** (use 767.00)

767.30.XX **RESERVED** (use 767.00)

767.40.XX **RESERVED** (use 767.00)

767.50.XX **RESERVED** (use 767.00)

767.60.XX **RESERVED** (use 767.00)

767.70.XX **RESERVED** (use 767.00)

767.80.XX **RESERVED** (use 767.00)

767.90.XX **RESERVED** (use 767.00)

76X.XX PROPERTY LEASE/RENTAL EXPENSES

769.XX OTHER: Expenses incurred from other uses not otherwise included in accounts 761 thru 768.

769.10.XX SALARIES/LABOR: Costs incurred for personal services rendered by employees not otherwise defined in the property lease/rental, 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 compensations construed to be salaries and labor. Subdivide this account as necessary for local purposes (e.g., regular pay, overtime pay, sick pay, vacation pay, shift differential, and other taxable compensation).

769.11.XX REGULAR (Straight-Pay)
769.12.XX OVERTIME

769.20.XX BENEFITS: Employees benefits incurred by the employer as part of the conditions of employment, not otherwise defined in the property lease/rental. Subdivide as needed for local purposes (e.g., insurance, OASI [FICA]--employer portion, pension retirement, unemployment compensation, uniform's and clothing, worker's compensation, medical, leave accruals, and other post employment benefits).

769.21.XX SOCIAL SECURITY (FICA)
769.22.XX WORKER'S COMPENSATION (L & I)
769.23.XX UNEMPLOYMENT COMPENSATION
769.24.XX PENSION (PERS/LEOFF)
769.25.XX INSURANCE (Health, Life, Disability)
769.26.XX LEAVE (Vacation, Sick, Etc.)

769.30.XX OUTSIDE SERVICES: Costs incurred for professional consultants and others for services which are not applicable to a particular function of the property lease/rental.

769.31.XX LEGAL

769.40.XX SUPPLIES: Costs incurred for articles and commodities purchased for consumption, not otherwise defined in the property lease/rental functions.

769.41.XX OFFICE/COMPUTER
769.42.XX JANITORIAL
769.43.XX FUEL AND LUBRICANTS

769.XX PROPERTY LEASE/RENTAL - OTHER EXPENSES

769.50.XX **EQUIPMENT RENTALS:** Costs incurred for rented equipment, not otherwise defined in the property lease/rental functions.

769.60.XX **FACILITY RENTALS:** Costs incurred for rented facilities, not otherwise defined in the property lease/rental functions.

769.70.XX **GENERAL AND ADMINISTRATIVE (DIRECT):** Costs incurred, not otherwise defined in the property lease/rental functions.

769.71.XX **RESERVED**
769.72.XX **TRAVEL**
769.73.XX **INSURANCE**
769.74.XX **ADVERTISING**
769.75.XX **MEMBERSHIPS/DUES**
769.79.XX **OTHER**

769.80.XX **UTILITIES:** Costs incurred for heat, light, power, and water consumed, not otherwise defined in the property lease/rental functions.

769.81.XX **WATER**
769.82.XX **ELECTRICITY**
769.83.XX **SEWER**
769.84.XX **STEAM**
769.85.XX **SURFACE WATER TAX**
769.86.XX **GARBAGE COLLECTION**
769.87.XX **NATURAL GAS/PROPANE/OIL**
769.88.XX **TELECOMMUNICATIONS**
769.89.XX **OTHER**

769.90.XX **OTHER:** Costs incurred for other uses not otherwise defined in property lease/rental functions.

769.99.XX **RESERVED**

78X.XX **GENERAL AND ADMINISTRATIVE (G & A) EXPENSES** - The sum of accounts 781 and 783 less 785 should be shown separately in the operating expenses of the financial statements. Account 787 is combined with other operations.

781.XX **OPERATING G & A (DIRECT COSTS):** Expenses which are directly related to the entity's primary service activities (e.g., Accounting/Finance Department).

781.10.XX **SALARIES/LABOR:** Costs incurred for personal services rendered by employees, in connection with general and administrative operations, 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 compensations construed to be salaries and labor. Subdivide this account as necessary for local purposes (e.g., regular pay, overtime pay, sick pay, vacation pay, shift differential, and other taxable compensation).

781.11.XX **REGULAR (Straight-Pay)**
781.12.XX **OVERTIME**

781.20.XX **BENEFITS:** Employee benefits incurred by the employer as part of the conditions of employment. Subdivide as needed for local purposes (e.g., insurance, OASI [FICA]-- employer portion, pension retirement, unemployment compensation, uniform's and clothing, worker's compensation, medical, leave accruals, and other post employment benefits).

781.21.XX **SOCIAL SECURITY (FICA)**
781.22.XX **WORKER'S COMPENSATION (L & I)**
781.23.XX **UNEMPLOYMENT COMPENSATION**
781.24.XX **PENSION (PERS/LEOFF)**
781.25.XX **INSURANCE (Health, Life, Disability)**
781.26.XX **LEAVE (Vacation, Sick, Etc.)**

781.30.XX **OUTSIDE SERVICES:** Costs incurred for professional consultants and others for services in connection with general and administrative operations (e.g., Community Assessment Study, Return on Investment Study, legal, appraisers, engineering, risk management (insurance), custodial, accounting, regional cooperative efforts).

781.31.XX **LEGAL**

781.40.XX **SUPPLIES:** Costs incurred for articles and commodities purchased for consumption in connection with general and administrative operations (e.g., office, computer, janitorial, fuel, lubricants).

781.41.XX **OFFICE/COMPUTER**
781.42.XX **JANITORIAL**
781.43.XX **FUEL AND LUBRICANTS**

781.XX GENERAL AND ADMINISTRATIVE - OPERATING EXPENSES

781.50.XX **EQUIPMENT RENTALS:** Cost of operating rented equipment used in connection with general and administrative operations.

781.60.XX **FACILITY RENTALS:** Cost of operating the rented facilities used in connection with general and administrative operations.

781.70.XX **GENERAL AND ADMINISTRATIVE (DIRECT):** Costs incurred in connection with general and administrative operations (e.g., promotional hosting, travel, advertising, memberships, training, trade promotions, subscriptions/publications, community relations).

781.71.XX **PROMOTIONAL HOSTING**
781.72.XX **TRAVEL**
781.73.XX **INSURANCE**
781.74.XX **ADVERTISING**
781.75.XX **MEMBERSHIPS/DUES**
781.79.XX **OTHER**

781.80.XX **UTILITIES:** Costs incurred for heat, light, power, and water consumed in connection with general and administrative operations.

781.81.XX **WATER**
781.82.XX **ELECTRICITY**
781.83.XX **SEWER**
781.84.XX **STEAM**
781.85.XX **SURFACE WATER TAX**
781.86.XX **GARBAGE COLLECTION**
781.87.XX **NATURAL GAS/PROPANE/OIL**
781.88.XX **TELECOMMUNICATIONS**
781.89.XX **OTHER**

781.90.XX **OTHER:** Costs incurred for other uses not otherwise defined in the general and administrative operations.

781.99.XX **RESERVED**

78X.XX GENERAL AND ADMINISTRATIVE (G & A) EXPENSES - The sum of accounts 781 and 783 less 785 should be shown separately in the operating expenses of the financial statements. Account 787 is combined with other operations.

783.XX MAINTENANCE G & A (DIRECT COSTS): Expenses which are directly related to the entity's upkeep of physical properties in condition for use or occupancy. NOTE: Repairs to specific equipment and facilities may be included in these accounts using the sixth and succeeding digits available within each category.

783.10.XX SALARIES/LABOR: Costs incurred for personal services rendered by employees, in connection with general and administrative maintenance, 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 compensations construed to be salaries and labor. Subdivide this account as necessary for local purposes (e.g., regular pay, overtime pay, sick pay, vacation pay, shift differential, and other taxable compensation).

783.11.XX REGULAR (Straight-Pay)
783.12.XX OVERTIME

783.20.XX BENEFITS: Employees benefits incurred by the employer as part of the conditions of employment. Subdivide as needed for local purposes (e.g., insurance, OASI [FICA]--employer portion, pension retirement, unemployment compensation, uniform's and clothing, worker's compensation, medical, leave accruals, and other post employment benefits).

783.21.XX SOCIAL SECURITY (FICA)
783.22.XX WORKER'S COMPENSATION (L & I)
783.23.XX UNEMPLOYMENT COMPENSATION
783.24.XX PENSION (PERS/LEOFF)
783.25.XX INSURANCE (Health, Life, Disability)
783.26.XX LEAVE (Vacation, Sick, Etc.)

783.30.XX OUTSIDE SERVICES: Costs incurred for services in connection with general and administrative maintenance (e.g., custodians, plumbers, electricians, legal).

783.31.XX LEGAL

783.40.XX SUPPLIES: Costs incurred for articles and commodities purchased for consumption in connection with general and administrative maintenance (e.g., paint, small tools, lumber, office, computer, janitorial).

783.41.XX OFFICE/COMPUTER
783.42.XX JANITORIAL
783.43.XX FUEL AND LUBRICANTS

783.XX GENERAL AND ADMINISTRATIVE - MAINTENANCE EXPENSES

783.50.XX **EQUIPMENT RENTALS:** Costs incurred for rented equipment used in connection with general and administrative maintenance.

783.60.XX **FACILITY RENTALS:** Costs incurred for rented facilities used in connection with general and administrative maintenance.

783.70.XX **GENERAL AND ADMINISTRATIVE (DIRECT):** Costs incurred in connection with general and administrative maintenance.

783.71.XX **RESERVED**
783.72.XX **TRAVEL**
783.73.XX **INSURANCE**
783.74.XX **ADVERTISING**
783.75.XX **MEMBERSHIPS/DUES**
783.79.XX **OTHER**

783.80.XX **UTILITIES:** Costs incurred for heat, light, power, and water consumed in connection with general and administrative maintenance.

783.81.XX **WATER**
783.82.XX **ELECTRICITY**
783.83.XX **SEWER**
783.84.XX **STEAM**
783.85.XX **SURFACE WATER TAX**
783.86.XX **GARBAGE COLLECTION**
783.87.XX **NATURAL GAS/PROPANE/OIL**
783.88.XX **TELECOMMUNICATIONS**
783.89.XX **OTHER**

783.90.XX **OTHER:** Costs incurred for other uses not otherwise defined in the general and administrative maintenance.

783.99.XX RESERVED

78X.XX **GENERAL AND ADMINISTRATIVE (G & A) EXPENSES** - The sum of accounts 781 and 783 less 785 should be shown separately in the operating expenses of the financial statements. Account 787 is combined with other operations.

785.XX **GENERAL AND ADMINISTRATIVE:** Expenses which are not chargeable directly to a particular operating function or to other accounts.

785.00.XX **GENERAL AND ADMINISTRATIVE (ALLOCATED):** Costs incurred for General and Administrative expenses allocated in connection with operations (e.g., Airport, Marina, Marine Terminal, etc.). The credit balance in this account should equal the sum of accounts 715, 725, 735, and 765.

785.10.XX **RESERVED** (use 785.00)

785.20.XX **RESERVED** (use 785.00)

785.30.XX **RESERVED** (use 785.00)

785.40.XX **RESERVED** (use 785.00)

785.50.XX **RESERVED** (use 785.00)

785.60.XX **RESERVED** (use 785.00)

785.70.XX **RESERVED** (use 785.00)

785.80.XX **RESERVED** (use 785.00)

785.90.XX **RESERVED** (use 785.00)

78X.XX **GENERAL AND ADMINISTRATIVE (G & A) EXPENSES** - The sum of accounts 781 and 783 less 785 should be shown separately in the operating expenses of the financial statements. Account 787 is combined with other operations.

787.XX **DEPRECIATION:** Portion of the cost of a fixed asset which is charged as an expense during a particular period.

787.00.XX **DEPRECIATION:** Costs of depreciation expense, for all classes of depreciable property, incurred in connection with general and administrative operations.

787.10.XX **RESERVED** (use 787.00)

787.20.XX **RESERVED** (use 787.00)

787.30.XX **RESERVED** (use 787.00)

787.40.XX **RESERVED** (use 787.00)

787.50.XX **RESERVED** (use 787.00)

787.60.XX **RESERVED** (use 787.00)

787.70.XX **RESERVED** (use 787.00)

787.80.XX **RESERVED** (use 787.00)

787.90.XX **RESERVED** (use 787.00)

78X.XX GENERAL AND ADMINISTRATIVE EXPENSES

789.XX **OTHER:** Expenses incurred from other uses not otherwise included in accounts 781 thru 788.

789.10.XX **RESERVED**

789.20.XX **RESERVED**

789.30.XX **RESERVED**

789.40.XX **RESERVED**

789.50.XX **RESERVED**

789.60.XX **RESERVED**

789.70.XX **RESERVED**

789.80.XX **RESERVED**

789.90.XX **RESERVED**

79X.XX NONOPERATING EXPENSES

799.XX **OTHER:** Expenses incurred from other uses not otherwise included in accounts 791 thru 798.

799.10.XX **RESERVED** (use 799.90)

799.20.XX **RESERVED** (use 799.90)

799.30.XX **RESERVED** (use 799.90)

799.40.XX **RESERVED** (use 799.90)

799.50.XX **RESERVED** (use 799.90)

799.60.XX **RESERVED** (use 799.90)

799.70.XX **RESERVED** (use 799.90)

799.80.XX **RESERVED** (use 799.90)

799.90.XX **OTHER:** Costs incurred for other uses not otherwise defined in nonoperating functions.

799.91.XX **INTEREST EXPENSE:** Costs incurred in connection with interest issued or assumed (e.g., G.O. Bonds, Revenue Bonds)

799.92.XX **ELECTION EXPENSE:** Costs incurred in connection with elections of officials, and bond or other propositions submitted to the voters.

799.98.XX **ENVIRONMENTAL EXPENSE:** Costs incurred in connedtion with remedial environmental impacts. Nonremedial costs will be charged to the proper expense accounts.

799.99.XX **RESERVED**

TRANSIT AGENCY
REVENUE ACCOUNTS

The purpose of this chapter is to present the requirements for classifying transit agency revenues in the uniform system of accounts described herein. The required level of reporting for revenue classes are denoted by asterisks. Requirements under Section 15 reporting may differ slightly.

The revenue accounts are based on the uniform reporting requirements developed by the U.S. Department of Transportation for transit systems (Section 15). These accounts are meant to be truncated or expanded (but not materially altered) according to the needs of the local transportation system; in other words, the accounts are meant to be flexible and adaptable. Each transit agency will need to use all relevant accounts and eliminate those that do not apply.

The revenue accounts provide a uniform and systematic way to record the information necessary to produce the income statement, as well as the additional records needed for reporting to various funding sources (e.g., Federal Transit Administration and Department of Transportation). Standardizing the accounts should simplify the reporting burden. If all transits are using the same accounts, the various funding sources and oversight agencies can design their reporting requirements to conform to the accounts being used (see Part 4 for reporting requirements).

A total of seven (7) positions are reserved for BARS information (e.g., 400.00.00). Most of the revenue codes are limited to five (5) positions (one exception: grant revenues utilize seven digits -see Part 1, Chapter 4 for additional coding information).

- The first three digits (BASUB) identify the general types of revenues. Section 15 refers to these as the *Object Class*.

- The fourth and fifth digits (Element/Subelement) identify the specific types of revenues within the general categories. Section 15 refers to these as the *Subobject Class*.

- The sixth and seventh digits (Unit/Subunit) generally are not defined for revenue accounts.

NOTE: Throughout the revenue accounts, various numbers have <u>not</u> been defined or reserved. These open accounts are available for use at the transit's discretion. However, as the BARS manual is updated due to changing environments, it may be necessary to define these accounts.

TRANSIT AGENCY
REVENUE ACCOUNTS

LIST OF REVENUE ACCOUNTS (*Denotes Required Level of Reporting)

*401. **PASSENGER FARES FOR TRANSIT SERVICE**

01. Full Adult Fares
02. Senior Citizen Fares
03. Student Fares
04. Child Fares
05. Handicapped Rider Fares
06. Parking Lot Revenue (Park and Ride)
07. Vanpool
99. Other Primary Ride Fares

*402. **SPECIAL TRANSIT FARES**

01. Contract Fares For Postmen
02. Contract Fares For Policemen
03. Special Route Guarantees
04. Other Special Contract Transit Fares - State And Local Government
05. Other Special Contract Transit Fares - Other Sources
06. Non-Contract Special Service Fares

*403. **SCHOOL BUS SERVICE REVENUES**

01. Passenger Fares From School Bus Service

*404. **FREIGHT TARIFFS**

01. Hauling Freight

*405. **CHARTER SERVICE REVENUES**

01. Passenger Fares From Charter Service

*406. **AUXILIARY TRANSPORTATION REVENUES**

01. Station Concessions
02. Vehicle Concessions
03. Advertising Services
04. Automotive Vehicle Ferriage
99. Other Auxiliary Transportation Revenues

*407. NONTRANSPORTATION REVENUES

01. Sales Of Maintenance Services
02. Rental Of Revenue Vehicles
03. Rental Of Buildings And Other Property
04. Investment (Interest) Income
05. Parking Lot Revenue (Non-Park and Ride)
99. Other Nontransportation Revenues

*408. TAXES LEVIED DIRECTLY BY TRANSIT SYSTEM

01. Reserved
02. Reserved
03. Reserved
04. Reserved
05. Reserved
*10. Motor Vehicle Excise Tax
  11. Public Transportation
  12. High Capacity Transportation
  13. High Occupancy Vehicle System
  14. Border Area Jurisdictions
*20. Local Transportation Sales Tax
  21. Public Transportation
  22. High Capacity Transportation
*30. Business and Occupation Tax
*50. Utility Tax Revenue
*90. Other Tax Revenue
  91. Household Tax Revenue
  99. Miscellaneous Tax Revenue

*409. LOCAL GRANTS AND CONTRIBUTIONS

01. General Operating Assistance
02. Special Demonstration Project Assistance - Local Projects
03. Special Demonstration Project Assistance - Local Share For State Projects
04. Special Demonstration Project Assistance - Local Share For FTA Projects
05. Contributions For Taxes Paid
06. Contributions For Interest Paid
07. Contributions For Transportation System Maintenance Costs
08. Contributions For Snow Removal Costs
09. Contributions For Security Costs
99. Other Financial Assistance

*410. **LOCAL SPECIAL FARE ASSISTANCE**

01. Handicapped Citizen Fare Assistance
02. Senior Citizen Fare Assistance
03. Student Fare Assistance
99. Other Special Financial Assistance

*411. **STATE GRANTS AND CONTRIBUTIONS**

99. Other Financial Assistance

*412. **STATE SPECIAL FARE ASSISTANCE**

01. Handicapped Citizen Fare Assistance
02. Senior Citizen Fare Assistance
03. Student Fare Assistance
99. Other Special Fare Assistance

*413. **FEDERAL GRANTS AND CONTRIBUTIONS**

DEFINITIONS OF REVENUE ACCOUNTS (*Denotes Required Level of Reporting)

*401. PASSENGER FARES FOR TRANSIT SERVICE

These categories cover revenue earned from carrying passengers along regularly scheduled routes. Each revenue includes the base fare, zone premiums, express service premiums, extra cost transfers, and quantity purchase discounts applicable to the passenger's ride. Passenger fare categories may be combined at the transit's discretion (e.g., 401.02 and 401.05). Also included is a category for park and ride revenue.

401.01 FULL ADULT FARES

The revenue earned from carrying passengers who pay the full adult fare.

401.02 SENIOR CITIZEN FARES

The revenue earned from carrying passengers who pay a special, reduced fare because they are older than a prescribed age limit.

401.03 STUDENT FARES

The revenue earned from carrying passengers who pay a special, reduced fare because they are enrolled in an educational institution.

401.04 CHILD FARES

The revenue earned from carrying passengers who pay a special, reduced fare because they are younger than a prescribed age limit.

401.05 HANDICAPPED RIDER FARES

The revenue earned from carrying passengers who pay a special, reduced fare because they are physically handicapped.

401.06 PARKING LOT REVENUE (PARK AND RIDE)

The revenue earned from parking fees paid by passengers who drive to park and ride parking lots operated by the transit company in order to utilize transit service. Revenue earned from the operation of parking lots which are not normally park and ride locations is collected in 407.05.

401.07 VANPOOL

The revenue earned from vanpool services.

401.99 OTHER PRIMARY RIDE FARES

The revenue earned from carrying passengers who pay a special, reduced fare for some reason other than those specified in other 401 accounts.

*402. SPECIAL TRANSIT FARES

These categories cover revenues earned:

- for rides given in regular transit service, but paid for by some organization rather than by the rider, and
- for rides given along special routes for which revenue may be guaranteed by a beneficiary of the service.

402.01 CONTRACT FARES FOR POSTMEN

The revenues earned by providing rides for postmen with periodic contractual payments (rather than fare box collections) being made directly from the U.S. postal service to the transit system.

402.02 CONTRACT FARES FOR POLICEMEN

The revenues earned by providing rides for policemen with periodic contractual payments (rather than fare box collections) being made directly from the police authority to the transit system.

402.03 SPECIAL ROUTE GUARANTEE

The amounts paid by industrial firms, shopping centers, public and private universities, etc., to guarantee a minimum revenue on a line operated especially for the benefit of the payer.

402.04 OTHER SPECIAL CONTRACT TRANSIT FARES - STATE AND LOCAL GOVERNMENT

The revenue earned under contractual arrangements with state or local governments for transit fares other than those arrangements specified in categories 402.01 through 402.03 above. Revenue earned from other contract sources is collected in 402.05.

402.05 OTHER SPECIAL CONTRACT TRANSIT FARES - OTHER SOURCES

The revenue earned under contractual arrangements with nongovernment entities for transit fares other than those arrangements specified in categories 402.01 through 402.03 above. Revenue earned from other state and local government entities is collected in 402.04.

402.06 **NON-CONTRACT SPECIAL SERVICE FARES**

The revenue earned by providing special services rides for sporting events, sightseeing, etc., where fares are not guaranteed on a contractual basis.

*403. **SCHOOL BUS SERVICE REVENUES**

This category covers revenues earned from operating vehicles under school bus contracts.

403.01 **PASSENGER FARES FROM SCHOOL BUS SERVICE**

The amounts paid by schools for the operations of buses exclusively to carry children to and from their schools.

*404. **FREIGHT TARIFFS**

This category covers revenues earned from carrying freight on runs whose primary purpose is passenger operations.

404.01 **HAULING FREIGHT**

The revenue earned from carrying all types of freight on passenger runs.

*405. **CHARTER SERVICE REVENUES**

This category covers revenues earned from operating vehicles under charter contracts.

405.01 **PASSENGER FARES FROM CHARTER SERVICE**

Under charter service contracts.

*406. **AUXILIARY TRANSPORTATION REVENUES**

These categories cover revenues earned from operations closely associated with the transportation operations.

406.01 **STATION CONCESSIONS**

The revenue earned from granting rights to concessionaires to operate newsstands, candy counters, etc., in transit system stations.

406.02 **VEHICLES CONCESSIONS**

The revenue earned from granting rights to concessionaires to operate food and beverage services, etc., on transit system vehicles.

406.03 **ADVERTISING SERVICES**

The revenue earned from displaying advertising materials on transit system vehicles and property. The amounts recorded herein should be net of any fees paid to advertising agencies who place the advertisement with the transit system.

