

Government accounting



FUND ACCOUNTING-2

CLASSIFICATION OF FUNDS AND SELF BALANCING ACCOUNTS



- Funds are classified according to the source of revenue and the type of activities which they finance. Funds of a similar nature are classified according to fund groups. The following classification contains the appropriate fund groups, types, and self-balancing accounts.

Governmental Fund Types



- **1. General Fund:** to account for all financial resources except those required to be accounted for in another fund.
- **2. Special Revenue Funds:** to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. When grants require a separate fund, a special revenue fund should be established for each grant.
- **3. Debt Service Funds:** to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Governmental Fund Types



- **4. Permanent Funds:** To account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs - that is for the benefit of the government or its citizenry.
- **5. Capital Projects Funds:** to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or in trust funds for individuals, private organizations or other governments.) Capital outlays financed from general obligation bond proceeds should be accounted for through a capital projects fund.

Proprietary Fund Types



- **1. Enterprise Funds:** 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.

Proprietary Fund Types



- **2. 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 Fund Types



- **Fiduciary Fund Types** are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, and other governmental units. These include:

Fiduciary Fund Types



- **1. Private Purpose Trust Funds:** To account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. (This type of fund is used to report escheat property.)
- **2. Agency Funds:** To account for resources held by the reporting government in a purely custodial capacity (assets equal liabilities. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary Fund Types



- **3. Pension (and other employee benefit) Trust Fund:** To account for resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans, or other employee benefit plans.
- **4. Investment Trust Funds** – To account for the external portion of investment pools reported by the sponsoring government, as required by GASB Statement 31, paragraph 18.

SELF BALANCING ACCOUNTS



- **1. General Capital Assets:** capital assets of the government that are not specifically related to activities reported in proprietary or fiduciary funds. General capital assets are associated with and generally arise from governmental activities. Most often, they result from expenditures of governmental fund financial resources. They should not be reported as assets in governmental funds but should be reported in the governmental activities column in the government-wide financial statements.

SELF BALANCING ACCOUNTS



- **2. General long-term liabilities** : the un matured principal of bonds, warrants, notes, or other forms of noncurrent or long-term general obligation indebtedness.
- General long-term debt is not limited to liabilities arising from debt issuances, but may also include noncurrent liabilities on lease-purchase agreements and other commitments that are not current liabilities properly recorded in governmental funds.
- General long-term liabilities should not be reported as liabilities in governmental funds, but should be reported in the governmental activities column in the government wide statement of net position.