



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