406.04 **AUTOMOTIVE VEHICLE FERRIAGE**

The revenue earned from transporting vehicles in ferryboat transit service.

406.99 **OTHER AUXILIARY TRANSPORTATION REVENUE**

The revenue earned from auxiliary operations other than those specified above.

*407. **NONTRANSPORTATION REVENUES**

These categories cover revenues earned from activities not associated with the provision of the transit system's transit service.

407.01 **SALES OF MAINTENANCE SERVICES**

The revenue earned from performed maintenance services on property not owned or used by the transit system.

407.02 **RENTAL OR REVENUE VEHICLES**

The revenue earned from leasing transit system revenue vehicles to some other operator.

407.03 **RENTAL OF BUILDINGS AND OTHER PROPERTY**

The revenue earned from leasing transit system building and property (other than revenue vehicles) to other organizations.

407.04 **INVESTMENT (INTEREST) INCOME**

The revenue earned from investing available funds in marketable securities, including interest earnings. Also include interest on sales tax distributions. (This is not to include earnings on capital grant funds advanced by the grantor; such earnings are to be credited to the same account as the capital grant itself.)

407.05 **PARKING LOT REVENUE (NON-PARK AND RIDE)**

The revenue earned from parking fees generated from parking lots not normally used as park and ride locations. Revenue earned from operating park and ride lots is reported in 401.06.

407.99 **OTHER NONTRANSPORTATION REVENUES**

The revenue earned from nontransportation activities other than those listed above. May include gains from the sale of fixed assets.

*408. **TAXES LEVIED DIRECTLY BY TRANSIT SYSTEM**

These categories cover tax revenues to transit systems that are organized as independent political subdivisions with their own taxation authority. Revenues to transit systems that come from local, state or federal government and have been raised through the taxing authority of the grantor governmental unit (which is not synonymous with the transit system) are covered in categories 409 through 412.

408.01 **TAXES LEVIED DIRECTLY BY TRANSIT SYSTEM - PROPERTY TAX REVENUE**

Reserved for future use. See 408.11, 12, and 13 for MVET.

408.02 **TAXES LEVIED DIRECTLY BY TRANSIT SYSTEM - SALES TAX REVENUE**

Reserved for future use. See 408.21 and 22 for Local Transportation Sales Tax.

408.03 **TAXES LEVIED DIRECTLY BY TRANSIT SYSTEM - INCOME TAX REVENUE**

Reserved for future use. See 408.30 for B & O Tax Revenue.

408.04 **TAXES LEVIED DIRECTLY BY TRANSIT SYSTEM - PAYROLL TAX REVENUE**

Reserved for future use.

408.05 **TAXES LEVIED DIRECTLY BY TRANSIT SYSTEM - UTILITY TAX REVENUE**

Reserved for future use. See 408.50 for Utility Tax Revenue.

*408.10 LOCAL MOTOR VEHICLE EXCISE TAX

NOTE: Accounts 408.11, 12, 13, and 14 align with 408.01 for Section 15 detail reporting.

408.11 **PUBLIC TRANSPORTATION.** A tax imposed on all motor vehicles, except those operated under dealers's licenses, collected by count auditors and distributed by the state treasurer. Moneys must be spent on public transportation systems. (RCW 35.58.273 and RCW 82.44.150)

408.12 **HIGH CAPACITY TRANSPORTATION (HCT).** A tax imposed on all motor vehicles solely for the purpose of providing high capacity transportation service. (RCW 81.104.150 and .160)

408.13 **HIGH OCCUPANCY VEHICLE (HOV) SYSTEMS.** A tax imposed on all motor vehicles for HOV land development, mitigation of environmental impact of HOV development, support of employer programs to reduce single occupant commuting, and commuter rail programs. (RCW 81.100.030 and .060)

408.14 **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. The rate shall not exceed one cent per gallon. (RCW 82.47.020 and .030)

*408.20 LOCAL TRANSPORTATION SALES TAX

NOTE: Accounts 408.21 and .22 align with 408.02 for Section 15 detail reporting.

408.21 **PUBLIC TRANSPORTATION.** Maximum of 6/10th of 1%. (RCW 82.14.045)

408.22 **HIGH CAPACITY TRANSPORTATION (HCT)** Maximum of 1% of the purchase price on taxable items. Limited to 0.9% if 0.1% sales tax for criminal justice has been imposed in the county. (RCW 81.104.170)

*408.30 **BUSINESS AND OCCUPATION TAXES**

A revenue tax that derives from municipal authority to license businesses, usually based on gross or net income. (RCW 82.04.220)

NOTE: Account 408.30 aligns with 408.03 for Section 15 detail reporting.

*408.50 **UTILITY TAX REVENUE**

The revenue earned by taxing the consumption of utilities (e.g., water and sewer, gas, electric, telephone, etc.) within the political subdivision constituting the transit system.

NOTE: Account 408.50 aligns with 408.05 for Section 15 detail reporting.

*408.90 **TAXES LEVIED BY TRANSIT SYSTEM - OTHER TAX REVENUE**

The revenue earned by taxation on some basis other than those specified in other 408 categories when the taxing authority is the transit system.

408.91 **HOUSEHOLD TAXES.** Taxes levied by governmental units to support particular operations such as the $1 per house for intergovernmental transit operations, or transit operations owned by governmental units, (RCW 35.95.050)

408.99 **MISCELLANEOUS TAX REVENUE**

*409. **LOCAL GRANTS AND CONTRIBUTIONS**

These categories cover funds obtained from local government units to assist in paying the cost of operating transit services. (The local government units are those not synonymous with the transit system; revenues for these units are covered in category 408.) The breakdown of local government grants and contributions to the subcategories is to be based on the factor that determines the amount of the grant or contribution. Amounts originating from federal revenue sharing funds are included in these categories.

These categories do not cover grants and contributions to help cover the difference between full adult fares and special reduced fares (handicapped rider, senior citizen, etc.). Grants and contributions for local special fare assistance are included in 410.

409.01 **GENERAL OPERATING ASSISTANCE**

The receipt or accrual of local government payments to help cover the operating costs of providing transit services. This category covers general operating assistance, not that based on special fares or certain expense items as described in the following categories. It includes "purchase of service" payments from local government units.

409.02 **SPECIAL DEMONSTRATION PROJECT ASSISTANCE - LOCAL PROJECTS**

The receipt or accrual of local government payments to help cover the operating cost for special demonstration projects which are fully funded at the local level.

409.03 **SPECIAL DEMONSTRATION PROJECT ASSISTANCE - LOCAL SHARE FOR STATE PROJECTS**

The receipt or accrual of local government payments to help cover the operating costs for special demonstration projects which are partially funded at the state level.

409.04 **SPECIAL DEMONSTRATION PROJECT ASSISTANCE - LOCAL SHARE FOR FTA PROJECTS**

The receipt or accrual of local government payments to help cover the operating cost for special demonstration projects which are partially funded by FTA.

409.05 **CONTRIBUTIONS FOR TAXES PAID**

The receipt or accrual of local government payments to help cover the cost of taxes incurred by the transit system.

409.06 **CONTRIBUTIONS FOR INTEREST PAID**

The receipt or accrual of local government payments to help cover the cost of interest on funds borrowed by the transit system.

409.07 **CONTRIBUTIONS FOR TRANSIT SYSTEM MAINTENANCE COSTS**

The receipt or accrual of local government payments to help cover the costs of maintaining transit system rolling stock, buildings, grounds, and equipment.

409.08 **CONTRIBUTIONS FOR SNOW REMOVAL COSTS**

The receipt or accrual of local government payments to help cover the cost of removing snow from transit system property and/or transit right-of-way.

409.09 **CONTRIBUTIONS FOR SECURITY COSTS**

The receipt or accrual of local government payments to help cover the cost of providing security forces on transit system property and on operating revenue vehicles.

409.99 **OTHER FINANCIAL ASSISTANCE**

The receipt or accrual of local government payments to help cover the cost of operating transit service not included in the above categories.

*410. **LOCAL SPECIAL FARE ASSISTANCE**

These categories cover funds obtained from local government units to help cover the difference between full adult fares and special reduced fares. Amounts originating from federal revenue sharing funds are included in this category. Funds obtained from local government to assist in paying the cost of operating transit services are included in 409.

410.01 **HANDICAPPED CITIZEN FARE ASSISTANCE**

The receipt or accrual of local government payments to help cover the difference between full adult fares and handicapped riders fares.

410.02 **SENIOR CITIZEN FARE ASSISTANCE**

The receipt or accrual of local government payments to help cover the difference between full adult fares and special senior citizen fares.

410.03 **STUDENT FARE ASSISTANCE**

The receipt or accrual of local government payments to help cover the difference between full adult fares and special student fares.

410.99 **OTHER SPECIAL FARE ASSISTANCE**

The receipt or accrual of local government payments to help cover the difference between full adult fares and special reduced fares other than for handicapped riders, senior citizens, and students.

*411. **STATE GRANTS AND CONTRIBUTIONS**

These categories cover funds obtained from state government(s) to assist in paying the cost of operating transit services. The breakdown of the state government grants and contributions to the subcategories is based on the state agency providing the assistance. See Part 1, Chapter 4 for additional coding instructions.

These categories do not cover grants and contributions to help cover the difference between full adult fares and special reduced fares (handicapped rider, senior citizen, etc.) Grants and contributions for state special fare assistance are included in 412.

411.99 **OTHER FINANCIAL ASSISTANCE**

The receipt or accrual of state government payments to help cover the cost of operating transit service other than grants (e.g., sales and use tax equalization). May also include contributions from other state governments.

*412. **STATE SPECIAL FARE ASSISTANCE**

These categories cover funds obtained from state government(s) to help cover the difference between full adult fares and special reduced fares. Amounts originating from federal revenue sharing funds are included in this category. Funds obtained from state governments(s) to assist in paying the cost of operating transit services are included in 411.

412.01 **HANDICAPPED CITIZEN FARE ASSISTANCE**

The receipt or accrual of state government payments to help cover the difference between full adult fares and handicapped rider fares.

412.02 **SENIOR CITIZEN FARE ASSISTANCE**

The receipt or accrual of state government payments to help cover the difference between full adult fares and special senior citizen fares.

412.03 **STUDENT FARE ASSISTANCE**

The receipt or accrual of state government payments to help cover the difference between full adult fares and special student fares.

412.99 **OTHER SPECIAL FARE ASSISTANCE**

The receipt or accrual of state government payments to help cover the difference between full adult fares and special reduced fares other than for handicapped riders, senior citizens, and students.

*413. **FEDERAL GRANTS AND CONTRIBUTIONS**

These categories cover funds obtained from the federal government to assist in paying the cost of operating transit services. The breakdown of federal government grants and contributions to the subcategories is based on the number assigned to that program in the Catalog of Federal Domestic Assistance (CFDA). See Part 1, Chapter 4 for additional coding instructions.

TRANSIT AGENCY
EXPENSE ACCOUNTS

The purpose of this chapter is to present the requirements for classifying transit agency expenses under the uniform system of accounts described herein. The required level of reporting for classes and functions are denoted by asterisks. Requirements under Section 15 reporting may differ slightly.

The expense accounts are based on the uniform reporting requirements developed by the U.S. Department of Transportation for transit systems (Section 15). These accounts are meant to be truncated or expanded (but not materially altered) according to the needs of the local transportation system; in other words, the accounts are meant to be flexible and adaptable. Each transit agency will need to use all relevant accounts and eliminate those that do not apply.

The expense accounts provide a uniform and systematic way to record the information necessary to produce the income statement, as well as the additional records needed for reporting to various funding sources (e.g., Federal Transit Administration and Department of Transportation). Standardizing the accounts should simplify the reporting burden. If all transits are using the same accounts, the various funding sources and oversight agencies can design their reporting requirements to conform to the accounts being used (see Part 4 for reporting requirements).

A total of seven (7) positions are reserved for BARS information (e.g., 500.00.00).

- The first three digits (BASUB) identify the general types of expenses. Section 15 refers to these as the *Object Class*.

- The fourth and fifth digits (Element/Subelement) identify the specific types of expenses within the general categories. Section 15 refers to these as the *Subobject Class*.

- The sixth and seventh digits (Unit/Subunit) identify the different operations from which expenses are incurred. Section 15 refers to these as the *Function*. The four basic functions are: vehicle operations (BARS code 10), vehicle maintenance (41), non-vehicle maintenance (42), and general administration (16).

NOTE: Throughout the expense accounts, various numbers have <u>not</u> been defined or reserved. These open accounts are available for use at the transit's discretion. However, as the BARS manual is updated due to changing environments, it may be necessary to define these accounts.

TRANSIT AGENCY
EXPENSE ACCOUNTS

LIST OF EXPENSE ACCOUNTS (*Denotes Required Level of Reporting)

*501. **LABOR**

01. Operators' Salaries And Wages
02. Other Salaries And Wages

*502. **FRINGE BENEFITS**

01. FICA Or Railroad Retirement
02. Pension Plans (including long-term disability insurance)
03. Hospital, Medical, And Surgical Plans
04. Dental Plans
05. Life Insurance Plans
06. Short-Term Disability Insurance Plans
07. Unemployment Insurance
08. Workmen's Compensation Insurance Or Federal Employees Liability Act Contributions
09. Sick Leave
10. Holiday
11. Vacation
12. Other Paid Absence
13. Uniform And Work Clothing Allowances
14. Other Fringe Benefits

*503. **SERVICES**

01. Management Service Fees
02. Advertising Fees
03. Professional And Technical Services
04. Temporary Help
05. Contract Maintenance Services
06. Custodial Services
07. Security Services
99. Other Services

*504. **MATERIALS AND SUPPLIES CONSUMED**

01. Fuel And Lubricants
02. Tires And Tubes
99. Other Materials And Supplies

*505 **UTILITIES**

01. Propulsion Power
02. Utilities Other Than Propulsion Power

*506 CASUALTY AND LIABILITY COSTS

01. Premiums For Physical Damage Insurance
02. Recoveries Of Physical Damage Losses
03. Premiums For Public Liability And Property Damage Insurance
04. Payouts For Uninsured Public Liability And Property Damage Settlements
05. Provision For Uninsured Public Liability And Property Damage Settlements
06. Payouts For Insured Public Liability And Property Damage Settlements
07. Recoveries Of Public Liability And Property Damage Settlements
08. Premiums For Other Corporate Insurance
09. Other Corporate Losses
10. Recoveries Of Other Corporate Losses

*507. TAXES

01. Federal Income Tax
02. State Income Tax
03. Property Tax
04. Vehicle Licensing And Registration Fees
05. Fuel And Lubricant Taxes
06. Electric Power Taxes
99. Other Taxes

*508. PURCHASED TRANSPORTATION SERVICE

01. Purchased Transportation Service

*509. MISCELLANEOUS EXPENSES

01. Dues And Subscriptions
02. Travel And Meetings
03. Bridge, Tunnel, And Highway Tolls
06. Fines And Penalties
07. Bad Debt Expense
08. Advertising/Promotion Media
99. Other Miscellaneous Expenses

*510. EXPENSE TRANSFERS

01. Function Reclassifications
02. Expense Reclassifications
03. Capitalization Of Nonoperating Costs

TRANSIT AGENCY
EXPENSE ACCOUNTS

*511. **INTEREST EXPENSE**

01. Interest On Long-Term Debt Obligations
02. Interest On Short-Term Debt Obligations

*512. **LEASES AND RENTALS (OPERATING)**

01. Transit Way And Transit Way Structures And Equipment
02. Passenger Stations
03. Passenger Parking Facilities
04. Passenger Revenue Vehicles
05. Service Vehicles
06. Operating Yards Or Stations
07. Engine Houses, Car Shops, And Garages
08. Power Generation And Distribution Facilities
09. Revenue Vehicle Movement Control Facilities
10. Data Processing Facilities
11. Revenue Collection And Processing Facilities
12. Other General Administration Facilities

*513. **DEPRECIATION AND AMORTIZATION**

01. Transit Way And Transit Way Structures And Equipment
02. Passenger Stations
03. Passenger Parking Facilities
04. Passenger Revenue Vehicles
05. Service Vehicles
06. Operating Yards Or Stations
07. Engine Houses, Car Shops, And Garages
08. Power Generation And Distribution Facilities
09. Revenue Vehicle Movement Control Facilities
10. Data Processing Facilities
11. Revenue Collection And Processing Facilities
12. Other General Administration Facilities
13. Amortization Of Intangibles

514. **RESERVED**

515. **RESERVED**

516. **RESERVED**

DEFINITIONS OF EXPENSE ACCOUNTS (*Denotes Required Level of Reporting)

*501 LABOR

"Labor" is the pay and allowances due employees in exchange for the labor services they render in behalf of the transit system. It is necessary to distinguish the allowances to be included in "Fringe Benefits." The "Labor" allowances include payments direct to the employee arising from the performance of a piece of work, such as shift differentials, overtime premiums, minimum guarantees, etc. The "Fringe Benefit" allowances include payments direct to the employee, but not arising from the performance of a piece of work. The latter allowances include paid absence for illness, holidays, vacations, jury duty, etc.

501.01 OPERATORS' SALARIES AND WAGES

The labor of employees of the transit system who are classified as revenue vehicle operators or crewmen.

501.02 OTHER SALARIES AND WAGES

The labor of employees of the transit system who are not classified as revenue vehicle operators or crewmen.

*502. FRINGE BENEFITS

"Fringe Benefits" are payments or accruals to others (insurance companies, governments, etc.) on behalf of an employee and payments or accruals direct to an employee arising from something other than his performance of a piece of work. These payments are transit system costs over and above "Labor" costs, but still arising from the employment relationship.

502.01 FICA OR RAILROAD RETIREMENT

Payments or accruals to the federal social security or railroad retirement fund required to be made by the employer on behalf of the employee.

502.02 PENSION PLANS (INCLUDING LONG-TERM DISABILITY INSURANCE)

Payments or accruals to pension funds required to be made by the employer on behalf of the employee under the terms of pension plans.

502.03 HOSPITAL, MEDICAL, AND SURGICAL PLANS

Payments or accruals to insurance companies required to be made by the employer on behalf of the employee under the terms of group health insurance plans.

502.04 DENTAL PLANS

Payments or accruals to insurance companies required to be made by the employer on behalf of the employee under the terms of group dental insurance plans.

502.05 **LIFE INSURANCE PLANS**

Payments or accruals to insurance companies required to be made by the employer on behalf of the employee under terms of group or individual life insurance policies wherein the employee is the beneficiary.

502.06 **SHORT-TERM DISABILITY INSURANCE PLANS**

Payments or accruals to insurance companies required to be made by the employer on behalf of the employee under terms of group short-term disability insurance plans.

502.07 **UNEMPLOYMENT INSURANCE**

Payments or accruals to state and federal agencies required to be made by the employer on behalf of an employee to provide continued compensation for the employee for a period to time in the event he is laid off.

502.08 **WORKMEN'S COMPENSATION INSURANCE OR FEDERAL EMPLOYEES' LIABILITY ACT CONTRIBUTION**

Payments or accruals to insurance companies to indemnify the transit system against statutory damages arising from injuries or death to employees while in the employ of the transit system.

Payments or accruals to or for employees for uninsured losses for statutory damages arising from injuries or death to employees while in the employ of the transit system.

502.09 **SICK LEAVE**

Payments or accruals to employees for periods of time when absent from work due to personal or family illness.

502.10 **HOLIDAY**

Payments or accruals to employees for (1) periods of time when absent from work due to recognized holidays, or (2) premiums incurred for work performed on recognized holiday.

502.11 **VACATION**

Payments or accruals to employees for (1) periods of time when absent from work due to vacation earned and taken, or (2) vacation time earned, but paid off rather than taken.

502.12 **OTHER PAID ABSENCE**

Payments or accruals to employees for periods of time when absent from work due to military duty, jury duty, death in the family, etc.

502.13 **UNIFORM AND WORK CLOTHING ALLOWANCES**

Payments or accruals to employees to offset the cost of uniforms or work clothing the employee must wear. Also, the cost of uniforms and work clothing provided to employees.

502.14 **OTHER FRINGE BENEFITS**

Other payments or accruals to or on behalf of an employee arising from his employment, but not from the performance of a piece of work, and not fitting any of the other fringe benefits categories.

*503. SERVICES

"Service" is labor and other work provided by outside organizations for fees and related expenses. In most instances, service from an outside organization is procured as a substitute for in-house employee labor, except in the case of independent audits which could not be performed by employees in the first place. The substitution is usually made because the skills offered by the outside organization are needed for only a short period of time or are better than internally available skills. The charge for these services is usually based on the labor hours invested in performing the service.

503.01 MANAGEMENT SERVICE FEES

The labor and services provided by a management service company (MSC) engaged to provide operating management to the transit system. This category covers both the continuing labor and services of MSC personnel devoted full time to the transit system and the occasional consulting and special purpose studies provided by the MSC.

503.02 ADVERTISING FEES

The labor and materials provided by an advertising agency in the development and production of advertising campaigns. Advertising media fees, regardless of whether they are paid to the advertising agency or direct to the media, are included in 509.08.

503.03 PROFESSIONAL AND TECHNICAL SERVICES

The labor and services provided by attorneys, accountants and auditors, investment bankers, computer service companies, engineering firms, management consultants, transit industry consultants, etc. These services generally require specialized technical knowledge and are usually performed under the supervision of the outside organization, rather than transit system personnel.

503.04 TEMPORARY HELP

The labor of persons who are not employees of the transit system, but who work for a temporary period in the capacity of a transit system employee under the supervision of transit system personnel. These people are normally obtained to perform general clerical duties (Kelly Services, Manpower, etc.).

503.05 CONTRACT MAINTENANCE SERVICES

The maintenance of the plant and equipment, under contract or on a single job basis with an outside organization. This category is differentiated from "Professional and Technical Services," 503.03, in that the services offered are basically of a repair or maintenance nature. It is also differentiated from "Custodial Services," 503.06, which deals with exclusively janitorial labor.

503.06 **CUSTODIAL SERVICES**

The performance of janitorial services, under contract or on a single job basis with an outside organization.

503.07 **SECURITY SERVICES**

The patrolling of vehicles, stations, yards and buildings to detect and prevent criminal activity, fires, unsafe conditions, etc., such patrolling being performed by an outside security agency rather than by transit system employees.

503.99 **OTHER SERVICES**

Services not recognized in 503.01 through 503.07.

*504. **MATERIALS AND SUPPLIES CONSUMED**

"Materials and Supplies" are tangible products obtained from outside suppliers or manufactured internally. Freight-in, purchase discounts, cash discounts, sales taxes and excise taxes (except on fuel and lubricants) are to be included in the cost of the material or supply. Charges to these expense accounts will be for the materials and supplies issued from inventory for use or purchased for immediate use.

504.01 **FUEL AND LUBRICANTS**

Costs of gasoline, diesel fuel, propane, lubricating oil, transmission fluid, grease, etc., for use in vehicles.

504.02 **TIRES AND TUBES**

Lease payments for tires and tubes rented on a time period or mileage basis. Cost of replacing tires and tubes on vehicles.

504.99 **OTHER MATERIALS AND SUPPLIES CONSUMED**

Cost of materials and supplies not specifically identified in 504.01 and 504.02 issued from inventory or purchased for immediate consumption, e.g., vehicle maintenance parts, track materials, cleaning supplies, office forms, etc.

*505. **UTILITIES**

"Utilities" are payments made to various utilities for utilization of their resources (e.g., electric, gas, water, telephone, etc.)

