GOVERNMENTAL ACCOUNTING OVERVIEW

City of Lynnwood, WA
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Governmental Accounting Overview

Five Differences between governments and for-profit business enterprises

1. Organization
   - Business – Profit to benefit owners
   - Government – well being of citizens by providing public services

2. Sources of Revenue –
   - Business – Sales
   - Government – Taxes and fees
Governmental Accounting Overview

Five Differences between governments and for-profit business enterprises

3. Longevity
   - Business – usually limited to market viability
     - Focus: Near term investment recovery
   - Government – Perpetual
     - Focus: Sustainable services/ability to meet future demand

4. Stakeholders
   - Business – owners/stockholders
   - Government – citizens
5. Role of the Budget

- Business – Planning and control – public availability is limited

- Government – the budget is the legal expression of public policy available to all; set limits on spending
  - Government budget is a combined revenue projection and an expenditure plan. Plan expenditures must be supported by revenues or deficit spending will result.
Fund – “….a fiscal and accounting entity with a self balancing set of accounts…segregated for the purpose of carrying on a specific activities or attaining certain objectives……” GASB

- Government Funds (5)
- Proprietary Funds (2)
- Fiduciary Funds (4)
Governmental Accounting
Overview
Fund Overview

Government Funds (5)

- **General Fund** – accounts for most basic services
  - 11 General

- **Special Revenue Funds** – legally restricted for purpose
  
  - 101 Stadium
  - 104 Drug Enforcement
  - 105 Criminal Justice
  - 111 Street
  - 112 Arterial Street
  - 114 Cum. Parks
  - 116 Cum. Art
  - 119 Cum. Aid Car
  - 120 EMS
  - 121 Tree Fund Reserve
  - 128 Path and Trails
  - 144 Solid Waste
  - 198 Stabilization Fund
  - 199 Program Development
Governmental Accounting
Overview
Fund Overview

- Government Funds (5)
  - Debt Service Funds – payment/debt principal and interest

201 2001 GO Refunding Bonds
202 Limited Tax GO Ref BDG
211 1996 LTGO
212 1998 Library GO
215 800 MHz Debt Service
216 State Local Loan
217 Energy Conservation
2xx LID Funds
224 LID Guaranty
Government Funds (5)

- **Capital Projects Funds** – accounts for major capital projects. In addition to the funds listed we also have individuals funds for large capital projects.

  - 330 Real Estate Excise Tax
  - 331 Real Estate Excise Tax
  - 333 Capital Develop Plan

- **Permanent Funds** – only earnings, not principal, may be expended
Proprietary Funds (2)

- **Enterprise Fund** – account for resources derived from the sales and service charges to parties external to government.

  411 WS Utility
  460 Golf Course
Proprietary Funds (2)

- **Internal Service Fund** – Services provided by one department/government to another on a cost reimbursement basis. Because of their common nature funds 510/511/513 are typically reported together.

- 510 / 511 ER&R
- 512 Central Stores
- 513 Joint Shop Operation
- 515 Self Insurance
- 519 Res. Retire
Fiduciary Funds (4)

- **Agency Fund** – acting as a collecting/disbursing agent “other people’s money”
- **Pension Fund** – Pension and employee benefit activity
- **Investment Trust Fund** – accounts for investments
- **Private Purpose Trust Fund** – management of trust arrangements – principal and interest are used as benefit

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<tr>
<th>Code</th>
<th>Description</th>
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<td>Transportation Benefit District</td>
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<td>Consolidated Investments</td>
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Fund Balance

- Is calculated by taking the fund’s total assets and subtracting the fund’s liabilities. The excess of fund assets over fund liabilities is the fund balance.