Chapter 7

Accounting for the Business-Type Activities of State & Local Governments
Proprietary Funds

- Internal Service and Enterprise Funds
- Accrual Basis
- Revenue / Expense
- F / A ; Depreciation
- L-T Debt
- Net Assets
...Proprietary Funds

♦ GASB 20 -- Two Options

1) Use SFAS on or before 11/30/89 unless conflict SGAS’s; SGAS’s after 11/30/89

2) Use SFAS’s unless conflict with SGAS’s
...Proprietary Funds

- No Budgetary Accounting or Comparison Reporting
- Revenue Debt
- Donated Assets
Proprietary Funds

- Financial Statements
  - Statement of Net Assets
  - Statement of Revenues, Expenses & Changes in Net Assets
...Proprietary Funds

- ...Financial Statements
  - Statement of Cash Flows
    - Operating
    - Noncapital Financing
    - Capital & Related Financing
    - Investing
Internal Service Funds

- Centralized Services on a Cost-Reimbursement Basis
- Contributions - Permanent
- Contributions - Advance
- Revenues are Billings (Quasi-External)
...Internal Service Funds (Special Issues)

- Risk Financing & Insurance
  - Contingent Liabilities -- Book when Probable & Estimable
    - Reasonably Possible - Notes
  - Sources are Charges to Other Funds
Enterprise Funds

- Goods and Services Provided to the General Public
- Recover Costs Through User Charges
...Enterprise Funds
(Special Issues)

- Customer Billings --
  Accrue at Year End
- Restricted Assets &
  Related Liabilities
- Segment Information Required
...Enterprise Funds (Special Issues)

- Landfill Costs
  - Allocate Closure and Post Closure Costs
  - Allocate as Percentage of Landfill Used up to Total Available Space
...Enterprise Funds (Special Issues)

- Utilities
- May be Governed by Regulatory Accounting Principles
  - L-T Assets & Liabilities Presented Before Current Amounts
...Enterprise Funds (Special Issues)

• Utility Plant Recorded at Original Cost
  – Excess is Utility Plant Acquisition Adjustment