505.01 **PROPULSION POWER**

The electrical power purchased from an outside utility company and used for propelling electrically driven vehicles.

505.02 **UTILITIES OTHER THAN PROPULSION POWER**

Electrical power purchased from an outside utility company and used for purposes other than propelling electrically driven vehicles, water and sewer charges, gas, garbage collection, telephones, etc.

*506. **CASUALTY AND LIABILITY COSTS**

"Casualty and Liability Costs" includes cost elements covering:

- Protection of the transit system from loss through insurance programs,
- Compensation of others for their losses due to acts for which the transit system is liable, and
- Recognition of the cost of a miscellaneous category of corporate losses.

The costs of repairing damaged property are recorded in labor, fringe benefit, material and services accounts. The costs of writing off property damaged beyond repair are recorded in depreciation accounts. The costs of transit system employees engaged in insuring and processing claims for and against the transit system are recorded in labor and fringe benefits.

506.01 **PREMIUMS FOR PHYSICAL DAMAGE INSURANCE**

Premiums applicable to an accounting period to insure the transit system from loss through damage to its own property caused by collision, fire, theft, flood, earthquakes, etc.

506.02 **RECOVERIES OF PHYSICAL DAMAGE LOSSES**

Credits for amounts recovered from (1) insurance companies for physical damage claims, or (2) others (e.g., third parties involved in an accident) held liable for damage to the transit system's property.

506.03 **PREMIUMS FOR PUBLIC LIABILITY AND PROPERTY DAMAGE INSURANCE**

Premiums applicable to an accounting period to insure the transit system against loss from liability for its acts which cause damage to the person or property of others.

506.04 **PAYOUTS FOR UNINSURED PUBLIC LIABILITY AND PROPERTY DAMAGE SETTLEMENTS**

Payments (or accruals) of actual liability to others arising from culpable acts of the transit system and which are not covered by public liability insurance.

506.05 **PROVISION FOR UNINSURED PUBLIC LIABILITY AND PROPERTY DAMAGE SETTLEMENTS**

Periodic estimates of liability to others arising from culpable acts of the transit system that relate to the current or a prior reporting period and which are not covered by public liability insurance.

506.06 **PAYOUTS FOR INSURED PUBLIC LIABILITY AND PROPERTY DAMAGE SETTLEMENTS**

Payments (or accruals) of actual liability to others arising from culpable acts of the transit system and which are covered by public liability insurance.

506.07 **RECOVERIES OF PUBLIC LIABILITY AND PROPERTY DAMAGE SETTLEMENTS**

Credits for amounts recovered from insurance companies to indemnify the transit system for insured acts giving rise to liability for damage to the person or property of others.

506.08 **PREMIUMS FOR OTHER CORPORATE INSURANCES**

Premiums applicable to an accounting period to insure the transit system from losses other than through damage to its property or liability for its culpable acts, e.g., fidelity bonds, business records insurance, etc.

506.09 **OTHER CORPORATE LOSSES**

Charges for actual losses resulting from events covered by the "other corporate insurances."

506.10 **RECOVERIES OF OTHER CORPORATE LOSSES**

Credits for amounts recovered from insurance companies for other corporate insurance claims.

*507. **TAXES**

"Taxes" are those taxes levied against the transit system by federal, state, and local governments. Sales and excise taxes on materials and services purchased other than fuel and lubricants are not included in this category, but are to be accounted for as part of the base price of the material or service.

507.01 **FEDERAL INCOME TAX**

The tax levied by the federal government against the transit system based on the net income of the transit system.

507.02 **STATE INCOME TAX**

The tax levied by the state government(s) against the transit system based on the net income of the transit system.

507.03 **PROPERTY TAX**

The tax levied by the state and/or local government against the transit system based on a valuation of the property owned by the transit system.

507.04 **VEHICLE LICENSING AND REGISTRATION FEES**

The fees assessed by federal, state, and local governments for granting authority to operate a motor vehicle.

507.05 **FUEL AND LUBRICANT TAXES**

Sales and excise taxes incurred on purchases of fuel and lubricants.

507.06 **ELECTRIC POWER TAXES**

Utility taxes incurred on purchases of electric power used for propelling electrically driven vehicles.

507.99 **OTHER TAXES**

Taxes levied by federal, state, and local governments against the transit system and not properly classifiable in categories 507.01 through 507.06.

*508. **PURCHASED TRANSPORTATION SERVICE**

"Purchased Transportation Service" is the payment or accrual to other transit systems for providing transportation service.

508.01 **PURCHASED TRANSPORTATION SERVICE**

Payments or accruals to other transit systems to subsidize their operations of passenger transit services.

*509. **MISCELLANEOUS EXPENSES**

"Miscellaneous Expenses" are those expenses which cannot be attributed to any of the other major expense categories (i.e., 501-508 and 510-513).

509.01 **DUES AND SUBSCRIPTIONS**

Fees for membership in industry organizations and subscriptions to periodical publications.

509.02 **TRAVEL AND MEETINGS**

Fares and allowances for transportation of transit system employees and related officials on airplanes, trains, etc.

- Expenses for food and lodging
- Charges for participation in industry conferences
- Other related business meeting expenses

509.03 **BRIDGE, TUNNEL, AND HIGHWAY TOLLS**

Payments made to authorities and other organizations for the use of bridges, tunnels, highways and other similar facilities.

509.06 **FINES AND PENALTIES**

Payments made to cover the cost of fines and penalties incurred by the transit system.

509.07 **BAD DEBT EXPENSE**

Amounts owed to the transit system which have been determined to be uncollectible.

509.08 **ADVERTISING/PROMOTION MEDIA**

Advertising media fees and expenses, regardless of whether they are paid to an advertising agency or direct to the media. The labor and materials provided by an advertising agency in the development and production of advertising campaigns is included in 503.02.

509.99 **OTHER MISCELLANEOUS EXPENSES**

Expenses incurred by the transit operator and not properly classifiable in categories 509.01 through 509.08 above.

*510 **EXPENSE TRANSFERS**

"Expense Transfers" are accounts to be used for reporting adjustment and reclassifications of expenses previously recorded.

510.01 **EXPENSE TRANSFERS - FUNCTION RECLASSIFICATIONS**

Used for reclassifications of expenses from one function to another (e.g., debits to Revenue Vehicle Operation and General functions and a credit to Operation and Maintenance of Electric Power Facilities Function to distribute the costs of power generation, distribution and maintenance to their "end use" functions).

510.02 **EXPENSE TRANSFERS - EXPENSE RECLASSIFICATIONS**

A composite category of expense encompassing labor, fringe benefits, materials and services used in the transit system's internal information system to reclassify costs between cost centers and work orders.

510.03 **EXPENSE TRANSFERS - CAPITALIZATION OF NONOPERATING COSTS**

A credit account to be used for adjusting entries transferring expenses to receivables, property, or work-in-process for capital projects. This is also a composite category encompassing labor, fringe benefits, materials and services. For example, the adjusting entry to capitalize costs on a reimbursable work order can make use of this account rather than crediting each of the labor, material, etc., accounts in which costs were initially recorded.

*511. INTEREST EXPENSE

"Interest Expense" are charges for the use of borrowed capital incurred by the transit system.

511.01 INTEREST ON LONG-TERM DEBT OBLIGATIONS

Charges for the use of borrowed capital on a long-term basis (the liability for which is usually represented by debt instruments) employed in the operation of the transit system. Interest charges pertaining to construction debt which are capitalized will not be reflected as interest expense.

511.02 INTEREST ON SHORT-TERM DEBT OBLIGATIONS

Charges for the use of borrowed capital on a short-term basis employed in the operation of the transit system.

*512. LEASES AND RENTALS (OPERATING)

"Leases and Rentals" are payments for the use of capital assets not owned by the transit system.

512.01 TRANSIT WAY AND TRANSIT WAY STRUCTURES AND EQUIPMENT

Leases and rentals of the physical facilities of the below listed types that are located along the routes where transit services are offered:

- Land
- Roadway structures, i.e., tunnels, bridges, elevated structures, etc.
- Guideways, i.e., track and roadbed

512.02 PASSENGER STATIONS

Leases and rentals of the physical facilities of the below listed types that are used for passenger stations and terminals:

- Land
- Buildings and structures
- Office equipment
- Equipment other than office equipment
- Furnishings
- Unmanned passenger shelters

512.03 PASSENGER PARKING FACILITIES

Leases and rentals of the physical facilities of the below listed types that are used to provide parking space for the automobiles of transit patrons:

- Land

- Buildings and structures, including paved surfaces
- Office equipment, such as cash registers
- Other equipment, such as automatic entry and exit control gates
- Furnishings, such as those for a parking fee collection booth

512.04 **PASSENGER REVENUE VEHICLES**

Leases and rentals of rolling stock used exclusively or predominantly for providing passenger transit services.

512.05 **SERVICE VEHICLES**

Leases and rentals of rolling stock used for purposes other than providing passenger transit services.

512.06 **OPERATING YARDS OR STATIONS**

Leases and rentals of the physical facilities of the below listed types that are used for storing revenue vehicles and for dispatching trains/runs for revenue service:

- Land
- Buildings and structures
- Office equipment
- Equipment other than office equipment
- Furnishings

512.07 **ENGINE HOUSES, CAR SHOPS AND GARAGES**

Leases and rentals of the physical facilities of the below listed types that are used as maintenance facilities for revenue vehicles:

- Land
- Buildings and structures
- Office equipment
- Equipment other than office equipment
- Furnishings

512.08 **POWER GENERATION AND DISTRIBUTION FACILITIES**

Leases and rentals of the physical facilities of the below listed types that are used in the generation and distribution of power:

- Land, if used only for power generation and distribution
- Buildings, if used only for power generation and distribution
- Office equipment
- Power generation and distribution equipment
- Furnishings

512.09 REVENUE VEHICLE MOVEMENT CONTROL FACILITIES

Leases and rentals of the physical facilities of the below listed types that are used to control the movement of revenue vehicles:

- Land, if a building devoted exclusively to revenue vehicle movement control is situated thereon
- Buildings, if devoted exclusively to revenue vehicle movement control
- Office equipment
- Other equipment, such as communication equipment, traffic control computers, etc.
- Furnishings

512.10 DATA PROCESSING FACILITIES

Leases and rentals of the physical facilities of the below listed types that are used for performing data processing services:

- Land, if a building devoted exclusively to data processing services is situated thereon
- Buildings, if devoted exclusively to data processing services
- Office equipment
- Other equipment, particularly main frame and auxiliary computer equipment
- Furnishings

512.11 REVENUE COLLECTION AND PROCESSING FACILITIES

Leases and rentals of the physical facilities of the below listed types that are used for collecting, counting, storing and transporting revenue collections:

- Land, if a building devoted exclusively to revenue collection and processing is situated thereon
- Buildings, if devoted exclusively to revenue collection and processing
- Office equipment
- Other equipment, including fare boxes, vaults, money counting and wrapping machines, etc.
- Furnishings

512.12 OTHER GENERAL ADMINISTRATION FACILITIES

Leases and rentals of the physical facilities of the below listed types that are used for performing the general administrative functions of the transit system:

- Land
- Buildings
- Office equipment
- Equipment other than office equipment
- Furnishings

*513. DEPRECIATION AND AMORTIZATION

"Depreciation and Amortization" are charges that reflect the loss in service value of the transit system's assets.

513.01 TRANSIT WAY AND TRANSIT WAY STRUCTURES AND EQUIPMENT

Depreciation of the physical facilities of the below listed types that are located along the routes where transit services are offered:

- Roadway structures, i.e., tunnels, bridges, elevated structures, etc.
- Guideways, i.e., track and roadbed

513.02 PASSENGER STATIONS

Depreciation of the physical facilities of the below listed types that are used for passenger stations and terminals:

- Buildings and structures
- Office equipment
- Equipment other than office equipment
- Furnishings
- Unmanned passenger shelters

513.03 PASSENGER PARKING FACILITIES

Depreciation of the physical facilities of the below listed types that are used to provide parking space for the automobiles of transit patrons:

- Buildings and structures, including paved surfaces
- Office equipment, such as cash registers
- Other equipment, such as automatic entry and exit control gates
- Furnishings, such as those for a parking fee collection booth

513.04 PASSENGER REVENUE VEHICLES

Depreciation of rolling stock used exclusively or predominantly for providing passenger transit services.

513.05 SERVICE VEHICLES

Depreciation of rolling stock used for purposes other than providing passenger transit services.

513.06 OPERATING YARDS OR STATIONS

Depreciation of the physical facilities of the below listed types that are used for storing revenue vehicles and for dispatching trains/runs for revenue service:

- Buildings and structures
- Office equipment
- Equipment other than office equipment
- Furnishings

513.07 ENGINE HOUSES, CAR SHOPS AND GARAGES

Depreciation of the physical facilities of the below listed types that are used as maintenance facilities for revenue vehicles:

- Buildings and structures
- Office equipment
- Equipment other than office equipment
- Furnishings

513.08 POWER GENERATION AND DISTRIBUTION FACILITIES

Depreciation of the physical facilities of the below listed types that are used in the generation and distribution of power:

- Buildings, if used only for power generation and distribution
- Office equipment
- Power generation and distribution equipment
- Furnishings

513.09 REVENUE VEHICLE MOVEMENT CONTROL FACILITIES

Depreciation of the physical facilities of the below listed types that are used to control the movement of revenue vehicles:

- Buildings, if devoted exclusively to revenue vehicle movement control
- Office equipment
- Other equipment, such as communication equipment, traffic control computers, etc.

513.10 DATA PROCESSING FACILITIES

Depreciation of the physical facilities of the below listed types that are used for performing data processing services:

- Buildings, if devoted exclusively to data processing services
- Office equipment
- Other equipment, particularly main frame and auxiliary computer equipment
- Furnishings

513.11 REVENUE COLLECTION AND PROCESSING FACILITIES

Depreciation of the physical facilities of the below listed types that are used for collecting, counting, storing and transporting revenue collections:

- Buildings, if devoted exclusively to revenue collection and processing
- Office equipment
- Other equipment, including fare boxes, vaults, money counting and wrapping machines, etc.
- Furnishings

513.12 OTHER GENERAL ADMINISTRATION FACILITIES

Depreciation of the physical facilities of the below listed types that are used for performing the general administrative functions of the transit system:

- Buildings
- Office equipment
- Equipment other than office equipment
- Furnishings

513.13 AMORTIZATION OF INTANGIBLES

Amortization of the below listed types of intangible costs of the transit system:

- Organization costs
- Franchises
- Patents
- Goodwill
- Other intangible assets

514 PURCHASE LEASE PAYMENTS

Reserved for future use.

515 RELATED PARTIES LEASE AGREEMENT

Reserved for future use.

516 OTHER RECONCILING ITEMS

Reserved for future use.

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 classified proprietary districts to account and report in conformity with these principles, except that the required annual report 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 districts. (The governmental funds, since not used by the districts, are omitted from the list.)

Proprietary Funds

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.

NOTE: Separate funds are not required even though bond covenants 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 140 in the general ledger chart of accounts.)

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.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by one government in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include (a) nonexpendable trust funds, (b) pension trust funds, (c) expendable trust funds, and (d) agency funds.

NUMBER OF FUNDS

4. The governments 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.

ACCOUNTING FOR FIXED ASSETS AND LONG-TERM LIABILITIES

5. a. Fixed assets related to specific proprietary funds or trust funds should be accounted for in those funds.

   b. Long-term liabilities of proprietary funds and trust funds should be accounted for in those funds.

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. Depreciation of fixed assets must be recorded. 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 accrual basis of accounting should be used in measuring financial position and operating results.

   a. 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.

   b. Transfers should be recognized in the accounting period in which the interfund receivable and payable arise.

BUDGETING, BUDGETARY CONTROL, AND BUDGETARY REPORTING

9. a. An annual budget must be adopted by every district.

   b. The accounting system should provide the basis for appropriate budgetary control.

   c. Budgetary comparisons must be prepared for proprietary funds but they need not be included in the district's financial statements or schedules.

TRANSFER, REVENUE, AND EXPENSE ACCOUNT CLASSIFICATIONS

10. a. Interfund transfers, proceeds of long-term debt (and material proceeds of fixed asset disposition) should be classified separately from fund revenues and expenses.

    b. Revenues and expenses should be classified in essentially the same manner as those of similar business organizations, functions, or activities.

COMMON TERMINOLOGY AND CLASSIFICATION

11. A common terminology and classification should be used consistently throughout the budgeting, accounting, and financial reporting.

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. 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.

    c. The statements and reports listed above 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 the 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) 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 the GASB in 1984.

The GAAP hierarchy, as prescribed by the SAS 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 governments 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 the 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:

- ✓ Expenses 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 the auditor will also seek to answer through the course of his/her audit. If you are satisfied with the results of the review, then there is a much greater likelihood that the auditor will also be satisfied. If you identify problem areas, then you have an opportunity to discuss them with the auditor and to correct them before he/she is obliged to comment on the problems in the audit.

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 entity.

INTERNAL CONTROL STANDARDS

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, districts should:

- Identify (1) risks inherent in district 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 district activity and are to be logical, applicable, and reasonably complete.

This standard requires that objectives be tailored to a district's operations. All operations 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 a district's organization and division of responsibilities.[1]

Cycles can be categorized in various ways. For example:

- Management
- Financial
- Program (operational)
- Administrative

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 expenses), related assets and financial information. Program (operational) cycles are those activities that relate to the mission(s) of the district and which are peculiar to a specific district. Administrative cycles are those activities providing support to the district'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 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 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.

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) a district's internal control objectives and techniques and accountability systems and (2) all pertinent aspects of transactions and other significant events of a district. 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 responsibilities 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 assigned systematically to a number of individuals to ensure that effective checks and balances exist. Key duties include 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 events 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 resources and records is to be limited to authorized 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.

The basic concept behind restricting access to resources is to help reduce the risk of unauthorized use, loss to the 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. For 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.

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 follow up processes. Top management should be kept informed through periodic reports so it can assure the quality and timeliness of individual resolution decisions.

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. The following procedures are necessary for proper accounting:

1. Receiving money by the EFT:

   a. Prepare a treasurer's receipt upon receiving a notice from the payor that the money has been transferred to the district's bank account. Do not wait for the bank to notify you of receipt of the money. However, you may want to contact your bank to confirm the expected amount has arrived.

      Enter the following information on the receipt:

      Date of receipt.
      Name of person, company or agency transferring money into the district's account.
      BARS revenue account number.
      Notation that funds were received by the EFT.

   b. A file must be maintained of those payors who have agreed in writing to transfer money to the district's account electronically.

2. Disbursing money by the EFT:

   a. Prepare a record which shows:

      Chronological number of the EFT payment.
      Time and date of disbursement.
      Payee - name, address and account number.
      Amount of disbursement.
      Purpose of disbursement.
      BARS expense account number.
      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 agreed to have money transferred to accounts electronically.

   c. The treasurer should notify the disbursing bank that access to files, records and documentation of all EFT transactions involving the district should be provided to the State Auditor when required for the audit.

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 Department of Employment Security (DES). The accounting procedures for the two options, by type of local government, are detailed below:

OPTION 2 - REIMBURSEMENT BASIS

All local governments may use Option 2. Under this option, the DES will pay unemployment claims and then bill the local governments for reimbursement.

Method A — 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 expense accounts in the operating funds in the same manner as benefits paid directly. Payments to the DES 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) per RCW 35.39.034. A resolution must govern this choice.

Method B — Your district 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 expenses functionally according to the applicable chart of accounts. In this case, the pool or cooperative will pay the billed amounts to the DES.

Rates charged to the participants should be adjusted periodically based on the experience factor of each participant.

2. Deferred Compensation Plans -- Section 457 -- Internal Revenue Code (IRC)

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 the IRC, Section 457.

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 the IRC, Section 457.

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 IRC, Section 457, 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 deferred compensation plans should 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. However, if the administering company provides such a record to the district, a copy of that record may be maintained in lieu of the district creating such a record.

The participating employees must complete and sign joinder agreements stipulating the amount of their gross salaries or wages to be deferred. The district 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 accepting any employee requests for amounts to be withdrawn from accumulated deferred compensation assets for unforeseeable emergencies, as any employee withdrawal granted which does not qualify under the IRC, 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) with 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 deductions 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 the IRC, Section 457, 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 the IRC, Section 457.

e. Plan Assets Belong To The Local Governmental Unit

All deferred compensation assets must be considered to be the assets of the political subdivision 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 districts should budget the gross salaries and wages including the deferred compensation amounts as expenses of the year in which the salaries or wages are earned. No budget is required for earnings on these assets, administrative fees or employee withdraws accumulated deferred compensation assets.

g. County Treasurer's Fee

County treasurers will not charge an investment service fee pursuant to RCW 36.29.020 unless he/she manages the investments.

h. Reporting

A district should report the liability on the balance sheet with a corresponding designated asset. Such display is required whether the assets are held by the district, a PERS, a third party, or another governmental entity under a multiple-jurisdiction plan. The GASB Statement 2, *Financial Reporting of Deferred Compensation Plans Adopted Under Provisions of Internal Revenue Code Section 457*, provides details related to deferred compensation in local governments.

Chapter 1. General Accounting Procedures
Section 6. Petty Cash [1]

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. 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 legislative body must authorize cash account by a resolution. This applies also to all subsequent increases or decreases in the imprest amount.

2. The legislative 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 should render a receipt for the imprest amount to the treasurer or district's 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 legislative 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 legislative body or its delegate should assure that the amount in petty cash is periodically counted and reconciled by someone other than the custodian.

4. The custodian should assure the petty cash is kept in a safe place.

5. The imprest amount may be established by treasurer's check by warrant. If established by warrant the transaction is a nonbudgetary item.

6. The authorized amount of all such petty cash should be included in the district'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 IOUs.

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 the imprest amount turned over to the treasurer or other disbursing officer.

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[1] See RCW 53.36.060 for port districts.

All claims against a district must be preaudited by the district's auditing officer 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 district's 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, 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 (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 (district), and that I am authorized to certify to said claim.*

The certification by the auditing officer in no manner relieves members of the district's legislative body from the responsibility and liability for each voucher approved. It is the district's legislative body 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 member and the district.

To indicate the district's legislative 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 district's legislative body authorizes the procedure, districts may issue warrants before the legislative body approves claims. To do this the district 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 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 body 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 with the auditing officer of the district. The detailed accounts to which the expenses 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.

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 the state law can be joint ventures. 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.

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 should 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. The agreement must specify duration, organization, purpose, manner of financing and methods of termination. Funds of this separate entity would be subject to an 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.

Each interlocal agreement must be separately evaluated for each member agency to determine what accounting treatment is applicable. If joint venture treatment is applicable, see the accounting treatment as recommended below. If joint venture treatment is not applicable, interlocal agreement should be footnoted and accounted for appropriately. 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 Joint Ventures

The GASB Statement 14, *The Financial Reporting Entity* defines 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. The 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

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 balance sheet as a single amount, also the district's share of the joint venture's income or loss should be reported in its operating statement as a single amount.

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 reserve 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 the State Investment Board. (RCW 36.29.020, 43.84.080)

- Commercial paper. The investment should meet the criteria set by the State Investment Board. (RCW 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 of Washington or any local government of the state of Washington other than a metropolitan municipal 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. (RCW 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 States 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.

FIXED ASSET SYSTEM REQUIREMENTS

DEFINITIONS

Generally, the term *fixed assets* means real and personal property a district 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 word *infrastructure* means roads, bridges, sidewalks, water lines, sewers, drainage systems, and the like. Infrastructure should be capitalized in proprietary funds.

For purposes of this section, the term *accounting* is limited to the procedures of keeping books and preparing financial reports; 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 districts 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 district's fixed assets. It should satisfy accounting/reporting requirements and it should demonstrate accountability for the district's fixed assets. The policies and procedures must be documented.

GENERAL REQUIREMENTS

Accountability for fixed assets is required of all local governments, regardless of size, including any governmental enterprise (such as an airport or a water utility) or special purpose district (library, fire district, water or sewer district, etc.).

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*. 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. But regardless of whether or not the statutes for your 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 district 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 district 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 district 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 district 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 district should have adequate historical data to make informed decisions about the costs of certain levels of maintenance or intentional neglect.

Planning

The fourth general category of responsibility is planning for future asset needs, both short and long term. Here the district needs answers to questions such as:

- How well is the district using the facilities and equipment it already has?
- What does the district 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 district, 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).

ESTABLISHING THE FIXED ASSET SYSTEM

Designing and establishing fixed asset accounting 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 your fixed asset inventory and maintenance of the system.

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.

INDIVIDUAL FIXED ASSET RECORD

An adequate fixed asset accounting system should enable the district 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 system can accumulate the information the district will need later on. Generally it is too late and too costly to reconstruct this data at a later date. The sample format illustrated here 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. Sections below identify additional requirements.

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
4. ASSET ACCOUNT NAME:	5. ASSET ACCOUNT NUMBER:

6. CUMULATIVE COST HISTORY

a. ACQ/Disposal Date	b. Doc. Date	c. Doc. No.	d. Funding Source	e. Acct. No.	f. Cost

7. GENERAL DESCRIPTION/USE

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:

UPDATING THE FIXED ASSET SYSTEM: ACCOUNTING

Once the fixed asset system is in operation, the district 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. 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.

TRANSACTIONS TO RECORD

Each time the district acquires or disposes of a fixed asset, transfers an asset between locations, charges depreciation expense or makes an adjustment in fixed assets, 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 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. Personnel should be thoroughly familiar with and trained to recognize and code capital outlays properly and to understand the district'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 worksheets 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 board resolutions 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, the 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 or custody. 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;

    b. Reconcile individual fixed asset records to general ledger accounts, both asset and equity;

    c. Reconcile capital outlay expenses to total additions of fixed assets;

    d. Analyze subobject detail for additions to lists of uncapitalized small attractive assets;

    e. Reconcile increases in contributed capital to capital grants, special assessments, and private contributions;

f. Analyze proceeds from insurance claims and sales or auction lists, claims reports, etc., to total fixed asset disposals;

g. Reconcile fixed assets transferred to other locations or custody with fixed assets transferred from other locations or custody.

COST

Original cost (historical cost) is the amount spent to acquire an asset. This cost is based on the actual price, 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 district needs to estimate the original cost.

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 expenses which do not add to the utility of an asset should not be capitalized. For example, an expense to repair a piece of equipment that was damaged during shipment should be charged to expense. Each fixed asset purchase should be analyzed carefully to determine which portions of the cost should be capitalized.

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 specific assets.

Donated Assets

Assets are sometimes donated to a district. If the donation is cash to be used in conjunction with the construction of a specific asset, the donation is reported as contributions in aid of construction. If the asset contributed is other than cash, its estimated fair value must be determined and recorded as contributed capital.

Improvement/Repair/Maintenance 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; 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 district 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.

UPDATING THE FIXED ASSET SYSTEM: PHYSICAL INVENTORY

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 district 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 entity size, the sophistication of the fixed asset accounting system and the level of automation. Whatever approach the district 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 district's policy should state who will conduct the physical inventories, at what time of year, and what training is required for the inventory takers.

2. Develop a Work Plan. The district 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 will be reconciled. See item 4 below.) Unless the district 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 districts, 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. Districts that are using individual fixed asset records as their subsidiary ledger may sort these records by location and use them as the prelisting. The 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.

DEPRECIATION

General Requirements

1. Except for land, all fixed assets of proprietary funds 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 district 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 the district uses its fixed assets, it needs to revise its estimate of the 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

The group-life depreciation is applied to a set of very similar assets acquired at about the same time, such as a fleet of 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 account 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.

Depreciation of 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 of all assets must be shown in the statement, the amount applicable to assets acquired from contributions may be transferred to the related contributed capital account instead of to retained earnings.

Before a duplicate instrument is issued, the issuing officer should 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 legal 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 the districts.

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 of _____, original _____ No. _____, dated
(District) (Describe Instrument)

_____, in the amount of _____ Dollars ($_____) 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] A district may require the affidavit to be signed by a notary public.

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 matured 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 of 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 should be accounted for in the debt service fund. Concurrent entries shall be recorded in the fiscal agency account to reflect the return of the moneys to the debt service fund. If the bonds or coupons are subsequently presented for payment, they should be paid from the moneys so held.

2. The amounts returned from fiscal agencies should 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 should 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 currently 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 remaining 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 district is released from its legal status as the primary obligor on outstanding indebtedness after an escrow account is established (the district is only contingently liable).

In an **in-substance defeasance** debt is considered to be extinguished for financial reporting purposes even though a district 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 district 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 district 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 district does not budget or report any refunded (old) debt. However, it 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.

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 district's financial statements.

Journal Entries

25X.30	Unamortized Discount on Refunding (new) Debt *
25X.00	Bonds Payable (old)
214.X0	Accrued Interest Payable (old)
196.30	Deferred Charge - Issuance Cost (new)
25X.40	Deferred Amount on Refunding ***
25X.20	Unamortized Premium on Refunded (old) Debt

25X.20	Unamortized Premium on Refunding (new) Debt *
25X.00	Bonds Payable (new)
14X.00	Restricted Assets **
196.30	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.

799.91.XX	Interest Expense

25X.40	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.

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

115.00 Cash with Fiscal Agent
25X.30 Unamortized Discount on Refunding (new) Debt *
196.30 Deferred Charge - Issuance Cost (new)

25X.00 Bonds Payable (new)
25X.20 Unamortized Premium on Refunding (new) Debt *
101.10 Cash **

To record issuance of refunding (new) debt.

25X.00 Bond Payable (old)
214.X0 Accrued Interest Payable (old)
25X.20 Unamortized Premium on Refunded (old) Debt
25X.40 Deferred Amount on Refunding ***

196.30 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.

Chapter 2. Port District Specific Issues
Section 1. Promotional Hosting

Promotional hosting means furnishing customary meals, refreshments, lodging, transportation or any combination of those items in connection with:

business meetings,
social gatherings, and
ceremonies honoring persons or events,

relating to the authorized business promotional activities of a port. Hosting may also include reasonable, and customary entertainment, and souvenirs of nominal value, all incidental to such events.

Promotional hosting must be explicitly related to promoting trade and industrial development.

RCW 53.36.120 authorizes expenditures for industrial development, trade promotion, and promotional hosting and requires that such expenditures be "... pursuant to specific budget items as approved by the port commission...." Section 53.36.130 limits funds for promotional hosting expenses to a formula based upon total gross operating revenues. Section 53.36.140 requires the port commission to adopt written rules and regulations governing promotional hosting expenenes, and RCW 53.36.150 directs the State Auditor to audit promotional hosting expenses and to promulgate appropriate rules and definitions as a part of its uniform system of accounts.

Promotional hosting expenses should include not only money spent directly by the port officers and employees, but also money spent by contractors or consultants when a contract explicitly or by clear implication calls for contractors or consultants to engage in promotional hosting with the funds they received from the port.

Ports may host a variety of people: private individuals, union officials, foreign or U.S. government dignitaries, officials from local, Washington and other states, officials from out-of-state or in-state ports. In all cases, to correctly categorized the incurred costs as promotional hosting expenses, the port must reasonably believe that a particular individual or a group of people could sufficiently influence trade or industrial development. The indiscriminate hosting of people who have no conceivable influence in that area is a violation of the statute.

Ports should also exercise a caution regarding hosted officials and the legality of accepting gifts and gratitudes (e.g., the federal employees may be prohibited from doing that). Also representatives from state or local goverrunents are often reimbursed for expenses incurred in connection with such port events. However, if those costs are unreimbursable or when they are inseparable as practical matter from otherwise promotional activities, they can be treated correctly as appropriate promotional hosting expenditures. Above rule may also apply to the port's own officials or employees participating in the promotional event.

If a port official or employee is authorized by the port commissioners to make expenses for promotional hosting and if such hosting is done while in travel status, then that cost may be paid with moneys advanced from the *Advance Travel Expense Account.*

RCW 53.08.175 and .176 authorize port districts to reimburse their employees for necessary and reasonable travel and other business expenses.

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 port commission must pass a resolution to establish rules and regulations for the reimbursement of travel expense. The rules should cover all district officials and employees. The resolution should establish procedure for approving travel expenses, purchase of transportation forms of the voucher, discuss the policy on tipping, and it should prohibit reimbursement for personal expenses and entertainment.

If any district wishes to issue credit cards for travel related expenses, the port commission must pass a 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;[1]

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/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 district employees and, if not, who they were and what connection they had with district business.

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 district business was being carried out when the expenses were incurred.

If a district 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 district to assure that each traveler is on official business.

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[1] When the travel requires overnight lodging, port officials or employees may be reimbursed per diem in lieu of actual expenses. The payment should not exceed $25.00 per day.

2. The rate must be based on actual costs.

3. A periodic review must be performed and documented to determine whether or not the rate continues to reflect actual costs.

If the above procedures are not followed, the reimbursement for use of personal automobiles may be treated as additional compensation. According to the Internal Revenue Service, districts 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 district 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 a 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 should be maintained to record all transactions of the account, including deposits, disbursements and bank service charges. A reconciliation should 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 port commission for the account.

5. Employee advances for travel expenses should be made by the issuance of checks drawn on the special bank account, payable to the applicant. Approved requests should 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 should be reasonable estimates of the applicants' travel expense requirements and should 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 should be made on or before the fifteenth 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 should 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 should 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 should 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 should then be used to support the custodian's claim for a warrant replenishing the account. The other copy of the expense claim should 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 should 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 port commission should 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/she is delinquent in accounting for or repaying a prior advance.

(To be issued at a later date.)

REPORTING PRINCIPLES

THIS CHAPTER APPLIES TO ALL MUNICIPALITIES INCLUDED WITHIN THE CLASSIFIED PROPRIETARY BARS MANUAL.

PHILOSOPHY OF REPORTING

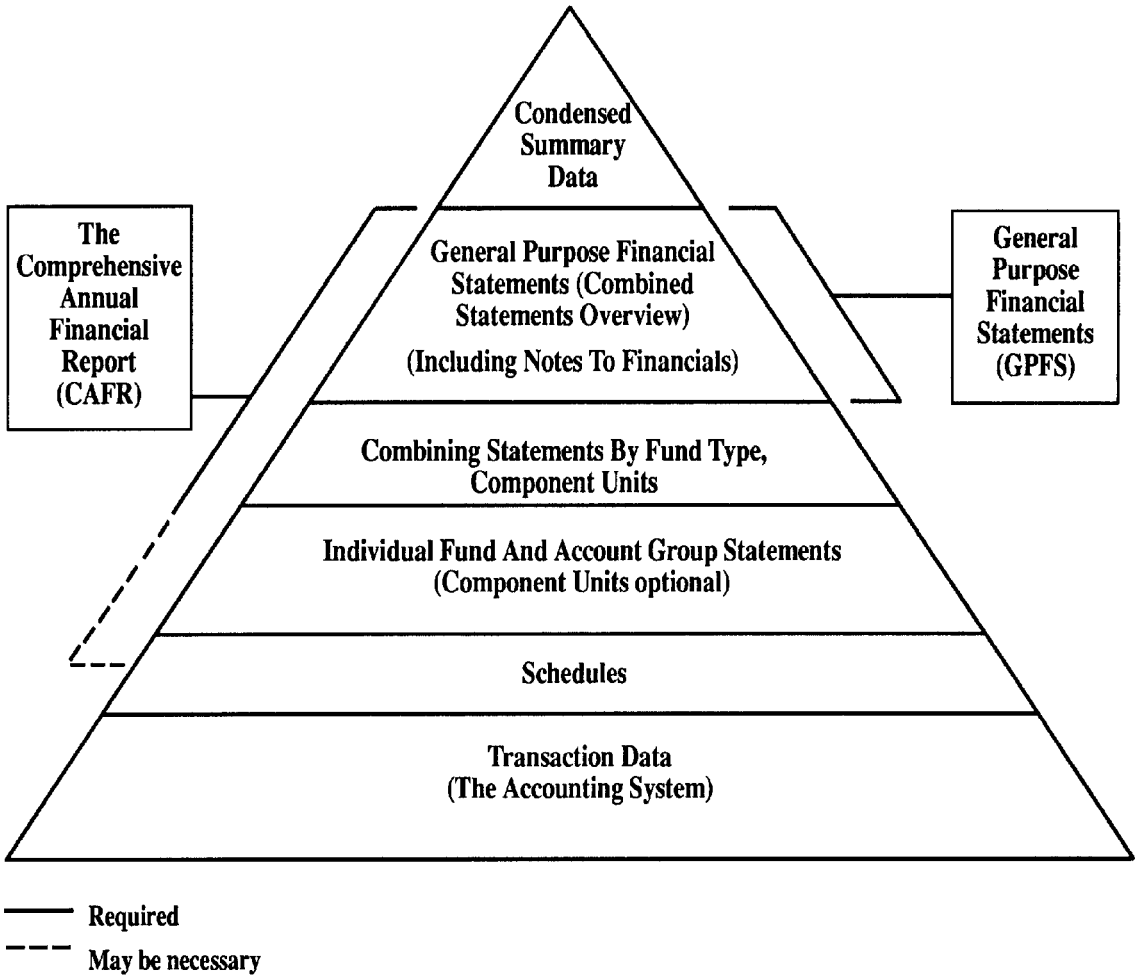
The BARS manual has been designed to provide the essential financial information for management of local governments and for legislative officials at the state level.

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.
> 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 the 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 and the statement of cash flows 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.

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 is presented in a statement as opposed to a schedule — is a matter of professional judgment.

— Source: NCGA Statement 1, Principle 12

GASB 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 governments 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 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)

   For proprietary funds, these statements include (1) combined balance sheet, (2) combined statement of revenues, expenses and changes in retained earnings (or equity), and (3) combined statement of cash flows. These basic financial statements provide the minimum financial reporting needed for fair presentation in conformity with GAAP.

   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 government'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 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, significant effects of subsequent events, pension plan obligations, compensated absences (such as vacation and sick leave), material violations of finance-related legal and contractual provisions, debt service requirements to maturity, construction and other significant commitments and changes in fixed assets and long term debt. Any other disclosures necessary in the circumstances should also be included.

Narrative explanations of combining and individual fund 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 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

If a government has more than one fund of a given type (e.g., Proprietary funds), combining statements for all funds of that type should be presented in separate adjacent columns with a total column. The total columns of combining statements should agree with the amounts presented in the GPFS.

5. Individual Fund Statements

These statements present information on the individual funds where (a) a government 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 comparisons 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); and (c) to provide details of data summarized in the financial statements (e.g., schedules of revenues, expenses).

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 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 the specific system requirements of BARS, refer to Part 1, Chapter 1 and the chart of accounts that comprises Part 1 of this manual.

REPORTING ENTITY

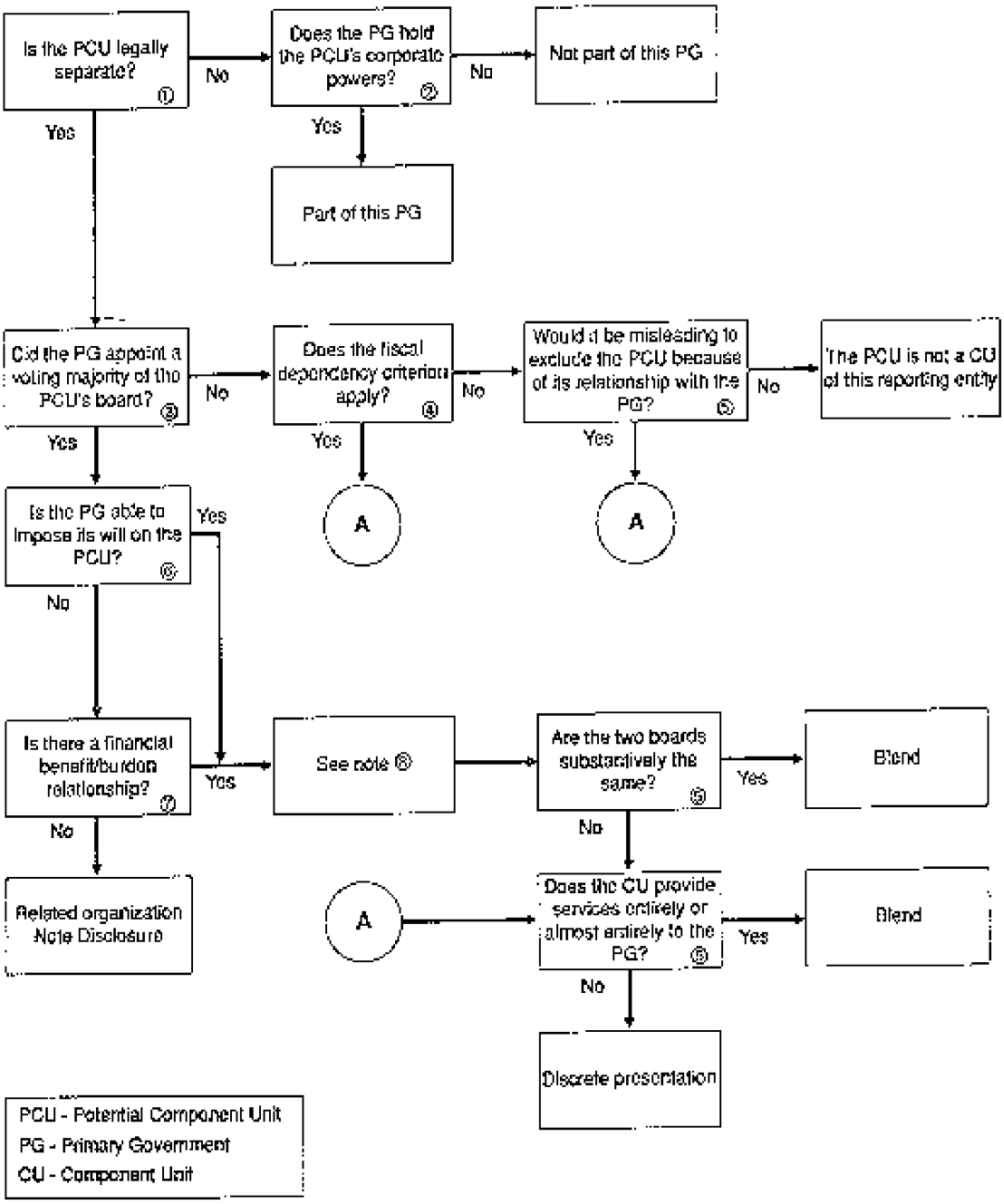
In June 1991, GASB issued the Statement 14, *The Reporting Entity*, which is effective for financial statements for periods beginning after December 15, 1992. The Statement 14 establishes standards for defining and reporting on the financial reporting entity and applies to financial reporting by primary governments, as well as to separately issued financial statements of governmental component units. The 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 the 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 the Statement 14; however, according to the 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.

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.

Annual Report
State Auditor's Office
Technical Services
P.O. 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 legal requirements for local governments are of two kinds:

1. General Purpose Financial Statements (GPFS) including notes (Chapters 2 or 3 and 6)

2. Supplemental Schedules (Chapter 5)

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, 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. 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 (refer to Part 4, Chapter 5 for required details), 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 few pages contain all Classified Port District and Transit System 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 6, 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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Port of Anacortes 1756
Port of Bellingham 1765
Port of Benton 1698
Port of Bremerton 1729
Port of Brownsville 1730
Port of Camas-Washoughal 1702
Port of Chelan County 1700
Port of Douglas 1709
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Port of Everett 1760
Port of Friday Harbor 1753
Port of Grays Harbor 1723
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Port of Seattle 1728
Port of Shelton 1746
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Chelan-Douglas PTBA (LINK) 0770
Clallam Transit Systems 0118
Clark County PTBA (C-TRAN) 0342
Community Urban Bus (CUB) Service . . . . . City
Cowlitz County PTBA 0783
Everett Transit . . . . . City
Grays Harbor County Transportation Authority 2374
Intercity Transit 1681
Island County Public Transit 0499
Jefferson County PTBA 0328
King County Municipality of Metro. Seattle . . . . . County
Kitsap County PTBA 0349
Lewis County PTBA (Twin Transit) 2730
Mason County PTBA 0674
Pacific County PTBA 0434
Pierce Transit 0154
Prosser Rural Transportation Program . . . . . City
Pullman City Transit . . . . . City
Skagit Transportation Authority 2744
Snohomish County PTBA (Community Transit) 2375
Spokane Transit Authority 0345
Walla Walla County Valley Transit 0375
Whatcom Transportation Authority 0538
Yakima Transit System . . . . . City

CHECKLIST OF 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
	Statement A-1	Balance Sheet			2 or 3
	Statement D-1	Statement Of Revenues, Expenses And Changes In Retained Earnings			2 or 3
	Statement E-1	Statement Of Cash Flows			2 or 3
	Statement F-1	Notes To The Financial Statements			6
	Schedule 04	Detail Of Revenues And Other Sources			5
	Schedule 05	Detail Of Expenses And Other Uses			5
	Schedule 06	Capital Expenditures			5
	Schedule 08	Real And Personal Property Taxes			5
	Schedule 09	Long-Term Debt			
		General Obligation Debt			5
		Revenue Debt			5
		Refunded Debt			5
	Schedule 10	Limitation of Indebtedness			5
	Schedule 16	Financial Assistance			
		Federal Grants			5
		State Grants			5
		Interlocal Grants			5
	Schedule 19	Labor Relations Consultant(s)			5

ANNUAL REPORT

_____
(Name of Government)

_____
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 _____

Instructions for Preparing the Balance Sheet (Statement A-1)

A. The information for this statement should be taken from the port general ledger after closing entries are posted. The balance sheet should include only those general ledger accounts used by your port.

B. Prior year information (optional) should be taken from the prior year's balance sheet. The left hand column should be used for current year information and the right-hand column for the previous year (optional).

C. Notes to the financial statements (see Part 4, Chapter 6) should be referenced by letter or number on the statement where a particular account is discussed in the notes. Normally, there should be note references to the following accounts: cash and cash equivalents, investments, taxes, inventories, restricted assets, fixed assets, capital leases, deferred charges, long-term debt, employee leave benefits, deferred compensation, pension liabilities, and reserves. The notes may contain additional references and would omit those that do not apply.

D. When completed, the 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 port should be at the top of the form, followed by the title of the statement, which is "(Comparative) Balance Sheet."

3. The statement should have only the ending date, since a balance sheet is taken as of a specific date.

4. Instead of "Total (Current Year)" and "Total (Previous Year)" the total columns are dated.

5. The statement MUST contain a footnote directing the reader to the accompanying notes to financial statements.

PORT OF _____ Statement A-1

(COMPARATIVE)* BALANCE SHEET

December 31, 19 ____ and 19 ____*

ASSETS

	12/31/	12/31/ *
CURRENT ASSETS:		
Cash and cash equivalents (Note ___)	$_____	$_____
Investments (Note ___)	_____	_____
Taxes receivable (Note ___)	_____	_____
Accounts receivable		
(net of allowance for uncollectibles)	_____	_____
Interest receivable	_____	_____
Notes receivable (Note ___)	_____	_____
Contracts receivable	_____	_____
Other receivables	_____	_____
Due from other governmental units	_____	_____
Inventory	_____	_____
Prepaid expenses	_____	_____
Other current assets	_____	_____
Total Current Assets	_____	_____
RESTRICTED ASSETS: (Note ___)		
Cash and cash equivalents	_____	_____
Investments	_____	_____
Interest receivable	_____	_____
Other restricted assets	_____	_____
Total Restricted Assets	_____	_____
CAPITAL ASSETS:		
Property, plant and equipment (Note ___)	_____	_____
Construction in progress	_____	_____
Less: Accumulated depreciation	_____	_____
Total Net Capital Assets	_____	_____
OTHER NONCURRENT ASSETS:		
Intangible assets	_____	_____
Deferred compensation	_____	_____
Other property and investments, net (Note ___)	_____	_____
Notes receivable	_____	_____
Contracts receivable	_____	_____
Deferred charges	_____	_____
Other debits	_____	_____
Total Other Noncurrent Assets	_____	_____
TOTAL ASSETS	$_____	$_____

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

*Prior year presentation is optional.

PORT OF _____ Statement A-1

(COMPARATIVE)* BALANCE SHEET

December 31, 19 ____ and 19 ____*

LIABILITIES AND EQUITY

	12/31/	12/31/ *
CURRENT LIABILITIES:		
Warrants payable	$_____	$_____
Accounts payable	_____	_____
Accrued expenses	_____	_____
Accrued interest payable	_____	_____
Notes payable	_____	_____
Contracts payable	_____	_____
Deferred revenue/credits	_____	_____
Current portion of long-term obligations (Notes ___)	_____	_____
Other current liabilities	_____	_____
Total Current Liabilities	_____	_____
LONG-TERM LIABILITIES:		
General obligation bonds (Note ___)	_____	_____
Revenue bonds (Note ___)	_____	_____
Capital leases (Note ___)	_____	_____
Notes payable	_____	_____
Contracts payable	_____	_____
Employee leave benefits	_____	_____
Deferred compensation	_____	_____
Other post employment benefits	_____	_____
Other long-term liabilities	_____	_____
Deferred revenue/credits	_____	_____
Total Long-Term Liabilities	_____	_____
Total Liabilities	_____	_____
EQUITY:		
Contributed capital (Note ___)	_____	_____
Reserved retained earnings (Note ___)	_____	_____
Unreserved retained earnings	_____	_____
Total Equity	_____	_____
TOTAL LIABILITIES AND EQUITY	$_____	$_____

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

*Prior year presentation is optional.

Instructions for Preparing the Statement of Revenues, Expenses, and Changes in Retained Earnings (Statement D-1)

A. The information for this statement should be taken from the port revenue and expense ledgers after year-end adjustments are posted but before closing the books.

B. Prior year information (optional) should be taken from the prior year's statement. The left hand column should be used for current year information and the right-hand column for the previous year.

C. Notes to the financial statements (see Part 4, Chapter 6) for any items that describe a specific revenue, expense or retained earnings account should include a parenthetical reference to that note after the proper account title. Normally, there should be note references to operating subsidies, tax levies, joint ventures, depreciation, 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.

D. When completed, the statement of revenues, expenses, and changes in retained earnings 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 port should be at the top of the form, followed by the title of the statement, which is *(Comparative) Statement of Revenues, Expenses, and Changes in Retained Earnings*.

3. The statement should have inclusive dates or the phrase *for the year(s) ended*, since an operating statement is prepared for a period of time.

4. After the *Total Operating Expenses* line, a separate subtotal is calculated and labelled *Operating Income (Loss)*.

5. The statement MUST contain a footnote directing the reader to the accompanying notes to financial statements.

E. It is also acceptable to prepare a (compartive) statement of revenues, expenses and changes in fund equity (rather than retained earnings). This statement would report all changes affecting equity, including additions to and deletions from contributed capital.

PORT OF _____
(COMPARATIVE)* STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
For the Year(s) Ended December 31, 19____ and 19____*

	12/31/___	12/31/___*
OPERATING REVENUES:		
Airport operations	$_____	$_____
Marina operations	_____	_____
Marine terminal operations	_____	_____
Property lease/rental operations	_____	_____
General and administrative	_____	_____
Other:_____	_____	_____
Total Operating Revenues	_____	_____
OPERATING EXPENSES:		
General operations	_____	_____
Maintenance	_____	_____
General and administrative (781 + 783 - 785)	_____	_____
Depreciation (Note ___)	_____	_____
Other:_____	_____	_____
Total Operating Expenses	_____	_____
Operating Income (Loss)	_____	_____
NONOPERATING REVENUES (EXPENSES):		
Interest income	_____	_____
Taxes levied for:		
General purposes (Note ____)	_____	_____
Debt service principal/interest (Note ___)	_____	_____
Industrial development district (Note ___)	_____	_____
Gain (loss) on disposition of assets	_____	_____
Interest expense	_____	_____
Election expense	_____	_____
Other nonoperating revenues (expenses)	_____	_____
Total Nonoperating Revenues (Expenses)	_____	_____
NET INCOME (LOSS)	$_____	$_____
Retained Earnings - January 1	_____	_____
Retained Earnings - December 31	$_____	$_____

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

*Prior year presentation is optional.

Instructions for Preparing the Statement of Cash Flows (Statement E-1)

The statement of cash flows (SCF) is required by Governmental Accounting Standards Board (GASB) Statement 9, issued September 1989. The SCF replaced the statement of changes in financial position. It applies to all proprietary and nonexpendable trust funds and eliminates the requirement for public employee retirement systems and pension trust funds to prepare 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 or 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, and 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 the 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 3 months or less)

The SCF should be presented for each period for which results of operations are reported. Presentation on a comparative basis is optional.

GASB has developed two presentation formats for the SCF: the direct method (E-1A) and the indirect method (E-1B). The Board encourages use of the direct method, but either method is acceptable.

PORT OF EXAMPLE
(COMPARATIVE)* STATEMENT OF CASH FLOWS
For The Year(s) Ended December 31, 1995 And 1994*
Increase (Decrease) In Cash And Cash Equivalents

	1995	1994*
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$912,000	$820,163
Cash payments to suppliers	(450,000)	(400,000)
Cash payments to employees for services	(300,575)	(301,015)
Payment in lieu of taxes	(50,000)	(42,350)
Other operating revenues	15,075	25,000
Net cash provided by operating activities	126,500	101,798
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net borrowings (repayments) under revolving loan arrangement	(20,000)	(15,000)
Interest paid on revolving loan	(1,500)	(2,000)
Operating grants received	50,000	45,000
Proceeds from property taxes	50,000	50,000
Net cash provided by noncapital financing activities	78,500	78,000
CASH FLOWS FROM CAPITAL AND RELATED 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)	(57,000)
Interest paid on revenue bonds and equipment contracts	(33,500)	(23,850)
Proceeds from sale of equipment	10,000	-
Capital contributed by subdividers	60,000	50,000
Net cash used for capital and related financing activities	(138,500)	(30,850)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment securities	(125,000)	(75,000)
Proceeds from sale and maturities of investment securities	75,000	23,500
Interest and dividends on investments	7,000	5,000
Interest received on invested bond proceeds	2,000	-
Net cash used for investing activities	(41,000)	(46,500)
Net increase (decrease) in cash and cash equivalents	25,500	102,448
Cash and cash equivalents at beginning of year	175,600	73,152
Cash and cash equivalents at end of year	$201,100	$175,600
Net operating income (loss)	$(110,500)	$(130,402)
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	245,000	230,000
Provision for uncollectible accounts	2,000	500
Change in assets and liabilities:		
Increase in accounts receivable	(15,000)	(5,000)
Decrease in inventory	2,000	1,000
Decrease in prepaid expenses	500	500
Increase in accounts payable	2,500	5,200
Total Adjustments	237,000	232,200
Net cash provided by operating activities	$ 126,500	$ 101,798

(Note: If the direct method is used, this reconciliation should be presented either as a separate schedule [on the same page or on a page following the statement of cash flows] or in the notes to the financial statements. If the indirect method is chosen, the reconciliation should be presented within the statement of cash flows or as a separate schedule.)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

*Prior year presentation is optional.

PORT OF EXAMPLE
(COMPARATIVE)* STATEMENT OF CASH FLOWS
For The Year(s) Ended December 31, 1995 And 1994*
Increase (Decrease) In Cash And Cash Equivalents

	1995	1994*
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Net operating income (loss)	$(110,500)	$(130,402)
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	245,000	230,000
Allowance for uncollectible accounts	2,000	500
Change in assets and liabilities:		
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Decrease in inventory	2,000	1,000
Decrease in prepaid expenses	500	500
Increase in accounts payable	2,500	5,200
Total Adjustments	237,000	232,200
Net cash provided by operating activities	126,500	101,798
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Interest paid on revolving loan	(1,500)	(2,000)
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Proceeds from property taxes	50,000	50,000
Net cash provided by noncapital financing activities	78,500	78,000
CASH FLOWS FROM CAPITAL AND RELATED 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)	(57,000)
Interest paid on revenue bonds and equipment contracts	(33,500)	(23,850)
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Interest and dividends on investments	7,000	5,000
Interest received on invested bond proceeds	2,000	
Net cash used for investing activities	(41,000)	(46,500)
Net increase (decrease) in cash and cash equivalents	25,500	102,448
Cash and cash equivalents at beginning of year	175,600	73,152
Cash and cash equivalents at end of year	$201,100	$175,600

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

*Prior year presentation is optional.

TRANSIT AGENCY
FINANCIAL STATEMENTS

This chapter includes the appropriate forms and instructions for preparing financial statements included in the Annual Financial Report of Transit Agencies as required by the State Auditor's Office (SAO). These statements are intended to meet the requirements of generally accepted accounting principles (GAAP). Annual reports should be filed in accordance with Part 4, Chapter 1 of this manual.

In addition to SAO requirements, transit agencies receiving federal and state funding may be required to provide additional reports to those funding agencies. For example:

- The Washington State Department of Transportation (WSDOT) requires a Public Transportation Summary Report to be submitted annually by April 1.
- The Federal Transit Administration's (FTA) Section 15 program requires annual reporting by April 30.

The following table of contents outlines the statements included within this chapter.

Page

1. Instructions for the Balance Sheet (Statement A-1) 3
2. Instructions for the Statement of Revenues, Expenses, and Changes in Retained Earnings (Statement D-1) 7
3. Instructions for the Statement of Cash Flows (Statement E-1) 9

TRANSIT AGENCY
FINANCIAL STATEMENTS

Instructions for Preparing the Balance Sheet (Statement A-1)

A. The information for this statement should be taken from the transit general ledger after closing entries are posted. The balance sheet should include only those general ledger accounts used by your transit.

B. Prior year information (optional) should be taken from the prior year's balance sheet. The left hand column should be used for current year information and the right-hand column for the previous year (optional).

C. Notes to the financial statements (see Part 4, Chapter 6) should be referenced by letter or number on the statement where a particular account is discussed in the notes. Normally, there should be note references to the following accounts: cash and cash equivalents, investments, taxes, inventories, restricted assets, fixed assets, capital leases, deferred charges, long-term debt, employee leave benefits, deferred compensation, pension liabilities, and reserves. The notes may contain additional references and would omit those that do not apply.

D. When completed, the 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 transit should be at the top of the form, followed by the title of the statement, which is "(Comparative) Balance Sheet."

3. The statement should have only the ending date, since a balance sheet is taken as of a specific date.

4. Instead of "Total (Current Year)" and "Total (Previous Year)" the total columns are dated.

5. The statement MUST contain a footnote directing the reader to the accompanying notes to financial statements.

NOTE:

In June of 1991, the Governmental Accounting Standards Board (GASB) issued its Statement 14 which defines the financial reporting entity. The Statement is effective for financial statements for periods beginning after December 15, 1992, and requires governmental entities to evaluate their relationships with other organizations (both governmental and nongovernmental).

Application of the Statement may result in the addition of a "Component Units" column (or columns) in the financial statements of the district. The following forms do not contain provisions for component units. If your district has a component unit as defined by GASB Statement 14 you will need to make the appropriate modifications to your statements. For further information, refer to GASB Statement 14.

___(TRANSIT AGENCY)___
(COMPARATIVE)* BALANCE SHEET
December 31, 19 ____ and 19 ____*

ASSETS

	12/31/_	12/31/__*
CURRENT ASSETS:		
Cash and cash equivalents (Note ___)	$_____	$_____
Investments (Note ___)	_____	_____
Taxes receivable (Note ___)	_____	_____
Accounts receivable		
(net of allowance for uncollectibles)	_____	_____
Interest receivable	_____	_____
Notes receivable (Note ___)	_____	_____
Contracts receivable	_____	_____
Other receivables	_____	_____
Due from other governmental units	_____	_____
Inventory	_____	_____
Prepaid expenses	_____	_____
Other current assets	_____	_____
Total Current Assets	_____	_____
RESTRICTED ASSETS: (Note ___)		
Cash and cash equivalents	_____	_____
Investments	_____	_____
Interest receivable	_____	_____
Other restricted assets	_____	_____
Total Restricted Assets	_____	_____
CAPITAL (or FIXED) ASSETS:		
Property, plant and equipment (Note ___)	_____	_____
Construction in progress	_____	_____
Less: Accumulated depreciation	_____	_____
Total Net Capital (or Fixed) Assets	_____	_____
OTHER NONCURRENT ASSETS:		
Intangible assets	_____	_____
Deferred compensation	_____	_____
Other property and investments, net (Note ___)	_____	_____
Notes receivable	_____	_____
Contracts receivable	_____	_____
Deferred charges	_____	_____
Other debits	_____	_____
Total Other Noncurrent Assets	_____	_____
TOTAL ASSETS	$_____	$_____

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

*Prior year presentation is optional.

___(TRANSIT AGENCY)___
(COMPARATIVE)* BALANCE SHEET
December 31, 19 ____ and 19 ____*

LIABILITIES AND EQUITY

	12/31/	12/31/ __*
CURRENT LIABILITIES:		
Accounts/Warrants payable	$_____	$_____
Accrued expenses	_____	_____
Accrued interest payable	_____	_____
Notes payable	_____	_____
Contracts payable	_____	_____
Deferred revenue/credits	_____	_____
Current portion of long-term obligations (Notes ___)	_____	_____
Other current liabilities	_____	_____
Total Current Liabilities	_____	_____
PAYABLES FROM RESTRICTED ASSETS:		
Debt principal/interest	_____	_____
Deposits and other payables	_____	_____
Total Payables From Restricted Assets	_____	_____
LONG-TERM LIABILITIES:		
General obligation bonds (Note ___)	_____	_____
Revenue bonds (Note ___)	_____	_____
Capital leases (Note ___)	_____	_____
Notes payable	_____	_____
Contracts payable	_____	_____
Employee leave benefits	_____	_____
Deferred compensation	_____	_____
Other post employment benefits	_____	_____
Other long-term liabilities	_____	_____
Deferred revenue/credits	_____	_____
Total Long-Term Liabilities	_____	_____
Total Liabilities	_____	_____
EQUITY:		
Contributed capital (Note ___)	_____	_____
Reserved retained earnings (Note ___)	_____	_____
Unreserved retained earnings	_____	_____
Total Equity	_____	_____
TOTAL LIABILITIES AND EQUITY	$_____	$_____

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

*Prior year presentation is optional.

Instructions for Preparing the Statement of Revenues, Expenses, and Changes in Retained Earnings (Statement D-1)

A. The information for this statement should be taken from the transit revenue and expense ledgers after year-end adjustments are posted but before closing the books.

B. Prior year information (optional) should be taken from the prior year's statement. The left hand column should be used for current year information and the right-hand column for the previous year.

C. Notes to the financial statements (see Part 4, Chapter 6) for any items that describe a specific revenue, expense or retained earnings account should include a parenthetical reference to that note after the proper account title. Normally, there should be note references to operating subsidies, tax levies, joint ventures, depreciation, 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.

D. When completed, the statement of revenues, expenses, and changes in retained earnings 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 transit should be at the top of the form, followed by the title of the statement, which is *(Comparative) Statement of Revenues, Expenses, and Changes in Retained Earnings*.

   3. The statement should have inclusive dates or the phrase *for the year(s) ended*, since an operating statement is prepared for a period of time.

   4. After the *Total Operating Expenses* line, a separate subtotal is calculated and labelled *Operating Income (Loss)*.

   5. The statement MUST contain a footnote directing the reader to the accompanying notes to financial statements.

E. It is also acceptable to prepare a (comparative) statement of revenue, expense and changes in fund equity (rather than retained earnings). This statement would report all changes affecting equity, including additions to and deletions from contributed capital.

NOTE:

The following forms do not contain provisions for component units. If your district has a component unit as defined by GASB Statement 14 you will need to make the appropriate modifications to your statements. For further information, refer to GASB Statement 14.

(TRANSIT AGENCY)
(COMPARATIVE)* STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
For the Years Ended December 31, 19____ and 19____*

	12/31/___	12/31/___*
OPERATING REVENUES:		
Passenger fares	$_____	$_____
Special transit fares	_____	_____
Other transit fares	_____	_____
Supplementary transportation	_____	_____
Other operating revenue	_____	_____
Total Operating Revenues	_____	_____
OPERATING EXPENSES:		
Operations	_____	_____
Maintenance	_____	_____
Administrative	_____	_____
Depreciation/Amortization/Depletion	_____	_____
Total Operating Expenses	_____	_____
Operating Income (Loss)	_____	_____
NONOPERATING REVENUES (EXPENSES):		
Sales tax	_____	_____
Motor vehicle excise tax	_____	_____
External operating subsidies	_____	_____
Interest revenue	_____	_____
Gain (loss) on disposition of assets	_____	_____
Interest expense and related charges	_____	_____
Other nonoperating revenues (expenses)	_____	_____
Total Nonoperating Revenues (Expenses)	_____	_____
Net income (loss) before extraordinary items	_____	_____
Extraordinary gains (losses)	_____	_____
Cumulative effect of accounting changes	_____	_____
NET INCOME (LOSS)	$_____	$_____
Retained Earnings, January 1	$_____	$_____
Retained Earnings, December 31	$_____	$_____

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

*Prior year presentation is optional.

Instructions for Preparing the Statement of Cash Flows (Statement E-1)

The statement of cash flows (SCF) is required by Governmental Accounting Standards Board (GASB) Statement 9, issued September 1989. The SCF replaced the statement of changes in financial position. It applies to all proprietary and nonexpendable trust funds and eliminates the requirement for public employee retirement systems and pension trust funds to prepare 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 or 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, and 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 the 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 3 months or less)

The SCF should be presented for each period for which results of operations are reported. Presentation on a comparative basis is optional.

GASB has developed two presentation formats for the SCF: the direct method (E-1A) and the indirect method (E-1B). The Board encourages use of the direct method, but either method is acceptable.

EXAMPLE TRANSIT AGENCY
(COMPARATIVE)* STATEMENT OF CASH FLOWS
For The Year(s) Ended December 31, 1995 And 1994*
Increase (Decrease) In Cash And Cash Equivalents

	1995	1994*
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$912,000	$820,163
Cash payments to suppliers	(450,000)	(400,000)
Cash payments to employees for services	(300,575)	(301,015)
Payment in lieu of taxes	(50,000)	(42,350)
Other operating revenues	15,075	25,000
Net cash provided by operating activities	126,500	101,798
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net borrowings (repayments) under revolving loan arrangement	(20,000)	(15,000)
Interest paid on revolving loan	(1,500)	(2,000)
Operating grants received	50,000	45,000
Proceeds from property taxes	50,000	50,000
Net cash provided by noncapital financing activities	78,500	78,000
CASH FLOWS FROM CAPITAL AND RELATED 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)	(57,000)
Interest paid on revenue bonds and equipment contracts	(33,500)	(23,850)
Proceeds from sale of equipment	10,000	-
Capital contributed by subdividers	60,000	50,000
Net cash used for capital and related financing activities	(138,500)	(30,850)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment securities	(125,000)	(75,000)
Proceeds from sale and maturities of investment securities	75,000	23,500
Interest and dividends on investments	7,000	5,000
Interest received on invested bond proceeds	2,000	-
Net cash used for investing activities	(41,000)	(46,500)
Net increase (decrease) in cash and cash equivalents	25,500	102,448
Cash and cash equivalents at beginning of year	175,600	73,152
Cash and cash equivalents at end of year	$201,100	$175,600
Net operating income (loss)	$(110,500)	$(130,402)
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	245,000	230,000
Provision for uncollectible accounts	2,000	500
Change in assets and liabilities:		
Increase in accounts receivable	(15,000)	(5,000)
Decrease in inventory	2,000	1,000
Decrease in prepaid expenses	500	500
Increase in accounts payable	2,500	5,200
Total Adjustments	237,000	232,200
Net cash provided by operating activities	$ 126,500	$ 101,798

(Note: If the direct method is used, this reconciliation should be presented either as a separate schedule [on the same page or on a page following the statement of cash flows] or in the notes to the financial statements. If the indirect method is chosen, the reconciliation should be presented within the statement of cash flows or as a separate schedule.)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

*Prior year presentation is optional.

EXAMPLE TRANSIT AGENCY
(COMPARATIVE)* STATEMENT OF CASH FLOWS
For The Year(s) Ended December 31, 1995 And 1994*
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Net increase (decrease) in cash and cash equivalents	25,500	102,448
Cash and cash equivalents at beginning of year	175,600	73,152
Cash and cash equivalents at end of year	$201,100	$175,600

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

*Prior year presentation is optional.

MATRIX OF STATUTORY REPORTING REQUIREMENTS: Schedules Required by SAO			
(A) Port Districts (Classified) (B) Transit Agencies			
Schedule No.	Schedule	(A) Port Districts	(B) Transit Agencies
04	Detail Of Revenues And Other Sources	Prepare one schedule for the district	Prepare one schedule for the district
05	Detail Of Expenses And Other Uses	Prepare one schedule for the district	Prepare one schedule for each mode
06	Capital Expenditures	Prepare one schedule for the district	N/A
08	Real And Personal Property Taxes	Prepare one schedule for the district	N/A
09	Long-Term Debt	Prepare one schedule for each category of debt	Prepare one schedule for each category of debt
10	Limitation Of Indebtedness	Prepare one schedule for the district	N/A
16	Financial Assistance	Prepare one schedule for each category of assistance	Prepare one schedule for each category of assistance
19	Labor Relations Consultant(s)	Prepare one schedule for each consultant	Prepare one schedule for each consultant
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 SOURCES

The purpose of this schedule is to report the revenues for each proprietary-type entity so that the State Auditor's Office can collect information about the total amounts received by your government. Specific account numbers are required, and titles must describe the revenue source clearly.

For Port Districts: The level of detail should equal that shown in the BARS manual chart of accounts (Part 1, Chapter 5) to the third digit (BASUB level), except for the nonoperating revenues which should be shown to the forth digit. A subtotal should be calculated after each operating function (second digit level). Please refer to the following example and blank format.

For Transit Agencies: Enter the actual revenues for the account numbers listed on the blank schedule designed for transits. A total should be calculated for all revenues.

This schedule may also be submitted on diskette (3½ or 5¼). When submitting by diskette, the schedule should include MCAG number (4 digits), BARS account numbers, and actual amounts received.

MCAG NO. 9999 PORT OF SAMPLE **Schedule 04**

(ENTITY NAME)

DETAIL OF REVENUES AND OTHER SOURCES

For Year Ended December 31, 1995

BARS Revenue Account No.	Description	Actual Revenues
611.00/612.00	Airport User Charges	$1,435,538
614.00	Airport Real Property Rentals-Land	13,318
619.00	Other Airport Revenues	3,488
610.00	Total Airport Revenues	$1,452,344
621.00/622.00	Marina User Charges	120,064
623.00	Marina Operating Grants	101,409
620.00	Total Marina Revenue	$221,473
699.20	Ad Valorem Taxes	50,745
600.00	TOTAL REVENUES	$1,724,562

MCAG NO. _____ **_____** **Schedule 04**

(TRANSIT AGENCY)

DETAIL OF REVENUES AND OTHER SOURCES

For Year Ended December 31, 19___

BARS Revenue Account No.	Description	Actual Revenues
401	Passenger Fares For Transit Service	
402	Special Transit Fares	
403	School Bus Service	
404	Freight Tariffs	
405	Charter Service	
406	Auxiliary Transportation	
407	Nontransportation Revenues	
408	Taxes Levied Directly By Transit:	
408.10	Motor Vehicle Excise Tax	
408.20	Local Transportation Sales Tax	
408.30	Business And Occupation Tax	
408.50	Utility Tax	
408.90	Other Taxes	
408	Total Taxes Levied Directly By Transit	
409	Local Grants And Contributions	
410	Local Special Fare Assistance	
411	State Grants And Contributions	
412	State Special Fare Assistance	
413	Federal Grants And Contributions	
	TOTAL REVENUES	

MCAG NO. _____ **_____** **Schedule 04**

(ENTITY NAME)

DETAIL OF REVENUES AND OTHER SOURCES

For Year Ended December 31, 19___

BARS Revenue Account No.	Description	Actual Revenues

SCHEDULE 05 - DETAIL OF EXPENSES AND OTHER USES

The purpose of this schedule is to report the expenses for each proprietary-type entity so that the State Auditor's Office can collect information about the total amounts expended by your government. Specific account numbers are required, and titles must describe expenses clearly.

For Port Districts: The level of detail should equal that shown in the BARS manual chart of accounts (Part 1, Chapter 6) to the third digit (BASUB level), except for the nonoperating revenues which should be shown to the fifth digit. A subtotal should be calculated after each operating function (second digit level). Please refer to the following example and blank format.

For Transit Agencies: Enter the actual expenses for the account numbers listed by function on the blank schedule designed for transits. Nonoperating expenses not attributed to modes have been omitted from this schedule. Prepare a separate schedule for each of the following applicable modes:

Automated Guideway Transit	**Jitney**
Cable Car	**Light Rail (Streetcar)**
Commuter Rail	**Motorbus (Fixed Route)**
Demand Resonse	**Trolleybus**
Ferryboat	**Aerial Tramway**
Heavy Rail (Rapid Rail)	**Vanpool**
Inclined Plane	**Other (e.g., Monorail)**

Transits that do not record actual expenses for specific functions, such as vehicle maintenance, nonvehicle maintenance or general administration by mode, should develop allocation methods to determine the amounts properly attributable to those categories.

This schedule may also be submitted on diskette (3½ or 5¼). When submitting by diskette, the schedule should include MCAG number (4 digits), BARS account numbers, and actual amounts expended.

MCAG NO. 9999 PORT OF SAMPLE **Schedule 05**

(ENTITY NAME)

DETAIL OF EXPENSES AND OTHER USES

For Year Ended December 31, 1995

BARS Expense Account No.	Description	Actual Expenses
713.00	Airport Maintenance	$53,120
717.00	Airport Depreciation	10,790
710.00	Total Airport Expenses	$63,910
731.00	Marine Terminal Operations	$189,392
739.00	Other Marine Terminal Expenses	45,248
730.00	Total Marine Terminal Expenses	$234,640
799.91	Interest Expense	$21,250
700.00	TOTAL EXPENSES	$319,800

MCAG NO. _____

_____
(TRANSIT AGENCY)

_____
(MODE)

Schedule 05

DETAIL OF EXPENSES AND OTHER USES

For Year Ended December 31, 19___

		Expenses (By Function)				
BARS Expense Account No.	Description	Vehicle Operations 10	Vehicle Maintenance 41	Nonvehicle Maintenance 42	General Administration 16	Total Expenses (By Mode)
501	Labor					
502	Fringe Benefits					
503	Services					
504	Materials and Supplies					
505	Utilities					
506	Casualty and Liability Costs					
507	Taxes					
508	Purchased Transportation					
509	Miscellaneous Expenses					
510	Expense Transfers					
	TOTAL EXPENSES					

MCAG NO. _____ **_____** **Schedule 05**

(ENTITY NAME)

DETAIL OF EXPENSES AND OTHER USES

For Year Ended December 31, 19___

BARS Expense Account No.	Description	Actual Expenses

SCHEDULE 06 - CAPITAL EXPENDITURES *(Applies only to Port Districts)*

This schedule provides information about the total capital expenditures of your government. It is used to corroborate the capital balances shown on any balance sheets and to evaluate accounting control over capital expenditures.

LIST EACH CATEGORY OF CAPITAL EXPENDITURE ON A SEPARATE LINE IN BARS ACCOUNT NUMBER SEQUENCE.

Please provide a line for Total Property, Plant, and Equipment. (See Schedule 06 example.)

MCAG NO. 9999

PORT OF SAMPLE
(ENTITY NAME)

SCHEDULE OF CAPITAL EXPENDITURES

For Year Ended December 31, 1995

BARS ACCOUNT NO.	DESCRIPTION (CATEGORY)	BEGINNING CAPITAL ASSETS BALANCE 01/01/19__	CAPITAL TRANSACTIONS		ENDING CAPITAL ASSETS BALANCE 12/31/19__
			ADDITIONS	DELETIONS	
151	Land	$ 2,163,000	$ 67,250	$ 32,750	$2,197,500
152-153	Buildings And Structures	10,798,000		508,000	10,290,000
154-161	Machinery And Equipment	350,000	200,000		550,000
164-167	Other Improvements	129,500	38,000	14,000	153,500
	Total Property, Plant, And Equipment	$13,440,500	$305,250	$554,750	$13,191,000

MCAG NO. _____

_____

(ENTITY NAME)

SCHEDULE OF CAPITAL EXPENDITURES

For Year Ended December 31, 19___

BARS ACCOUNT NO.	DESCRIPTION (CATEGORY)	BEGINNING CAPITAL ASSETS BALANCE 01/01/19__	CAPITAL TRANSACTIONS		ENDING CAPITAL ASSETS BALANCE 12/31/19__
			ADDITIONS	DELETIONS	

SCHEDULE 08 - REAL AND PERSONAL PROPERTY TAXES *(Applies only to Port Districts)*

This schedule is used to collect information about tax levies in all taxing districts in Washington State. The amounts reported by counties acting as collection agents are compared with the amounts reported by the recipient districts to verify the accuracy of reporting. 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 balance sheet.

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 district must show the expenditure separately and record the tax revenue at its full amount.

Districts should accrue as revenue the property tax collections received by the county. County remittances that are in transit at the end of the year should be included on this schedule as "taxes collected" in the district reports.

Each tax-levying fund of the 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. 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 percent of fair market value.
Column 5	Taxes levied for report year collection.
Column 6	Report year collections of current and prior year levies. 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. Districts accruing tax revenue should report the receivable balance as stated by the county at December 31.

PORT OF SAMPLE
(ENTITY NAME)

SCHEDULE OF REAL AND PERSONAL PROPERTY TAXES (ALL TAX SUPPORTED FUNDS)

For Year Ended December 31, 1995

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)
668.01	General Fund	$42,565	0.3776	$383,228	$382,387	$3,533	$288	$46,651
668.14	1980 G.O. Bond	22,994	0.1490	132,091	136,199	1,288	128	20,046
	Total Taxes	$65,559		$515,319	$518,586	$4,821	$416	$66,697

MCAG NO. _____

_____
(ENTITY NAME)

SCHEDULE OF REAL AND PERSONAL PROPERTY TAXES (ALL TAX SUPPORTED FUNDS)

For 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 your district. It 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.

For the Schedule 09, there are three categories of debt: general debt, revenue debt and refunded debt. A separate debt schedule should be prepared for each category of debt. The appropriate category should be indicated at the top of each page.

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 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.

Liability for deferred compensation, and liability for employee leave must be included in the financial statements but is not to be included on the Schedule 09. Detailed instructions for preparing the Schedule 09 follow. There should be a separate schedule for general debt, revenue debt and refunded debt of the reporting entity.

This schedule may be submitted as a computer printout, so long as the required information is provided.

IDENTIFYING NUMBER AND DESCRIPTION

The numbers and descriptions below must be used on 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.

NOTE: For the 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

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 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

I.D. No. **REVENUE DEBT** - Debt back 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

NOTE: M and O refers to Maintenance and Operation.

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

IDENTIFYING NUMBER - Include appropriate number (see listing on previous page).

PURPOSE - Describe the purpose(s) for which the debt proceeds were spent. If a refunding issue is partly refinancing and partly new financing, show both purposes. Refunded debt should continue to show the original purpose of the issue. If the purpose is not known, leave this column blank.

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 to the last year ending balance. If there is a discrepancy, attach an explanation.

(2) AMOUNT ISSUED - CURRENT PERIOD 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 THIS PERIOD 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 to long-term debt payments shown on the Schedule 05.

(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 the last five columns for each debt type.

MCAG NO. 9999

EFF DATE 1/1/97

SUPERSEDES 1/1/96

SAMPLE DISTRICT
(DISTRICT NAME)

X G.O. Debt
___ Revenue Debt
___ Refunded Debt

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 1997

I.D. NO.	PURPOSE	DATE OF ORIGINAL ISSUE	DATE OF MATURITY	(1) BEGINNING OUTSTANDING DEBT 01/01/1997 (ENDING OUTSTANDING DEBT BALANCE FROM PRIOR YEAR)	(2) AMOUNT ISSUED IN CURRENT YEAR	(3) AMOUNT REDEEMED IN CURRENT YEAR	(4) ENDING OUTSTANDING DEBT 12/31/1997 (1) + (2) - (3)
251.16	Refunding 1983 G.O. Bonds	12/94	12/14	$1,500,000	$300,000	$500,000	$1,300,000
263.51	Equipment	6/95	6/00	$55,000	—	$20,000	$35,000
	Total G.O. Debt			$1,555,000	$300,000	$520,000	$1,335,000

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EFF DATE 1/1/97

SUPERSEDES 1/1/96

SAMPLE DISTRICT
(DISTRICT NAME)

___ G.O. Debt
X Revenue Debt
___ Refunded Debt

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 1997

I.D. NO.	PURPOSE	DATE OF ORIGINAL ISSUE	DATE OF MATURITY	(1) BEGINNING OUTSTANDING DEBT 01/01/1997 (ENDING OUTSTANDING DEBT BALANCE FROM PRIOR YEAR)	(2) AMOUNT ISSUED IN CURRENT YEAR	(3) AMOUNT REDEEMED IN CURRENT YEAR	(4) ENDING OUTSTANDING DEBT 12/31/1997 (1) + (2) - (3)
252.11	Refunding 1978 Revenue Bonds	1/88	1/99	$1,400,000	—	$450,000	$950,000
263.52	New Main	8/96	8/06	$130,000	—	$30,000	$100,000
	Total Revenue Debt			$1,530,000	—	$480,000	$1,050,000

BARS MANUAL: PROPRIETARY

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Schedule 09
Page ___ of ___

EFF DATE
1/1/97

SUPERSEDES
1/1/96

_____
(DISTRICT NAME)

___ G.O. Debt
___ Revenue Debt
___ Refunded Debt

SCHEDULE OF LONG-TERM DEBT

For Year Ended December 31, 19___

I.D. NO.	PURPOSE	DATE OF ORIGINAL ISSUE	DATE OF MATURITY	(1) BEGINNING OUTSTANDING DEBT 01/01/19__ (ENDING OUTSTANDING DEBT BALANCE FROM PRIOR YEAR)	(2) AMOUNT ISSUED IN CURRENT YEAR	(3) AMOUNT REDEEMED IN CURRENT YEAR	(4) ENDING OUTSTANDING DEBT 12/31/19__ (1) + (2) - (3)

BARS MANUAL:
PROPRIETARY

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SCHEDULE 10 - LIMITATION OF INDEBTEDNESS

This section includes a schedule for port districts only. With the proper adjustments, this schedule can be used by any municipality to compute its debt limit.

When making this calculation, all general obligations of the district and all applicable cash on hand, or its 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 that has only matured and is due and payable; exclude accrued interest that has not matured.

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 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 judgments payable or combined obligations of tax supported funds.

6. Compensated absences (e.g., vacation, 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 United States of America dated on or after April 3, 1987. (RCW 39.36.060 and 39.69.020)

8. Obligations of internal service funds that provide services to the general or other tax supported funds.

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; and

4. Refunded or revenue debt.

5. Loans made under loan agreement under Chapter 39.69 RCW.

6. Any debt of a county-wide district with a population less than twenty-five hundred people when the debt is secured by a mortgage on property leased to the federal government. (RCW 53.36.030(6))

Applicable cash or its equivalent, as used herein, shouild 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 governments.

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 53.36.030)

1. Indebtedness For General Purposes Without A Vote Of The People.

   LEGAL LIMIT @ 1/4 of 1 percent of the value of the taxable property in the port district.

2. Indebtedness For Acquisition Of Construction Of A Facility Without A Vote Of The People. *(Applies ONLY to port districts having less than $800 million in the value of the taxable property during 1991.)*

   LEGAL LIMIT @ 3/8 of 1 percent of the value of the taxable property.

3. Indebtedness For General Purposes With A 3/5 Vote Of The People.

   LEGAL LIMIT @ 3/4 of 1 percent of the value of the taxable property in the port district.

   LEGAL LIMIT @ 1 percent of the value of the taxable property in the port district (if the district operates foreign trade zone (RCW 53.08.030)).

4. Indebtedness For Airport Capital Improvement Purposes. *(Applies ONLY to port districts having less that $200 million in the value of the taxable property.)*

   LEGAL LIMIT without a vote @ an additional 1/8 of 1 percent of the value of the taxable property

   LEGAL LIMIT with a vote @ an additional 3/8 of 1 percent of the value of the taxable property.

The value of the taxable property is the actual value of the taxable property in the district, ascertained by the last assessment for state or county purposes. 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 - PORT DISTRICTS

1. When calculating indebtedness, include all applicable assets and liabilities.

2. If assets equal or exceed liabilities, record zero for indebtedness incurred.

3. Port districts having less than $800 million in the value of the taxable property in 1991 may contract without a vote an indebtedness amount not exceeding, combined with existing indebtedness not authorized by voters, of 3/8 of 1 percent (.375%) of the taxable property value for the acquisition or construction of facilities (Section I.B.).

4. The limit for indebtedness with a 3/5 vote depends on the amount of indebtedness incurred without vote. The total indebtedness in Sections I and II cannot exceed 3/4 of 1 percent (.75%) of the value of the taxable property in the district.

5. Port districts having less that $200 million in value of the taxable property and operating municipal airport may contract additional indebtedness with or without a vote for airport capital improvements at 1/8 of 1 percent (.125%) and 3/8 of 1 percent (.375%), respectively (Sections III and IV).

6. The total indebtedness in Sections I, II, III, and IV cannot exceed 1.25% of the value of the taxable property in the district.

7. The 1/4 of 1 percent (.25%) of indebtedness for general purposes without a vote may be proportionately reduced by indebtedness of the acquisition or construction of a facility, if applicable, or by any indebtedness with a vote.

_____

(PORT DISTRICT)

Schedule Of Limitation Of Indebtedness
As Of December 31, 19___

Total Taxable Property Value $ _____

I. Indebtedness Without A Vote (Legal Limit .25% or .375% if I.B. applicable)			$ _____
A. General Purpose Indebtedness Without A Vote (Legal Limit .25%)		$ _____	
Indebtedness (Liabilities):			
GO Bonds	$ _____		
Others	$ _____		
Less Assets Available	$ _____		
Indebtedness Incurred - Section A		$ _____	
Margin Of Indebtedness Available - Section A		$ _____	
B. Indebtedness For Acquisition Or Construction Of A Facility Without A Vote (Legal Limit .375% including I.A.)*		$ _____	
Indebtedness (Liabilities):			
G.O. Bonds	$ _____		
Others	$ _____		
Less Assets Available	$ _____		
Indebtedness Incurred - Section B		$ _____	
Margin Of Indebtedness Available - Section B		$ _____	
Less: Indebtedness Incurred (Section A + B)			$ _____
Margin Of Indebtedness Available Without A Vote (Section A + B)			$ _____

* See Note To Preparer No. 3

II.	Indebtedness With A 3/5 Vote*		$ _____	
	Indebtedness (Liabilities):			
	G.O. Bonds	$ _____		
	Others	$ _____		
	Less Assets Available	$ _____		
	Indebtedness Incurred - Section II		$ _____	
	Margin Of Indebtedness Available With 3/5 Vote		$ _____	
	Total Indebtedness Allowable - Section I and II (Legal Limit .75%)			$ _____
	Less: Indebtedness Incurred - Section I and II			$ _____
	MARGIN OF INDEBTEDNESS AVAILABLE			$ _____
III.	Additional Indebtedness For Airport Capital Improvement Purposes Without A Vote (Legal Limit .125%)		$ _____	
	Indebtedness (Liabilities):			
	G.O. Bonds	$ _____		
	Others	$ _____		
	Less Assets Available	$ _____		
	Indebtedness Incurred - Section III		$ _____	
	Margin Of Indebtedness Available - Section III		$ _____	
IV.	Additional Indebtedness For Airport Capital Improvement Purposes With A 3/5 Vote (Legal Limit .375%)		$ _____	
	Indebtedness (Liabilities):			
	G.O. Bonds	$ _____		
	Others	$ _____		
	Less Assets Available	$ _____		
	Indebtedness Incurred - Section IV		$ _____	
	Margin Of Indebtedness Available - Section IV		$ _____	
	Total Indebtedness Allowable - Section I - IV (Legal Limit 1.25%)			$ _____
	Less: Indebtedness Incurred (Section I-IV)			$ _____
	MARGIN OF INDEBTEDNESS AVAILABLE			$ _____

* See Note to Preparer No. 4.

V. Additional Indebtedness For Foreign Trade Zone With
A 3/5 Vote (Legal Limit 1.0%) $ _____

Indebtedness (Liabilities):		
G.O. Bonds	$ _____	
Others	$ _____	
Less Assets Available	$ _____	
Indebtedness Incurred - Section V		$ _____
MARGINS OF INDEBTEDNESS AVAILABLE		$ _____

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, grants from other local governments, and program income. State shared revenues, apportionments, entitlements, 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* 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.) *Major federal assistance program* means any program for which federal expenses during the applicable year exceeded the larger of $300,000, or three percent of such total expenses.

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 expenses. (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 Expenses

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 the 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 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 _(district)'s_ financial statements. The _(district)_ uses the _(describe the basis of accounting used by the 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 expenses represent only _(federal/state/local)_ grant portion of the program costs. Entire program costs, including the _(district)'s_ portion, may be more than shown.

NOTE 4 - PROGRAM INCOME

The _(district)_ has a revolving loan program for low income housing. Under this federal grant, repayments to the _(district)_ are considered program revenues (income) and loans of such funds to eligible recipients are considered expenses.

NOTE 5 - FEDERAL LOANS

The _(district)_ has been approved by the Farm Home Administration to receive a loan totaling $_____ to build a sewer treatment plant. Current year expenses represent construction costs to date.

The _(district)_ also has prior year federal loans outstanding with balances totaling $_____. Both current and prior year loans are reported on the _(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 _(district)_ during current year and priced as prescribed by _____.

NOTE 7 - NOT AVAILABLE (N/A)

The _(district)_ was unable to obtain other identification number.

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 Identificaton Number	Current Year Expenses
U.S. Department of Transportation Direct Programs:			
Airport Improvement Program	20.106*	3.52.0156-09	$515,000
Passed-through State Dept. of Transportation:			
Aviation Research	20.205	90-145-018	$150,000
Total Department of Transportation			$665,000
TOTAL FEDERAL ASSISTANCE			$665,000

The Accompanying Notes To The Schedule Of Financial Assistance Are An Integral Part Of This Schedule.

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 Identificaton Number	Current Year Expenses
U.S. Department of Transportation Direct Programs:			
Capital and Operating Assistance	20.507*	3.52.0156-09	$515,000
Passed-through State Dept. of Transportation:			
Transit Planning and Research	20.514	90-145-018	$150,000
Total Department of Transportation			$665,000
TOTAL FEDERAL ASSISTANCE			$665,000

The Accompanying Notes To The Schedule Of Financial Assistance Are An Integral Part Of This Schedule.

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 expenses 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.

MCAG NO._____ **Schedule 19**

_____
(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

REPORTING SECTION
NOTES TO FINANCIAL STATEMENTS

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 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 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 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 financial statements.

Once the notes are typed, use the identifying numbers where appropriate in the "Note Number" column of each financial statement.

Finally, review your financial statements to make sure that each page contains a reference to these notes.

3 For "type of government" describe the legal formation of your government.

5 The reporting entity note should:

1. Define the primary government;
2. Describe each component unit of the reporting entity and its relationship to the primary government;
3. Include the criteria used to identify component units;
4. Specify the reporting method used for each component unit (i.e., blending or discrete presentation); and
5. Inform the reader where separate financial statements for individual component units may be obtained.

6-8 For "major types of services," summarize the functions that your government performs, such as:

Marina, airport, marine terminal, public transportation, industrial park, water supply/treatment/distribution, sewage collection/treatment, street maintenance, planning and zoning, and golf courses.

9 Indicate the number of members on your board.

10-14 Component units are defined in the GASB Statement 14 (see Part 4, Chapter 1 for details). If the district has a component units(s) for which it is financially accountable, further disclosure of the relationship(s) is required. If the district qualifies as a component unit of another government, disclosure of that relationship is also required. In addition, the GASB Statement 14 requires disclosures concerning related organizations, joint ventures, and jointly governed organizations. Refer to the GASB Statement 14 for further information.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The _(official name of your government)_ was incorporated on _(date)_ and operates under the laws of the state of Washington applicable to a _(type of government)_. The accounting and reporting policies of the _(district)_ conform to generally accepted accounting principles for local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of the significant accounting policies is presented to assist the reader in interpreting the financial statements. The more significant policies are described below.

A. Reporting Entity

The _(district)_ is a special purpose government and provides _(list major types of services)_ to the general public and is supported primarily through user charges (or where the governing body has decided that periodic determination of net income is needed).

The _(district)_ is governed by an elected _____ member board. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. (The _(district)_ has no component units.) (These financial statements present _(district)_ (the primary government) and its component units. The component units discussed below are included in the district's reporting entity because of the significance of their operational or financial relationships with the district.)

2-5 If another accounting system is used, this paragraph should be replaced with narrative to that effect.

B. Basis Of Accounting And Presentation

The accounting records of the _(district)_ are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The _(district)_ uses the *Budgeting, Accounting and Reporting System for Proprietary-Type Districts* in the State of Washington.

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. Operating statements present increases (revenues and gains) and decreases (expenses and losses) in net total assets. The _(district)_ discloses changes in cash flows by a separate statement that presents their operating, investing and financing activities.

The _(district)_ uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Fixed asset purchases are capitalized and long-term liabilities are accounted for in the appropriate fund(s).

13 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.

Disclose your policy for estimating and writing off uncollectible accounts.

C. Assets, Liabilities and Equities

1. Cash and Cash Equivalents

It is the _(district)_ 's policy to invest all temporary cash surpluses. At December 31, 199__, 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.

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 district 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.

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.

1 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.

15 Eliminate the category if your government does not have any "other" assets or debits category.

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.

4. 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.

5. Inventories

Inventories are valued by the (FIFO/LIFO/weighted average) method (which approximates the market value).

6. Restricted Assets and Liabilities

In accordance with bond resolutions (and certain related agreements), separate restricted accounts are required to be established.

These accounts (assets) contain resources for construction and debt service (including current and delinquent special assessments receivable). Specific debt service reserve requirements are described in Note (Long-Term Debt Note #).

7. Fixed Assets and Depreciation See Note (Fixed Assets Note #).

8. Other Property and Investments See Note (Investment Note #).

9. Other Assets and Debits

(No SAMPLE TEXT is provided. See Notes to Preparer).

4 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 __(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.)

11 If you have material amounts of other accrued liabilities such as accrued interest on debt, you should also include a brief description of this type of liability.

10. Custodial Accounts

This account reflects the liability for net monetary assets being held by the _(district)_ in its trustee or agency capacity.

11. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation (and sick) leave. The district records unpaid leave for compensated absences as an expense and liability when incurred.

Vacation pay, which may be accumulated up to _(maximum days or weeks)_, is payable upon resignation, retirement, or death. Sick leave may accumulate (indefinitely/up to ____ hours.)

12. Other Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits.

13. Long-Term Debt See Note _(Long-Term Debt Note #)_.

14. Deferred Revenues/Credits

This account includes amounts recognized as receivables (assets) but not revenues because the revenue recognition criteria has not been met.

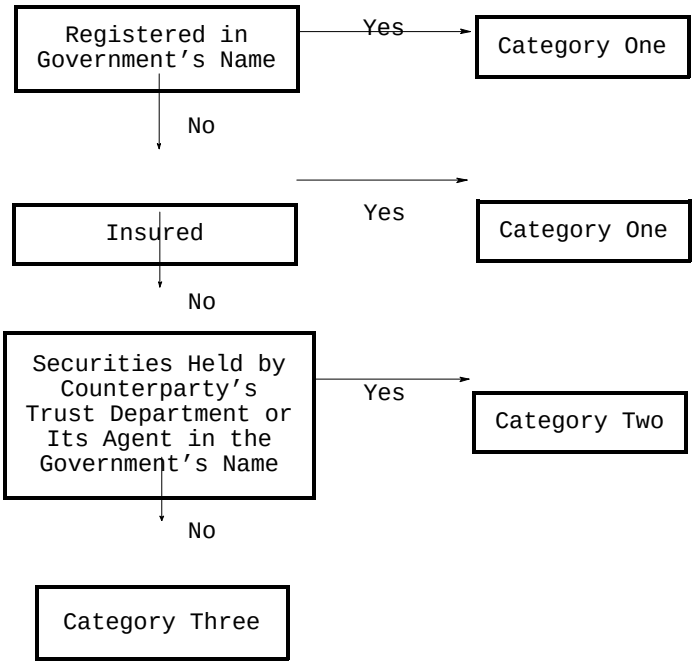
15. Other Credits See Note _(Deferred Debits (or Credits) Note #)_

16. Contributed Capital See Note _(Fund Equity Note #)_.

17. Fund Reserves and Designations See Note _(Fund Equity 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.

17-26 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 securities.

28-31 Include all investments not evidenced by securities that exist in physical or book-entry form.

NOTE 2 - DEPOSITS AND INVESTMENTS

The (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 (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 (district)'s investments are categorized to give an indication of the risk assumed at year-end. The following summary shows the (district)'s investments at year end categorized by risk. Category 1 includes investments that are either insured, registered or held by the (district) or its agent in the (district)'s name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the (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 (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				$_____	$_____

14 If your district uses reverse repurchase agreements, include the following:

State statutes permit the __(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 ___(district)___or provide securities or cash of equal value, the __(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 __(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.

1 **THIS PAGE LEFT BLANK INTENTIONALLY.**

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 the GASB Technical Bulletin 94-1, *Disclosures about Derivatives and Similar Debt and Investment Transactions*.

This disclosure is necessary if the district has used, held, or sold any derivatives or similar instruments during the period covered by the financial statements, or if the 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 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 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 district 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.)

The following disclosure is needed ONLY if your government levies taxes.

6 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.

12 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 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.

16 Insert the maximum legal levy for the entity.

25 Insert the general levy rate for taxes levied on January 1 of report year (not the current year).

26 Insert the property valuation in effect for taxes levied on January 1 of the report year.

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 __(district)__ levied an additional $_____ per $1,000 for _____(give purpose)_____ for a total additional levy of $_____.

NOTE 3 - 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 to the _(district)_ by the county treasurer. A revaluation of all property is required every four years.

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. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. (State law allows for the sale of property for failure to pay taxes.)

The _(district)_ may levy up to $ _____ per $1,000 of assessed valuation for general governmental services. This amount may be reduced for any of the following three reasons:

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 l percent of assessed valuation or $10 per $l,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.

c. The district may voluntarily levy taxes below the legal limit.

The _(district)_'s regular levy for _(year)_ was $ _____ per $1,000 on an assessed valuation of $_____ (billion/million) for a total regular levy of $ _____. In _(prior year)_, the regular tax levy was $ _____.

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.

1 NOTE 4 - INTERGOVERNMENTAL GRANTS AND ENTITLEMENTS

2 The accompanying Schedule of Financial Assistance provides a listing of all federal (and) state (and interlocal)
3 assistance programs in which the _(district)_ participates and summarizes the _(district)_ 's grant transactions for 19__.

5 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.

5 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.

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.

NOTE 5 - FIXED ASSETS AND DEPRECIATION

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 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 historical cost, where historical cost is not known/or estimated market value for donated assets. (Donations by developers [and customers] are recorded at the contract price or donor cost or appraised value).

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.

(The original cost of operating property retired or otherwise disposed of and the cost of installation, less salvage, is charged to accumulated depreciation.) (However, in the case of the sale of a significant operating unit or system, the original cost is removed from the __(district)__ plant accounts, accumulated depreciation is charged with the accumulated depreciation related to the property sold, and the net gain or loss on disposition is credited or charged to income.)

(An allowance for funds used during construction is capitalized as part of the cost of the plant. The procedure is intended to remove the cost of financing construction activity from the income statements and to treat such cost in the same manner as construction labor and material costs.)

During 19__, the __(district)__ capitalized $_____ of net interest costs for funds borrowed to finance the construction of fixed assets. Interest costs of $_____ were offset by interest income of $_____.

Depreciation expense is charged to operations 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 assets at December 31, 19__, is as follows:

	Totals
(Land Depletion)	$_____
Buildings and Structures	_____
(Capital Leases & Leasehold Improvements)	_____
Other Improvements	_____
Machinery & Equipment	_____
TOTALS	$_____

1 Total construction budgets should be included here.

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
Airport Expansion - Phase 1	$1,400,000	$1,094,000	$ 306,000	None
Airport Expansion - Phase 2	600,000	None	600,000	$600,000
Industrial Park Sewer Line	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

NOTE 6 - CONSTRUCTION IN PROGRESS

Construction in progress represents expenses to date on projects for which authorizations total $_____. Of the committed balance of $_____ the _(district)_ will be required to raise $_____ in future financing.

The SAMPLE TEXT illustrates the disclosures required of an employer reporting participation in a cost sharing, multiple-employer PERS according to GASB Statement 5.

If your district has employees enrolled in the Law Enforcement Officers' and Fire Fighters' (LEOFF) Retirement System, you will need to include disclosure of the plan. The information is available upon request from the State Auditor's Office at (360) 753-4792.

NOTE 7 - PENSION PLANS

Substantially all of the (district) 's full-time and qualifying part-time employees participate in the Public Employee's Retirement System (PERS). This is a statewide local government retirement system 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
Total Pension Benefit Obligations	$12,936
Less Net Assets Available For Benefits As Of Actuarial Date (At Market)	12,349
Unfunded (Surplus) Actuarial Present Value Of Accumulated Plan Benefits	$ 587

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 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.

Description Of Plan

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.

17-18 * This information is to be provided by the district.

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 (district)'s covered payroll for year ended December 31, 1996 was $_____.* The (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.

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%

The effect of those changes is displayed below:

	Employer Contribution Rates		
	1994 Old Assumptions	1994 New Assumptions	1995 New Assumptions
PERS	7.32%	7.60%	7.32%

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 the district.

a District computes this information as follows: Required rate x (district's covered payroll)

b District computes this information as follows: (district's covered payroll) ÷ $5,525 million system-wide payroll.

The (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 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 (district)'s actuarially determined employer contribution requirement represents approximately _____ b percent of the total for all employers covered by PERS.

9-14 The portions of these notes in parentheses are alternatives or additions you may need to use, depending on your particular circumstances.

NOTE 8 - DEFERRED COMPENSATION PLAN

The _(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 _(district)_. The _(district)'s_ rights to this property are subject only to the claims of the _(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 _(district)'s_ legal counsel that) the _(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 _(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 _(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 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 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 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 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. Do not include regular warrants payable, accounts payable, or other non-interest-bearing obligations.
3	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.

(Port Districts Only)
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.

7-14 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.

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.

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 _(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. (The _(district)_ is also liable for notes that were entered into for the purchase of _____.)

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	$_____	$_____	$_____	$_____	$_____

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 _(district)_ has $_____ available in sinking funds and reserves as required by bond indentures.

8 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.

17-19 Include the minimum lease payments if you are not showing them in the table in Section A of this note.

20 *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 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 district may provide the aggregage original issue amount.

- A clear indication that the district has no obligation for the debt beyond the resources provided by related leases or loans.

B. Refunded Debt

The following bond issues have been refunded as of December 31, 19___.

Bond Issue	Amount Outstanding
_____	$_____
_____	$_____
_____	$_____
Total Refunded Bonds Outstanding	$_____

The advance refunding was undertaken to (reduce total debt service payments over the next _____ years by $_____, etc.) and resulted in an economic gain of $_____.

Debt service on these bonds is met by cash and investments held by the refunding trustee(s). As of December 31, 19___, the trustee(s) was (were) holding cash and investments of $_____ which are expected to fund debt service fully. These refunded bonds constitute a contingent liability of the district but are excluded from the finanical statements.

C. Capitalized Leases

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 __(district)_ records lease payments as reductions of the long-term liability and as interest expense over the life of the lease. The __(district)_ also records depreciation 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 $_____.

D. Conduit Debt

(No SAMPLE TEXT will be provided because each circumstance will be unique.)

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1 **THIS PAGE LEFT BLANK INTENTIONALLY.**

1-11 Litigation is simply 1 (prevalent) type of contingency. Other types of contingencies include 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 (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.

The following examples illustrate this type of disclosure. BE SURE TO CONSULT WITH YOUR ATTORNEY AND AUDITOR FOR APPROPRIATE WORDING OF THE DISCLOSURE.

> The district has been named defendant in a lawsuit seeking damages of $500,000 as a result of alleged unfair labor practices. Counsel is of the opinion that the defendants should prevail. All other lawsuits are either adequately covered by insurance or would not materially affect the financial statements.

> On June 30, 1989, the district completed its industrial sewer reconstruction using an EPA grant. Total expenditures for the project were $750,891.10. As part of the grant agreement, the utility must reimburse the grantor (EPA) for any disallowed costs. To date, the project has not been audited to determine if any costs will be disallowed. The utility expects such costs, if any, will be immaterial.

NOTE 12 - CONTINGENCIES AND LITIGATION

The _(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 _(district)_ will have to make payment. In the opinion of management, the _(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 _(district)_ is contingently liable for repayment of refunded debt.

The _(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,) _(district)_ management believes that such disallowances, if any, will be immaterial.

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.

7 Schedule future payments by year for the next 5 years, then add a line that shows total payments for all years thereafter.

14 This "rent expense" refers to the leases scheduled in this note.

NOTE 13 - COMMITMENTS

The (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 (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 expense for the years ended December 31, 19__ (and 19__), was $ _____ and $ _____, respectively.

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 #).

The need for the entire note depends on your particular circumstances.

NOTE 14 - DEFERRED DEBITS (OR CREDITS)

In accordance with generally accepted accounting principles for regulated businesses, the _(district)_ has deferred (losses, costs, receipts, etc.) of $_____ in 19__, and $_____ in 19__, (etc.), which will be amortized on the _____method over _____ years. These (losses, costs, receipts, etc.) resulted from _(give brief description)_. These (charges or credits) would have been included in net income for 19__ and 19__, (etc.) in nonregulated businesses, but for rate-making purposes they are treated as applicable to future periods.

5 If your balance sheet has sufficient space to show the details of reserved retained earnings on the face of the statement, the disclosure shown in the SAMPLE TEXT is not needed.

If you amortize contributed capital, 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 (district) amortizes contributed capital by amounts that equal the annual depreciation on assets acquired with that 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.

NOTE 15 - FUND EQUITIES

Contributed Capital

Contributed capital consists of contributed fixed assets or contributions for fixed asset acquisition from other governments, customers, developers and other sources.

Reservations of Retained Earnings

Retained earnings 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.

Designated Retained Earnings

This category is used to set aside fund equity when _(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.

The district needs to furnish this information ONLY when it is operating two or more discrete functions, such as a port that operates both an airport and a marina (A combined water/sewer utility does not need to be segmented). The format shown here is the minimum presentation acceptable to the State Auditor and conforms to NCGA recommendations.

NOTE: This data is presented individually and is not intended to come to any meaningful totals.

6 Enter the excess (deficit) of current assets over current liabilities.

7-9 Enter the total additions and deletions to fixed assets. Do not net the 2.

11-15 Enter the total long-term debt of the segment. Debt that has specific revenues pledged to its redemption should be disclosed as "Revenue Debt."

16-20 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.

22-37 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.

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 16 - SEGMENT INFORMATION

The (district) operates (an airport, marina, shipping terminal, industrial park, water/sewer utilities, and industrial development districts) which are primarily financed by user charges. The key financial data for the year ended December 31, 19 __ (and 19__), for these facilities are as follows:

	(Segment)	(Segment)	(Other)	(Total)
NET WORKING CAPITAL (DEFICIT)	$_____	$_____	$_____	$_____
CHANGES IN FIXED ASSETS:				
Additions	$_____	$_____	$_____	$_____
Deletions	_____	_____	_____	_____
TOTAL ASSETS	$_____	$_____	$_____	$_____
LONG-TERM LIABILITIES:				
Revenue Debt (Payable From Operating Revenues)	$_____	$_____	$_____	$_____
Other Debt (Payable From Other Sources)	_____	_____	_____	_____
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 Income (Loss)	_____	_____	_____	_____
Oper. Assessments & Tax Levies	_____	_____	_____	_____
Operating Grants and Subsidies	_____	_____	_____	_____
Tax Revenues	_____	_____	_____	_____
Other Nonoperating Revenues Net of Expenses	_____	_____	_____	_____
Operating Transfers In (Out)	_____	_____	_____	_____
Extraordinary Items Cumulative Effect of Accounting Change	_____	_____	_____	_____
Other Income (Losses)	_____	_____	_____	_____
NET INCOME (LOSS)	$_____	$_____	$_____	$_____

The new rules for disclosures for the joint ventures (set by the 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.

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 17 - JOINT VENTURES

2 (No SAMPLE TEXT is provided, because the 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.

3 Statute, 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 expenses for similar types of benefits provided to active employees and their dependents, the entity may use reasonable methods to approximate the OPEB expenses. If this is not possible, the Note should disclose that the OPEB 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 the nature and magnitude of the cost of the employer's commitment to provide OPEB should also be disclosed.

NOTE 18 - 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. Expenses 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, expenses of $_____ were recognized for postretirement health care.

Approximately $_____ of the $_____ increase in expenses over the previous year was caused by the addition of dental benefits, effective __(date)__ .

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.

For example:

In accordance with NCGA Statement 2, the district has changed its method of accounting for depreciation on assets acquired with capital grants. In previous years, such depreciation was charged directly against contributed capital and did not affect net income. In 19__, depreciation expenses on such assets reduced net income by $_____. There is no cumulative effect on contributed capital or retained earnings.

6 Major Receivable

If a major customer supports a material amount of the district's 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 were billed to the Boeing Company. Boeing Company also paid $_____ in property taxes which is 21.3 percent of the total tax levy.

1 NOTE 19 - 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.)

6 C. Major Receivables

7 (No SAMPLE TEXT is provided. See Notes to Preparer.)

1 Related Party Transactions

The disclosures 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.

4 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.

The following is an example of an extraordinary item:

Because of the eruptions of Mt. St. Helens and related ash damage to district vehicles and equipment, the district 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 district equipment during the ash fall and cleanup operations has resulted in scrapping 9 pieces of equipment and the estimated lives of 23 district 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

D. Related Party Transactions

(No SAMPLE TEXT is provided because such transactions are rare and the circumstances would 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 to Preparer.)

1 Subsequent Events

Certain events that occur between the date of the financial statements and the date they are issued that have a material effect on the operations of the governmental unit 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.

F. Subsequent Events

(No SAMPLE TEXT is provided because the circumstances will be unique in each case. See Notes to Preparer.)

CONVERSION CHARTS
1970 PORT ACCOUNTS TO BARS ACCOUNT NUMBERS

PROFIT AND LOSS ACCOUNTS

Old Account Number	Account Description	New BARS Account Number			
		Marine Terminal	Airport	Marina	Property
6000 OPERATING REVENUES					
SERVICES					
6010	Dockage	631.1X	n/a	n/a	n/a
6020	Wharfage	631.2X	n/a	n/a	n/a
6030	Service Charges	631.3X	n/a	n/a	n/a
6050	Wharf Demurrage	631.4X	n/a	n/a	n/a
6060	Storage	631.4X	n/a	n/a	n/a
6070	Loading and Unloading	631.5X	n/a	n/a	n/a
6090	Handling	631.6X	n/a	n/a	n/a
6110	Man-hour Services	631.7X	n/a	n/a	n/a
6120	Standby and Overtime	631.7X	n/a	n/a	n/a
6150	Berthage and Moorage	631.1X	n/a	621.1X	n/a
6155	Other Marine Services	632.9X	n/a	622.9X	n/a
RENTALS - EQUIPMENT					
6160	Lift Trucks	637.2X/638.2X	n/a	n/a	n/a
6172	Straddle Trucks	637.9X/638.9X	n/a	n/a	n/a
6180	Cranes	637.1X/638.1X	n/a	n/a	n/a
6190	Cargo Boards	637.9X/638.9X	n/a	n/a	n/a
6200	Misc. Equipment Rental	637.9X/638.9X	617.9X/618.9X	627.9X/628.9X	667.9X/668.9X
SALE OF UTILITIES					
6220	Water	631.81	611.81	621.81	661.81
6221	Electricity	631.82	611.82	621.82	661.82
6222	Other	(See manual for details of other accounts)			
RENTALS - PROPERTY					
6300	Space Rental	635.1X-.3X	615.1X-.3X	625.1X-.3X	665.1X-.3X
6305	Rental of Land	634.1X	614.1X	624.1X	664.1X
6308	Log Storage	634.3X/635.7X	n/a	n/a	664.3X/665.7X
6315	Grain Elevators	634.4X/635.8X	n/a	n/a	664.4X/665.8X
6330	Locker Rental	635.1X-.3X	615.1X-.3X	625.1X-.3X	665.1X-.3X

CONVERSION CHARTS
1970 PORT ACCOUNTS TO BARS ACCOUNT NUMBERS

PROFIT AND LOSS ACCOUNTS

Old Account Number	Account Description	New BARS Account Number			
		Marine Terminal	Airport	Marina	Property
6340	Other Property Rentals	634.9X/636.9X	614.9X/616.9X	624.9X/626.9X	664.9X/666.9X
OTHER TERMINAL REVENUE					
6350	Sale of Materials	639.XX	n/a	n/a	n/a
6351	Cost of Sales and Materials	639.XX	n/a	n/a	n/a
6352	Sale of Gas and Diesel Fuel	639.XX	n/a	629.XX	n/a
6353	Cost of Sale of Gas and Diesel Fuel	639.XX	n/a	n/a	n/a
6360	Miscellaneous Revenues	639.XX	n/a	n/a	n/a
AIRPORT FACILITIES REVENUES					
6410	Landing Fees	n/a	611.1X	n/a	n/a
6420	Aviation Fuel	n/a	616.3X	n/a	n/a
6430	Sale of Water	n/a	611.81	n/a	n/a
6431	Sale of Electricity	n/a	611.82	n/a	n/a
6432	Sale of Other Utilities	n/a	(See detail)	n/a	n/a
6460	Rental of Land	n/a	614.1X	n/a	664.1X
6461	Rental of Space	n/a	615.1X-3X	n/a	665.1X-3X
6470	Airport Concession Revenue	n/a	615.1X-3X	n/a	665.1X-3X
6600	Other Airport Revenues	n/a	619.XX	n/a	n/a
AIRPORT FACILITIES REVENUES					
6700-6799	Industrial Development Districts	(See Nonoperating Revenues account 699.2X)			
6800-6889	Reserved	n/a	n/a	n/a	n/a
OTHER OPERATING REVENUES					
6890	Taxes for Operating Revenues	(See Nonoperating Revenues account 699.2X)			
6891-6899	Reserved	n/a	n/a	n/a	n/a

CONVERSION CHARTS
1970 PORT ACCOUNTS TO BARS ACCOUNT NUMBERS

PROFIT AND LOSS ACCOUNTS

Old Account Number	Account Description	New BARS Account Number			
		Marine Terminal	Airport	Marina	Property
7000 TERMINAL EXPENSES					
OPERATING EXPENSES					
7010	Terminal Superintendent	731.1X	711.1X	721.1X	761.1X
7020	Terminal Attendants	731.1X	711.1X	721.1X	761.1X
7030	Administration & General Salaries	731.1X	711.1X	721.1X	761.1X
7050	Office and Clerical	731.1X	711.1X	721.1X	761.1X
7070	Security Officers	731.1X	711.1X	721.1X	761.1X
7080	Watchmen	731.1X	711.1X	721.1X	761.1X
7090	Janitors	731.1X	711.1X	721.1X	761.1X
7112	Firemen	731.1X	711.1X	721.1X	761.1X
7120	Checkers & Supervisors	731.1X	711.1X	721.1X	761.1X
7130	Foreman	731.1X	711.1X	721.1X	761.1X
7140	Loading and Unloading	731.1X	711.1X	721.1X	761.1X
7150	Man-hour Services	731.1X	711.1X	721.1X	761.1X
7160	Standby and Overtime	731.1X	711.1X	721.1X	761.1X
7170	Crane Rental Labor	731.1X	711.1X	721.1X	761.1X
7180	Handling	731.1X	711.1X	721.1X	761.1X
7200	Indirect & Utility Labor	731.1X	711.1X	721.1X	761.1X
7205	Other Payroll & Fringe Benefits	731.2X	711.2X	721.2X	761.2X
7211	Demurrage	731.9X	711.9X	721.9X	761.9X
7212	Over, Short and Damaged	731.9X	711.9X	721.9X	761.9X
7214	Pier Supplies & Expense	731.4X	711.4X	721.4X	761.4X
7220	Stevedoring	731.9X	n/a	n/a	n/a
7250	Switching and Freight Charges	731.9X	711.9X	721.9X	761.9X
7252	Tug and Pilot Services	731.1X	n/a	n/a	n/a
7320	Heat	731.8X	711.8X	721.8X	761.8X
7321	Water	731.81	711.81	721.81	761.81
7322	Electricity	731.82	711.82	721.82	761.82
7323	Gasoline and Propane	731.87/731.43	711.87/711.43	721.87/721.43	761.87/761.43
7326	Lubricating Oils and Grease	731.43	711.43	721.43	761.43
7330	Dunnage	731.9X	711.9X	721.9X	761.9X
7340	Remodeling and Alterations	731.9X	711.9X	721.9X	761.9X

CONVERSION CHARTS
1970 PORT ACCOUNTS TO BARS ACCOUNT NUMBERS

PROFIT AND LOSS ACCOUNTS

Old Account Number	Account Description	New BARS Account Number			
		Marine Terminal	Airport	Marina	Property
7350	Cranes Operating Expense	731.5X	711.5X	721.5X	761.5X
7355	Lift Trucks Operating Expense	731.5X	711.5X	721.5X	761.5X
7360	Other Equipment Expense	731.5X	711.5X	721.5X	761.5X
7362	Small Tools & Misc. Equipment	731.4X/731.5X	711.4X/711.5X	721.4X/721.5X	761.4X/761.5X
7364	Rents	731.5X/731.6X	711.5X/711.6X	721.5X/721.6X	761.5X/761.6X
7365	Rodent Control	731.9X	711.9X	721.9X	761.9X
7370	Other Operating Supplies	731.4X	711.4X	721.4X	761.4X
7520	Office Supplies & Expense	731.41	711.41	721.41	761.41
7530	Janitor Supplies & Expense	731.42	711.42	721.42	761.42
7540	Law Expense	731.31	711.31	721.31	761.31
7550	Outside Services Employed	731.3X	711.3X	721.3X	761.3X
7560	Telephone and Telegraph	731.88	711.88	721.88	761.88
7570	Travel	731.72	711.72	721.72	761.72
7580	Advertising	731.74	711.74	721.74	761.74
7590	Membership Dues and Fees	731.75	711.75	721.75	761.75
7600	Property Insurance	731.73	711.73	721.73	761.73
7625	Injuries and Damages	731.73	711.73	721.73	761.73
7650	Miscellaneous Expense	731.9X	711.9X	721.9X	761.9X
7670	Automobile Expense	731.5X	711.5X	721.5X	761.5X
7680	Taxes	731.9X	711.9X	721.9X	761.9X
MAINTENANCE AND REPAIRS					
7700	Repairs Wharves & Piers	(Charge these expenses to the appropriate categories under maintenance within each of the operations, i.e., 713.XX, 723.XX, 733.XX, 763.XX)			
7710	Repairs to Buildings				
7720	Repairs Landing Fields/Runways/ Aprons				
7721	Repairs to Roadways				
7722	Hangar & Service Area				
7723	Floats & Approaches				
7724	Electric Power & Lighting	(Charge these expenses to the appropriate categories under maintenance within each of the operations, i.e., 713.XX, 723.XX, 733.XX, 763.XX)			
7725	Water & Fire Protection				
7730	Repairs to Railroad Tracks				

CONVERSION CHARTS
1970 PORT ACCOUNTS TO BARS ACCOUNT NUMBERS

PROFIT AND LOSS ACCOUNTS

Old Account Number	Account Description	New BARS Account Number			
		Marine Terminal	Airport	Marina	Property
7732	Dredging Slips & Channels				
7740	Repairs to Entrance Drives				
7742	Engineering Dept. Expenses				
7760	Repairs to Parking Lots				
7765	Other Maintenance (Real Property)				
7780	Repairs to Cargo Boards				
7810	Repairs to Automobiles & Trucks				
7820	Repairs to Cranes				
7830	Repairs to Lift Trucks				
7840	Repairs to Straddle Trucks				
7850	Repairs to Gear & Rigging				
7860	Repairs to Refrigeration Equip.				
7862	Repairs to Bull Handling Equip.				
7863	Repairs to Car Pushers				
7864	Repairs to Car Loaders				
7870	Repairs to Other Equipment				
7901 - 7940. INDUSTRIAL DEVELOPMENT DISTRICT EXPENSES					
7950-7997	Reserved	n/a	n/a	n/a	n/a
OTHER TERMINAL EXPENSES AND CREDITS					
7998	Depreciation	737	717	727	767
7999	Reserved	n/a	n/a	n/a	n/a

CONVERSION CHARTS
1970 PORT ACCOUNTS TO BARS ACCOUNT NUMBERS

GENERAL AND ADMINISTRATIVE ACCOUNTS

Old Account Number	Account Description	New BARS Account Number
8000 ADMINISTRATIVE AND GENERAL EXPENSES		
8010	G & A Salaries	781.1X/783.1X
8020	Office Supplies & Expense	781.4X/783.4X
8030	Janitor Supplies & Expense	781.42/783.42
8040	Law Expense	781.31/783.31
8050	Outside Services Employed	781.3X/783.3X
8060	Telephone and Telegraph	781.88/783.88
8070	Travel	781.72/783.72
8080	Advertising & Promotion	781.74/783.74
8081	Promotional Hosting	781.71/783.71
8090	Membership Dues and Fees	781.75/783.75
8100	Publications	781.79/783.79
8200	Property Insurance	781.73/783.73
8210	Injuries and Damages	781.73/783.73
8220	Employees Pensions & Benefits	781.2X/783.2X
8230	Regulatory Commission Expense	781.3X/783.3X
8240	Uncollected Revenues	781.9X/783.9X
8250	Miscellaneous General Expense	781.9X/783.9X
8260	Utilities	781.8X/783.8X
8270	Automobile Expense	781.5X/783.5X
8280	Rents	781.5X/783.5X or 781.6X/783.6X
8900	Taxes	781.79/783.79
8998	Depreciation	787
8999	G&A Transferred-Credit	785

CONVERSION CHARTS
1970 PORT ACCOUNTS TO BARS ACCOUNT NUMBERS

NONOPERATING ACCOUNTS

Old Account Number	Account Description	New BARS Account Number
9000 NONOPERATING REVENUE		
9010	Interest Income	699.1X
9020	Tax Levy Interest-GO Bonds	699.2X
9030	Gain (Loss) Disposed Asset	699.4X
9040	Sale of Scrap	699.9X
9060	Harbor Area Rentals	699.3X
9070	Rentals-Nonoperating Property	694.XX-698.XX
9080	Receipts in Lieu of Taxes	699.3X
9090	Tax Sales and Refunds	699.3X
9100	State Forest Board Contributions	699.3X
9200	Miscellaneous Nonoperating	699.9X
9500 NONOPERATING EXPENSES		
9510	Interest Expense - GO Bonds	799.91
9511	Interest Expense - Revenue Bonds	799.91
9515	Other Interest Expense	799.91
9580	Bond Issue Expense	799.9X
9600	Election Expense	799.92
9800	Other Nonoperating Expense	799.9X

CONVERSION CHARTS
1970 PORT ACCOUNTS TO BARS ACCOUNT NUMBERS

BALANCE SHEET ACCOUNTS

Old Account Number	Account Description	New BARS Account Number
ASSETS		
1000 CAPITAL ASSETS		
LAND AND RIGHTS		
1001	Land and Land Rights	151.1X/151.3X
1005	Air Rights	151.3X
STRUCTURES AND IMPROVEMENTS		
1020	Breakwater	164.2X
1040	Bulkheads & Retaining Walls	164.2X
1060	Wharves, Docks, and Piers	152.1X
1080	Floats	152.1X
1100	Pipelines	164-167.XX
1120	Log Truck Dumps	164-167.XX
1140	Grain Elevators	152.3X
1160	Petroleum Tanks	166.7X
1180	Bulk Liquid Handling Plant	166.7X
1200	Tank Farm	166.7X
1220	Pumping Station	166.7X
1240	Landing Fields, Runways, & Aprons	166.6X
1260	Hangar and Service Area	152.6X
1280	Roadways, Grounds, & Parking Areas	166.1X-.4X
1300	Buildings	153.XX
1320	General Plant	153.XX
1340	Entrance Drive & Roadways	166.1X
1360	Trackage	166.5X
1380	Yard Areas	167.8X
1390	Improvement to Leasehold Property	163.XX

CONVERSION CHARTS
1970 PORT ACCOUNTS TO BARS ACCOUNT NUMBERS

BALANCE SHEET ACCOUNTS

Old Account Number	Account Description	New BARS Account Number
EQUIPMENT		
1400	Car Pushers	156.5X
1420	Cranes	157.8X
1440	Dock Autos	156.4X
1460	Lift Trucks	157.1X
1480	Heavy Lift Trucks	157.1X
1500	Straddle Trucks	157.1X
1520	Car Loaders	157.1X
1540	Automobiles	156.4X
1560	Trucks	157.7X
1580	Other Shop Equipment	155.8X
1600	Pallet & Cargo Boards	161.8X
1620	Furniture/Office Equipment	159.3X-.7X
1640	Other Miscellaneous Equipment	161.8X
1700	Reserved	n/a
1800 CONSTRUCTION IN PROGRESS		168-169.XX
2000 RESERVE FOR DEPRECIATION		
STRUCTURES AND IMPROVEMENTS		
2020	Breakwater	184.2X
2040	Bulkheads & Retaining Walls	184.2X
2060	Wharves, Docks, and Piers	172.1X
2080	Floats	172.1X
2100	Pipelines	184-187.XX
2120	Log Truck Dumps	184-187.XX
2140	Grain Elevators	172.3X
2160	Petroleum Tanks	186.7X
2180	Bulk Liquid Handling Plant	186.7X
2200	Tank Farm	186.7X
2220	Pumping Station	186.7X

CONVERSION CHARTS
1970 PORT ACCOUNTS TO BARS ACCOUNT NUMBERS

BALANCE SHEET ACCOUNTS

Old Account Number	Account Description	New BARS Account Number
2240	Landing Fields, Runways, & Aprons	186.6X
2260	Hangar and Service Area	172.6X
2280	Roadway, Grounds, & Parking Area	186.1X-.4X
2300	Buildings	173.XX
2320	General Plant	173.XX
2340	Entrance Drives & Roadways	186.1X
2360	Trackage	186.5X
2380	Yard Areas	187.8X
2390	Improvement Leasehold Property	183.XX
EQUIPMENT		
2400	Car Pushers	176.5X
2420	Cranes	177.8X
2440	Dock Autos	176.4X
2460	Lift Trucks	177.1X
2480	Heavy Lift Trucks	177.1X
2500	Straddle Trucks	177.1X
2520	Car Loaders	177.1X
2540	Automobiles	176.4X
2560	Trucks	177.7X
2580	Other Shop Equipment	175.8X
2600	Pallet & Cargo Boards	181.8X
2620	Furniture/Office Equipment	179.3X-.7X
2640	Other Miscellaneous Equipment	181.8X
2700 OTHER PROPERTY		
2701-2749	Nonoperating Property	193.XX
2750	Reserve for Depreciation	193.9X

CONVERSION CHARTS
1970 PORT ACCOUNTS TO BARS ACCOUNT NUMBERS

BALANCE SHEET ACCOUNTS

Old Account Number	Account Description	New BARS Account Number
2800 SINKING, REDEMPTION, SPECIAL FUND ASSETS		
2810	GO Bond P&I Redemption-Cash	101.XX/102.XX/14X.XX
2820	GO Bond P&I Redemption-Investments	101.XX/102.XX/14X.XX
2830	Revenue Bond P&I Redemption-Cash	101.XX/102.XX/14X.XX
2840	Rev Bond P&I Redemption-Investments	101.XX/102.XX/14X.XX
2850	Special Funds - Cash	101.XX/102.XX/14X.XX
2860	Special Funds - Investments	101.XX/102.XX/14X.XX
2900 - 2999 - RESERVED		n/a
3000 CURRENT AND ACCRUED ASSETS		
3010	Cash	101.1X
3020	Temporary Cash Investments	101.XX/102.XX
3105	Interest Special Deposits	101.XX/141.XX
3106	Bond Redemption Special Deposits	101.XX/141.XX
3107	Customer Deposits	101.XX/102.XX/14X.XX
3108	Transportation Deposits	101.XX/102.XX/14X.XX
3109	Working Fund Advances	101.7X
3170	Accounts Receivable	112.1X
3180	Real Estate Contracts Receivable	115.XX
3190	Reserve for Doubtful Accounts	112.9X
3200	Interest Receivable	113.XX
3220	Taxes Receivable	111.XX
3232	Interfund Loan Receivable	n/a
3240	Earned Revenue Unbilled	112.4X
3250	Materials and Supplies	131.XX
3251	Gasoline and Diesel Fuel Oil	131.XX
3260	Prepayments	133.XX
3290	Miscellaneous Current Assets	139.XX

CONVERSION CHARTS
1970 PORT ACCOUNTS TO BARS ACCOUNT NUMBERS

BALANCE SHEET ACCOUNTS

Old Account Number	Account Description	New BARS Account Number
3600 DEFERRED DEBITS		
3610	Work in Progress	196.9X
3620	Miscellaneous Deferred Debits	196.9X
3701 - 3999 - RESERVED		n/a
LIABILITIES AND EQUITY		
4000	Bonds Outstanding	235.XX/251.XX/252.XX
4001	General Obligation Bonds	235.1X/251.XX
4050	Revenue Bonds	235.2X/252.XX
4100 CURRENT AND ACCRUED LIABILITIES		
4120	Warrants Payable	211.XX
4130	Accounts Payable	212.XX
4140	Interfund Loan Payable	n/a
4150	Customer Deposits	239.1X
4160	Taxes Accrued	213.7X
4170	Interest Accrued	214.XX
4180	Payroll Payable	213.3X
4190	Employee Benefits Payable	213.5X/259.XX
4300	Matured Interest	214.XX
4310	Matured Long-Term Debt	235.XX
4320	Miscellaneous Accrued Liabilities	213.9X
4500 DEFERRED CREDITS		
4520	Contractor Retainage	216.4X
4530	Miscellaneous Deferred Credits	217.XX/270.XX
4601 - 4699 - RESERVED		n/a

CONVERSION CHARTS
1970 PORT ACCOUNTS TO BARS ACCOUNT NUMBERS

BALANCE SHEET ACCOUNTS

Old Account Number	Account Description	New BARS Account Number
4700 OPERATING RESERVES		
4710	Property Insurance Reserve	295.3X
4720	Injuries & Damages Reserve	295.3X
4730	Miscellaneous Operating Reserve	295.3X
4800 CONTRIBUTIONS IN AID OF CONSTRUCTION		
4801-4810	Federal (FAA, Etc.)	281.XX
4811	State	282.XX
4812	County	282.XX
4813	City	282.XX
4814	Other	283.XX
4825 ACCUMULATED DEPRECIATION - DONATED FACILITIES (DEBIT)		
4826-4835	Federal (FAA, Etc.)	284.XX
4836	State	285.XX
4837	County	285.XX
4838	City	285.XX
4839	Other	286.XX
5000 EQUITY		
5001	Paid in Equity	28X.XX
5010	Net Worth - Taxation	295.5X/298.XX
5011	Net Worth - Operations	295.3X/298.XX
RECONCILIATION OF NET WORTH ACCOUNTS		
5012	Credit Balance - Income Statement	n/a
5013	Credits - Prior Years	n/a
5014	Other Credits	n/a
5015	Debit Balance - Income Statement	n/a
5016	Debits - Prior Years	n/a
5017	Other Debits	n/a

GLOSSARY OF TERMS

ACCOUNT NUMBER. See CODING.

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.

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.

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 opinion stating the auditor's view that financial statements do not present fairly financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles.

"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.

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 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.

BARS GLOSSARY

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.

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. Under the NCGA Statement 1, basic financial statements include a balance sheet, an "all inclusive" operating statement, and a statement of cash flows. See FINANCIAL REPORTING PYRAMID, COMBINED STATEMENTS - OVERVIEW, COMBINING STATEMENTS - 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 to 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.

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 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.

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.

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 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.

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.

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 three 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; (2) Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Or Equity); and (3) Combined Statement of Cash Flows. Trust Fund operations may be reported in (2) and (3) 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.

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.

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.

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.

CORRECTION OF ERRORS. See REFUND.

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.

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 the next operating cycle (e.g. one year). Some examples are cash, temporary investments, and taxes receivable which will be collected within the next operating cycle (e.g. one year).

CURRENT LIABILITIES. Liabilities which are payable within the 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 BONDED DEBT, NOTE PAYABLE, REGISTERED WARRANT, LONG-TERM DEBT, GENERAL OBLIGATION BONDS, and REVENUE BONDS.

DEBT LIMIT. The maximum amount of gross or net debt which is legally permitted.

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 REVENUES. Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

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.

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 cancelled, the unpaid balances continue to be delinquent taxes until abated, cancelled, paid, or converted into tax liens.

DEMURRAGE. A fee charged to the owner of cargo that remains in the terminal area beyond a stipulated period of time after off-loading from the vessel.

DEPARTMENT. See ORGANIZATION UNIT CLASSIFICATION.

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.)

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 has not performed an examination sufficient in scope to enable him to form an opinion on the financial statements. A disclaimer of opinion should not be expressed because the auditor believes, on the basis of the examination, that there are material departures from GAAP. In such circumstances, an adverse opinion would be appropriate. Se ADVERSE OPINION and QUALIFIED OPINION.

DISCOUNTED PRESENT VALUE. See PRESENT VALUE.

DISTRAIN. To seize and hold (property) to compel reparation or payment of debts.

DOCKAGE. A fee charged against the vessel for the privilege of mooring at a dock.

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.

DRAYAGE. A fee charged by a trucking firm for transportation cargo on or off the terminal, or to or from a warehouse or land transport terminal.

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.

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 the 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 NCGA Statement 3 and Interpretation 7 for further discussion.

EQUITY ACCOUNTS. Those accounts showing the excess of assets over liabilities in the fund.

EXAMINATION. See AUDIT.

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 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.

FIDELITY BOND. Insurance against losses from theft, defalcation, and misappropriation of public monies by government officers and employees.

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 REPORTING PYRAMID. The 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.

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.

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 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 the balance sheet, and the operating statement presents "capital maintenance" information (revenues and expenses).

FLOW-THROUGH. See PASS-THROUGH RESOURCES, SUBRECIPIENT

FORCE ACCOUNT. See DAY LABOR.

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.

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.

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 (PORTS, TRANSITS)
- (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

GAAP. See GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

GAAS. See GENERALLY ACCEPTED AUDITING STANDARDS.

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.

GENERAL OBLIGATION BONDS. Bonds for the payment of which the full faith and credit of the issuing government are pledged, including tax revenue.

GENERAL PURPOSE FINANCIAL STATEMENTS (GPFS). Those basic financial statements which comprise the minimum acceptable fair presentation in conformity with GAAP. In the 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.

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 ("Yellow Book").

GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (GAGAS). Standards established by the GAO in its publication *Standards for Audit of Governmental Organizations, Programs, Activities and Functions* ("Yellow Book") for the conduct and reporting of both financial and performance audits. GAGAS set forth general standards applicable to both types of audits and separate standards of field work and reporting for financial and performance audits. The GAGAS standards of field work and reporting for financial audits incorporate and build upon GAAS.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB). The authoritative accounting and financial reporting standard-setting body for government entities.

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.

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.

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 the SFAS 76. See ADVANCE REFUNDING BONDS.

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 the 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, channels, decks, aprons, sidewalks, and drainage systems.

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.

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.

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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) all ongoing financial 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.

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.

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). According to the NCGA Statement 1, 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 ECONOMIC RESOURCES MEASUREMENT FOCUS.

MITIGATION. In environmental management, avoiding, minimizing, rectifying, reducing, and compensating for project-induced resource losses.

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.

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.

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 of 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 the NCGA Statement 1, operating statements and statements of changes in fund equity/retained earnings are combined into "all-inclusive" operating statement formats.

OPERATING SUBSIDY. See OPERATING GRANTS.

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.

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.

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.

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 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.

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 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) changes in financial position in conformity with GAAP. Such an opinion is expressed when a lack of sufficient, competent evidential matter or restrictions on the scope of the auditor's examination have led the auditor to conclude that tan unqualified opinion cannot be expressed, or when the auditor believes, on the basis of his examination, that (1) the financial statements contain a departure from GAAP, the effect of which is material, (2) there has been a material change between periods in accounting principles or in the method of their application or (3) there are significant uncertainties affecting the financial statements, and the auditor has decided no to express an adverse opinion or to disclaim an opinion. See ADVERSE OPINION and DISCLAIMER OF OPINION.

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 REFUND.

RECEIPTS. Cash received.

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.

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.

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.

REPORT OF EXAMINATION. See AUDIT REPORT.

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 the NCGA Statement 1. See DEFERRED REVENUES.

RESIDUAL EQUITY TRANSFERS. Nonrecurring or nonroutine transfers of equity between funds.

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.

REVENUE BONDS. Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund; i.e., port district. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

REVENUES. Increases in proprietary fund type net total assets from other than expense refunds and capital contributions. Under the NCGA Statement 1, operating transfers-in are classified separately from revenues.

REVOLVING FUND. An imprest account which is accounted for as an asset of a fund.

SCHEDULES. See SUPPORTING SCHEDULES.

SECURITIES. Bonds, notes, mortgages, or other forms of negotiable or nonnegotiable instruments. See INVESTMENTS.

SEGMENT, REPORTABLE. 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-INSURANCE. A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets of fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer.

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. 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.

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, fire protection districts, school districts, transit authorities, port authorities, and public utility 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.

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). Two methods, direct and indirect (reconciliation), can be used in presentation. This statement replaces statement of changes in financial position.

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 the 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 EXPENSES. The basic financial statement which is the proprietary fund, nonexpendable trust fund, and pension trust fund GAAP operating statement. It presents increases (revenues) and decreases (expenses) in an entity’s net total assets.

STATISTICAL TABLES. Financial presentations included in the Statistical Section of the CAFR which provide detailed data on the physical, economic, social, and political characteristics of the reporting government. They are 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, Statistical Section data are not usually susceptible to independent audit.

STEVEDORING. The function of loading and unloading the ship, often done by stevedoring companies who then employ longshore labor for specific tasks.

STORES. Goods subject to requisition and use on hand in storerooms.

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 LEDGER. A group of subsidiary accounts the sum of the balances of which should equal the balance of the related control account. See GENERAL LEDGER.

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).

TARIFF RATES. In a port, a list or scale of prices and charges for various port services (for example, wharfage and dockage).

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.

TRANSFER VOUCHER. A voucher authorizing transfers of cash or other resources between accounts.

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.”

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 in special revenue funds. See FUND TYPE.

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.

WHARFAGE. A fee charged against the cargo for moving it across a wharf or terminal.

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.

YIELD. See EFFECTIVE INTEREST RATE.

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